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STROOCK & STROOCK & LAVAN LLP
LEWIS KRUGER (ADMITTED PRO HAC VICE)
ALAN Z. YUDKOWSKY (State Bar No. 194994)
PETER F. JAZAYERI (State Bar No. 199626)
2029 Cenniry Park East, Suite 1800
Los Angeles, California 90067-3086
Telephone: (310) 556-5800
Facsimile: (310) 556-5959

Attorneys for Party in Interest
SEMPRA ENERGY TRADING CORP.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re

Case No. 01-30923 DM

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation,

Chapter 11

Debtor.

Federal I.D. No. 94-0742640

DECLARATION OF STEFANIE KATZ IN
SUPPORT OF [PROPOSED] AMENDED
ORDER GRANTING DEBTOR'S
MOTION FOR (1) AUTHORITY TO
COMPROMISE CLAIMS DUE ESTATE
BY SEMPRA ENERGY TRADING
CORPORATION AND SEMPRA
ENERGY CORPORATION; (2)
AUTHORITY TO ENTER INTO MASTER
GAS AGREEMENT; AND (3) APPROVAL
OF PROVISIONS OF MASTER GAS
AGREEMENT MODIFYING
AUTOMATIC STAY

[NO HEARING REQUIRED]

Place: 235 Pine Street,
22nd Floor
San Francisco, CA
Judge: The Hon. Dennis Montali

A001 Add: Rds Gc Mail Center

1 I, Stefanie Katz, declare:

2 1. I am Vice President of Sempra Energy Trading Corp. ("SET").

3 2. I am advised that a hearing before this Court was held yesterday on the Motion of
4 Debtor for (1) Authority to Compromise Claims Due Estate by Sempra Energy Trading Corp. and
5 Sempra Energy Corporation; (2) Authority to Enter Into Master Gas Agreement; and (3) Approval
6 of Provisions of Master Gas Agreement Modifying Automatic Stay (the "Motion"). At the hearing,
7 I understand that the Court declined to make a finding that SET is extending credit to the Debtor
8 pursuant to the terms of the New Master Gas Agreement in good faith within the meaning of
9 Section 364(e) of the Bankruptcy Code. I further understand that the Court's decision was without
10 prejudice to the parties' ability to provide an appropriate evidentiary basis to the Court upon which
11 such a finding could be made.. I, therefore, make this declaration in support of the [Proposed]
12 Amended Order Granting the Motion in order to provide the Court with the requisite evidentiary
13 basis. I have personal knowledge of the facts set forth herein and, if called upon to testify, I would
14 and I could competently testify thereto.

15 3. SET is an established trading counterparty in the energy trading industry.

16 4. The extension of credit terms proposed in the New Master Gas Agreement,
17 including with reference to the \$10 million line of credit to be supplied by SET to the Debtor, is
18 commercially reasonable.

19 5. The extension of these credit terms is consistent with the terms of the Master Gas
20 Agreement which the parties had entered into prior to the commencement of this bankruptcy case.

21 6. Finally, I am advised that all material terms of the proposed extension of credit to be
22 included in the New Master Gas Agreement have been disclosed to this Court and to all interested
23 parties.

24 I declare under the penalties of perjury under the laws of the United States that the
25 foregoing is true and correct. Executed this 20th day of December 2001, at Stamford, Connecticut.

26
27 
28 Stefanie Katz