

1 JAMES L. LOPES (No. 63678)
2 JULIE B. LANDAU (No. 162038)
3 HOWARD, RICE, NEMEROVSKI, CANADY,
4 FALK & RABKIN
5 A Professional Corporation
6 Three Embarcadero Center, 7th Floor
7 San Francisco, California 94111-4065
8 Telephone: 415/434-1600
9 Facsimile: 415/217-5910

50-275/323

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

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11 In re
12 PACIFIC GAS AND ELECTRIC
13 COMPANY, a California corporation,

14 Debtor.

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

15 Federal I.D. No. 94-0742640

17 DECLARATION OF STEPHANIE MAGGARD IN SUPPORT OF
18 FOURTH MOTION FOR AUTHORITY TO INCUR
19 MISCELLANEOUS IMPLEMENTATION EXPENSES
20
21
22
23
24
25
26

27 *Accel*
28 *Accel: Kids Dgc Mail Center*

DECLARATION OF STEPHANIE MAGGARD

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

1 I, Stephanie Maggard, declare:

2 1. I am a director in PG&E Corporation's finance department, and am
3 currently on assignment to Pacific Gas and Electric Company ("PG&E") in connection with
4 the implementation of PG&E's proposed Plan of Reorganization (the "Plan"). I was
5 employed by PG&E from 1989 to 2000 and transferred to PG&E Corporation in 2000. I
6 held a number of positions at PG&E, primarily in the areas of regulation and ratemaking,
7 and business and financial planning. In my current assignment, I am a project manager for
8 PG&E's implementation of the Plan. In this position, I manage the business aspects of Plan
9 implementation, including resolution of business issues, forecasting and tracking of
10 implementation costs, and obtaining any necessary management and Court approval for
11 implementation projects.

12 2. This declaration is submitted in support of PG&E's Fourth Motion for
13 Authority to Incur Miscellaneous Implementation Expenses (the "Motion"). Defined terms
14 used herein shall have the meanings set forth in the Motion. I make this declaration based
15 on personal knowledge, except where otherwise indicated, and if called as a witness, could
16 and would testify competently to the matters set forth herein.

17 3. PG&E has previously filed and obtained orders approving various motions
18 seeking authority to incur costs related to implementation of the Plan. The present Motion
19 seeks approval for approximately \$3.8 million in additional implementation-related
20 expenses. PG&E has made substantial progress in completing previously-approved
21 implementation projects and anticipates that, for the majority of these projects, its spending
22 will be within or below the approved amounts. However, for certain projects, as better
23 information became available during the course of work, PG&E has identified new required
24 tasks or the need to increase the scope of previously identified tasks. Therefore, many of the
25 expenses described in the Motion involve additional costs related to specific projects that
26 have been the subject of previous implementation expense motions approved by the Court.

27 4. PG&E previously filed a Motion for Authority to Incur Additional
28 Miscellaneous Implementation Expenses on September 12, 2002, which was approved by

DECLARATION OF STEPHANIE MAGGARD

1 Order entered on October 2, 2002. The motion included expenses of \$1.5 million to be
2 incurred by PG&E in connection with PricewaterhouseCoopers' ("PWC") development of
3 accounting processes and procedures for the New Entities. PG&E now anticipates that this
4 project will require approximately \$800,000 in additional expenses. As described in the
5 previous motion, by the Effective Date under the Plan ("Plan Effective Date"), the New
6 Entities will require accounting systems and applications that are fully implemented and
7 operational in order to commence business operations, including the maintenance of books
8 and records. These accounting systems and applications require associated processes and
9 procedures to capture, record and validate all transactions.

10 5. Since October 2002, PWC has been assisting PG&E in reviewing its
11 existing accounting processes and procedures and in the development of new processes and
12 procedures for use by the New Entities. While the project has not changed since the
13 previous motion was filed, it has become better defined and quantifiable as a result of the
14 work that has been performed by PWC for the last four months. There are over 82
15 individual accounting processes to be reviewed and adapted for use by the New Entities.
16 Initially, PG&E identified approximately 70 individual accounting processes that needed to
17 be reviewed and adapted for use by the New Entities. Also, PG&E now understands that
18 many of these processes are more complex to document than originally anticipated, or
19 require more substantial modification for use by the New Entities than previously
20 anticipated. As a result, PWC will incur additional fees completing the services. PG&E
21 therefore requests authority to incur approximately \$800,000 in additional costs for this
22 project.

23 6. On May 24, 2002, PG&E filed its Motion for Authorization to Incur Data
24 Management Expenses, which was approved by Order entered on June 20, 2002. One
25 portion of this Motion concerned data management services related to existing records, maps
26 and drawings ("RMD") that will be needed by the New Entities, such as engineering and
27 construction records, customer records, facility maps and drawings, and financial records.
28 PG&E explained that it required the services of ZIA Information Analysis Group, Inc.

1 ("ZIA") in order to identify and compile the anticipated millions of RMD documents, and to
2 develop and maintain a database with the RMD data. Total costs of approximately \$436,000
3 were approved for this project.

4 7. ZIA and PG&E have been engaged in the RMD work for many months and
5 it is now evident that the work will require more time than previously estimated. The work
6 is more complex and time-consuming than PG&E or ZIA originally anticipated, particularly
7 due to the tasks of determining the type and level of information required by the New
8 Entities as well as the review of the various RMD documents for accuracy and
9 completeness. PG&E estimates that it will incur approximately \$115,000 more than the
10 amount originally authorized so that ZIA can complete this project.

11 8. In addition to ZIA's work on this project, an individual consultant who is a
12 former PG&E employee, Fred Holmes, is assisting PG&E and ZIA in reviewing and
13 analyzing RMD documents. Based on his past experience working for PG&E, Mr. Holmes
14 is knowledgeable about RMD documents and approximately \$15,000 of the additional
15 \$115,000 may be incurred in connection with Mr. Holmes' services.

16 9. For each of the consultants described above, PG&E's standard contractual
17 provisions in place (or to be included in any contracts to be executed hereafter) do not
18 guarantee future work or any minimum amount of revenue. PG&E will also maintain the
19 right to terminate the work at any time without cause, in which case PG&E is liable only for
20 work performed to the date of termination plus costs reasonably incurred by the consultant in
21 terminating any work in progress.

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

4 
5 STEPHANIE MAGGARD

6 WD 020503/1-1419905/1054211/v1

7
8
9
10
11
12
13
14 HOWARD
15 RICE
16 NEMEROVSKI
17 CANADY
18 BALK
19 & RABKIN
20
21
22
23
24
25
26
27
28
A Professional Corporation