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9 Special Counsel to Debtor and Debtor in Possession
10 Pacific Gas and Electric Company

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11 UNITED STATES BANKRUPTCY COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN FRANCISCO DIVISION

14 In re
15 PACIFIC GAS AND ELECTRIC
16 COMPANY, a California corporation,
17 Debtor.

18 Case No. 01-30923 DM
19 Chapter 11 Case
20 [NO HEARING SET]

21 Federal I.D. No. 94-0742640

22 **SECOND SUPPLEMENTAL DECLARATION OF DONALD K. DANKNER IN**
23 **SUPPORT OF APPLICATION FOR AUTHORITY TO CONTINUE THE**
24 **EMPLOYMENT OF SPECIAL COUNSEL TO DEBTOR IN POSSESSION ON NON-**
25 **BANKRUPTCY MATTERS [WINSTON & STRAWN]**

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I, Donald K. Dankner, hereby declare as follows:

1. I am a member of Winston & Strawn and an attorney in good standing to practice in the District of Columbia.

2. Except as otherwise indicated, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently with respect thereto.

3. I make this Second Supplemental Declaration to supplement the disclosures and other information provided in (i) the Debtor's Application for Authority to Employ and to Continue the Employment of Special Counsel to Debtor in Possession on Non-Bankruptcy Matters filed on May 16, 2001 (the "Application") and my Declaration in support thereof; (ii) the Debtor's Amended Application for Authority to Employ Special Counsel filed on June 22, 2001; and (iii) the Amendment to Amended Application for Authority to Employ and Continue the Employment of Special Counsel to Debtor in Possession on Non-Bankruptcy Matters [Winston and Strawn] filed on September 14, 2001 (the "Amendment"), and my Supplemental Declaration in support thereof.

4. Pursuant to the Application and the Amendment, Winston & Strawn is counsel to the above captioned debtor and debtor in possession (the "Debtor"), employed under section 327(e) of the Bankruptcy Code, 11 U.S.C. §§ 101, et seq. Winston & Strawn represents the Debtor in connection with Federal Energy Regulatory Commission practice and advice, Nuclear Regulatory Commission practice and advice, and regulatory matters arising out of Debtor's plan of reorganization.

5. My supporting Declaration submitted as part of the Debtor's Application set forth certain past and present representations by Winston & Strawn of certain of Debtor's 100 Largest creditors, on matters that were and are wholly unrelated to the firm's representation of

1 the Debtor or its estate in this chapter 11 case, or those entities' claims against or relationship
2 with the Debtor.

3
4 6. In my Supplemental Declaration submitted as part of the Amendment, I
5 set forth my estimate of Winston & Strawn's average monthly fees likely to result from Winston
6 & Strawn's expanded representation on regulatory matters related to Debtor's plan of
7 reorganization.

8
9 7. Since the filing of Debtor's Application, Winston & Strawn has
10 represented, and is representing, PECO Energy Company ("PECO") in the bankruptcy of the
11 California Power Exchange Corporation ("CalPX") currently pending in the United States
12 Bankruptcy Court for the Central District of California, Los Angeles, Case No. LA 01-16577-
13 ES.

14
15 8. Winston & Strawn's representation of PECO in the CalPX bankruptcy
16 relates to amounts owed to PECO by the CalPX and the California Independent System Operator
17 in the approximate amount of \$2,949,775.68 plus unliquidated amounts.

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19 9. It has come to my attention that Winston & Strawn filed a proof of claim
20 in the Debtor's bankruptcy on behalf of PECO. The proof of claim was filed as a protective
21 measure to preserve PECO's rights in the CalPX case. Other than the administrative act of filing
22 a proof of claim, Winston & Strawn has not, and will not, represent PECO in the Debtor's
23 bankruptcy. With respect to its claims against the Debtor, including the proof of claim filed by
24 Winston & Strawn, it is Winston & Strawn's understanding that PECO is represented by other
25 counsel not affiliated with Winston & Strawn.

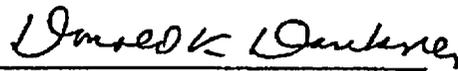
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28 10. Winston & Strawn's representation of PECO in the CalPX bankruptcy, as
well as the filing of the proof of claim on behalf of PECO in the Debtor's bankruptcy, has not

1 affected, and will not affect, the firm's representation of the Debtor in this case. To the best of
2 my knowledge, Winston & Strawn does not represent PECO in any matter adverse to Winston &
3 Strawn's representation of the Debtor or the Debtor's estate as counsel in this case. Accordingly,
4 I believe Winston & Strawn's representation of PECO in the CalPX bankruptcy, and the filing of
5 a proof of claim on behalf of PECO in the Debtor's bankruptcy, does not create an interest
6 adverse to the interests of the estate or of any class of creditor or equity security holders.
7

8
9 11. Except as set forth above, to the best of my knowledge, the statements
10 made in my Declaration remain true and correct.

11 I declare under penalty of perjury under the laws of the United States of America,
12 that the foregoing is true and correct.
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14 Executed this 9th day of September, 2002.
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17 Donald K. Dankner
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