

COPY

GARY M. COHEN, SBN 117215
AROCLES AGUILAR, SBN 94753
MICHAEL M. EDSON, SBN 177858
CALIFORNIA PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco, California 94102
Telephone: (415) 703-2015
Facsimile: (415) 703-2262

50-275
323

ALAN W. KORNBERG
BRIAN S. HERMANN
PAUL, WEISS, RIFKIND, WHARTON & GARRISON
1285 Avenue of the Americas
New York, New York 10019-6064
Telephone: (212) 373-3000
Facsimile: (212) 757-3990

Attorneys for California Public Utilities Commission

PAUL S. ARONZON, SBN 88781
ROBERT JAY MOORE, SBN 77498
MILBANK, TWEED, HADLEY & McCLOY LLP
601 South Figueroa Street, 30th Floor
Los Angeles, California 90017
Telephone: (213) 892-4000
Facsimile: (213) 629-5063

Attorneys for Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation,

Debtor.

Federal I.D. No. 94-0742640

Case No. 01-30923 DM

Chapter 11 Case.

Date: [To be set]
Time: [To be set]
Place: 235 Pine Street, 22nd Floor,
San Francisco, California

**EX PARTE APPLICATION FOR ORDER SHORTENING TIME ON THE JOINT
MOTION OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS REGARDING
RESOLICITATION OF VOTES AND PREFERENCES FOR MOVANTS'
AMENDED PLAN OF REORGANIZATION**

[Declaration of Paul S. Aronzon in Support of *Ex Parte* Application, Notice of Motion,
Motion and Memorandum of Points and Authorities filed concurrently herewith]

LA1:86244341v3

Ex Parte Application For Order Shortening Time

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MEMORANDUM OF POINTS AND AUTHORITIES

The California Public Utilities Commission (the "Commission") and the Official
Committee of Unsecured Creditors (the "Committee," and together with the Commission,
"Movants") in the Pacific Gas and Electric Company ("PG&E") chapter 11 case (the "Case")
move this Court, on an *ex parte* basis (the "Application"), for an order shortening time for
hearing on and authorizing limited notice of Joint Motion of the California Public Utilities
Commission and Official Committee of Unsecured Creditors for an Order (1) Authorizing the
Resolicitation of Votes and Preferences for Movants' Amended Plan of Reorganization for the
Debtor, (2) Approving Movants' Supplemental Disclosure in Connection Therewith, (3)
Approving Movants' Proposed Form of Ballot, and (4) Authorizing Inclusion of the Official
Committee of Unsecured Creditors' Revised Report and Recommendation in the Solicitation
Package (the "Motion").

In order to allow sufficient time to complete the resolicitation requested in the
Motion without modification to the Court's previously established confirmation schedule, the
Commission and the Committee suggest that the Court set a hearing for the Motion on
September 12, 2002 at 1:30 p.m. (Pacific), with objections due on September 10, 2002 at 4:00
p.m. (Pacific).¹ The Committee and the CPUC, with the agreement of PG&E and PG&E
Corporation, suggest that the Court hold a hearing on this Application on Wednesday, September
4, 2002 at 1:30 p.m. (Pacific).

Movants also seek an order of the Court authorizing limited notice of the Motion
by service upon only: (1) the Debtor; (2) PG&E Corporation; (3) the Office of the United States
Trustee; and (4) those parties who have filed objections to the Plan of Reorganization filed by the
California Public Utilities Commission with respect to PG&E, dated May 17, 2002.

I. INTRODUCTION AND BACKGROUND

By the Motion, the Commission and the Committee seek an order of the Court,
pursuant to sections 105(a), 1125(b) and 1127 of title 11 of the United States Code, 11 U.S.C.

¹ A proposed order is attached hereto as Exhibit "A."

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1 §§101 *et seq* (the "Bankruptcy Code"), and Bankruptcy Rules 3017 and 3019, Fed. R. Bankr. P.
2 1001 *et seq* (the "Bankruptcy Rules") (1) providing Movants with thirty (30) days to resolicit
3 votes and preferences for Movants' First Amended Plan of Reorganization for the Debtor (the
4 "Amended Plan"), (2) approving Movants' supplemental disclosure describing the modifications
5 to the Amended Plan, a copy of which is attached to the Motion as Exhibit A, (3) approving the
6 form of ballot to be used to resolicit votes and preferences, a copy of which is attached to the
7 Motion as Exhibit B, and (4) authorizing the Committee to include in the solicitation package
8 Movants propose to send to creditors and interest holders the Committee's revised report and
9 recommendation urging creditors to vote for and prefer the Amended Plan, a copy of which is
10 attached to the Motion as Exhibit C.

11 Since the Court's July 9, 2002 order terminating PG&E's exclusive right to file a
12 plan of reorganization with respect to the Committee, the Committee and the Commission have
13 engaged in extensive discussions to improve the Commission's original plan to make it mutually
14 acceptable to each without disrupting the confirmation process already in place. The
15 modifications to the Commission's previous plan of reorganization agreed to by Movants, which
16 are summarized in the Motion, are the product of those discussions and form the basis for the
17 Amended Plan. The modifications are significant in that they address the Committee's concerns
18 regarding the feasibility of the Commission's original plan and moot many of the confirmation
19 objections to the Commission's original plan, including certain objections raised by PG&E

20 Movants submit that resolicitation of acceptances and preferences for the Amended
21 Plan is warranted. In connection with such resolicitation, Movants also request this Court's
22 approval of their supplemental disclosure and form of ballot, and Court authority to include the
23 Committee's revised report and recommendation urging creditors to vote for and prefer the
24 Amended Plan among the materials to be distributed to creditors and interest holders.

25 II. GOOD CAUSE EXISTS FOR ENTERING AN ORDER SHORTENING TIME

26 Rule 9006-1 of the Bankruptcy Local Rules for the Northern District of California
27 authorizes a party to seek an order shortening time for good cause. Here, good cause exists for
28 shortening the time for a hearing on the Motion

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Ex Parte Application For Order Shortening Time

1 It is the intention of the Commission and the Committee that the resolicitation of
2 votes on the Amended Plan not disturb this Court's previously established confirmation schedule
3 in this Case. In order to allow adequate time to complete the actions set forth in the Motion,
4 including resolicitation, counting votes and preferences and certification of the vote without
5 disturbing that schedule, it is necessary for the Court to hear the Motion on shortened time.²
6 Moreover, the Commission and the Committee submit that full notice is unnecessary, as the
7 modifications incorporated in the Amended Plan, although significant, are few in number, and
8 the only party likely to object to the Motion is PG&E. Moreover, creditors and interest holders
9 already have the Commission's 100-page disclosure statement describing its original plan. The
10 supplemental disclosure is minimal and does not require the usual 25 days notice for a disclosure
11 statement hearing under Bankruptcy Rule 2002(b)

12 There have been no previous time modifications related to the Motion. On
13 August 28, 2002, counsel for the Committee spoke with Stephen Johnson of the Office of the
14 United States Trustee, and notified him that the Commission and the Committee would be filing
15 the Motion and making a request to have the Motion heard on shortened time. Mr. Johnson
16 stated that he had no objection to either the Motion or a hearing on shortened time. Also on
17 August 28, 2002, counsel for the Committee contacted James Lopes, counsel for PG&E, via e-
18 mail, notifying him that the Committee and the Commission would be filing the Motion, and
19 would seek to have the Motion heard on shortened time. Counsel for the Committee asked Mr.
20 Lopes to consent to shortened notice to permit the Court to hold a hearing on the Motion on
21 September 12, 2002. As of the end of the day on August 29, 2002, counsel for the Committee
22 had not received consent to hear the Motion on shortened time from Mr. Lopes.³

23 III. SUMMARY OF RELIEF SOUGHT IN THE MOTION

24 As set forth more fully in the Motion, pursuant to Bankruptcy Rule 3019 and

25
26 ² See Declaration of Paul S. Aronzon in Support of *Ex Parte* Application, filed
27 concurrently herewith ("Aronzon Dec."), ¶ 2.

28 ³ See Aronzon Dec., ¶ 3.

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Ex Parte Application For Order Shortening Time

1 applicable case law, it is necessary to resolicit parties who have previously voted on a plan of
2 reorganization if the plan is materially modified and the changes are likely to cause such voters
3 to reconsider their votes. In the instant case, Movants should be permitted to resolicit votes of
4 creditors and interest holders who previously voted against the Commission's original plan or
5 voted to prefer the PG&E Plan, in particular with respect to Classes 3 and 6 whose treatment
6 under the Amended Plan has been materially altered.

7 In addition, resolicitation is separately required with respect to all classes in view of
8 Movants' material proposed plan modifications, which include the following: the Committee has
9 become a co-proponent of the Amended Plan; the Amended Plan attaches and incorporates a
10 Reorganization Agreement that includes a clear rate path that should enhance the Debtor's ability
11 to market the securities to be issued under the Amended Plan and to obtain an investment grade
12 credit rating; and the Amended Plan substitutes the issuance of preferred for common stock. It is
13 without doubt that these enhancements are likely to cause dissenting creditors and interest
14 holders to reconsider their "no" votes and preferences for the PG&E Plan.

15 In connection with Movants' proposed resolicitation, the Motion also seeks (i)
16 approval of Movants' supplemental disclosure as containing "adequate information," pursuant to
17 section 1125(b) of the Bankruptcy Code, (ii) approval of Movants' proposed form of ballot, and
18 (iii) authorization to include the Committee's revised report and recommendation in the
19 solicitation package to be sent to creditors and interest holders.

20 **IV. GOOD CAUSE EXISTS FOR AN ORDER AUTHORIZING LIMITING SERVICE**
21 **OF THE MOTION**

22 Pursuant to Bankruptcy Rule 2002, Movants request that the Court issue an order
23 authorizing limited notice of the Motion and supporting documents to: (1) the Debtor; (2) PG&E
24 Corporation; (3) the Office of the United States Trustee; and (4) those parties who have filed
25 objections to the Plan of Reorganization filed by the California Public Utilities Commission with
26 respect to PG&E, dated May 17, 2002. Service of this Application, the Aronzon Declaration and
27 the Motion has already been made by facsimile, e-mail and overnight mail for each of these
28 parties. This Application and the Aronzon Declaration have also been served by mail on the

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Ex Parte Application For Order Shortening Time

1 special notice list.

2 As discussed above, Movants believe that the only party likely to object to the
3 Motion is the Debtor. Moreover, limited service of notice is appropriate in light of the expedited
4 schedule necessary for the Motion, as discussed herein, and the excessive cost associated with
5 service of the Motion upon parties who are not directly or materially affected by the Motion.

6 Given the nature of the relief requested in this Application and the Motion,
7 Movants submit that notice as provided is adequate. Therefore, Movants request that the Court
8 issue an order pursuant to Bankruptcy Rule 2002 authorizing limited notice of the Motion and
9 supporting documents on the Debtor, PG&E Corporation, the Office of the United States
10 Trustee, and those parties who have filed objections to the Plan of Reorganization filed by the
11 California Public Utilities Commission with respect to PG&E, dated May 17, 2002.

12 If the Court grants this Application, Movants will serve notice of the hearing on the
13 Motion on the aforementioned parties so that it is received within 24 hours of the Court's notice
14 to Movants.

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Ex Parte Application For Order Shortening Time

1 V. CONCLUSION

2 For all of the foregoing reasons, the Court should enter an order shortening time
3 for hearing on and authorizing limited notice of the Motion, setting a hearing on the Motion for
4 Thursday, September 12, 2002 at 1:30 p.m. (Pacific) or as soon thereafter as is convenient for the
5 Court.

6
7 DATED: August 12, 2002

8 GARY M. COHEN
9 AROCLES AGUILAR
10 MICHAEL M. EDSON
11 CALIFORNIA PUBLIC UTILITIES COMMISSION

12 By: Gary M. Cohen
13 -and-

14 ALAN W. KORNBERG
15 BRIAN S. HERMANN
16 PAUL, WEISS, RIFKIND, WHARTON & GARRISON
17 Attorneys for the California Public Utilities Commission

18 PAUL S. ARONZON
19 ROBERT JAY MOORE
20 MILBANK, TWEED, HADLEY & McCLOY LLP

21 By: _____
22 Attorneys for the Official Committee of Unsecured Creditors
23
24
25
26
27
28

LA1-0624341v2

1 V. CONCLUSION

2 For all of the foregoing reasons, the Court should enter an order shortening time
3 for hearing on and authorizing limited notice of the Motion, setting a hearing on the Motion for
4 Thursday, September 12, 2002 at 1:30 p.m. (Pacific) or as soon thereafter as is convenient for the
5 Court.

6
7 DATED August __, 2002

8 GARY M. COHEN
9 AROCLES AGUILAR
10 MICHAEL M. EDSON
11 CALIFORNIA PUBLIC UTILITIES COMMISSION

12 By: _____

13 -and-

14 ALAN W. KORNBERG
15 BRIAN S. HERMANN
16 PAUL, WEISS, RIFKIND, WHARTON & GARRISON
17 Attorneys for the California Public Utilities Commission

18 PAUL S. ARONZON
19 ROBERT JAY MOORE
20 MILBANK, TWEED, HADLEY & McCLOY LLP

21 By: Paul S Aronzon
22 Attorneys for the Official Committee of Unsecured Creditors
23
24
25
26
27
28

LA1-0624341v3

1 GARY M. COHEN, SBN 117215
2 AROCLES AGUILAR, SBN 94753
3 MICHAEL M. EDSON, SBN 177858
4 CALIFORNIA PUBLIC UTILITIES COMMISSION
5 505 Van Ness Avenue
6 San Francisco, California 94102
7 Telephone: (415) 703-2015
8 Facsimile: (415) 703-2262

9 ALAN W. KORNBERG
10 BRIAN S. HERMANN
11 PAUL, WEISS, RIFKIND, WHARTON & GARRISON
12 1285 Avenue of the Americas
13 New York, New York 10019-6064
14 Telephone: (212) 373-3000
15 Facsimile: (212) 757-3990

16 **Attorneys for California Public Utilities Commission**

17 PAUL S. ARONZON, SBN 88781
18 ROBERT JAY MOORE, SBN 77498
19 MILBANK, TWEED, HADLEY & McCLOY LLP
20 601 South Figueroa Street, 30th Floor
21 Los Angeles, California 90017
22 Telephone: (213) 892-4000
23 Facsimile: (213) 629-5063

24 **Attorneys for Official Committee of Unsecured Creditors**

25 UNITED STATES BANKRUPTCY COURT
26 NORTHERN DISTRICT OF CALIFORNIA
27 SAN FRANCISCO DIVISION

28 In re

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation,

Debtor.

Federal I.D. No. 94-0742640

Case No. 01-30923 DM

Chapter 11 Case

Date: [To be set]
Time: [To be set]
Place: 235 Pine Street, 22nd Floor,
San Francisco, California

29 **DECLARATION OF PAUL S. ARONZON IN SUPPORT OF EX PARTE**
30 **APPLICATION FOR ORDER SHORTENING TIME ON JOINT MOTION OF**
31 **THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND THE OFFICIAL**
32 **COMMITTEE OF UNSECURED CREDITORS REGARDING**
33 **RESOLICITATION OF VOTES AND PREFERENCES FOR MOVANTS'**
34 **AMENDED PLAN OF REORGANIZATION**

35 [Ex Parte Application, Notice of Motion, Motion and Memorandum of Points and
36 Authorities filed concurrently herewith]

LA1.06244497v1

Declaration of Paul S. Aronzon in Support of Ex Parte Application For Order Shortening Time

DECLARATION

1 I, Paul S. Aronzon, declare:

2 1. I am a partner at Milbank, Tweed, Hadley & McCloy LLP ("Milbank"),
3 counsel to the Official Committee of Unsecured Creditors ("Committee") in the Pacific Gas and
4 Electric Company ("PG&E" or "Debtor") chapter 11 bankruptcy case (the "Case"). I am one of
5 the partners at Milbank primarily responsible for the representation of the Committee in the
6 Case. I have personal knowledge of the facts set forth below, and if called upon, I could and
7 would testify competently with regard thereto. I make this declaration in support of the Ex Parte
8 Application for Order Shortening Time on the Joint Motion (the "Motion") of the California
9 Public Utilities Commission (the "Commission") and the Official Committee of Unsecured
10 Creditors Regarding Resolicitation of Votes and Preferences for Movants' Amended Plan of
11 Reorganization, which is filed concurrently herewith.

12 2. In order to allow adequate time to complete the actions set forth in the
13 Motion, including resolicitation, counting votes and preferences and certification of the vote
14 without disturbing the confirmation schedule, it is necessary for the Court to hear the Motion on
15 shortened time.

16 3. There have been no previous time modifications related to the Motion. On
17 August 28, 2002, I spoke with Stephen Johnson of the Office of the United States Trustee, and
18 notified him that the Commission and the Committee would be filing the Motion and making a
19 request to have the Motion heard on shortened time. Mr. Johnson stated that he had no objection
20 to either the Motion or a hearing on shortened time. Also on August 28, 2002, I contacted James
21 Lopes, counsel for PG&E, via e-mail, notifying him that the Committee and the Commission
22 would be filing the Motion, and would seek to have the Motion heard on shortened time. I asked
23 him to consent to shortened notice to permit the Court to hold a hearing on the Motion on
24 September 12, 2002. As of the end of the day on August 29, 2002, I not received consent to hear
25 the Motion from Mr. Lopes.

26 ///

27 ///

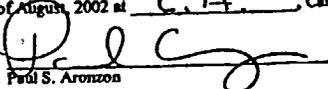
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Ex Parte Application For Order Shortening Time

1 I declare under penalty of perjury under the laws of the United States of America that
 2 the foregoing is true and correct

3 Executed this 29th day of August, 2002 at L.A., California.

4 
 5 Paul S. Aronzon

1 GARY M. COHEN, SBN 117215
 2 AROCLES AGUILAR, SBN 94753
 3 MICHAEL M. EDSON, SBN 177858
 4 CALIFORNIA PUBLIC UTILITIES COMMISSION
 5 505 Van Ness Avenue
 San Francisco, California 94102
 Telephone: (415) 703-2015
 Facsimile: (415) 703-2262

6 ALAN W. KORNBERG
 7 BRIAN S. HERMANN
 8 PAUL, WEISS, RIFKIND, WHARTON & GARRISON
 9 1285 Avenue of the Americas
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 Telephone (212) 373-3000
 Facsimile: (212) 757-3990

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11 PAUL S. ARONZON, SBN 88781
 12 ROBERT JAY MOORE, SBN 77498
 13 MILBANK, TWEED, HADLEY & McCLOY LLP
 601 South Figueroa Street, 30th Floor
 Los Angeles, California 90017
 Telephone: (213) 892-4000
 Facsimile: (213) 629-5063

14 Attorneys for Official Committee of Unsecured Creditors

15 UNITED STATES BANKRUPTCY COURT
 16 NORTHERN DISTRICT OF CALIFORNIA
 17 SAN FRANCISCO DIVISION

18 In re	Case No 01-30923 DM
19 PACIFIC GAS AND ELECTRIC COMPANY, a California corporation,	Chapter 11 Case
20 Debtor.	Date: [To be set] Time: [To be set]
21 Federal I.D. No. 94-0742640	Place: 235 Pine Street, 22 nd Floor, San Francisco, California

22
 23 **[PROPOSED] ORDER GRANTING EX PARTE APPLICATION FOR ORDER**
 24 **SHORTENING TIME ON THE JOINT MOTION OF THE CALIFORNIA**
 25 **PUBLIC UTILITIES COMMISSION AND THE OFFICIAL COMMITTEE OF**
 26 **UNSECURED CREDITORS REGARDING RESOLICITATION OF VOTES AND**
 27 **PREFERENCES FOR MOVANTS' AMENDED PLAN OF REORGANIZATION**

