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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.

Case No. 01-30923 DM

Chapter 11 Case

Date: January 3, 2002  
Time: 1:30 p.m.  
Place: 235 Pine Street, 22nd Floor  
San Francisco, California  
Judge: Hon. Dennis Montali

20 Federal I.D. No. 94-0742640

21 DECLARATION OF MAUREEN L. FRIES IN SUPPORT OF PACIFIC GAS AND  
22 ELECTRIC COMPANY'S MOTION FOR AN ORDER AUTHORIZING USE OF  
23 ESTATE FUNDS TO HIRE MEDIATORS

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25  
26 *Appl Add: Kids Ogc Mail Center*  
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1 I, Maureen L. Fries, declare as follows:

2 1. I am an attorney at law licensed to practice in this state and admitted to  
3 practice before this Court. I am an in-house litigator in the Law Department of Pacific Gas  
4 and Electric Company ("PG&E"), the debtor and debtor-in-possession in this Chapter 11  
5 case, and have been so employed for more than 15 years. I make this declaration in support  
6 of the Motion of Pacific Gas And Electric Company For An Order Authorizing Use Of  
7 Estate Funds To Hire Mediators (the "Motion"). I have personal knowledge of the facts  
8 stated herein and if called as a witness, could and would competently testify to the matters  
9 set forth herein.

10 2. PG&E is currently a party in approximately 200 lawsuits filed in state and  
11 federal courts which involve events that occurred prior to the filing of the petition in this  
12 case; and which are stayed by the automatic stay provisions of 11 U.S.C. Section 362(a).  
13 These lawsuits involve, inter alia, environmental and land use matters, contract and other  
14 commercial disputes, business practices, personal injury and property damage, employment  
15 discrimination, wrongful termination and other employment related matters. This number  
16 does not include asbestos or chromium related personal injury litigation, which this Motion  
17 does not cover.

18 3. All but a small number of the plaintiffs in the approximately 200 cases  
19 pending at the time of PG&E's bankruptcy filing have filed claims in the bankruptcy case on  
20 the basis of their pending litigation.

21 4. Prior to the filing of the Chapter 11 petition, it had been PG&E's policy and  
22 practice to attempt to resolve as many lawsuits as possible through mediation. It is PG&E's  
23 experience that resolution of amenable cases through mediation is far more cost effective  
24 than trial or protracted litigation.

25 5. PG&E has typically engaged mediators from the American Arbitration  
26 Association (AAA), the Judicial Arbitration and Mediation Services (JAMS) and individual  
27 attorneys and firms specializing in mediation.

28 6. In the nine (9) months preceding the filing of its Chapter 11 petition,

1 PG&E's costs for mediation services to resolve pending lawsuits ranged from approximately  
2 \$1,500 to \$7,500 per case. The average cost was approximately \$2,500.

3 7. Based on its review of the factual and legal issues involved in the  
4 approximately 200 cases pending at the time of the Chapter 11 petition, it is PG&E's  
5 estimate that almost 80 percent of those cases are candidates for mediation.

6 8. Based on its prior average expenditures for mediators, PG&E estimates that  
7 it would cost approximately \$400,000 to hire mediators to assist in compromising 80 percent  
8 or more of the pending cases.

9 9. In the event PG&E is unable to settle such litigation, it will be compelled to  
10 raise any and all available legal and factual defenses thereto in the appropriate forum.

11 I declare under penalty of perjury under the laws of the United States of America  
12 and the State of California that the foregoing is true and correct. Executed this 13<sup>th</sup> day of  
13 December, 2001 at San Francisco, California.

14 HOWARD  
15 RICE  
16 NEMEROVSKI  
17 CANADY  
18 BALK  
19 & RAEKIN  
20 A Professional Corporation

21 Maureen L. Fries  
22 MAUREEN L. FRIES  
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