

50-295/823

1 JAMES L. LOPES (No. 63678)  
2 JANET A. NEXON (No. 104747)  
3 GARY M. KAPLAN (No. 155530)  
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

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 Federal I.D. No. 94-0742640,

21 Case No. 01-30923 DM  
22 Chapter 11 Case  
23 Date: September 16, 2002  
24 Time: 1:30 p.m.  
25 Place: 235 Pine Street, 22nd Floor  
26 San Francisco, California  
27 Judge: Hon. Dennis Montali

28 DECLARATION OF DAVID W. PHILLIPS IN SUPPORT OF  
DEBTOR'S MOTION FOR ORDER AUTHORIZING REFUND  
OF CERTAIN PROJECT DEPOSITS

A001 Add: Ogc Mail Center

HOWARD  
RICE  
NEMEROVSKI  
CANADY  
FALK  
& RABKIN  
A Professional Corporation

1 I, David W. Phillips, declare as follows:

2 1. I am employed as a Senior Program Manager in the New Business Department for  
3 Pacific Gas and Electric Company ("PG&E" or the "Debtor"), a position that I have held  
4 since May, 2000. The New Business Department has the responsibility for managing the  
5 refund of project deposits. Prior to this position I was an Industrial Power Engineer, with  
6 responsibility for large commercial project management, including the assessment of project  
7 deposits. I make this declaration based upon my personal knowledge of PG&E's operations,  
8 and upon my review of PG&E's records concerning the matters stated herein. If called as a  
9 witness, I could and would testify competently to the facts stated herein.

10 2. I make this declaration in support of the Debtor's Motion for Order Authorizing  
11 Refund of Certain Project Deposits.

12 3. PG&E performs construction work for its customers that is generally related to  
13 the overall provision of gas and electric service (in addition to line extension construction  
14 work). For example, PG&E may relocate or rearrange PG&E-owned facilities, such as poles  
15 or electric or gas lines, for the convenience of the customer, convert overhead facilities to  
16 underground, perform maintenance or construction work on customer-owned facilities if a  
17 private contractor is not available, or connect facilities such as streetlights. Because of its  
18 expertise and specialized equipment, PG&E is often the first, if not the only, choice for this  
19 work.

20 4. Usually this work requires advance engineering, and PG&E will collect an  
21 advance or deposit for the engineering work, on the understanding that the deposit will be  
22 returned to the customer at the completion of the engineering work, or credited against any  
23 project-related construction work the applicant asks PG&E to do. The advance is also called  
24 a "project deposit." The typical advance or project deposit is \$5,000 or less.

25 5. PG&E currently holds approximately 3700 outstanding pre-petition project  
26 deposits, totaling approximately \$5 million. PG&E estimates that, of that number, 2,880 of  
27 the project deposits are for completed projects which are due to be returned to the customer.  
28 These project deposits aggregate approximately \$3.7 million. The average amount owed

1 with respect to these project deposits is approximately \$1,300.

2 I declare under penalty of perjury under the laws of the United States of America that  
3 the foregoing is true and correct. Executed this 22-day of August, 2002, at San Francisco,  
4 California.

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6 \_\_\_\_\_  
7 DAVID W. PHILLIPS

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13 HOWARD  
14 RICE  
15 NEMEROVSKI  
CANADY  
FALK  
& RABIN  
A Professional Corporation