

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.
15 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

17 DECLARATION OF MY NGUYEN IN SUPPORT OF FOURTH
18 MOTION FOR AUTHORITY TO INCUR
19 MISCELLANEOUS IMPLEMENTATION EXPENSES

20
21
22
23
24
25
26
27
28
Foot
Add: Kids Dgc Mail Center

DECLARATION OF MY NGUYEN

1 I, My Nguyen, declare:

2 1. I am employed by Pacific Gas and Electric Company ("PG&E"), the debtor
3 and debtor-in-possession in this Chapter 11 case. I hold the position of Principal Project
4 Manager in PG&E's General Services Department. The General Services Department is
5 responsible for PG&E's facilities, fleet and materials management. In this position, I am
6 responsible for managing the implementation of PG&E's proposed Plan of Reorganization
7 (as amended from time to time, the "Plan") with respect to General Services. I oversee and
8 supervise the General Service teams assigned to Plan implementation, and coordinate and
9 facilitate schedule and budget activities and tasks related thereto.

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

15 3. In the Third Motion for Authority to Incur Miscellaneous Implementation
16 Expenses (the "Third Miscellaneous Motion"), filed on October 18, 2002, PG&E explained
17 that, in connection with implementation of the Plan, it anticipated: (i) leasing seven new
18 buildings, which would need to be prepared for occupancy by the New Entities, and (ii)
19 modifying 30 existing PG&E-owned buildings for use by PG&E and the New Entities.
20 PG&E obtained authority to incur \$425,000 in connection with hiring construction project
21 managers in order to prepare the new buildings for occupancy and to modify the existing
22 PG&E buildings to serve multiple entities. PG&E explained that actual construction would
23 not take place until after confirmation of the Plan, but that the construction project managers
24 were needed in order to assess the construction needs and plan for the construction work.
25 Specifically, the preliminary work includes: (i) determining the scope of work for each
26 building; (ii) preparing and submitting local building permit and conditional use permit
27 applications; (iii) development of detailed site-specific work schedules; and (iv) preparing
28 contract specifications, selecting qualified contractors, and negotiating contract terms. Set

1 forth in Paragraph 6 below is a description of additional costs of approximately \$535,000
2 that PG&E now anticipates will be incurred in connection with the construction project
3 managers.

4 4. Also in the Third Miscellaneous Motion, PG&E obtained authority to incur
5 \$100,000 in pre-construction costs related to permits and engineering, noting: "Until the
6 construction project managers . . . begin work, PG&E will not have a precise estimate of the
7 total pre-construction costs." (at p. 8:13-14). Set forth in Paragraphs 7 and 8 below are
8 additional pre-construction projects for total additional expenses of approximately \$91,300.

9 5. PG&E also filed the Motion for Authority to Incur Lease Extension Fees
10 on January 17, 2003 (the "Lease Extension Motion"), identifying six specific properties to
11 be leased by the New Entities, for which PG&E requested authority to pay lease extension
12 fees to retain the right to enter into long-term leases for these properties upon Plan
13 confirmation.

14 6. Additional Costs for Construction Project Managers. Since November
15 2002, PG&E has discovered that the pre-construction planning work will be more extensive
16 and time-consuming than originally estimated at the project's inception. Now that PG&E
17 has identified specific buildings to lease (as described in the Lease Extension Motion), and
18 as planning has progressed in preparing existing PG&E buildings and sites for occupancy by
19 the New Entities, it has become clear that more work will be required of the construction
20 project managers. For example, instead of using trailers on existing PG&E sites to house
21 certain employees and functions of the New Entities, as originally planned, six of the PG&E
22 sites will require the construction of new metal buildings since PG&E has determined that
23 the trailers cannot accommodate the space needs of the groups targeted to occupy them.
24 Furthermore, at many of the existing PG&E buildings, more substantial modifications will
25 be required than originally anticipated to prepare these facilities to be shared by employees
26 of PG&E and employees of the New Entities. Therefore, PG&E now estimates that an
27 additional \$535,000 will be required to enable the construction project managers to complete
28 the pre-construction planning tasks.

1 7. Woodland Site. At the Woodland site (described at page 7 of the Lease
2 Extension Motion), PG&E has identified the need to obtain switching devices for telephone
3 lines and telecommunications equipment for a total cost of approximately \$36,300 (in the
4 event that Plan implementation does not occur or the Woodland site is not ultimately leased
5 by PG&E, PG&E anticipates that it will have other uses for the telecommunications
6 equipment in the ordinary course of business). Although this property is not yet subject to a
7 long-term lease by PG&E, it has been identified as a critical site to lease and was therefore
8 included in the Lease Extension Motion. Orders must be placed promptly for the switching
9 device (\$6,300) and telecommunications equipment (\$30,000) because several months' lead
10 time is required to obtain the necessary equipment and allow time to install the
11 telecommunications infrastructure. The telecommunications infrastructure must be in place
12 by the time construction at the site begins, which is expected to occur promptly after Plan
13 confirmation.


14 8. Vaca-Dixon Substation. PG&E anticipates that the Vaca-Dixon
15 Substation, an existing PG&E property, will be utilized by ETrans for materials storage. In
16 order to prepare Vaca-Dixon Substation for use by ETrans, approximately \$55,000 is needed
17 to perform site grading and preparation to eliminate ponding in the storage area, to provide
18 electrical service to the yard area, and to install safety barriers (removable bollards). This
19 work must be completed before further construction can be performed at the site, in order to
20 meet environmental and safety concerns, and to prepare the site for construction related to
21 preparation of the site for the storage of materials and equipment. Even if Plan
22 implementation does not occur, this work should be beneficial to PG&E in preparing the
23 Vaca-Dixon Substation for additional storage uses by PG&E.

24 9. PG&E's standard contractual provisions in place with the construction
25 project managers do not guarantee future work or any minimum amount of revenue. PG&E
26 also maintains the right to terminate the work at any time without cause, in which case
27 PG&E is liable only for work performed to the date of termination plus costs reasonably
28 incurred by the construction project managers in terminating any work in progress. The

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

costs described in Paragraphs 7 and 8 above (i.e., once the equipment described in Paragraph 7 is purchased and the work described in Paragraph 8 commences) would not be recoverable or subject to early termination.

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



MY NGUYEN

HOWARD
RICE
NEMEROVSKI
CANADY
PALK
& RAEBIN
A Professional Corporation