

50-275/323

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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

No. 01 30923 DM

Chapter 11 Case

Date: December 19, 2001
Time: 9:30 a.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, California

NOTICE OF MOTION AND MOTION OF DEBTOR 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

[MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF DAVID W.
ANDERSON AND RAYMOND X. WELCH; REQUEST FOR JUDICIAL NOTICE IN
SUPPORT THEREOF; AND PROPOSED ORDER FILED SEPARATELY]

1001 Add: Kids Ogilvy Mail Center

NOTICE OF MOTION & MOTION FOR AUTH TO COMPROMISE CLAIM AGAINST SEMPRA

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

PLEASE TAKE NOTICE that on December 19, 2001 at 9:30 a.m., or as soon thereafter as the matter may be heard, in the Courtroom of the Honorable Dennis Montali, located at 235 Pine Street, 22nd Floor, San Francisco, California, Pacific Gas and Electric Company (the "Debtor" or "PG&E"), the debtor and debtor in possession in the above-captioned Chapter 11 case, will and hereby does move the Court for entry of an Order (1) Authorizing Compromise of the Debtor's claims against Sempra Energy Trading Corporation ("SET") and Sempra Energy Corporation ("Sempra Corp.") (collectively "Sempra"); (2) Authorizing the Entry of Debtor into a Master Gas Agreement; and (3) Approving Provisions of Master Gas Agreement Modifying the Automatic Stay (the "Motion").

Pursuant to the provisions of the Settlement Agreement and General Release between Sempra and PG&E (the "Agreement"), the Debtor agrees, subject to the approval of this Court, to enter into a new Master Gas Agreement with SET ("New Master Gas Agreement"), which provides for the supply of gas to PG&E on certain terms including provisions modifying the automatic stay as follows: if PG&E's bankruptcy case is converted to a case under Chapter 7 of the Bankruptcy Code or a Trustee is appointed in PG&E's pending bankruptcy case, SET may deem such event to be a default under the New Master Gas Agreement, and in the event of such a default the automatic stay provisions of the Bankruptcy Code are permanently vacated solely for the purposes of (i) permitting SET to immediately close out, liquidate and terminate, exercise its right of setoff, and exercise its other remedies under the New Master Gas Agreement, without the need to obtain further approval of this Court; and (ii) providing that SET's rights to close out, liquidate and terminate and to exercise its right of setoff and other rights under the New Master Gas Agreement shall not be stayed, avoided, or otherwise limited by order of the Bankruptcy Court.

The Motion is brought pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure on the grounds that the proposed settlement between PG&E and Sempra is fair and equitable and in the best interests of the bankruptcy estate. The Motion is further

1 brought under Sections 363 and 364 of the Bankruptcy Code, to allow the entry by Debtor
2 into the New Master Gas Agreement, which is consistent with sound business judgment and
3 in the best interests of the bankruptcy estate. The Motion is based on this Notice of Motion
4 and Motion, the accompanying Memorandum of Points and Authorities in support thereof,
5 the Declarations of David W. Anderson and Raymond X. Welch and Request for Judicial
6 Notice filed herewith, the record of this case, and any admissible evidence presented to the
7 Court at or prior to the hearing on the Motion.

8 **PLEASE TAKE FURTHER NOTICE** that pursuant to Rule 9014-1(c)(2) of the
9 Bankruptcy Local Rules of the United States District Court for the Northern District of
10 California, described above, any opposition to the Motion and the relief requested herein
11 must be filed with the Bankruptcy Court and served upon appropriate parties (including
12 counsel for PG&E) at least five (5) days prior to the scheduled hearing date. If there is no
13 timely objection to the requested relief as described in this paragraph, the Court may enter an
14 order granting such relief without further hearing.

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16 DATED: November 19, 2001.

17 Respectfully,

18 HOWARD, RICE, NEMEROVSKI, CANADY,
19 FALK & RABKIN
A Professional Corporation

20
21 By: 

CEIDE ZAPPARONI

22 Attorneys for Debtor and Debtor in Possession
23 PACIFIC GAS AND ELECTRIC COMPANY
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