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FILED
01 DEC -6 PM 3:10
U.S. BANKRUPTCY COURT
NORTHERN DIST. OF CA.
SAN FRANCISCO, CA.

Attorneys for Debtor and Debtor in Possession
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 3, 2001
Time: 1:30 p.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, California

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN
A Professional Corporation

**ORDER APPROVING APPLICATION FOR AUTHORITY TO EMPLOY
REAL ESTATE APPRAISERS AND BROKERS, FOR APPROVAL OF
PAYMENTS TO APPRAISERS AND BROKERS WITHIN SPECIFIED
PARAMETERS, AND FOR NUNC PRO TUNC APPROVAL FOR
EMPLOYMENT OF TERRA PROPERTIES**

The Application for Authority to Employ Real Estate Appraisers and Brokers, for Approval of Payments to Appraisers and Brokers within Specified Parameters, and for Nunc Pro Tunc Approval for Employment of Terra Properties (the "Application"), filed on November 7, 2001 by Pacific Gas and Electric Company, the debtor and debtor in possession in the above-captioned case ("PG&E"), came on for hearing on December 3, 2001 at 1:30 p.m. in the Courtroom of the Honorable Dennis Montali, 235 Pine Street, 22nd Floor, San Francisco, California. Julie B. Landau, of the law firm of Howard, Rice, Nemerovski, Canady, Falk & Rabkin, appeared for PG&E. Robert Moore of Milbank,

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1 Tweed, Hadley & McCloy LLP appeared for the Official Committee of Unsecured
2 Creditors.

3 The Court, having considered the pleadings and other documents filed by PG&E
4 in support of the Application, including the Supplemental Application filed by PG&E on
5 November 27, 2001, there being no opposition filed to the Application or Supplemental
6 Application, and good cause appearing, the Court hereby orders as follows:

7 1. The Application, including the Supplemental Application, is granted;

8 2. Employment. PG&E is authorized to employ the Appraisers listed on
9 Exhibit "A" attached hereto and the Brokers listed on Exhibit "B" attached hereto on the
10 terms and conditions set forth in the Application, provided that this Court will retain
11 exclusive jurisdiction over any controversy or claims notwithstanding any choice of law
12 provisions in the appraiser and broker contracts to the contrary. The employment of broker
13 Terra Properties is nunc pro tunc to April 6, 2001.

14 3. Approval of Payments Within Specified Parameters.

15 (a) Appraisal Fees. On an interim basis, and subject to final allowance by
16 this Court upon filing of appropriate applications for compensation and reimbursement of
17 expenses, after hearing on notice to creditors (a "Final Order"), PG&E shall be authorized to
18 pay all fees incurred by the Appraisers to the extent such fees do not exceed a total of
19 \$10,000 per appraisal (inclusive of any reimbursable expenses);

20 (b) Broker Commissions. PG&E shall be authorized to pay all fees
21 incurred by the Brokers to the extent such fees consist of broker commissions and do not
22 exceed: (i) 10% of the sale price for rural property with a value of \$50,000 or less; or (ii) 6%
23 of the sale price for all other property. This Order shall constitute a Final Order allowing the
24 commissions paid by PG&E to Brokers hereunder.

25 (c) Consulting Fees. On an interim basis, and subject to Final Order,
26 PG&E shall be authorized to pay: (i) the Appraisers' hourly consulting fees to the extent
27 such fees, in total, do not exceed \$5,000 per month (inclusive of any related reimbursable
28 expenses); and (ii) the Brokers' hourly consulting fees to the extent such fees, in total, do not

1 exceed \$15,000 per month (inclusive of any related reimbursable expenses).

2 (d) Excess Fees. If the fees and expenses are in excess of the amounts set
3 forth in the preceding subparagraphs (a), (b) and (c) (the "Excess Fees"), then PG&E shall
4 provide written notice (the "Notice") to the Office of the United States Trustee ("UST") and
5 to counsel for the Official Committee of Unsecured Creditors (the "Committee"), either in
6 advance of the employment of an Appraiser or Broker for the project at issue (for all
7 appraisal fees and broker commissions) or upon receipt of an invoice or statement from an
8 Appraiser or Broker (for consulting fees); provided, however, that PG&E shall be authorized
9 to pay all amounts that are within the parameters set forth in subparagraphs (a), (b) and (c)
10 above. If neither the UST nor the Committee provide PG&E with a written objection to the
11 Excess Fees within seven (7) days of delivery of the Notice, then PG&E shall be authorized
12 to pay the Excess Fees when due and payable. In the event that the UST or the Committee
13 timely object, and such objection is not resolved consensually, then counsel for PG&E shall
14 obtain a hearing date on such objection as promptly as the Court's calendar permits.

15 4. Real Estate Professional Fees Report. PG&E shall, no less frequently than
16 every one hundred twenty (120) days, provide the Committee and the UST with a Report of
17 Real Estate Professional Fees Incurred By and Paid to Appraisers and Brokers (the
18 "Report"), which shall contain the following information: (a) the amount of fees incurred by
19 and paid to each Appraiser and Broker for the period commencing one hundred fifty (150)
20 days prior to the date of the Report and concluding thirty (30) days prior to the date of the
21 Report (the "Reporting Period"), and (b) a brief description of the services rendered by each
22 Appraiser and Broker during the Reporting Period.

23 5. Additional Appraisers and Brokers. PG&E may file from time to time a
24 Supplement(s) to the Application seeking authority to employ any additional appraisers or
25 brokers and shall serve any such Supplement(s) on the Committee and the UST. Such
26 Supplement(s) shall contain the information required by Section 327(a) of the Bankruptcy
27 Code and Rule 2014 of the Federal Rules of Bankruptcy Procedure, including declarations
28 by any proposed appraisers and brokers. Any order approving such Supplement(s) may

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provide that the provisions of Paragraphs 3 and 4 of this Order shall apply to the employment of such additional appraisers and brokers.

DATED: DEC 6 2001

DENNIS MONTALI
UNITED STATES BANKRUPTCY JUDGE

APPROVED:
MILBANK, TWEED, HADLEY & McCLOY

By: _____
ROBERT MOORE
Attorneys for Official Committee of Unsecured Creditors

WD 112801/1-1419904/960794/v1

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1 provide that the provisions of Paragraphs 3 and 4 of this Order shall apply to the
2 employment of such additional appraisers and brokers.

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DATED: _____

UNITED STATES BANKRUPTCY JUDGE

APPROVED:

MILBANK, TWEED, HADLEY & McCLOY

By: *Robert A. Moore*
ROBERT MOORE

Attorneys for Official Committee of Unsecured Creditors

WD 112801/1-1419904/960794/v1

HOWARD
RICE
NEMENOVSKI
CANADY
BALK
& BARKIN
A Registered Corporation

**EXHIBIT A
APPRAISERS**

Carneghi-Bautovich & Partners, Inc. 1602 The Alameda #205 San Jose, CA 95110
Clark-Wolcott Company, Inc. 11344 Coloma Road, Suite 245 Rancho Cordova, CA 95670
David Tattersall & Company 1299-Fourth Street, Suite 308 San Rafael, CA 94901
Diaz, Diaz & Boyd, Inc. 1056 Division Street Pleasanton, CA 94566
Garland & Associates 1455 Oliver Road, Suite 290 Fairfield, CA 94533-4800
Gregory D. Bynum & Assoc. 5601 Truxton Avenue, Suite 190 Bakersfield, CA 93309
Real Property Analysts 6740 N. West Avenue, Suite 107 Fresno, CA 93711
Reeder, Gilman & Assoc. 1101 South Broadway, Suite A Santa Maria, CA 93456
Robert Ford & Assoc. 121 Rue De Yoe, Modesto, CA 95354
Shaw & Associates 280 Hemsted Drive, Suite A Redding, CA 96002
Vice Appraisal Co. 1120 College Avenue, 2nd Flr Santa Rosa, CA 95404

WD 120501/1-1419904/962240/v1

EXHIBIT B-1
BROKERS WITH CONSULTING CONTRACTS

Belvedere Associates, Inc. 50 California Street, Ste. 3240 San Francisco CA 94111
BT Commercial 201 California Street, Suite 100 San Francisco, CA 94111
CM Realty 391 Diablo Rd., Suite 100 Danville CA 94526
Colliers ILIFF Thorn Real Estate Services, Inc., Two Embarcadero Ctr., Ste. 1000 San Francisco, CA 94111
Grubb & Ellis 4695 MacArthur Court, Ste. 600 Newport Beach, CA 92660
LOH Realty Inc., dba LOH Realty & Investments 6400 Moraga Avenue, #6 Oakland, CA 94611
Robert M. Krantz dba North Pacific Coast Company 171 Cypress Place Sausalito, CA 94965

EXHIBIT B-2
LISTING ONLY BROKERS

The Axiant Group 2 Embarcadero Ctr., Suite 430 San Francisco, CA 94111
CB Richard Ellis, Inc. 1512 Eureka Road, Suite 100 Roseville, CA 95661
Coldwell Banker Grass Roots Realty 12012 Sutton Way Grass Valley, CA 95945
Montclair Better Homes Realty 1430 Leimert Boulevard Oakland, CA 94611
Pearson Realty 2550 West Shaw Fresno, CA 93711
Tremolada & Company 2 Embarcadero Ctr., Suite 430 San Francisco, CA 94111
TRI Commercial Real Estate fka Sylva-Kirk 8815 Folsom Boulevard, Suite 1 Sacramento, CA 95826
Terra Properties 9714 Tanqueray Court Redding, CA 96003

WD 120501/1-1419904/962244/v1