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PACIFIC GAS AND ELECTRIC COMPANY

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re
PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,
Debtor.
Federal I.D. No. 94-0742640

Case No. 01 30923 DM

Chapter 11 Case

Date: December 21, 2001
Time: 1:30 p.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, California
Judge: Hon. Dennis Montali

NOTICE OF MOTION AND MOTION OF DEBTOR FOR AUTHORITY TO
COMPROMISE CLAIMS BETWEEN ESTATE AND VARIOUS QUALIFYING
FACILITIES

[MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF JOHN
S. PAPPAS FILED SEPARATELY]

A001 Add: Rids Ggc Mail Center

1 **PLEASE TAKE NOTICE** that pursuant to an oral order shortening time granted
2 on November 30, 2001, on December 21, 2001 at 1:30 p.m., or as soon thereafter as the
3 matter may be heard, in the Courtroom of the Honorable Dennis Montali, located at 235 Pine
4 Street, 22nd Floor, San Francisco, California, Pacific Gas and Electric Company (the
5 "Debtor" or "PG&E"), the debtor and debtor in possession in the above-captioned
6 Chapter 11 case, will and hereby does move the Court for entry of an Order for (1) Authority
7 to Compromise Claims Between Estate and Various Qualifying Facilities (the "QFs"); and
8 (2) Authority to Enter Into Supplemental Agreements (the "Motion").


9 Pursuant to the provisions of the Supplemental Agreements between PG&E and
10 the QFs, the Debtor agrees, subject to the approval of this Court, to:

- 11 (a) pay interest on the outstanding principal balance of the Prepetition Payables
12 identified in the various Assumption Agreements between PG&E and the
13 QFs at a rate of five percent (5%) per annum (the "Interest Rate") from the
14 respective due dates of the principal amounts set forth on Attachment B to
15 the Assumption Agreements until paid;
- 16 (b) pay all accrued prepetition and postpetition interest due on the Prepetition
17 Payables on or before December 31, 2001, and thereafter, pay all accrued
18 interest on the outstanding unpaid principal amount of the Prepetition
19 Payables monthly in arrears on the declining balance of the Prepetition
20 Payables until the Prepetition Payables have been paid in full;
- 21 (c) pay the outstanding principal balance of the Prepetition Payables in
22 twelve (12) equal monthly installments on the last day of each month
23 commencing December 31, 2001 and continuing at the end of each month
24 thereafter until paid in full, notwithstanding the terms of any plan of
25 reorganization filed by PG&E or by any other party in the Bankruptcy Case;
26 and
- 27 (d) pay the remaining balance of the Prepetition Payables and all interest
28 accrued thereon on the Plan Effective Date if the Plan Effective Date occurs

1 before the Prepetition Payables and all interest accrued thereon has been
2 paid in full.

3 This Motion is brought pursuant to Rule 9019 of the Federal Rules of Bankruptcy
4 Procedure on the grounds that the Supplemental Agreements compromise potential
5 controversies between PG&E and the QFs on terms which are fair and equitable and in the
6 best interests of the bankruptcy estate. This Motion is based on this Notice of Motion and
7 Motion, the accompanying Memorandum of Points and Authorities in support thereof, the
8 Declaration of John S. Pappas, the record of this case, and any admissible evidence
9 presented to the Court at or prior to the hearing on the Motion.

10 **PLEASE TAKE FURTHER NOTICE** that pursuant to Federal Rule of
11 Bankruptcy Procedure 9019(b), PG&E will seek authority to enter into Supplemental
12 Agreements with other QFs on substantially similar terms, between the filing of this motion
13 and the hearing thereon, set for December 21, 2001, provided that PG&E inform the Court
14 and interested parties at the hearing of the identity of each such settling QF, and the
15 aggregate amount of Pre-Petition Payables to be paid under the terms set forth in the
16 Supplemental Agreement.

17 **PLEASE TAKE FURTHER NOTICE** that creditors and interested parties may
18 present any opposition or objection to this Motion at or prior to the hearing on the Motion.
19 If there is no objection to the requested relief, the Court may enter an order granting such
20 relief at the hearing: 

21 DATED: December 6, 2001.

22 Respectfully,

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

25 By: 

26 CEIDE ZAPPARONI

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

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