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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  
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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.

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5 STEPHANIE MAGGARD

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