

1 PATRICIA A. CUTLER, Assistant U.S. Trustee (#50352)  
STEPHEN L. JOHNSON, Trial Attorney (#145771)  
2 EDWARD G. MYRTLE, Trial Attorney (DC#375913)  
MAGGIE McGEE, Trial Attorney (#142722)  
3 U.S. Department of Justice  
Office of the United States Trustee  
4 250 Montgomery Street, Suite 1000  
San Francisco, CA 94104  
5 Telephone: (415) 705-3333  
Facsimile: (415) 705-3379  
6

7 Attorneys for United States Trustee  
William T. Neary

8  
9 **UNITED STATES BANKRUPTCY COURT**  
10 **NORTHERN DISTRICT OF CALIFORNIA**

11 In re ) No. 01-30923 DM  
12 PACIFIC GAS AND ELECTRIC ) Chapter 11  
COMPANY, )  
13 Debtor. ) Date: August 1, 2002  
14 ) Time: 9:30 a.m.  
15 ) Ctrm: Hon. Dennis Montali  
22<sup>nd</sup> Floor, 235 Pine Street,  
16 San Francisco

17 **UNITED STATES TRUSTEE'S OBJECTION TO PLANS OF REORGANIZATION**  
18 **SUBMITTED BY PACIFIC GAS AND ELECTRIC COMPANY AND**  
19 **THE CALIFORNIA PUBLIC UTILITIES COMMISSION**

20 William T. Neary, United States Trustee, respectfully submits this objection to the  
21 plans of reorganization submitted by Pacific Gas and Electric Company (and PG&E  
22 Corporation, its parent), and the California Public Utilities Commission.<sup>y</sup> The plans do not  
23 make appropriate provision for fees due the United States Trustee pursuant to 28 U.S.C.  
24 § 1930(a)(6), do not require post-confirmation financial reporting, and, in the case of the  
PG&E plan, appear to authorize payment of administrative costs absent Court approval.

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27 <sup>y</sup> The plans will be referred to as the "PG&E Plan" and the "CPUC Plan."

1 **OBJECTIONS TO PLANS**

2 Objections to both PG&E Plan and CPUC Plan:

3 1. The plans do not require the reorganized debtor to pay quarterly post-confirmation  
4 fees to the United States Trustee, as required by 28 U.S.C. § 1930(a)(6). (See PG&E Plan  
5 § 11.10, CPUC Plan § 11.9). Fees must be paid until the case is closed. 28 U.S.C.  
6 § 1930(a)(6).

7 2. The plans do not require post-confirmation reporting. The United States Trustee  
8 requests the Court order that the plans require the reorganized debtor to provide financial  
9 information to the Court and parties in interest on a quarterly basis post-confirmation. A  
10 form of report is attached to this objection as Exhibit "A".<sup>2</sup>

11 3. Neither the PG&E Plan nor the CPUC Plan requires Bankruptcy Court review of  
12 professional fees incurred post-petition. See PG&E Plan § 11.9(b), CPUC Plan § 11.8(b).  
13 The United States Trustee does not seek to challenge these provisions but given the United  
14 States Trustee's involvement in fee review in this case to date, he believes it is important to  
15 highlight the change.

16 Objections to the PG&E Plan:

17 The PG&E Plan authorizes the payment of parent company PG&E Corporation's  
18 professional expenses from the chapter 11 estate under § 1129(a)(4). The United States  
19 Trustee does not believe that section alone controls the payment of such expenses.

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26 \_\_\_\_\_  
27 <sup>2</sup> If the PG&E plan is approved, the United States Trustee anticipates modifying the form to ensure it  
28 captures payments by the newly created entities, Gen, ETrans and GTrans.

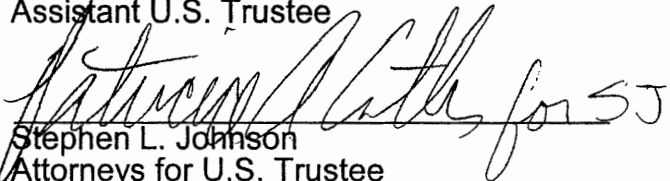
1 The United States Trustee urges no professional fees be paid from the estate for  
2 professionals who have not been employed by the estate except on a proper motion after  
3 notice and a hearing under 11 U.S.C. § 503(b).

4 Dated: July 16, 2002

Respectfully submitted,

5 Patricia A. Cutler  
6 Assistant U.S. Trustee

7  
8 By:

  
9 Stephen L. Johnson  
Attorneys for U.S. Trustee  
William T. Neary

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA

In re:

Debtor (s)

For the quarter ending: \_\_\_\_\_<sup>1</sup>

The revested debtor hereby submits the following post-confirmation report for this calendar quarter:

- 1. Date of entry of order confirming plan: \_\_\_\_\_
- 2. Cash balance at beginning of quarter: \_\_\_\_\_  
 Total receipts during quarter: \_\_\_\_\_  
 Total disbursements during quarter: \_\_\_\_\_  
 Cash balance at end of quarter: \_\_\_\_\_
- 3. Payments made pursuant to the Plan this quarter: \_\_\_\_\_  
 Total payments to be made pursuant to the Plan: \_\_\_\_\_  
 Cumulative paid to date: \_\_\_\_\_  
 Balance remaining to be made under the Plan: \_\_\_\_\_

As of the end of this reporting period

Yes

No

- 4. Are all payments required by the confirmed plan current at this time? [If not, attach explanatory statement identifying payments not made (by creditor, amount and date due), reason for non-payment, and an estimated date as to when payments will be brought current.] \_\_\_\_\_
- 5. Do you currently anticipate a circumstance/event which will cause an interruption or cessation of payments or other performance under the Plan? (If yes, attach an explanatory statement.) \_\_\_\_\_
- 6. Have quarterly fees due to the United States Trustee to the date of this report been paid pursuant to 28 U.S.C. § 1930(a)(6) and the Plan? \_\_\_\_\_

<sup>1</sup> First report shall be filed for the portion of the calendar quarter from date of confirmation to the end of quarter, and subsequent reports shall be filed at the expiration of each calendar quarter thereafter until dismissal, conversion or entry of a final decree closing the case. Reports shall be filed with the court and served on the UST not later than twenty (20) days after expiration of the reported period.

- |  | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 7. Have all motions, contested matters, and adversary proceedings been resolved? (If no, for each such pending motion, contested matter or adversary proceeding, identify the parties and nature of the dispute and state the anticipated resolution.) | _____      | _____     |
| 8. Has the order confirming the Plan become nonappealable?   | _____      | _____     |
| 9. Have deposits, if any, required by the Plan been distributed pursuant to the Plan? (If no, please explain.)   | _____      | _____     |
| 10. Has any property proposed by the Plan to be transferred been transferred pursuant to the Plan?   | _____      | _____     |
| 11. Does any property remain to be transferred pursuant to the Plan? (If yes, identify each such property and the anticipated date of transfer pursuant to the Plan.)  | _____      | _____     |
| 12. Has the revested debtor(s) or the successor of the debtor(s) assumed the business or management of the property dealt with by the Plan?  | _____      | _____     |
| 13. Anticipated date of motion for final decree: _____   |            |           |

I declare under penalty of perjury that the statements set forth above are true and accurate.

\_\_\_\_\_ Dated: \_\_\_\_\_ Responsible Individual (signature)

\_\_\_\_\_ Print Name

Current Address:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Telephone Number:  
 \_\_\_\_\_

1 **PROOF OF SERVICE**

2  
3 I, the undersigned, state that I am employed in the City and County of San Francisco, State  
4 of California, in the office of the United States Trustee, at whose direction the service was made; that  
5 I am over the age of eighteen years and not a party to the within action; that my business address is  
6 250 Montgomery Street, Suite 1000, San Francisco, California 94104, that on the date set Out below,  
7 I served a copy of the attached:

8 **UNITED STATES TRUSTEE'S OBJECTION TO PLANS OF REORGANIZATION**  
9 **SUBMITTED BY PACIFIC GAS AND ELECTRIC COMPANY AND THE CALIFORNIA**  
10 **PUBLIC UTILITIES COMMISSION**

11 by placing such a copy, enclosed in a sealed envelope, with prepaid postage thereon, in the United  
12 States mail at San Francisco, California, addressed to each party listed below.

13 James L. Lopes  
14 William J. Lafferty  
15 Howard Rice Nemerovsky et al.  
16 Three Embarcadero Center, 7th Floor  
17 San Francisco, CA 94111-4065  
18 Fax: 415-217-5910

Paul S. Aronzon, Esq.  
Robert Jay Moore, Esq.  
Milbank Tweed Hadley et al  
601 S Figueroa Street, 30th Floor  
Los Angeles, CA 90017  
Fax: 213-629-5063

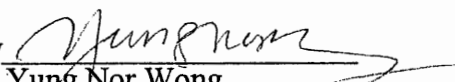
19 Michael P. Kessler, Esq.  
20 Weil, Gotshal & Manges LLP  
21 767 Fifth Ave  
22 New York, NY 10153  
23 Fax: 212-310-8007

Alan Gover  
Dewey Ballantine LLP  
Two Houston Center  
909 Fannin Street, #1100  
Houston, TX 77010  
Fax: 713-576-1533

24 General Counsel  
25 PG&E Corporation  
26 One Market, Spear Street Tower, #2400  
27 San Francisco, CA 94105  
28 Fax: 415-267-7265

General Counsel  
Pacific Gas and Electric Company  
77 Beale Street  
P.O. Box 7442  
San Francisco, CA 94120  
Fax: 415-973-5520

I declare under penalty of perjury that the foregoing is true and correct. Executed at San Francisco, California on July 16, 2002.

By   
Yung Nor Wong