

1 JAMES L. LOPES (No. 63678)
2 JEFFREY L. SCHAFER (No. 91404)
3 GARY M. KAPLAN (No. 155530)
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 Federal I.D. No. 94-0742640

Case No. 01-30923 DM

Chapter 11

HEARING

Date: May 9, 2001

Time: 9:30 a.m.

Place: 235 Pine Street, 22nd Floor
San Francisco, California

21 SUPPLEMENTAL DECLARATION OF KENT HARVEY IN
22 SUPPORT OF DEBTOR'S SUPPLEMENTAL BRIEF RE
23 MOTION FOR ORDER AUTHORIZING
24 (1) CONTINUED USE OF CASH COLLATERAL IN WHICH GAS
25 SUPPLIERS HAVE A BENEFICIAL INTEREST, AND
26 (2) INCURRENCE OF POST-PETITION
27 SECURED DEBT TO GAS SUPPLIERS

28 I, Kent Harvey, declare as follows:

1. I am the chief financial officer of Pacific Gas and Electric Company, the debtor and debtor in possession in the above-captioned Chapter 11 case (the "Debtor" or "PG&E"). This Declaration is based on my personal knowledge of the Debtor's operations and financial position. If called as a witness, I could and would testify competently to the facts stated herein.

56-275/323

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

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1 2. I make this declaration in support of the Debtor's Supplemental Brief re
2 Motion For Order Authorizing: (1) Continued Use Of Cash Collateral In Which Gas
3 Suppliers Have A Beneficial Interest; and (2) Incurrence Of Post-Petition Secured Debt To
4 Gas Suppliers (the "Motion") submitted concurrently herewith.

5 3. As set forth in my declaration in support of the Motion filed with the Court
6 on or about April 6, 2001, in early February 2001, the Debtor entered into a Gas Supplier
7 Security Agreement with certain suppliers of natural gas (the "Suppliers"), granting a
8 security interest in certain of the Debtor's gas-related assets (collectively, the "Suppliers'
9 Collateral"), in order to induce the Suppliers to supply gas to the Debtor for its "Core
10 Customers. Pursuant to the Gas Supplier Security Agreement, the Suppliers' Collateral
11 secures PG&E's respective payment obligations (collectively, the "Secured Obligations")
12 under its Master Gas Purchase and Sale Agreements with such Suppliers for natural gas
13 deliveries made on behalf of PG&E's Core Customers. The Gas Supplier Security
14 Agreement requires that the aggregate value of the Suppliers' Collateral exceed the
15 aggregate amount of the Secured Obligations at all times.

16 4. The aggregate amount of the Secured Obligations and the aggregate value
17 of the Suppliers' Collateral vary on a daily basis based on ongoing gas deliveries and
18 payments. For purposes of illustrating the relative amount of the Secured Obligations and
19 the value of the Suppliers' Collateral, I am informed and believe that as of April 13, 2001,
20 the amount of the Secured Obligations was approximately \$233 million and the value of the
21 Suppliers' Collateral was approximately \$639 million.

22 I declare under penalty of perjury under the laws of the United States of America
23 and the State of California that the foregoing is true and correct. Executed this 20th day of
24 April, 2001 at San Francisco, California.

25
26 
27 KENT HARVEY
28

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