

50-275/323

1 JAMES L. LOPES (No. 63678)
2 JEFFREY L. SCHAFFER (No. 91404)
3 KENNETH A. NEALE (No. 126904)
4 HOWARD, RICE, NEMEROVSKI, CANADY,
5 FALK & RABKIN
6 A Professional Corporation
7 Three Embarcadero Center, 7th Floor
8 San Francisco, California 94111-4065
9 Telephone: 415/434-1600
10 Facsimile: 415/217-5910

11 Attorneys for Debtor and Debtor in Possession
12 PACIFIC GAS and ELECTRIC COMPANY

13 UNITED STATES BANKRUPTCY COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

16 In re
17 PACIFIC GAS and ELECTRIC
18 COMPANY, a California corporation,
19 Debtor.

20 Case No. 01-30923 DM

21 Chapter 11 Case

22 Date: March 27, 2003
23 Time: 1:30 p.m.
24 Place: 235 Pine Street, 22nd Floor
25 San Francisco, California
26 Judge: Hon. Dennis Montali

27 Federal I.D. No. 94-0742640

28 DEBTOR'S NOTICE OF MOTION AND MOTION FOR AN ORDER AUTHORIZING
COMPROMISE OF CLAIMS OF CALIFORNIA REGIONAL WATER QUALITY
CONTROL BOARD PURSUANT TO A CONSENT JUDGMENT AND
MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF

29 Addl
30 Add: Rids Ogc Mail Center

MOTION FOR ORDER AUTHORIZING COMPROMISE OF CLAIMS WITH CRWQCB

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

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RICE
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CANADY
FALK
& RABKIN
A Professional Corporation

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NOTICE OF MOTION AND MOTION

PLEASE TAKE NOTICE that on March 14, 2003, at 1:30 p.m., or as soon thereafter as the matter may be heard, in the Courtroom of the Honorable Dennis Montali, located at 235 Pine Street, 22nd Floor, San Francisco, California, Pacific Gas and Electric Company, the debtor and debtor in possession in the above-captioned Chapter 11 case ("PG&E" or the "Debtor"), will and hereby does move the Court for entry of an order (1) authorizing PG&E to enter into, and make payments under, a Consent Judgment resolving ongoing claims by the People of the State of California, ex rel., California Regional Water Quality Control Board, Central Coast Region ("CRWQCB"), pursuant to Rule 9019(a) of the Federal Rules of Bankruptcy Procedure and Section 105(a) of the United States Bankruptcy Code (11 U.S.C. §105(a)), and (2) modifying the automatic stay, to the extent applicable, under Section 362(a) of the United States Bankruptcy Code (11 U.S.C. §362(a)) to enable the CRWQCB to file a civil action against PG&E in the California Superior Court with respect to the claims referenced in the Consent Judgment, and simultaneously therewith, file in such court the Consent Judgment settling such claims.¹

This Motion is based on the facts and law set forth herein (including the following Memorandum of Points and Authorities), the accompanying Declaration of Terry Nelson, the record of this case, and any evidence presented at or prior to the hearing on this Motion.

The Official Committee of Unsecured Creditors has reviewed this Motion, and its signature following the Memorandum of Points and Authorities below evidences that it has no objection to the granting of the relief sought herein.

PLEASE TAKE FURTHER NOTICE that pursuant to Rule 9014-1(c)(2) of the Local Bankruptcy Rules for the Northern District of California, any written opposition to the Motion and the relief requested therein must be filed with the Bankruptcy Court and served

¹We note that PG&E and the CRWQCB disagree as to whether the automatic stay would apply with respect to this matter. We do not ask the Bankruptcy Court to resolve this issue, but merely ask for a modification of the automatic stay to the extent it may be applicable.

1 upon appropriate parties (including counsel for PG&E, the Office of the United States
2 Trustee and the Official Committee of Unsecured Creditors) at least five (5) days prior to the
3 scheduled hearing date. If there is no timely objection to the requested relief, the Court may
4 enter an order granting such relief without further hearing.
5

6 MEMORANDUM OF POINTS AND AUTHORITIES

7 INTRODUCTION

8 PG&E commenced this Chapter 11 case by the filing of a voluntary petition on April 6,
9 2001. PG&E continues to manage and operate its property as a debtor in possession
10 pursuant to Sections 1107 and 1108 of the Bankruptcy Code. PG&E submits this brief in
11 support of its Motion For An Order Authorizing Compromise Of Claims Of California
12 Regional Water Quality Control Board Pursuant To A Consent Judgment (the "Motion").
13 By the Motion, PG&E seeks authorization to enter into and be bound by, and make
14 payments under, that certain Consent Judgment with the CRWQCB, a copy of which is
15 attached as Exhibit A to the Declaration of Terry Nelson filed concurrently herewith (the
16 "Nelson Decl."). In addition, the Motion seeks modification of the automatic stay, to the
17 extent applicable, to allow a civil action, and simultaneously therewith, the Consent
18 Judgment, to be filed in the California Superior Court for the County of Monterey (the
19 "Superior Court"). The Consent Judgment would require PG&E to pay \$5,000,000 to fund
20 various environmental projects and administrative costs within thirty (30) days after the
21 effective date thereof, and such timely payment is a material term and condition of the
22 proposed settlement.
23

24 FACTUAL BACKGROUND

25 A. General.

26 PG&E owned and operated the Moss Landing Power Plant (the "Plant") from 1971
27 through 1998, at which time the Plant was sold to Duke Energy Moss Landing Company
28 LLC. The Plant generates electricity using natural gas for power generation and seawater

1 for cooling purposes. After being used for cooling purposes, the seawater is discharged into
2 certain waterways. In connection with the discharge of heated seawater from the Plant,
3 PG&E held certain National Pollution Discharge Elimination System Permits ("NPDES
4 Permits") issued by the CRWQCB. In May 2000, PG&E reported to the CRWQCB that
5 PG&E had discharged heated cooling water from certain intake structures of the Plant into
6 the Moss Landing Harbor in a practice known as "backflushing." These discharges occurred
7 beginning in 1974 and ending in 1998:

8 The CRWQCB has taken the position that the backflushing of heated cooling water
9 into Moss Landing Harbor violated PG&E's NPDES Permits. The CRWQCB has further
10 claimed that such discharges violated Section 301 of the Clean Water Act (33 U.S.C. §1311)
11 and Section 13385 of the California Water Code and that such violations could subject
12 PG&E to substantial civil penalties. PG&E disputes these allegations.

13 In its Proof of Claim No. 12684 filed on October 3, 2001, the CRWQCB asserted the
14 total amount of penalties was unknown. The CRWQCB also reserved the right in its Proof
15 of Claim to assert administrative expense claims with respect to post-petition oversight and
16 investigation costs incurred by it with respect to the discharges and to assert injunctive relief
17 against PG&E regarding the alleged violations, which could include the demand that PG&E
18 clean up or ameliorate the effects of the discharges.

19 B. Consent Judgment.

20 Since the time PG&E reported the discharges to the CRWQCB, the parties have been
21 engaged in settlement discussions. Subject to the approval of this Court and the Superior
22 Court, PG&E and the CRWQCB have agreed to a settlement of CRWQCB's claims as
23 described in detail in the Consent Judgment. Under the settlement, PG&E would agree to
24 pay \$5,000,000 to fund the following environmental projects:

25 1. Non-Point Source Projects Fund. Within 30 days of the effectiveness of the
26 Consent Judgment, PG&E would pay the sum of \$2,850,000 into a fund to be administered
27 by the Community Foundation for Monterey County. This would be used to fund projects to
28 reduce sediment, nutrients, pesticides and other pollutants that enter the Elkhorn Slough and

1 Moss Landing Harbor or watersheds tributary to the slough or the harbor.

2 2. Non-Point Source Monitoring And CCAMP Funds. Within 30 days of the
3 effectiveness of the Consent Judgment, PG&E would pay \$950,000 into a fund for
4 comprehensive monitoring to evaluate implementation and effectiveness of the activities
5 funded by the Non-point Source Projects Fund, as well as other non-point source pollution
6 reduction activities in Elkhorn Slough and Moss Landing Harbor and watersheds tributary to
7 the slough and the harbor. In addition, PG&E would fund \$950,000 for the Central Coast
8 Ambient Monitoring Program (CCAMP) fund, which was established to monitor water
9 quality in the Central Coast region.

10 3. Administration Fund. Within 30 days of the effectiveness of the Consent
11 Judgment, PG&E would deposit \$250,000 into an account with the State Water Resources
12 Control Board, which would be used by the California Regional Water Quality Board,
13 Central Coast Region for oversight of the above-referenced environmental projects funded
14 by PG&E.

15 PG&E would have no obligation to form, manage, administer or further fund any of the
16 foregoing projects.

17 The CRWQCB would release PG&E from all claims it may assert arising out of the
18 discharge of heated cooling water from the Plant during the period of PG&E's ownership
19 effective at such time as PG&E has made all of the foregoing payments.

20 C. The Consent Judgment Is In The Best Interest Of The Estate.

21 The CRWQCB claims that the discharges of heated seawater from the Plant violate
22 Section 301 of the Clean Water Act. Section 13385(b) of the California Water Code
23 provides for penalties of up to \$25,000 for each day a Section 301 violation occurs. In
24 addition, where the volume discharged but not cleaned up exceeds 1,000 gallons, an
25 additional liability not to exceed \$25.00 multiplied by the number of gallons in excess of
26 1,000 gallons may be imposed. California Water Code, §13385(b). Thus, the amount of
27 penalties that the CRWQCB might seek to impose on PG&E could be significant. While
28 PG&E would vigorously contest the imposition of the penalties, the ultimate outcome of

1 such a proceeding is uncertain and, furthermore, PG&E would have to incur substantial
2 litigation costs in defending the matter. A lawsuit would also consume considerable
3 management resources, diverting those persons from other business of PG&E.

4 In addition, it is possible that the CRWQCB would seek to assert administrative
5 priority claims against PG&E with respect to post-petition investigation and/or remediation
6 of the effects of the seawater discharges, or that the CRWQCB would attempt to force
7 PG&E, through injunctive proceedings; to ameliorate the effects of the discharges in ways
8 that could prove expensive. Although PG&E believes it would have strong arguments that
9 the CRWQCB would not be permitted to take such actions under bankruptcy law, the matter
10 is not entirely free from doubt and there is no certainty that PG&E would ultimately prevail
11 in this regard.

12 For these and other reasons, PG&E believes that the settlement of the CRWQCB
13 claims in accordance with the Consent Judgment is in the best interests of PG&E and its
14 estate. PG&E also notes that the public will benefit by the settlement in that the amount paid
15 will fund various environmental projects aimed at reducing pollution in the waters near and
16 around the Plant.

18 ARGUMENT

19 A. The Court Should Approve The Settlement.

20 Bankruptcy Rule 9019(a) empowers a bankruptcy court to approve any settlement or
21 compromise related to a reorganization or liquidation.² Myers v. Martin (In re Martin), 91
22 F.3d 389, 393 (3d Cir. 1996); Vaughn v. Drexel Burnham Lambert Group, Inc. (In re Drexel
23 Burnham Lambert Group, Inc.), 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991). Indeed,
24 compromises and settlements are a common and favored occurrence in bankruptcy cases
25 because they allow a debtor and its creditors to avoid the financial and other burdens

26 _____
27 ²Bankruptcy Rule 9019(a) simply states, in part, that “[o]n motion by the trustee and
28 after notice and a hearing, the court may approve a compromise or settlement.” Fed. R.
Bankr. P. 9019(a).

1 associated with litigation over contentious issues and expedite the administration of the
2 bankruptcy estate. Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v.
3 Anderson, 390 U.S. 414, 424 (1968); Martin v. Kane (In re A & C Props.), 784 F.2d 1377,
4 1380-81 (9th Cir. 1986).

5 In reviewing a proposed settlement, the bankruptcy court's inquiry focuses only upon
6 whether the compromise is fair and equitable and in the best interest of the estate. TMT
7 Trailer, 390 U.S. at 424; A & C Props., 784 F.2d at 1380-81; Nellis v. Shugrue, 165 B.R.
8 115, 121 (S.D.N.Y. 1994). In making this determination, however, the bankruptcy court is
9 not required to conduct a mini-trial on the merits of the underlying dispute or an independent
10 investigation into the reasonableness of the settlement. Port O'Call Inv. Co. v. Blair (In re
11 Blair), 538 F.2d 849, 851 (9th Cir. 1976); see also In re Purofied Down Prods. Corp., 150
12 B.R. 519, 522 (S.D.N.Y. 1993); Drexel Burnham, 134 B.R. at 505.

13 Rather, the standards for such approval have been described as lenient and intended to
14 encourage approval of settlements in bankruptcy cases. See Purofied Down, 150 B.R. at
15 522-23. The bankruptcy court need only canvass the legal and factual issues underpinning
16 the compromise to ensure that the proposed settlement does not fall "below the lowest point
17 in the range of reasonableness." Nellis, 165 B.R. at 121-22 (quoting In re W.T. Grant Co.,
18 699 F.2d 599, 608 (2d Cir. 1983)); Purofied Down, 150 B.R. at 522; Official Unsecured
19 Creditors' Comm. of Pennsylvania Truck Lines, Inc. v. Pennsylvania Truck Lines, Inc. (In re
20 Pennsylvania Truck Lines, Inc.), 150 B.R. 595, 598 (E.D. Pa. 1992), aff'd mem., 8 F.3d 812
21 (3d Cir. 1993); Drexel Burnham, 134 B.R. at 505. In making this determination, significant
22 deference may be given to the informed judgment of the debtor in possession and its counsel
23 that a proposed compromise is fair and equitable. Martin, 91 F.3d at 395; Nellis, 165 B.R. at
24 122; Purofied Down, 150 B.R. at 522-23; Drexel Burnham, 134 B.R. at 505.

25 Over the years, four significant criteria have been developed by the courts for
26 consideration in determining whether a proposed settlement falls below the lowest point in
27 the range of reasonableness: (1) the probability of success on the merits; (2) the difficulties,
28 if any, to be encountered in the matter of collection; (3) the complexity of the litigation

1 involved, and the expense, inconvenience and delay necessarily attending it; and (4) the
2 paramount interest of the creditors and a proper deference to their reasonable views. A & C
3 Props., 784 F.2d at 1381; see also Martin, 91 F.3d at 393; Nellis, 165 B.R. at 122;
4 Pennsylvania Truck Lines, 150 B.R. at 598. As demonstrated below, each of the applicable
5 criteria is satisfied here.³

6 1. The Probability Of Success On The Merits.

7 The Consent Judgment fully and finally resolves a significant dispute between the
8 Debtor and CRWQCB without the need for expensive, distracting and time-consuming
9 litigation. There is no dispute that PG&E did release significant quantities of heated water
10 into Moss Landing Harbor and that such releases were not specifically permitted by its
11 NPDES Permits. Thus, it is likely that PG&E would ultimately incur some penalties in any
12 enforcement action brought by the CRWQCB. Furthermore, there is no guarantee that
13 PG&E could avoid fines in excess of the amounts it would be required to pay under the
14 Consent Judgment.

15 2. The Complexity Of The Litigation, And The Expense, Inconvenience And
16 Delay Attending It.

17 The Consent Judgment resolves a complicated legal dispute involving claims under the
18 federal Clean Water Act and the California Water Code relating to conduct by PG&E
19 occurring over a twenty-year period. Accordingly, in agreeing to the Consent Judgment, the
20 Debtor has made what it believes is an economically prudent business judgment that the
21 estate's assets are better utilized in facilitating a settlement rather than defending an action
22 brought by the CRWQCB and prosecuting or defending an appeal of such an action

23 3. The Settlement Is In The Best Interest Of The Creditors.

24 The last criteria considered by bankruptcy courts reviewing a proposed settlement is
25 the paramount interest of creditors, with a deference to their reasonable views. A & C
26

27 ³The second factor typically considered by courts—difficulty associated with
28 collection—is not applicable here.

1 Props., 784 F.2d at 1381; Drexel Burnham, 134 B.R. at 505-06. While a creditor's objection
2 to a proposed settlement must be considered, it is not controlling and will not bar approval of
3 settlements that "do not fall below the lowest point in the range of reasonableness." A & C
4 Props., 784 F.2d at 1382; Drexel Burnham, 134 B.R. at 505.

5 The compromise reached in the Consent Judgment benefit not only the estate but all
6 creditors. The Consent Judgment contains a full release of claims with respect to the
7 discharges, which will preserve estate assets by avoiding further litigation costs and fines
8 which potentially could be quite large.

9 B. The Court Should Allow Payment Of Funds Prior To Plan Confirmation
10 Notwithstanding That CRWQCB's Claims May Be Pre-Petition Claims.

11 PG&E acknowledges that the Motion differs from many (although not all) of its other
12 motions seeking authority to compromise pre-petition disputes in that the Motion also seeks
13 authority to make the payment provided for under the settlement prior to the confirmation
14 and implementation of a plan of reorganization in this case. There are several reasons why
15 PG&E believes it is appropriate for the Court to authorize a settlement in this instance.

16 First, the CRWQCB would not agree to the settlement unless PG&E would agree to
17 fund the environmental projects promptly (i.e., within thirty (30) days) following the
18 Bankruptcy Court and Superior Court's approval of the Consent Judgment. Without a
19 settlement, the CRWQCB would likely file a civil regulatory enforcement action against
20 PG&E in the Superior Court, which would subject PG&E to substantial risk of a judgment
21 that is materially worse than the proposed settlement provided for in the Consent Judgment.
22 In addition, PG&E would be required to expend substantial monies in defending such a
23 lawsuit.

24 While PG&E could argue that any such action by the CRWQCB would be in violation
25 of the automatic stay (11 U.S.C. §362(a)), the CRWQCB would take the position that the
26 action was exempt from the automatic stay pursuant to Section 362(b)(4) because it is
27 pursuant to a governmental unit's police or regulatory power. (11 U.S.C. §362(b)(4); United
28 States v. Nicolet, Inc., 857 F. 2d 202 (3d Cir. 1988); Penn Terra, Ltd. v. Dept. of

1 Environmental Resources, 733 F. 2d 267 (3d. Cir. 1984); United States v. LTV Steel Co.,
2 269 B.R. 576 (Bankr. W.D. PA 2001); Safety-Kleen, Inc. v. So. Carolina Bd. of Health &
3 Environmental Control, 274 F. 3d. 846 (4th Cir. 2001); In re First Alliance Mortgage Co.,
4 263 B.R. 99 (B.A.P. 9th Cir. 2001)). Furthermore, even if such an action were not subject
5 to the Section 362(b)(4) exception, the CRWQCB could move the Bankruptcy Court for
6 relief from stay and, because any action would help liquidate what is now a substantial
7 contingent claim in the bankruptcy, it is likely that the CRWQCB would obtain such relief,
8 as long as it did not attempt to enforce any monetary judgment obtained in the action.
9 PG&E believes that it is in the best interest of the estate to avoid a full litigation of the
10 dispute with the CRWQCB for the reasons discussed above.

11 Second, if the Consent Judgment is not approved, the CRWQCB could incur costs
12 relating to the investigation and/or remediation⁴ of the non-permitted discharges which could
13 be substantial and could then seek to recover such costs as administrative priority claims in
14 the bankruptcy. See In re Conroy, 144 B.R. 966, 970 (Bankr. W.D. Pa. 1992) (post-petition
15 clean-up costs incurred by governmental agency on property of the bankruptcy estate were
16 entitled to administrative priority status where action was necessary to the preservation of
17 the bankruptcy estate and conferred an actual post-petition benefit on it). PG&E would
18 argue that the CRWQCB would not be entitled to any administrative priority claim for any
19 of such expenses because the claims are based on pre-petition conduct and do not benefit the
20 estate. See Burlington N.R.R. Co. v. Dant & Russell, Inc. (In re Dant & Russell), 853 F. 2d
21 700, 706 (9th Cir. 1988) (post-petition clean-up costs of lessor of property resulting from
22 lessee's pre-petition operations and pre-petition breach of lease are pre-petition damages not
23 entitled to administrative expense priority); In re Gull Indus., Inc. v. John Mitchell, Inc. (In
24 re Hanna), 168 B.R. 386, 388 (B.A.P. 9th Cir. 1994) (neighbor's post-petition clean-up costs
25 resulting from pre-petition leak from debtor's petroleum tanks should be regarded as having
26

27 ⁴PG&E believes that there are no lingering effects of the non-permitted discharges
28 from the Plant that would need to be remediated, but the CRWQCB may have other views.

1 occurred pre-petition). Although PG&E believes it would prevail in the event the CRWQCB
2 seeks to assert an administrative expense claim, PG&E recognizes that there exists case law
3 outside of the Ninth Circuit which could be construed to favor such a claim.

4 Third, the CRWQCB might seek an injunction against PG&E to force it to ameliorate
5 the effects of the pre-petition seawater releases. CRWQCB would argue, as indicated in
6 their proof of claim, that such an injunction is not a claim and, therefore, is not subject to
7 discharge of bankruptcy. See United States v. LTV Corp. (In re Chateaugay, Corp.), 944 F.
8 2d 997 (2d Cir. 1991)) (holding that any order that requires the debtor to end or ameliorate
9 pollution currently existing or emanating from its own property is not a dischargeable
10 claim). PG&E would argue, however, that the holding in Chateaugay and similar cases
11 relating to injunctions does not apply in the Ninth Circuit, particularly in the current
12 situation where the release is not ongoing and is not currently creating a dangerous
13 condition. See In re Goodwin, 163 B.R. 825 (Bankr. D. Idaho 1993) (injunction held to be a
14 claim subject to discharge in circumstances involving historical contamination).

15 In short, absent a prompt payment of the project funds by PG&E, the CRWQCB would
16 not agree to a settlement of its claims. Absent such settlement, it is likely that PG&E would
17 be engaged in an extended and expensive litigation, the ultimate result of which could be
18 significantly worse for PG&E than the settlement proposed in the Consent Judgment. In
19 addition, there is some degree of uncertainty as to whether PG&E would be forced to expend
20 funds, in addition to funds expended in defending any litigation, to pay administrative
21 priority claims of CRWQCB or to pay the costs of investigating and/or ameliorating the
22 effects of the seawater discharges pursuant to an injunction. Thus, PG&E believes that it is
23 in the best interest of the estate to agree to the Consent Judgment and to pay the amounts
24 provided under the Consent Judgment.

25 Finally, PG&E notes that both of the competing reorganization plans proposed in this
26 case provide for the payment in full of all pre-petition claims. Therefore, the early payment
27 of the CRWQCB claim by virtue of the funding of the environmental projects would not
28 have a material effect on other creditors or the estate.

1 C. Payment Of Potential Pre-Petition Claims Pursuant To Consent Judgment Should
2 Be Authorized Pursuant To Section 105 Of The Bankruptcy Code And The
3 Court's Inherent Equitable Powers.

4 As discussed above, the proposed settlement may be deemed to involve the payment of
5 a pre-petition claim prior to the implementation of a confirmed plan of reorganization in this
6 case. To the extent that Bankruptcy Rule 9109(a) would not authorize such a payment,
7 Section 105(a) of the Bankruptcy Code may be relied on for such authority. Section 105(a)
8 authorizes a bankruptcy court to "issue any order, process, or judgment that is necessary or
9 appropriate to carry out the provisions of this title." The purpose of Section 105 is "to assure
10 the bankruptcy courts' power to take whatever action is appropriate or necessary in aid of
11 the exercise of their jurisdiction." 2 Lawrence P. King, Collier on Bankruptcy §105.01 at
12 105-6 (15th ed. rev. 2000). For the reason stated above, the proposed settlement embodied
13 in the Consent Judgment, including the prompt funding of \$5 million for the environmental
14 monitoring programs described above, is in the best interests of the Debtor and its estate.
15 Accordingly, if for any reason this Court determines that the prompt funding of the
16 \$5,000,000 by PG&E called for pursuant to the Consent Judgment is not authorized pursuant
17 to Bankruptcy Rule 9109(a), PG&E requests that the Court authorize such payment pursuant
18 to the Court's authority and discretion under Section 105(a) of the Bankruptcy Code.
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CONCLUSION

The Debtor has carefully considered the risks, complexity and expense associated with further litigation of the disputes between it and the CRWQCB. In the Debtor's sound business judgment, these factors tip the scale heavily in favor of approval of the proposed Consent Judgment as fair, reasonable and equitable and in the best interests of the estate and its constituencies. For these reasons, the Debtor respectfully requests that the Court grant its Motion and approve the Consent Judgment in the form attached as Exhibit 1 to the Nelson Declaration and the modification of the automatic stay, to the extent applicable, to allow the filing of the action and, simultaneously therewith, the Consent Judgment.

DATED: February 11, 2003.

Respectfully,

HOWARD, RICE, NEMEROVSKI, CANADY,
FALK & RABKIN
A Professional Corporation

By: 
JEFFREY L. SCHAFER

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

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS HAS NO OBJECTION TO THE FOREGOING APPLICATION AND THE RELIEF REQUESTED THEREIN.

MILBANK, TWEED, HADLEY & McCLOY LLP

Attorneys for OFFICIAL COMMITTEE OF
UNSECURED CREDITORS

WD 021103/F-1419925/Y12/1043763/v5

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11 DATED: _____, 2003.

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18 Attorneys for Debtor and Debtor in Possession
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22 MILBANK, TWEED, HADLEY & McCLOY LLP

23
24 *Michael J. Srochinsky*
25 Attorneys for OFFICIAL COMMITTEE OF
26 UNSECURED CREDITORS
27
28

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation