

1 JAMES L. LOPES (No. 63678)
2 JANET A. NEXON (No. 104747)
3 JULIE B. LANDAU (No. 162038)
4 HOWARD, RICE, NEMEROVSKI, CANADY,
5 FALK & RABKIN
6 A Professional Corporation
7 Three Embarcadero Center, 7th Floor
8 San Francisco, California 94111-4065
9 Telephone: 415/434-1600
10 Facsimile: 415/217-5910

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11 Attorneys for Debtor and Debtor in Possession
12 PACIFIC GAS AND ELECTRIC COMPANY

13 UNITED STATES BANKRUPTCY COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

16 In re
17 PACIFIC GAS AND ELECTRIC
18 COMPANY, a California corporation,
19 Debtor.

20 Case No. 01-30923 DM
21 Chapter 11 Case
22 Date: September 4, 2002
23 Time: 9:30 a.m.
24 Place: 235 Pine Street, 22nd Floor
25 San Francisco, California

26 Federal I.D. No. 94-0742640

27 DECLARATION OF ERIC G. KIRKPATRICK IN SUPPORT OF
28 MOTION FOR AUTHORITY TO INCUR
MISCELLANEOUS IMPLEMENTATION EXPENSES

I, Eric G. Kirkpatrick, declare:

1. I am employed by Pacific Gas and Electric Company ("PG&E"), the debtor and debtor-in-possession in this Chapter 11 case. With the exception of a ten-month period during 2001, I have worked for PG&E since 1984 in various engineering and related supervisory positions. I have obtained considerable expertise in gas transmission matters; for example, from March 2000 through February 2001, I was responsible for directing and leading the maintenance and on-site operations of gas transmission pipelines, compressor stations, and underground storage facilities in the central and southern area of PG&E's service area. Since January 2002, I have been a manager for the California Gas Transmission Business Unit, and am responsible for planning and

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1 implementation of gas transmission-related activities associated with PG&E's proposed Plan of
2 Reorganization (the "Plan"). In this position, I have had a leading role in the planning for GTrans,
3 LLC ("GTrans"), the New Entity that will carry out the gas transmission line of business, and have
4 also become familiar with the planning for ETrans, LLC ("ETrans"), the New Entity that will carry
5 out the electric transmission line of business.

6 2. This declaration is submitted in support of PG&E's Motion for Authority to Incur
7 Miscellaneous Implementation Expenses (the "Motion"). Defined terms used herein shall have the
8 meanings set forth in the Motion. I make this declaration based on personal knowledge, except
9 where otherwise indicated, and if called as a witness, could and would testify competently to the
10 matters set forth herein.

11 3. By the Plan Effective Date, both ETrans and GTrans will need to have accurate
12 Tangible Property List ("TPL") databases in place. The TPL databases contain the mileage,
13 location, and other information about gas and electric facilities such as gas pipelines and electric
14 wires located in or along the public roads within local jurisdictions. Franchise payment calculations
15 are based on the miles of utility facilities in the local franchise area, and local jurisdictions are
16 entitled to audit the franchise mileage data for accuracy. Therefore, as part of the Plan
17 implementation process, it is necessary for ETrans and GTrans to have separate TPL databases
18 reflecting their respective electric and gas facilities for purposes of calculating franchise payments.
19 PG&E's existing TPL database provides only limited information differentiating between
20 transmission facilities (which will be transferred to GTrans and ETrans) and distribution facilities
21 (which will remain at PG&E). For many types of facilities, the differentiation between transmission
22 and distribution facilities is inadequate, since the database was set up for one company handling
23 both distribution and transmission. For example, when both electric transmission lines and electric
24 distribution lines exist together on the same utility pole, the TPL database simply lists the location
25 and mileage of overhead electric wires, without indicating whether these lines are related to
26 transmission or distribution. A consultant will be hired from Structural Integrity, an engineering and
27 consulting firm, to: (i) develop a method to determine the correct franchise footage data to be
28 transferred into new TPL databases for ETrans (for electric transmission assets) and GTrans (for gas

1 transmission assets), (ii) design a step-by-step work process for accurately updating the new TPL
2 databases, and (iii) develop a work process for ETrans and GTrans to handle "delineation requests"
3 from local government authorities for Public Works projects (i.e., requests that existing transmission
4 assets be identified and located so that the Public Works projects will not interfere with them). The
5 total estimated cost for this work is \$40,000.

6 4. Once the foregoing work is completed, PG&E will require additional services to
7 separate the existing gas and electric TPL database into the separate portions that will be needed for
8 the new ETrans and GTrans TPL databases. An estimate for these services cannot be developed
9 until the preliminary work described above is completed; therefore, the additional services will be
10 the subject of a subsequent motion. The services to be performed by the Structural Integrity
11 consultant, combined with the additional database work to follow, could take up to four months to
12 complete.

13 5. PG&E has identified four projects related to GTrans' business operations, as
14 described below, that must be performed in advance of the Plan Effective Date.

15 (a) Emergency Plan Manual. PG&E currently has a number of local gas transmission
16 Emergency Plan Manuals, which contain step by step guidelines, checklists, government agency
17 contact numbers and other information for use during earthquakes, gas leaks, failures of gas
18 regulators and other emergencies. After the Plan Effective Date, GTrans will require one statewide
19 Emergency Plan Manual. The new GTrans Emergency Plan Manual ("Emergency Plan Manual")
20 will contain the information that is currently contained in local manuals, but will also provide
21 uniform procedures, guidelines and checklists, and be set up in accordance with the new GTrans
22 organizational structure and facilities. For example, under the Plan, over 2,000 District Gas
23 Regulator Stations (the delivery points between GTrans' gas transmission facilities and PG&E's gas
24 distribution system) will be transferred from PG&E to GTrans. The Emergency Plan Manual will
25 reflect emergency procedures to be followed for any emergency involving these Regulator Stations.
26 A consultant from Blue Flame (a consulting firm specializing in gas transmission work) will be
27 hired to gather and review the existing manuals, and to create a new statewide Emergency Plan
28 Manual as described above. For example, the consultant will ensure that the Emergency Plan

1 Manual has all of the city, county and public agency contact names and telephone numbers that
2 GTrans will need, in the event of an emergency, as well as key contact information for PG&E and
3 other GTrans' customers. Finally, the consultant will review all aspects of the Emergency Plan
4 Manual to verify that all necessary updates have been made to reflect the separation between GTrans
5 and PG&E. The total estimated cost for this work is \$15,000. This project is expected to take up to
6 three months. As this project requires a consultant with detailed knowledge of the requirements of
7 the Emergency Plan Manual, PG&E requests authority to begin this work now as PG&E has
8 identified a consultant with the necessary expertise and current availability. Also, this work must be
9 completed in advance of the Plan Effective Date to allow for additional time to train employees to
10 implement the new Emergency Plan Manual.

11 (b) Employee Training. A consultant from Grinstead & Associates (a consulting
12 firm specializing in gas transmission work) will be hired to identify and gather training materials
13 and develop a targeted program to train GTrans field employees who may not be familiar with
14 redefined job responsibilities and/or revised work protocols. These field employees will maintain
15 and operate the gas transmission pipelines and be responsible for emergency responses. PG&E must
16 ensure that the GTrans employees are familiar with any new or revised requirements of gas
17 transmission work. The estimated cost for this work is \$50,000. After Grinstead completes its
18 training program development, which could take up to two months, PG&E staff will implement
19 Grinstead's recommendations and set up an internal training program. PG&E estimates that it could
20 take up to three months to set up and implement the necessary training for GTrans employees. This
21 work must be completed in advance of the Plan Effective Date so that GTrans can provide safe,
22 reliable service on the first day that GTrans begins business operations.

23 (c) Service and Interconnection Requests. The personnel at PG&E who handle
24 requests for new service and/or interconnections will not be transferred to GTrans as PG&E will still
25 perform these services. Upon the Plan Effective Date, GTrans personnel must be prepared to
26 respond to transmission service requests as part of day-to-day business operations. Therefore, a
27 consultant will be hired from Blue Flame to develop new business procedures for GTrans to handle
28 requests for new service and/or interconnections. This work will include: a review of current

1 business procedures at PG&E; a review of tariff requirements applicable to GTrans; designing new
2 forms to record necessary information and setting up internal business procedures to be followed by
3 GTrans for new transmission service and/or interconnection requests. The estimated cost for this
4 work is \$30,000. PG&E expects that this work will take up to three months to complete, following
5 which PG&E requires additional time to determine and plan for the required staffing and
6 organizational structures that will be needed by GTrans to handle new service requests.

7 (d) Mapping. Two consultants will be hired from Corestaff to assist PG&E staff in
8 the mapping of GTrans transmission facilities onto the Gas Transmission Graphic Information
9 System ("GTGIS"), a system of computer-generated maps to be used by GTrans. Many of PG&E's
10 thousands of existing maps exist only in hard copy and will need to be retained by PG&E for its
11 distribution business. Therefore, this project is necessary to provide GTrans with its own maps of
12 all gas transmission facilities, to be used for both operational and emergency response purposes,
13 including: (i) to enable GTrans employees to maintain the transmission facilities and respond in
14 cases of emergency; (ii) to establish correct routing of USA tickets (requests by contractors and
15 others to mark the locations of facilities in the field so that the facilities are not harmed during
16 construction projects). Specifically, the consultants will ensure that all GTrans facilities, including
17 the District Gas Regulator Stations, are included in the GTGIS and that the GTGIS contains
18 sufficient detail to meet GTrans' requirements. The estimated cost for these services is \$115,000.
19 The mapping project is expected to take four months to complete. PG&E believes that the mapping
20 project must be completed in advance of the Plan Effective Date in order for GTrans to commence
21 business operations and to be prepared for emergency responses.

22 6. PG&E's standard contractual provisions in place with the firms listed above
23 (Structural Integrity, Blue Flame, Grinstead and Corestaff) do not guarantee any future work or any
24 minimum amount of revenue. PG&E also maintains the right to terminate the work at any time
25 without cause, in which case PG&E is liable only for work performed to the date of termination plus
26 costs reasonably incurred by the firms in terminating any work in progress.

27 7. The above cost estimates are based on PG&E's initial scoping of the project
28 requirements and negotiations with the consultants who have been selected to perform the services.

1 I declare under penalty of perjury of the laws of the United States that the
2 foregoing is true and correct, and that this declaration was executed at Walnut Creek,
3 California on August 5, 2002.



Eric G. Kirkpatrick

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