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50-275/523

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

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: February 27, 2003
Time: 1:30 p.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, California

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

DECLARATION OF BRUCE R. BOWEN IN SUPPORT OF FOURTH
MOTION FOR AUTHORITY TO INCUR MISCELLANEOUS
IMPLEMENTATION EXPENSES

Asst
Add: Rids Dye Mail Center

DECLARATION OF BRUCE BOWEN

1 I, Bruce R. Bowen, declare:

2 1. I am Director of Regulatory Analysis for Pacific Gas and Electric
3 Company ("PG&E"), the debtor and debtor-in-possession in this Chapter 11 case, and have
4 been employed by PG&E since _____. I am also the project manager for
5 implementation of the Human Resources Management System in connection with the
6 implementation of PG&E's proposed Plan of Reorganization (as amended from time to time,
7 the "Plan"). This declaration is submitted in support of PG&E's Fourth Motion for
8 Authority to Incur Miscellaneous Implementation Expenses (the "Motion"). Defined terms
9 used herein shall have the meanings set forth in the Motion. I make this declaration from
10 personal knowledge and if called as a witness, could and would testify competently to the
11 matters set forth herein.

12 2. PG&E previously filed a Motion for Authorization to Incur Human
13 Resources Management System Expenses on May 10, 2002, which was approved by Order
14 entered on May 31, 2002. In the previous motion, PG&E explained that the New Entities
15 would require human resources and payroll systems to support the payroll and related
16 functions needed for a company employing thousands of employees with benefits
17 comparable to PG&E's existing benefits, and the restrictions of collective bargaining
18 agreements among other complexities. Further, PG&E explained that the New Entities
19 would use an integrated human resources system to be implemented by PeopleSoft, Inc. and
20 referred to as the Human Resources Management System ("HRMS"). PG&E anticipated at
21 that time that approximately \$2.2 million would be required for the HRMS implementation
22 in connection with PeopleSoft's services.

23 3. Since May 2002, PeopleSoft has been working on the HRMS project. As
24 explained in more detail below, the HRMS project has proven more complex and time-
25 consuming than either PeopleSoft or PG&E had anticipated at its inception in May 2002.
26 PG&E now estimates that an additional \$425,000 will be required for the HRMS project.

27 4. The reasons for the increased costs on this project include: (i) more HRMS
28 software customization is required than originally anticipated as a result of a more complete

1 understanding of the factors used to implement collective bargaining agreements relating to
2 compensation of union employees, as well as a more complete understanding of the New
3 Entities' business requirements; (ii) more work is involved than originally anticipated in
4 building internal and external interfaces between HRMS and other systems or organizations
5 (internal interfaces include links to the general ledger and to the group handling workers'
6 compensation matters; external interfaces include links to benefits providers, 401(k)
7 financial managers and payroll tax service providers); (iii) more work is required than
8 originally anticipated in connection with adapting the HRMS to handle data conversion and
9 benefits enrollment activities over a period of time; instead of using a traditional cutover
10 plan (converting all data at one time), PG&E requires a complex set of data conversion
11 activities to permit identification and conversion of non-bargaining unit and bargaining-unit
12 employee data at different times, and also to convert payroll and benefits data at different
13 times; and (iv) PG&E has not been able to devote as many internal resources to this project
14 as originally anticipated, which has increased PeopleSoft's time spent on the project.

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15 5. PeopleSoft will continue to work on this project under the same contract
16 terms as before, which allow PG&E to terminate the contract at any time upon 14 days
17 written notice, without cause, in which case PG&E is liable only for services performed by
18 PeopleSoft to the date of termination.

19 I declare under penalty of perjury of the laws of the United States that the
20 foregoing is true and correct, and that this declaration was executed at San Francisco,
21 California on February 7, 2003.

22 
23 BRUCE R. BOWEN

24 WD 020503/1-1419905/1054205/v1