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5 Attorneys for Official Committee of Unsecured Creditors
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8 UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
9 SAN FRANCISCO DIVISION

10 In re	Case No. 01-30923 DM
11 PACIFIC GAS AND ELECTRIC COMPANY, a California corporation,	Chapter 11 Case
12 Debtor.	Date: November 15, 2002
13 Federal I.D. No. 94-0742640	Time: 1:30 p.m.
	Place: 235 Pine Street, 22 nd Floor, San Francisco, California

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15 **DECLARATION OF PAUL S. ARONZON IN SUPPORT OF MOTION OF THE**
16 **OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR AUTHORITY TO**
INCUR PLAN IMPLEMENTATION EXPENSES AND EX PARTE APPLICATION FOR
17 **ORDER SHORTENING TIME FOR HEARING THEREON**
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1 I, Paul S. Aronzon, declare:

2 1. I am a partner at Milbank, Tweed, Hadley & McCloy ("Milbank"),
3 counsel to the Official Committee of Unsecured Creditors (the "Committee") in the Pacific Gas
4 and Electric Company ("PG&E") chapter 11 bankruptcy case (the "Case"). I am one of the
5 partners at Milbank primarily responsible for the representation of the Committee in the Case. I
6 have personal knowledge of the facts set forth below, and if called upon, I could and would
7 testify competently with regard thereto. I make this declaration in support of the Second Motion
8 of the Official Committee of Unsecured Creditors for Authority to Incur Plan Implementation
9 Expenses (the "Motion") and the Ex Parte Application of the Official Committee of Unsecured
10 Creditors for Order Shortening Time for Hearing on Second Motion of the Official Committee of
11 Unsecured Creditors for Authority to Incur Plan Implementation Expenses (the "Application").
12 The Application and Motion are filed concurrently herewith.

13 2. There have been no previous time modification requests related to the
14 Motion. On November 6, 2002, counsel for the Committee left a message for Patricia Cutler of
15 the Office of the United States Trustee notifying her that the Committee would be filing the
16 Motion and Application that day, and would seek to have the Motion heard on November 15,
17 2002 at 1:30 p.m., and the Application heard on November 8, 2002 at 1:30 p.m. On November
18 5, 2002, counsel for the Committee spoke with James Lopes, counsel for PG&E, and notified
19 him that the Committee would be filing the Motion and Application on November 6, 2002, and
20 would seek to have the Motion heard on November 15, 2002 at 1:30 p.m, and the Application
21 heard on November 8, 2002 at 1:30 p.m. Mr. Lopes indicated that he would agree to this
22 schedule, provided that PG&E's responsive pleadings would not be due until November 14,
23 2002 at 2:00 p.m.

24 3. The Committee has contacted Fitch Ratings ("Fitch") to issue an
25 indicative ratings letter (the "Ratings Letter") with respect to debt and equity securities that will
26 be issued under the Second Amended Plan of Reorganization for PG&E filed by the Committee
27 and the California Public Utilities Commission on November 6, 2002 (the "Committee/CPUC
28 Plan"). Obtaining the Ratings Letter is an important step prior to issuance of the securities and

1 will be helpful to the confirmation and implementation of the Committee/CPUC Plan.

2 4. Attached as Exhibit "A" is a true and complete copy of a letter from
3 Fitch regarding the terms of their engagement in connection with the preparation and issuance
4 of the Ratings Letter (the "Engagement Letter"). Pursuant to the Engagement Letter, Fitch
5 would be paid \$175,000 plus reimbursement of certain travel and legal expenses and fees.

6 I declare under penalty of perjury under the laws of the United States of
7 America that the foregoing is true and correct.

8 Executed this 6th day of November, 2002 at Los Angeles, California.

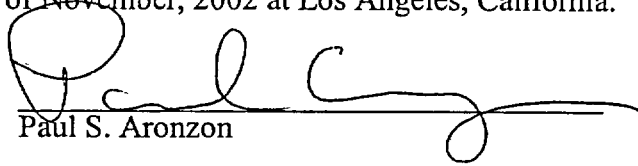
9 
10 Paul S. Aronzon

EXHIBIT "A"

Fitch Ratings

November 4, 2002

55 East Monroe
Chicago, IL 60603

T 312 368 3100 / 800 48 FITCH
www.fitchratings.com

Walter S. Hulse
UBS Warburg LLC
299 Park Avenue
New York, NY 10171

Re: Rating Assessment

Ladies and Gentlemen:

Thank you for requesting ratings assessment services from Fitch Ratings. Set forth below are the terms of the engagement for these services. Please have an authorized representative of UBS Warburg ("you") sign this letter in the space indicated below to evidence your acknowledgement of and agreement to the contents of this letter, save a copy for your files and return the original to my attention.

Fitch will consider the proposed scenarios referred to below (the "Scenarios") and issue conditional ratings on the issuer listed below (the "Issuer"). Fitch's assessment will include a review of historical and projected financial information, company strategy, investment policies, organizational structure, operating infrastructure and other information that may be deemed appropriate and will only address the effect of the Scenarios on the current ratings assigned by Fitch to the Issuer or what ratings would be assigned to the issuer if Fitch rated such issuer.

Scenario:

Fitch will issue conditional ratings on the Prospective Security Classes listed below proposed to be issued pursuant to the plan of reorganization proposed by the Official Creditors' Committee and California Public Utilities Commission ("the Scenario") in the Chapter 11 proceedings of the Issuer.

Prospective Security Classes: First Mortgage Bonds, Senior Secured Amortizing Bank Loan, Unsecured/subordinated Debt, Preferred Securities.

Issuer(s): Post-Chapter 11 Pacific Gas & Electric, a California public utility

You agree that you will pay Fitch's fees for the analysis of the Scenarios performed relating to the corresponding conditional ratings which Fitch issues, in accordance with the fee terms set out below:

The Fee for the analysis of the Scenarios listed in this letter shall be \$175,000

Payment of these fees is not contingent on the outcome of Fitch's assessment. Fitch's issuance of a final rating or Fitch's issuance of any particular rating.

Expense Reimbursement: You will reimburse Fitch for reasonable travel and lodging expenses to your or a third party's facilities. You also will reimburse Fitch for the fees and disbursements of its legal counsel incurred in connection with our analysis.

Fitch Ratings

Taxes: All fees quoted are net of all taxes due in any applicable jurisdiction such as VAT, withholding and all other local taxes applicable that are or may be deducted from foreign liability payments to external parties, so that Fitch will receive the fees in the amounts stated in this Letter.

Although Fitch will provide a conditional rating as part of the rating assessment service, there can be no assurance that an actual rating, if issued by Fitch, would be the same as the conditional rating. For example, if, for any reason, the information provided by you, the proposed transaction structure, external market conditions or the economic environment materially change, a final rating may differ from the conditional rating provided under this letter.

In providing the rating assessment service and the conditional rating, Fitch will receive information and documents from both you and third parties. You acknowledge that Fitch may rely on both you and these third parties for the accuracy of such information and documents. Fitch will not independently verify any such information. The rating assessment service and the conditional rating is provided "as is" and Fitch does not represent, warrant or guarantee (i) the accuracy, correctness, integrity, completeness or timeliness of any part of the conditional rating or the assessment described herein, and (ii) that the conditional rating, and the information and analyses constituting a part thereof, will fulfill any of your particular purposes or needs

You acknowledge that Fitch is not your advisors and that Fitch is not providing you any financial or investment advice or auditing, accounting, appraisal or actuarial services. Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between you and us or between us and any user of our ratings. Fitch is not responsible for any underwriting, credit, strategic or investment decision, or damages or other losses resulting from use of the rating assessment service or the conditional rating. In providing the rating assessment service and the conditional rating, Fitch is not making any recommendation to you, or any other person, to buy, sell, make or hold any investment, loan or security. In providing the rating assessment service and the conditional rating, Fitch will not provide any factual or expert testimony, nor shall the results of the assessment or the conditional ratings be considered as such.

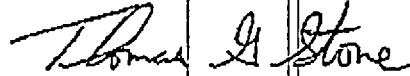
As a result, should you or any third-party be entitled to recover damages from Fitch under any legal theory, you agree that the total liability of Fitch in connection with the rating assessment service and the conditional rating is limited to actual direct damages that can be proven up to an amount not to exceed the fees paid by you under this letter. Notwithstanding any other provision, nothing in this letter shall exclude or restrict Fitch's liability for fraud or deceit, and for negligence causing death or personal injury.

In addition, you agree to defend, indemnify and hold harmless Fitch from and against any and all claims, losses, damages, causes of action and liability of any kind, including court costs, the fees of attorneys and expert witness fees ("Claims") sustained by Fitch from third-parties, which Claims arise out of or result from or in connection with the use of the conditional rating or the rating assessment service. You shall defend such action at your own expense, and shall pay all costs and damages finally awarded against Fitch; provided that Fitch gives you (i) prompt notice of any such claim (ii) reasonable assistance (other than monetary assistance) in defending against the claim and (iii) sole authority to defend or settle such claim at your sole expense; however, you shall have no liability for any costs or expenses incurred by Fitch without your prior authorization.

Fitch Ratings

Should you wish us to proceed with our rating analysis, please countersign this letter and return a copy to me. We look forward to providing our service to you on this matter.

Sincerely,



Thomas G. Stone
Senior Director

Agreed and accepted:

UBS WARBURG LLC

Name:
Title: