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5 ATTORNEYS FOR CITICORP USA, INC.

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

10 In re

11 PACIFIC GAS AND ELECTRIC COMPANY,
12 a California corporation,

13 Debtor.

14 Federal I.D. No. 94-0742640
15

Case No. 01-30923 DM

Chapter 11 Case

Date: February 26, 2004

Time: 1:30 p.m.

Place: 235 Pine Street,
San Francisco, CA

Judge: Hon. Dennis Montali

16 DECLARATION OF SANDIP SEN IN SUPPORT OF DEBTOR'S MOTION FOR
17 AUTHORITY TO ESTABLISH CASH-COLLATERALIZED LETTER OF CREDIT
18 PROGRAM AND FACILITY TO SECURE GAS PURCHASES, AND TO INCUR SECURED
19 DEBT RELATED THERETO (THE "MOTION")¹

20 1. I, Sandip Sen am an officer of Citicorp USA, Inc., ("Citicorp"), proposed LC
21 Bank under the Interim LC Facility that the Debtor seeks authority to enter into pursuant to the
22 Motion. I make this declaration (this "Declaration") in support of the Motion and in support of a
23 finding that Citicorp has acted in "good faith," as such term is defined in Section 364(e) of the
24 Bankruptcy Code, in entering into the Interim LC Facility and in issuing the LCs under the
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26 ¹ Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in
27 the Motion.
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1 Interim LC Facility. I make this Declaration on personal knowledge and upon a review of the
2 Motion.

3 2. Citigroup Global Markets Inc., and certain of its affiliates (collectively,
4 "Citigroup") have provided and may in the future provide investment-banking services to the
5 Debtor, PG&E Corporation, and their affiliates.
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7 3. Citigroup has held and may in the future hold debt and/or equity securities
8 issued by the Debtor, PG&E Corporation, and/or various affiliates.

9 4. Citigroup Global Markets Inc., is a joint lead manager of certain of the New
10 Money Notes and/or New Mortgage Bonds (as such terms are defined in the Plan) proposed to be
11 issued by the Debtor pursuant to Section 7.2 of the Debtor's Plan.
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13 5. Citigroup Global Markets Inc., is a joint lead arranger under one or more of
14 the credit facilities proposed to be entered into by the Debtor pursuant to Section 7.3 of the
15 Debtor's Plan.

16 6. Because of the magnitude of the Debtor's chapter 11 case and the relatively
17 large number of parties in interest, it is impractical, if not impossible, for Citigroup to represent
18 that it has disclosed all of its relationships with all of the parties in interest herein; it should be
19 assumed that Citigroup has or may in the future have substantial commercial relationships with
20 any person or entity in this case that enters into transaction in the financial markets.

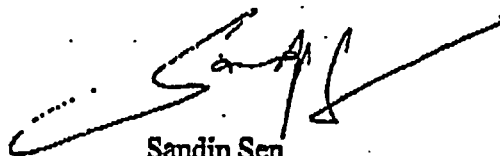
21 7. Citicorp has extensive experience in arranging and engaging in financing
22 facilities, including facilities such as the Interim LC Facility described in the Motion. Based on
23 such experience, Citicorp is prepared to enter into the Interim LC Facility with the Debtor and
24 issue the LCs.
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1 8. Citicorp has conducted extensive, arms-length negotiations with the Debtor
2 regarding the Interim LC Facility. Citicorp and the Debtor have been represented by separate
3 counsel in connection with such negotiations.
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5 9. As a financial institution experienced in financing facilities, including credit
6 facilities providing for the issuance of letters of credit, Citicorp believes that any investment-
7 grade-rated financial institution proposed to serve as an LC Bank will require (acting on a
8 commercially reasonable basis), as a condition to entering a facility such as the Interim LC
9 Facility with the Debtor and serving as an LC Bank, the bankruptcy-related terms described in
10 the Motion, including, without limitation, (i) that the Debtor will be required to post collateral to
11 secure the LC Bank's exposure to the Debtor on a priming basis under Bankruptcy Code Section
12 364(d)(1), and that (ii) the LC Bank has immediate and self-executing relief from the automatic
13 stay of Bankruptcy Code Section 362(a) to enforce its rights and remedies under the Interim LC
14 Facility it enters into with the Debtor. Citicorp believes that the bankruptcy-related provisions
15 that will be included in the Interim LC Facility are fair and reasonable based upon the
16 benchmarks and standards for financing transactions with Chapter 11 debtors, and that
17 comparable terms would be required by other financing institutions if the Debtor entered into a
18 financing facility such as the Interim LC Facility with other financial institutions.
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20 10. Neither Citicorp nor Citigroup has made any payment promise or undertaking
21 to any officer or director of the Debtor, PG&E Corporation or any of their affiliates as a *quid pro*
22 *quo* for entering into the Interim LC Facility.
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1 I declare under penalty of perjury under the laws of the United States of America that the
2 foregoing is true and correct. Executed this 23rd day of February, 2004 in New York, New
3 York.
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A handwritten signature in black ink, appearing to read 'Sandip Sen', is written over a horizontal dotted line.

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6 Sandip Sen
Managing Director
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