

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.

No. 01 30923 DM  
Chapter 11 Case  
Date: February 8, 2002  
Time: 2:30 p.m.  
Place: 235 Pine St., 22nd Floor  
San Francisco, California  
Judge: Hon. Dennis Montali

Federal I.D. No. 94-0742640

DECLARATION OF GARRETT TIMOTHY GRIDER IN SUPPORT OF  
DEBTOR'S MOTION FOR ORDER  
APPROVING CONSTRUCTION OF TRI-VALLEY PROJECT

*Acc: Add: Rids Ogc Mail Center*

HOWARD  
RICE  
NEMEROVSKI  
CANADY  
FALK  
& RABKIN  
A Professional Corporation

1 I, Garrett Timothy Grider, declare as follows:

2 1. I am a Project Manager at Pacific Gas and Electric Company ("PG&E") of  
3 major transmission, substation and distribution projects. I have been employed by PG&E  
4 for over 20 years, 15 years of which were with project cost controls and 8 years in project  
5 management. I am the Project Manager for the Tri-Valley 2002 Capacity Increase Project  
6 ("Tri-Valley Project"). I make this Declaration based upon my personal knowledge of  
7 project management, project cost control, and upon my review of PG&E's records  
8 concerning the matters stated herein. If called as a witness, I could and would testify  
9 competently to the facts stated herein.

10 2. The purpose of the Tri-Valley Project is to build electric transmission and  
11 distribution facilities to meet the projected electric demand in the cities of Dublin,  
12 Livermore, Pleasanton, and San Ramon, and in portions of unincorporated Alameda and  
13 Contra Costa Counties near these cities (collectively the "Tri-Valley area").

14 3. The electric distribution system in the Tri-Valley area currently consists of  
15 both 12 kilovolt ("kV") and 21 kV systems. The 12 kV system is served off the 60 kV  
16 system and supplies the Vasco, Livermore, Radum, Parks and Sunol substations, which at  
17 peak conditions are loaded at capacity.

18 4. The Tri-Valley area is currently served by both 230 kV and 60 kV  
19 transmission facilities. Nine 230 kV transmission lines run along the perimeter of the Tri-  
20 Valley area with 230 kV distribution substations at San Ramon and Las Positas. Four 60 kV  
21 transmission lines run through the center of the Tri-Valley area and converge at the Vineyard  
22 and Radum 60 kV distribution substations. The 60 kV transmission facilities at peak  
23 conditions are currently operating at or above their maximum load-serving capability.

24 5. Electric load in the Tri-Valley area is expected to double over the next 15 to  
25 20 years, growing at a rate of 27 megawatts ("MW") per year, due to (in part) several major  
26 residential and commercial developments that currently are in the planning, approval, or  
27 construction phases.

1           6. To support the load growth, the California Independent System Operator  
2 ("ISO") has found that substantial additions to PG&E's transmission and distribution  
3 systems will be required to be in place by summer 2003 and 2004 to meet demand and  
4 ensure system reliability.

5           7. PG&E has designed the Tri-Valley Project to solve the projected  
6 transmission and distribution deficiencies in the Tri-Valley area. The Tri-Valley Project is  
7 composed of a Northern and Southern Component.

8           8. To complete the Northern Component of the Tri-Valley Project, PG&E  
9 will: construct two new 230/21 kV distribution substations, one in North Livermore and the  
10 other in North Dublin, along with the necessary distribution circuits; and construct  
11 approximately 8.2 miles of 230 kV double circuit transmission line (5.4 miles of  
12 underground and 2.8 miles of overhead) from the Contra Costa-Newark No. 2 circuit to the  
13 new distribution substations.

14           9. To complete the Southern Component of the Tri-Valley Project, PG&E  
15 will: convert the Vineyard substation from 60 kV to 230 kV service along with constructing  
16 the necessary distribution circuits; and construct 5.7 miles of 230 kV underground double  
17 circuit transmission line from the Contra Costa-Newark No. 2 230 kV circuit to Vineyard  
18 substation.

19           10. PG&E originally scheduled construction on the Tri-Valley Project to begin  
20 in June 2001 so that the Project would become operational in June 2002. Due to delays in  
21 proceedings of the California Public Utilities Commission ("CPUC"), the Tri-Valley Project  
22 currently is behind schedule. To meet the operational deadlines of summer 2003 and 2004,  
23 pre-construction activities must begin no later than March 1, 2002 and construction must  
24 begin no later than June 1, 2002. If this Court grants PG&E the authority to expend funds to  
25 construct the Tri-Valley Project, PG&E intends to start construction on June 1, 2002 on the  
26 Vineyard substation, August 1, 2002 on the North Livermore substation and June 1, 2003 on  
27 the North Dublin substation.

1 11. PG&E currently estimates that it will cost approximately \$135.8 million to  
2 construct the Tri-Valley Project. The overall Tri-Valley Project has an estimated negative  
3 net present value ("NPV") of -\$99.4 million (-\$71.5 million for transmission cost  
4 components and -\$27.9 million for distribution cost components), and a present value of  
5 revenue requirements ("PVR") of \$167.8 million (\$120.7 million for transmission cost  
6 components and \$47.1 million for distribution cost components) over the 20-year study  
7 period.

8 12. If this Court grants PG&E the authority to expend funds to construct the  
9 Tri-Valley Project, PG&E is expected to include the cost of the Tri-Valley Project's  
10 transmission facilities in PG&E's base utility revenue requirements and seek authorization  
11 by the Federal Energy Regulatory Commission ("FERC") to earn a rate of return on such  
12 costs. PG&E is expected to include the cost of the Tri-Valley Project's distribution facilities  
13 in PG&E's base utility revenue requirement and seek authorization by the CPUC to earn a  
14 rate of return on such costs.

15 13. In October 1999, PG&E's Board of Directors approved an appropriation of  
16 \$81 million to fund the Tri-Valley Project.

17 14. In November 1999, PG&E submitted Application No. A.99-11-025 (the  
18 "Application") to the CPUC for a Certificate of Public Necessity and Convenience (a  
19 "CPCN") to construct the Tri-Valley Project.

20 15. In January and February 2001, PG&E submitted written and oral testimony  
21 of witnesses testifying to, among other things, the current and projected electric demand in  
22 the Tri-Valley area, the need for the Tri-Valley Project to ensure system reliability under  
23 state and federal standards, the proposed locations of the Project's transmission lines and  
24 facilities, the estimated cost of construction based on the preliminary design and the PG&E-  
25 proposed locations for the Tri-Valley Project improvements, and the estimated costs of  
26 various alternative Project routes being evaluated by the CPUC.

27 16. On January 27, 2000, the ISO Governing Board approved the Tri-Valley  
28

1 Project as the preferred transmission alternative to address the identified reliability concerns  
2 on the ISO Grid.

3 17. In February 2001, the CPUC held several weeks of hearings regarding the  
4 Tri-Valley Project.

5 18. On July 24, 2001, the CPUC issued a proposed draft decision.

6 19. On October 11, 2001, the California Public Utilities Commission ("CPUC")  
7 issued Decision No. 01-10-029, which grants PG&E a CPCN to construct the Tri-Valley  
8 Project. Attached hereto as Exhibit A is a true and correct copy of Decision No. 01-10-029.

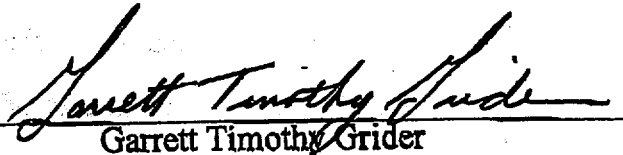
9 20. To PG&E's knowledge, the CPUC has not granted a CPCN for any other  
10 project to provide the electric transmission and distribution capacity required to serve the  
11 projected loads in the Tri-Valley area.

12 21. On November 27, 2001, PG&E's Management Committee proposed to the  
13 Board of Directors authorization of updated capital expenditures in the aggregate amount of  
14 \$135.9 million to construct the CPUC-approved Tri-Valley Project. On December 19, 2001,  
15 the Board of Directors approved the revised capital expenditure amount, subject to  
16 Bankruptcy Court approval.

17 22. Attached hereto as Exhibit B is a true and correct copy of PG&E's  
18 Application for Rehearing of Decision No. 01-10-029.

19 23. As of the date hereof, the CPUC has not ruled on the Rehearing  
20 Application.

21 I declare under penalty of perjury under the laws of the United States of America  
22 that the foregoing is true and correct. Executed this 24<sup>th</sup> day of January, 2002, at Walnut  
23 Creek, California.

24  
25   
26 Garrett Timothy Grider

Exhibits are not attached to the service copies of this document. You may obtain copies of the Exhibits in one of the following ways: through the "Pacific Gas & Electric Company Chapter 11 Case" link accessible through the Bankruptcy Court's website ([www.canb.uscourts.gov](http://www.canb.uscourts.gov)), or by written request to Howard, Rice, Nemerovski, Canady, Falk & Rabkin, Attn: Racquel Lopez, Three Embarcadero Center, 7th Floor, San Francisco, California 94111-4065