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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re Case No. 01-30923 DM

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation,

Debtor.

Federal I.D. No. 94-0742640

Chapter 11 Case
NOTICE OF FILING OF CALIFORNIA
PUBLIC UTILITIES COMMISSION'S
AND OFFICIAL COMMITTEE OF
UNSECURED CREDITORS' FIRST
AMENDED PLAN OF
REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY
CODE FOR PACIFIC GAS AND
ELECTRIC COMPANY

PLEASE TAKE NOTICE that today the California Public Utilities Commission and
Official Committee of Unsecured Creditors filed with the Bankruptcy Court clean and blacklined
versions of the California Public Utilities Commission's and the Official Committee of
Unsecured Creditors' First Amended Plan of Reorganization Under Chapter 11 of the

Doc# NYE 300774_1

CASE No. 01-30923 DM

1 Bankruptcy Code for Pacific Gas & Electric Company, dated August 30, 2002 (the "Amended
2 Plan"). The blacklined version is marked to reflect changes to the California Public Utilities
3 Commission's original plan, dated May 17, 2002.
4 Copies of the attached versions of the Amended Plan are available through the "Pacific
5 Gas & Electric Company Chapter 11 Case" link available through the website maintained by the
6 Bankruptcy Court at <http://www.cahb.uscourts.gov>. The blacklined version of the Amended
7 Plan is also attached as Exhibit D to the Joint Motion of the California Public Utilities
8 Commission and the Official Committee of Unsecured Creditors For an Order, *inter alia*,
9 Authorizing the Resolicitation of Votes and Preferences for Movants' Amended Plan of
10 Reorganization For the Debtor, dated August 30, 2002.
11

12 Dated: August 30, 2002

13 Respectfully submitted,

14 GARY M. COHEN
15 AROCLES AGUILAR
16 MICHAEL M. EDSON
17 CALIFORNIA PUBLIC UTILITIES COMMISSION

18 By: 
19 GARY M. COHEN

20 -and-

21 ALAN W. KORNBERG
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(2)

Doc# NYE 300774_1

CASE No. 01-30923 DM
TOTAL P. 02

COPY

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2 Plan"). The blacklined version is marked to reflect changes to the California Public Utilities
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5 Gas & Electric Company Chapter 11 Case" link available through the website maintained by the
6 Bankruptcy Court at <http://www.crb.uscourts.gov>. The blacklined version of the Amended
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13 GARY M. COHEN
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16 CALIFORNIA PUBLIC UTILITIES COMMISSION

17 By: GARY M. COHEN

18 -and-

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27 PAUL S. ARONZON

28 Attorneys for the Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

Case No. 01-30923 DM
Chapter 11 Case
[No Hearing Requested]

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

CALIFORNIA PUBLIC UTILITIES COMMISSION'S AND OFFICIAL COMMITTEE OF
UNSECURED CREDITORS' FIRST AMENDED PLAN OF REORGANIZATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE FOR
PACIFIC GAS AND ELECTRIC COMPANY
[Dated August 30, 2002]

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TABLE OF CONTENTS

Page	Page
1	1
2	1
3	1
4	27
5	28
6	28
7	29
8	29
9	31
10	32
11	33
12	34
13	34
14	35
15	36
16	37
17	46
18	47
19	47
20	48
21	51
22	51
23	53
24	53
25	53
26	53
27	57
28	58

Doc# NY6: 199145_7

11.16 Withholding and Reporting Requirements 79
 11.17 Proponents' Plan Supplement 79
 11.18 Exhibits/Schedules 80
 11.19 Subrogation Rights 80

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ARTICLE VI EXECUTORY CONTRACTS AND UNEXPIRED LEASES 58
 6.1 Assumption and Rejection of Executory Contracts and Unexpired Leases 58
 6.2 Schedules of Rejected Executory Contracts and Unexpired Leases; Inclusive-ness 60
 6.3 Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases 60
 6.4 Cure of Defaults 61
 6.5 Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to, or Omitted from, the Plan 61
 6.6 Assumed Indemnification Obligations 61
 6.7 Compensation and Benefit Programs 61
 6.8 Retiree Benefits 62
 6.9 Settlement and Stanislaus Commitments/Natural Gas 63
 ARTICLE VII IMPLEMENTATION OF THE PLAN 64
 7.1 Issuance of Securities 64
 7.2 Reorganization Agreement 65
 7.3 Settlement of Litigation 65
 7.4 New Tax Sharing Agreement 66
 7.5 Corporate Governance 66
 7.6 Regulatory Approvals 66
 7.7 Working Capital Facility 67
 7.8 Regulatory Issues 67
 ARTICLE VIII CONFIRMATION AND EFFECTIVENESS OF THE PLAN 67
 8.1 Conditions Precedent to Confirmation 67
 8.2 Conditions Precedent to Effectiveness 67
 8.3 Effect of Failure of Conditions 69
 8.4 Waiver of Conditions 69
 ARTICLE IX EFFECT OF CONFIRMATION OF PLAN 69
 9.1 Term of Bankruptcy Injunction or Stays 69
 9.2 Revesting of Assets 70
 9.3 Operations Following Effective Date 70
 9.4 Claims Extinguished 70
 9.5 Discharge of Debtor 70
 9.6 Injunction 70
 ARTICLE X RETENTION OF JURISDICTION 71
 ARTICLE XI MISCELLANEOUS PROVISIONS 73
 11.1 Effectuating Documents and Further Transactions 73
 11.2 Corporate Action 73
 11.3 Exemption from Transfer Taxes 73
 11.4 Releases by Debtor 74
 11.5 Limited Release by Releasees 74
 11.6 Exculpation 75
 11.7 Termination of Committee 75
 11.8 Fees and Expenses 76
 11.9 Payment of Statutory Fees 76
 11.10 Amendment or Modification of the Plan 76
 11.11 Severability 77
 11.12 Revocation or Withdrawal of the Plan 77
 11.13 Binding Effect 77
 11.14 Notices 77
 11.15 Governing Law 79

1
2
3
4
5
6
7
8
9
10
11
12
13
14
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18
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1 The California Public Utilities Commission (the "Commission") and the
2 Committee (as defined below) (collectively, the "Proponents") propose the following first
3 amended plan of reorganization for Pacific Gas and Electric Company, a California corporation
4 (the "Debtor"), pursuant to section 1121 of title 11 of the United States Code, 11 U.S.C. §§ 101
5 *et seq.* (as amended from time to time, the "Bankruptcy Code"), and the Bankruptcy Court's
6 Orders terminating the Debtor's exclusive right to file a plan, dated March 11, 2002 with respect
7 to the Commission, and July 9, 2002, with respect to the Committee.¹

8 **ARTICLE I**

9 **DEFINITIONS AND CONSTRUCTION OF TERMS**

10 1.1 Definitions. As used herein, the following terms have the respective
11 meanings specified below:

12 92A Bonds means those certain California Pollution Control Financing Authority,
13 6.5/8% Pollution Control Revenue Bonds (Pacific Gas and Electric Company) 1992 Series A
14 issued by the Issuer in the aggregate principal amount of \$35,000,000.

15 92B Bonds means those certain California Pollution Control Financing Authority,
16 6.35% Pollution Control Revenue Bonds (Pacific Gas and Electric Company) 1992 Series B
17 issued by the Issuer in the aggregate principal amount of \$50,000,000.

18 93A Bonds means those certain California Pollution Control Financing Authority,
19 5.7/8% Pollution Control Revenue Bonds (Pacific Gas and Electric Company) 1993 Series A
20 issued by the Issuer in the aggregate principal amount of \$60,000,000.

21 93B Bonds means those certain California Pollution Control Financing Authority,
22 5.85% Pollution Control Revenue Bonds (Pacific Gas and Electric Company) 1993 Series B
23 issued by the Issuer in the aggregate principal amount of \$200,000,000.

24
25
26 ¹ In submitting this Plan and its accompanying Disclosure Statement, the Commission does not
27 waive any objections or defenses that the Commission or the State of California (as defined
28 below) may have to this Court's jurisdiction over the Commission or the State of California
based upon the Eleventh Amendment to the United States Constitution or related principles
of sovereign immunity or otherwise, all of which are hereby reserved.

1 96B Bonds means those certain California Pollution Control Financing Authority,
2 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series B
3 issued by the Issuer in the aggregate principal amount of \$160,000,000.

4 96C Bonds means those certain California Pollution Control Financing Authority,
5 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series C
6 issued by the Issuer in the aggregate principal amount of \$200,000,000.

7 96D Bonds means those certain California Pollution Control Financing Authority,
8 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series D
9 issued by the Issuer in the aggregate principal amount of \$100,000,000.

10 96E Bonds means those certain California Pollution Control Financing Authority,
11 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series E
12 issued by the Issuer in the aggregate principal amount of \$165,000,000.

13 96F Bonds means those certain California Pollution Control Financing Authority,
14 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series F
15 issued by the Issuer in the aggregate principal amount of \$100,000,000.

16 96G Bonds means those certain California Pollution Control Financing Authority,
17 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1996 Series G
18 issued by the Issuer in the aggregate principal amount of \$62,870,000.

19 97A Bonds means those certain California Pollution Control Financing Authority,
20 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series A
21 issued by the Issuer in the aggregate principal amount of \$45,000,000.

22 97B Bonds means those certain California Pollution Control Financing Authority,
23 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series B
24 issued by the Issuer in the aggregate principal amount of \$148,550,000.

25 97C Bonds means those certain California Pollution Control Financing Authority,
26 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series C
27 issued by the Issuer in the aggregate principal amount of \$148,550,000.

1 27D Bonds means those certain California Pollution Control Financing Authority,
2 Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company) 1997 Series D
3 issued by the Issuer in the aggregate principal amount of \$17,900,000.

4 Administrative Expense Claims means all Claims against the Debtor constituting
5 a cost or expense of administration of the Chapter 11 Case under sections 503(b) and 507(a)(1)
6 of the Bankruptcy Code, including, without limitation, all actual and necessary costs and
7 expenses of preserving the Debtor's estate, all actual and necessary costs and expenses of
8 operating the business of the Debtor-in-Possession, any indebtedness or obligations incurred or
9 assumed by the Debtor-in-Possession in connection with the conduct of its business, all cure
10 amounts owed in respect of executory contracts and unexpired leases assumed by the Debtor-in-
11 Possession, all Professional Compensation and Reimbursement Claims, and any fees or charges
12 assessed against the Debtor's estate under section 1930 of chapter 123 of title 28 of the United
13 States Code.

14 Affiliate has the meaning set forth in section 101(2) of the Bankruptcy Code.

15 Allowed means, with reference to any Claim against or Equity Interest in the

16 Debtor, (a) any Claim which has been listed by the Debtor in the Debtor's Bankruptcy

17 Schedules, as such Schedules may be amended by the Debtor from time to time in accordance

18 with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for

19 which no contrary proof of claim or objection to claim has been filed, (b) any Claim or Equity

20 Interest allowed hereunder, (c) any Claim or Equity Interest which is not Disputed, (d) any Claim

21 or Equity Interest that is compromised, settled or otherwise resolved pursuant to a Final Order of

22 the Bankruptcy Court or under the Plan, or (e) any Claim or Equity Interest which, if Disputed,

23 has been Allowed by Final Order; provided, however, that Claims allowed solely for the purpose

24 of voting to accept or reject this Plan or PG&E's Plan pursuant to an order of the Bankruptcy

25 Court shall not be considered "Allowed Claims" hereunder. Unless otherwise specified herein or

26 by order of the Bankruptcy Court, "Allowed Administrative Expense Claim" or "Allowed

27 Claim" shall not, for any purpose under the Plan, include interest on such Administrative

28 Expense Claim or Claim, as the case may be, from and after the Petition Date.

1 Assumed Corporate Indemnities means all obligations of the Debtor, pursuant to
2 the Debtor's articles of incorporation or bylaws, applicable state law or specific agreement, or
3 any combination of the foregoing, to defend or indemnify, or to reimburse or limit the liability
4 of, its present and any former officers, directors and/or employees who were officers, directors
5 and/or employees, respectively, on or after the Petition Date, solely in their capacities as officers,
6 directors and/or employees of the Debtor, against or with respect to any claims or obligations.

7 Assumed Indemnification Claims mean all Claims, if any, as to which the
8 claimant asserts rights based only upon the Assumed Corporate Indemnities.

9 Ballot means the form distributed to each holder of an Impaired Claim or Equity
10 Interest on which such holder shall indicate, among other things, acceptance or rejection of the
11 Plan and such holder's preference as between this Plan and PG&E's Plan.

12 Bank means, with respect to each Reimbursement Agreement, those certain

13 banking or other financial institutions that are signatories thereto (other than the Letter of Credit
14 Issuing Bank) and their respective successors and assigns.

15 Bankruptcy Code has the meaning set forth in the introduction to the Plan.

16 Bankruptcy Court means the United States Bankruptcy Court for the Northern
17 District of California having jurisdiction over the Chapter 11 Case.

18 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as

19 promulgated by the United States Supreme Court under section 2075 of title 28 of the United
20 States Code and any Local Rules of the Bankruptcy Court.

21 Bond Loan means, with respect to each series of PC Bonds, the loan of the

22 proceeds from the sale of such series of PC Bonds made by the Issuer to the Debtor pursuant to
23 the terms of the respective Loan Agreement.

24 Bond Trustee means, with respect to the PC Bonds, Bankers Trust Company, a
25 state banking corporation organized under the laws of the State of New York, as trustee, or U.S.

26 Bank Trust National Association, as trustee, under the Indenture pursuant to which such PC

27 Bonds were issued, as applicable, and their successors and assigns or any successor trustee under
28 such Indentures appointed in accordance with the terms thereof.

1 Business Day means any day other than a Saturday, Sunday or any other day on
2 which commercial banks in San Francisco, California or New York, New York are required or
3 authorized to close by law or executive order.

4 Cash means legal tender of the United States of America.
5 Cause of Action means, without limitation, any and all actions, causes of action,
6 liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever,
7 whether known or unknown, existing or hereafter arising, in law, equity or otherwise, based in
8 whole or in part upon any act or omission or other event occurring prior to the Petition Date or
9 during the course of the Chapter 11 Case, including through the Effective Date.

10 Chapter 11 Case means the case under chapter 11 of the Bankruptcy Code
11 commenced by the Debtor in the Bankruptcy Court on April 6, 2001 and filed under Chapter 11,
12 Case No. 01-30923-DM.

13 Chromium Litigation means Causes of Action against the Debtor relating to
14 alleged chromium contamination, including, but not limited to, the following sixteen (16) civil
15 actions pending in California courts: (i) Aguayo v. Pacific Gas and Electric Company, filed
16 March 15, 1995 in Los Angeles County Superior Court, (ii) Aguilar v. Pacific Gas and Electric
17 Company, filed October 4, 1996 in Los Angeles County Superior Court, (iii) Acosta, et al. v.
18 Betz Laboratories, Inc. et al., filed November 27, 1996 in Los Angeles County Superior Court,
19 (iv) Adams v. Pacific Gas and Electric Company and Betz Chemical Company, filed July 25,
20 2000 in Los Angeles County Superior Court, (v) Baldonado v. Pacific Gas and Electric
21 Company, filed October 25, 2000 in Los Angeles Superior Court, (vi) Gale v. Pacific Gas and
22 Electric Company, filed January 30, 2001 in Los Angeles County Superior Court, (vii) Monice v.

23 Pacific Gas & Electric Company, filed March 15, 2001 in San Bernardino County Superior
24 Court, (viii) Fordyce v. Pacific Gas & Electric Company, filed March 16, 2001 in San
25 Bernardino County Superior Court, (ix) Puckett v. Pacific Gas & Electric Company, filed
26 March 30, 2001 in Los Angeles County Superior Court, (x) Alderson, et al. v. PG&E
27 Corporation, Pacific Gas and Electric Company, Betz Chemical Company, et al., filed April 11,
28 2001 in Los Angeles County Superior Court, (xi) Bowers et al. v. Pacific Gas and Electric

1 Company, et al., filed April 20, 2001 in Los Angeles County Superior Court, (xii) Boyd et al. v.
2 Pacific Gas and Electric Company, et al., filed May 2, 2001 in Los Angeles County Superior
3 Court, (xiii) Marinez et al. v. Pacific Gas and Electric Company, filed June 29, 2001 in
4 Los Angeles County Superior Court, (xiv) Kearny v. Pacific Gas and Electric Company, filed
5 November 15, 2001 in Los Angeles County Superior Court, (xv) Miller v. Pacific Gas and
6 Electric Company, filed November 21, 2001 in Los Angeles County Superior Court, and (xvi)
7 Lyle v. Pacific Gas and Electric Company, filed March 22, 2002 in Yolo County Superior
8 Court.

9 Chromium Litigation Claims means all Claims against the Debtor arising from the
10 Chromium Litigation for damages or other obligations, including Punitive Damages; provided,
11 however, that Chromium Litigation Claims shall not include (a) any Claims, settled, liquidated or
12 determined by Final Order or a binding award, agreement or settlement prior to the Petition Date
13 for amounts payable by the Debtor for damages or other obligations in a fixed dollar amount
14 payable in a lump sum or by a series of payments (which Claims are classified as General
15 Unsecured Claims), (b) Environmental Claims, (c) Fire Suppression Claims, (d) Pending
16 Litigation Claims, or (e) FERC License Claims.

17 Claim has the meaning set forth in section 101(5) of the Bankruptcy Code,
18 provided, however, that any claim based on allocations under Commission Electric Rule 20,
19 Section A, relating to undergrounding of electric distribution facilities, shall not be a Claim for
20 purposes of this Plan and shall pass through the Plan unaffected.

21 Class means a category of holders of Claims against or Equity Interests in the
22 Debtor as set forth in Articles III and IV of the Plan.

23 Clerk means the Clerk of the Bankruptcy Court.

24 Collateral means any property or interest in property of the estate of the Debtor
25 subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to
26 avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

27 Commercial Paper means short-term promissory notes of the Debtor bearing
28 various interest rates based on the three (3) month London InterBank Offered Rate and issued

1 under commercial paper dealer agreements between the Debtor and (i) Goldman Sachs & Co.,
2 dated May 30, 1997, (ii) Bank of America, N.A., dated February 7, 1985, (iii) Salomon Smith
3 Barney, Inc., dated November 10, 2000, and (iv) Merrill Lynch, Pierce, Fenner & Smith
4 Incorporated (oral agreement).

5 Commercial Paper Claim means all Claims against the Debtor arising from
6 Commercial Paper.

7 Commission has the meaning set forth in the introduction to the Plan.

8 Committee means the official Committee of Unsecured Creditors appointed in the
9 Chapter 11 Case by the United States Trustee pursuant to section 1102 of the Bankruptcy Code,
10 as reconstituted from time to time. As of the date hereof, the Committee is comprised of Reliant

11 Energy, Inc., Dynegey Power Marketing, Inc., P-E Berkeley, Inc., GWF Power Systems
12 Company, Inc., Bank of America, N.A., Morgan Guaranty, Merrill Lynch, Pierce, Fenner &
13 Smith, Incorporated, Davey Tree Expert Co., the City of Palo Alto, California, the State of
14 Tennessee and Pacific Investment Management Company LLC.

15 Committee Support Agreement means that certain Support Agreement, dated
16 September 19, 2001, entered into by and among the Committee, the Debtor and the Parent, as
17 amended from time to time.

18 Common Stock means shares of the Debtor's common stock, par value \$5.00 per
19 share.

20 Common Stock Equity Interests means any right relating to the three hundred
21 twenty-six million, nine hundred twenty-six thousand, six hundred sixty-seven (326,926,667)
22 issued and outstanding shares of Common Stock as of the date hereof, all of which are held
23 directly or indirectly by the Parent.

24 Confirmation Date means the date on which the Clerk of the Bankruptcy Court
25 enters the Confirmation Order on the Bankruptcy Court's docket.

26 Confirmation Hearing means the hearing held by the Bankruptcy Court to
27 consider confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code, as such
28 hearing may be adjourned or continued from time to time.

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- 7 -

1 Confirmation Order means the order of the Bankruptcy Court confirming the Plan
2 pursuant to section 1129 of the Bankruptcy Code, which order shall be in form and substance
3 reasonably satisfactory to the Proponents.

4 Convenience Claims means all Claims against the Debtor held by a vendor,
5 supplier or service provider or arising from the rejection of executory contracts or unexpired
6 leases under section 365 of the Bankruptcy Code (a) in the Allowed amount of \$100,000 or less,
7 or (b) consensually reduced to an Allowed amount of \$100,000 by the holder of the Claim.

8 CPU Code means the California Public Utilities Code.

9 Debtor has the meaning set forth in the introduction to the Plan.

10 Debtor-in-Possession means the Debtor in its capacity as debtor-in-possession in
11 the Chapter 11 Case pursuant to sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

12 Debtor's Articles of Incorporation means the Debtor's Restated Articles of
13 Incorporation, effective as of May 6, 1998.

14 Debtor's Bankruptcy Schedules means the schedules of assets and liabilities,
15 schedule of current income and expenditures, schedule of executory contracts and unexpired
16 leases, and statement of financial affairs filed in this Chapter 11 Case by the Debtor pursuant to
17 section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as amended from time to time.

18 Debtor's Bylaws means the Debtor's Bylaws, as amended as of February 21,
19 2001.

20 Disbursing Agent means any Entity in its capacity as a disbursing agent under
21 Section 5.4 of the Plan.

22 Disclosure Statement means the Disclosure Statement for the Commission's Plan
23 of Reorganization under Chapter 11 of the Bankruptcy Code for the Debtor, dated May 17, 2002,
24 including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy
25 Court pursuant to the Disclosure Statement Order, and as amended, modified and/or
26 supplemented from time to time.

27 Disclosure Statement Order means the order(s) of the Bankruptcy Court entered
28 pursuant to section 1125 of the Bankruptcy Code approving the Disclosure Statement.

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- 8 -

1 Disputed Claim means, (a) with reference to any Claim against the Debtor, proof
2 of which was timely and properly filed, or in the case of an Administrative Expense Claim, any
3 Claim or Administrative Expense Claim, as the case may be, which is disputed under the Plan or
4 as to which the Debtor has interposed a timely objection and/or request for estimation in
5 accordance with section 502(c) of the Bankruptcy Code and/or Bankruptcy Rule 3018, which
6 objection and/or request for estimation has not been withdrawn or determined by a Final Order,
7 and (b) any Claim against the Debtor, proof of which was required to be filed by order of the
8 Bankruptcy Court or pursuant to applicable law, but as to which a proof of claim was not timely
9 or properly filed. A Claim that is Disputed by the Debtor as to its amount only shall be deemed
10 Allowed in the amount the Debtor admits owing, if any, and Disputed as to the excess.

11 Disputed Claim Amount means the disputed portion of the amount set forth in the
12 proof of claim relating to a Disputed Claim or, if an amount is estimated in respect of a Disputed
13 Claim in accordance with section 502(c) of the Bankruptcy Code and/or Bankruptcy Rule 3018,
14 the amount so estimated pursuant to an order of the Bankruptcy Court.

15 Distribution Record Date means the close of business two (2) Business Days prior
16 to the Effective Date.

17 Effective Date means the second (2nd) Business Day after the date on which the
18 conditions specified in Section 8.2 hereof have been satisfied or waived.

19 Entity has the meaning set forth in section 101(15) of the Bankruptcy Code.

20 Environmental, Fire Suppression, Pending Litigation, Tort and FERC License

21 Claims means all Environmental Claims, Fire Suppression Claims, Pending Litigation Claims,
22 Tort Claims and FERC License Claims.

23 Environmental Claims means all Claims against the Debtor arising from any
24 accusation, allegation, notice of violation, action, claim, environmental Lien, demand, abatement
25 or other order, restriction or direction (conditional or otherwise) by any Governmental Entity or
26 any other Person for personal injury (including, but not limited to, sickness, disease or death),
27 tangible or intangible property damage, Punitive Damages, damage to the environment,
28 nuisance, pollution, contamination or other adverse effect on the environment or costs (to the

Doc#: NY6:199145_7

- 9 -

1 extent recoverable under applicable non-bankruptcy law) of any Governmental Entity related
2 thereto, in each case resulting from or based upon (a) the existence, or the continuation of the
3 existence, of a release of (including, but not limited to, sudden or non-sudden accidental or non-
4 accidental releases), or exposure to, any hazardous or deleterious material, substance, waste,
5 pollutant or contaminant, odor or audible noise in, into or onto the environment (including, but
6 not limited to, the air, soil, surface water or groundwater) at, in, by, from or related to any
7 property (including any vessels or facilities of the Debtor) presently or formerly owned, operated
8 or leased by the Debtor or any activities or operations thereon, (b) the transportation, storage,
9 treatment or disposal of any hazardous or deleterious material, substance, waste, pollutant or
10 contaminant in connection with any property presently or formerly owned, operated or leased by
11 the Debtor or its operations or facilities, or (c) the violation or alleged violation, of any
12 environmental law, order or environmental permit or license of or from any Governmental Entity
13 relating to environmental matters connected with any property presently or formerly owned,
14 operated or leased by the Debtor, provided, however, that Environmental Claims shall not
15 include (i) any Claims fully settled, liquidated or determined by a Final Order or a binding
16 award, agreement or settlement prior to the Petition Date for amounts payable by the Debtor for
17 damages or other obligations in a fixed dollar amount payable in a lump sum or by a series of
18 payments (which Claims are classified as General Unsecured Claims), (ii) Tort Claims, (iii) Fire
19 Suppression Claims, (iv) Pending Litigation Claims, or (v) FERC License Claims.

Environmental Order has the meaning set forth in Section 4.1.6(b) hereof.

20 Equity Interest means any share of Common Stock, Preferred Stock or other
21 instrument evidencing an ownership interest in the Debtor, whether or not transferable, and any
22 option, warrant or other right, contractual or otherwise, to acquire any such interest.

23 ERISA means the Employee Retirement Income Security Act of 1974, as
24 amended.

25 ESP means energy service provider.

26 ESP Claims means all Claims against the Debtor arising from PX energy credits
27 payable by the Debtor to ESPs.

Doc#: NY6:199145_7

- 10 -

1 Existing Tax Sharing Agreement means that agreement, dated as of January 1,
2 1997, for the allocation of income tax liability between the Debtor and the Parent.
3 Exit Facility has the meaning set forth in Section 7.6 hereof.
4 Federal Judgment Rate means the interest rate allowed pursuant to section 1961 of
5 title 28 of the United States Code, as amended, as published by the Board of Governors of the
6 Federal Reserve System for the calendar week that preceded the Petition Date.
7 Fed. Rules Civ. Pro. means the Federal Rules of Civil Procedure.
8 FERC means the Federal Energy Regulatory Commission.
9 FERC License Claims means all Claims against the Debtor held by a
10 Governmental Entity arising from or under FERC licenses, including, but not limited to, Belden
11 FERC License 2015 (including fish stocking requirements set forth therein).
12 Final Order means an order or decree of the Bankruptcy Court, or any other court
13 of competent jurisdiction, as to which the time to appeal, petition for certiorari, or move for
14 reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other
15 proceedings for reargument or rehearing shall then be pending or as to which any right to appeal,
16 petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance
17 satisfactory to the Debtor and the Proponents or, in the event that an appeal, writ of certiorari, or
18 reargument or rehearing thereof has been sought, such order or decree of the Bankruptcy Court
19 or other court of competent jurisdiction shall have been determined by the highest court to which
20 such order or decree was appealed, or certiorari, reargument or rehearing shall have been denied
21 and the time to take any further appeal, petition for certiorari or move for reargument or
22 rehearing shall have expired; however, that the possibility that a motion under Rule 59
23 or Rule 60 of the Fed. Rules Civ. Pro., or any analogous rule under the Bankruptcy Rules or
24 applicable state court rules of civil procedure, may be filed with respect to such order or decree
25 shall not prevent such order or decree from being a Final Order.
26 Fire Suppression Claims means all Claims against the Debtor by any
27 Governmental Entity for damages and costs resulting from a fire that may be recovered under
28 either state or federal law, including, but not limited to, Claims for damages to property, the cost

1 of restoring all property damaged as a result of the fire, the cost of compensating all other losses
2 resulting from damage to property arising from a fire, and costs incurred in fighting a fire,
3 including all investigative, administrative, accounting, collection, and other costs; provided,
4 however, that the foregoing "including, but not limited to" description of the types of damages
5 and costs that are included in this definition are for illustrative purposes only and do not
6 constitute an acknowledgment or admission by the Debtor that any such damages or costs are in
7 fact recoverable under state or federal law.
8 First and Refunding Mortgage Bonds means (i) 6.250% First and Refunding
9 Mortgage Bonds Series 93C due August 1, 2003, (ii) 6.25% First and Refunding Mortgage
10 Bonds Series 93G due March 1, 2004, (iii) 5.875% First and Refunding Mortgage Bonds Series
11 93E due October 1, 2005, (iv) variable rate First and Refunding Mortgage Bonds Series 81B due
12 August 1, 2011, (v) 8.800% First and Refunding Mortgage Bonds Series 91A due May 1, 2024,
13 (vi) 8.375% First and Refunding Mortgage Bonds Series 92D due May 1, 2025, (vii) 8.250%
14 First and Refunding Mortgage Bonds Series 92D due November 1, 2022, (viii) 7.25% First and
15 Refunding Mortgage Bonds Series 93A due March 1, 2026, (ix) 7.250% First and Refunding
16 Mortgage Bonds Series 93D due August 1, 2026, (x) 6.750% First and Refunding Mortgage
17 Bonds Series 93F due October 1, 2023, and (xi) 7.050% First and Refunding Mortgage Bonds
18 Series 93H due March 1, 2024, each issued by the Debtor under the Mortgage, together with any
19 Maturity and Unpresented First and Refunding Mortgage Bonds, provided, that the Debtor is not
20 waiving any rights or claims it may have under applicable non-bankruptcy law against any
21 holder of any Maturity and Unpresented First and Refunding Mortgage Bond or any other party
22 with respect thereto.
23 First and Refunding Mortgage Bond Documents means with respect to each series
24 of First and Refunding Mortgage Bonds, the Mortgage, and all of the other documents,
25 instruments, agreements and certificates evidencing, securing, governing or otherwise pertaining
26 to the respective Mortgage Loan or the respective series of First and Refunding Mortgage Bonds
27 or otherwise executed and delivered by or on behalf of the Debtor in connection with any of the
28

1 foregoing, together with all amendments, modifications, renewals, substitutions and
 2 replacements of or to any of the foregoing.

3 Floating Rate Note Claims means all Claims arising from the Floating Rate Notes
 4 Floating Rate Notes means the Floating Rate Notes due October 31, 2001, issued
 5 by the Debtor under an indenture by and between the Debtor and Wilmington Trust Company, as
 6 successor-in-interest to The Bank of New York, dated September 1, 1987, together with all
 7 amendments, modifications, renewals, substitutions and replacements thereof.

8 Forbearance, Extension and Letter of Credit Fees has the meaning set forth in
 9 Section 4.10(b)(v) hereof.

10 General Unsecured Claim means (a) Revolving Line of Credit Claims,
 11 (b) Medium Term Note Claims, (c) Senior Note Claims, (d) Floating Rate Note Claims,
 12 (e) Southern San Joaquin Valley Power Authority Bond Claims, (f) Claims against the Debtor
 13 arising from the rejection of executory contracts and unexpired leases under section 365 of the
 14 Bankruptcy Code, (g) Claims against the Debtor relating to pre-petition litigation (other than
 15 Pending Litigation Claims, as defined above in this Section 1.1, which are classified as Class 8
 16 Claims), (h) Claims against the Debtor by the Debtor's vendors, suppliers and service providers,
 17 (i) Claims against the Debtor relating to intercompany obligations to Affiliates and (j)
 18 Commercial Paper Claims; provided, however, that General Unsecured Claims will not include
 19 any unsecured Claims included in any other Class.

20 Governmental Entity has the meaning set forth for a governmental unit in section
 21 101(27) of the Bankruptcy Code.

22 Impaired means any Class of Claims against or Equity Interests in the Debtor that
 23 is impaired within the meaning of section 1124 of the Bankruptcy Code.

24 Indenture means, with respect to each series of PC Bonds, that certain indenture
 25 of trust between the Issuer and the Bond Trustee pursuant to which such series of PC Bonds were
 26 issued, as originally executed, together with all amendments, modifications, renewals,
 27 substitutions and replacements thereof.

1 Initial Calculation Date means (i) February 28, 2002 with respect to holders of
 2 Allowed Claims in Class 5 for Senior Indebtedness, holders of Allowed Southern San Joaquin
 3 Valley Power Authority Bond Claims and holders of Allowed Claims in Classes 4c, 4f, 4g and
 4 11, and (ii) June 30, 2002 with respect to the remaining holders of Allowed Claims in Class 5
 5 and the holders of Allowed Claims in Classes 1, 2, 6, 7 and 10.

6 Interest Period means the period commencing on any interest payment date
 7 specified herein and ending on the day preceding the next succeeding interest payment date;
 8 except in respect of the first interest period which extends to June 30, 2002, where the Interest
 9 Period shall commence on the earlier of the Petition Date or the date specified on Exhibit 1
 10 hereto and shall end on June 30, 2002 and the second interest period shall commence on July 1,
 11 2002.

12 Investment Grade Credit Rating means credit ratings from S&P of BBB- or better
 13 and Moody's of Baa3 or better.

14 IRS means the United States Internal Revenue Service.

15 ISO means the California Independent System Operator.

16 ISO, PX and Generator Claims means all Claims against the Debtor arising from
 17 amounts due to the ISO, PX and various power generators based on purchases of electricity or
 18 ancillary services by the Debtor in markets operated by the PX and the ISO.

19 Issuer means the California Pollution Control Financing Authority, a public
 20 instrumentality and political subdivision of the State of California, organized and existing under
 21 the California Pollution Control Financing Authority Act, being Division 27 (commencing at
 22 Section 44500) of the California Health and Safety Code, as supplemented and amended.

23 LC Bank Agreement has the meaning set forth in Section 4.10(b)(iii) hereof.

24 Letter of Credit means, with respect to each series of Letter of Credit Backed PC
 25 Bonds, that certain irrevocable direct pay letter of credit issued by the Letter of Credit Issuing
 26 Bank for the account of the Debtor to the Bond Trustee and delivered to the Bond Trustee in
 27 accordance with the terms of the respective Indenture, securing, among other things, the payment
 28

1 of the principal of, and interest on, the respective series of Letter of Credit Backed PC Bonds,
2 together with all amendments, modifications, renewals, substitutions and replacements thereof.
3 Letter of Credit Backed PC Bond Claims means all Claims against the Debtor by
4 the Issuer, Bond Trustee and the holders of Letter of Credit Backed PC Bonds for all amounts
5 due and owing by the Debtor under the Loan Agreements and each of the other PC Bond
6 Documents executed by the Debtor in connection with the issuance of each series of Letter of
7 Credit Backed PC Bonds.

8 Letter of Credit Backed PC Bonds means collectively, any series of 96C Bonds,
9 96E Bonds, 96F Bonds and/or 97B Bonds that are outstanding as of the Voting Record Date or
10 the Effective Date, as applicable.

11 Letter of Credit Issuing Bank means, with respect to each series of Letter of
12 Credit Backed PC Bonds, the issuer of the Letter of Credit.

13 Letter of Credit Bank Claims means all Claims against the Debtor relating to
14 (a) the contingent Claims of each Letter of Credit Issuing Bank and the applicable Banks, if any,
15 with respect to payments which may become due by the Debtor under their respective
16 Reimbursement Agreements (as modified by the LC Bank Agreement), including, without
17 limitation, any and all amounts due by the Debtor as reimbursement of amounts paid by a Letter
18 of Credit Issuing Bank under its Letter of Credit to the Bond Trustee for the payment of interest
19 on the related Letter of Credit Backed PC Bonds and any and all interest and fees due thereunder,
20 and (b) the Claims of the Letter of Credit Issuing Banks and the applicable Banks, if any, for any
21 and all accrued and unpaid amounts due by the Debtor under their respective Reimbursement
22 Agreements (as modified by the LC Bank Agreement), including amounts due as reimbursement
23 of amounts paid by each Letter of Credit Issuing Bank under its respective Letter of Credit to the
24 Bond Trustee for the payment of interest on the related series of Letter of Credit Backed PC
25 Bonds and any and all fees due thereunder.

26 LIBOR means, with respect to each Interest Period, the rate per annum appearing
27 on Bloomberg Professional page BBAM1 (or any successor page) as the London interbank
28 offered rate for deposits in U.S. dollars having the index maturity designated by the Debtor at

1 approximately 11:00 a.m. (London time) on the LIBOR Interest Determination Date. If no rate
2 appears on Bloomberg Professional page BBAM1, LIBOR shall mean the rate per annum
3 appearing on Bridge Telerate Inc. page 3750 (or any successor page) as the London interbank
4 offered rate for deposits in U.S. dollars having the index maturity designated by the Debtor at
5 approximately 11:00 a.m. (London time) on the LIBOR Interest Determination Date. If no rate
6 appears on Bridge Telerate page 3750, the Debtor will request the principal London offices of
7 each of four (4) major reference banks in the London interbank market, as selected by the
8 Debtor, to provide the Debtor with its offered quotation for deposits in U.S. dollars having the
9 index maturity designated by the Debtor to prime banks in the London interbank market at
10 approximately 11:00 a.m. (London time) on such LIBOR Interest Determination Date and in a
11 principal amount that is representative of a single transaction in U.S. dollars in such market at
12 such time. LIBOR determined will be the arithmetic mean of the offered quotations. If fewer
13 than two (2) quotations are provided, LIBOR determined on such LIBOR Interest Determination
14 Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. in New York
15 City on such LIBOR Interest Determination Date, by three (3) major banks in New York City
16 selected by the Debtor for loans in U.S. dollars to leading European banks, having the index
17 maturity designated by the Debtor that is representative for a single transaction in U.S. dollars in
18 such market at such time. If the banks so selected are not quoting as mentioned above, LIBOR
19 will remain LIBOR in effect on such LIBOR Interest Determination Date.

20 LIBOR Interest Determination Date means, for an Interest Period, the second
21 (2nd) London Business Day immediately preceding the first day of that Interest Period, except
22 that in the period prior to the Initial Calculation Date, the LIBOR Interest Determination Dates
23 for (a) Allowed Claims under International Swap Dealers Association ("ISDA") Agreements
24 shall be the Petition Date and each anniversary thereof prior to the Initial Calculation Date, and
25 (b) Allowed Claims for power generators shall be determined between the Debtor and each such
26 power generator, notwithstanding the fact that none of such dates is an interest payment date.

27 Lien has the meaning set forth in section 101(37) of the Bankruptcy Code.

1 Loan Agreement means, with respect to each series of PC Bonds, that certain loan
2 agreement by and between the Issuer and the Debtor with respect to such series of PC Bonds, as
3 originally executed, together with all amendments, modifications, renewals, substitutions and
4 replacements thereof.

5 Master Ballot means the Ballot to be completed by Nominees of beneficial
6 owners of bonds, notes, debentures or shares of stock of the Debtor.

7 Matured and Unpresented First and Refunding Mortgage Bonds means,
8 collectively, that portion of the Debtor's (a) First and Refunding Mortgage Bonds, Series II,
9 4.25%, (b) First and Refunding Mortgage Bonds, Series JJ, 4.5%, (c) First and Refunding
10 Mortgage Bonds, Series LL, 4.625%, (d) First and Refunding Mortgage Bonds, Series MM,
11 5.375%, (e) First and Refunding Mortgage Bonds, Series NN, 5.75%, (f) First and Refunding
12 Mortgage Bonds, Series OO, 5.50%, and (g) First and Refunding Mortgage Bonds, 8% Series
13 92C, to the extent that (i) such matured bonds have not been presented for payment by the
14 holders thereof, and (ii) the Debtor is obligated to pay the principal of, and interest on, such
15 bonds in accordance with the terms thereof under applicable law, provided that the Debtor is not
16 waiving any rights or claims it may have under applicable non-bankruptcy law against any
17 holder of any such bond or any other party with respect thereto.

18 MBIA means MBIA Insurance Corporation.

19 MBIA Claims means all Claims against the Debtor relating to (a) the contingent
20 Claims of MBIA with respect to payments which may become due by the Debtor under the terms
21 of the MBIA Reimbursement Agreement as reimbursement for payments made by MBIA under
22 the PC Bond Insurance Policy, and (b) the Claims of MBIA for any and all accrued and unpaid
23 amounts due by the Debtor under the MBIA Reimbursement Agreement, including any and all
24 amounts due by the Debtor as reimbursement of amounts paid by MBIA under the PC Bond
25 Insurance Policy to the Bond Trustee for the payment of interest on the MBIA Insured PC
26 Bonds.

27 MBIA Insured PC Bond Claims means all Claims against the Debtor by the
28 Issuer, Bond Trustee and the holders of the MBIA Insured PC Bonds for all amounts due and

Doc#: NY6: 199145_7

- 17 -

1 owing by the Debtor under the Loan Agreements and each of the other PC Bond Documents
2 executed by the Debtor in connection with the issuance of each series of MBIA Insured PC
3 Bonds.

4 MBIA Insured PC Bonds means those certain California Pollution Control
5 Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric
6 Company) 1996 Series A issued by the Issuer in the aggregate principal amount of
7 \$200,000,000.

8 MBIA Reimbursement Agreement means that certain Reimbursement and
9 Indemnity Agreement, dated as of May 1, 2000, by and between the Debtor and MBIA, pursuant
10 to which MBIA has issued the PC Bond Insurance Policy, together with all amendments,
11 modifications, and renewals thereof.

12 Medium Term Note Claims means all Claims against the Debtor arising from the
13 Medium Term Notes.

14 Medium Term Notes means those certain notes bearing various interest rates from
15 5.810% to 8.450% due through October 7, 2013, other than the Senior Notes and the Floating
16 Rate Notes, issued by the Debtor under an indenture by and between the Debtor and Wilmington
17 Trust Company, as successor-in-interest to the Bank of New York, dated September 1, 1987,
18 together with all amendments, modifications, renewals, substitutions and replacements thereof.

19 Moody's means Moody's Investors Service Inc. or its successor.

20 Mortgage means that certain First and Refunding Mortgage, dated December 1,
21 1920, made by the Debtor, under which BNY Western Trust Company was trustee on the
22 Petition Date, together with all amendments, modifications, renewals, substitutions and
23 replacements thereof.

24 Mortgage Backed PC Bonds means collectively, the 92A Bonds, the 92B Bonds,
25 the 93A Bonds and the 93B Bonds.

26 Mortgage Backed PC Bond Claims means all Claims against the Debtor by the
27 Issuer, Bond Trustee and the holders of the Mortgage Backed PC Bonds for all amounts due and
28 owing by the Debtor under the Loan Agreement and each of the other PC Bond Documents

Doc#: NY6: 199145_7

- 18 -

1 executed by the Debtor in connection with the issuance of each series of Mortgage Backed PC
2 Bonds.
3 Mortgage Bonds means, with respect to each series of Mortgage Backed PC
4 Bonds, those certain first and refunding mortgage bonds made by the Debtor in favor of the
5 Bond Trustee pursuant to and secured by the Mortgage, in an aggregate principal amount equal
6 to the related series of Mortgage Backed PC Bonds.
7 Mortgage Loan means, with respect to each series of First and Refunding
8 Mortgage Bonds, the loans made by the holders thereof to the Debtor.
9 New Tax Sharing Agreement means the agreement to be entered into between the
10 Parent and the Reorganized Debtor for the allocation of income tax liability, substantially in the
11 form of Exhibit 4 to the Plan.
12 Nominee means any brokerage firm or bank, or the agent of such firm or bank,
13 holding the securities of a beneficial owner of bonds, notes, debentures or shares of stock of the
14 Debtor.
15 Original Letter of Credit Fee has the meaning set forth in Section 4.10(b)(iv)
16 hereof.
17 Other Priority Claims means all Claims against the Debtor, other than
18 Administrative Expense Claims or Priority Tax Claims, entitled to priority in right of payment
19 under section 507(a) of the Bankruptcy Code.
20 Other Secured Claims means all Claims against the Debtor relating to mechanics'
21 and materialmen's liens and secured tax Claims, as well as Secured Claims, other than Secured
22 Claims Relating to First and Refunding Mortgage Bonds and Mortgage Backed PC Bond Claims.
23 Parent means PG&E Corporation, the Debtor's parent company.
24 PC Bond Documents means, with respect to each series of PC Bonds, the Loan
25 Agreement, Indenture, and all of the other documents, instruments, agreements and certificates
26 evidencing, securing, governing or otherwise pertaining to the respective Bond Loan or the
27 respective series of PC Bonds or otherwise executed and delivered by or on behalf of the Debtor
28

1 in connection with any of the foregoing, together with all amendments, modifications, renewals,
2 substitutions and replacements of or to any of the foregoing.
3 PC Bond Insurance Policy means that certain Financial Guaranty Insurance Policy
4 issued by MBIA with respect to the MBIA Insured PC Bonds, together with all amendments,
5 modifications, renewals, substitutions and replacements thereof.
6 PC Bonds means collectively, the Letter of Credit Backed PC Bonds, the MBIA
7 Insured PC Bonds, the Mortgage Backed PC Bonds, the Prior Bonds and the Treasury PC Bonds.
8 Pending Litigation Claims means all Claims against the Debtor that are asserted in
9 litigation pending against the Debtor and that are listed in an amendment to PG&E's Plan
10 Supplement; provided, however, that Pending Litigation Claims shall not include (a) any Claims
11 settled, liquidated or determined by a Final Order or a binding award, agreement or settlement
12 prior to the Petition Date for amounts payable by the Debtor for damages or other obligations in
13 a fixed dollar amount payable in a lump sum or by a series of payments (which Claims are
14 classified as General Unsecured Claims), (b) Environmental Claims, (c) Fire Suppression
15 Claims, (d) Tort Claims, or (e) FERC License Claims.
16 Person has the meaning set forth in section 101(41) of the Bankruptcy Code.
17 Petition Date means April 6, 2001, the date on which the Debtor commenced the
18 Chapter 11 Case.
19 PG&E's Plan means that certain Plan of Reorganization under Chapter 11 of the
20 Bankruptcy Code for Pacific Gas and Electric Company proposed by the Debtor and the Parent,
21 dated April 19, 2002, including, without limitation, PG&E's Plan Supplement and all exhibits,
22 supplements, appendices and schedules thereto, either in its present form or as the same may be
23 altered, amended or modified from time to time.
24 PG&E's Plan Supplement means the documents, schedules and other instruments
25 filed with the Bankruptcy Court in accordance with Section 11.19 of PG&E's Plan, as amended,
26 modified or supplemented.
27 Plan means this plan of reorganization, as amended, modified or supplemented.
28 Post-Petition Interest has the meaning set forth in Section 4.1 hereof.

1 Preferred Stock means the issued and outstanding shares of the Debtor's First
2 Preferred Stock, par value \$25.00 per share. The Debtor's outstanding First Preferred Stock is
3 comprised of: (a) 6% Non-Redeemable First Preferred, (b) 5.5% Non-Redeemable First
4 Preferred, (c) 5% Non-Redeemable First Preferred, (d) 5% Redeemable First Preferred Series D,
5 (e) 5% Redeemable First Preferred Series E, (f) 4.80% Redeemable First Preferred, (g) 4.50%
6 Redeemable First Preferred, (h) 4.36% Redeemable First Preferred, (i) 6.57% Redeemable First
7 Preferred, (j) 7.04% Redeemable First Preferred, and (k) 6.30% Redeemable First Preferred.
8 Preferred Stock Equity Interests means any right relating to the Debtor's Preferred
9 Stock.
10 Prior Bond Claims means all Claims against the Debtor by the Prior Letter of
11 Credit Issuing Banks for any and all accrued and unpaid amounts due by the Debtor under their
12 respective Prior Reimbursement Agreements, including amounts due as reimbursement of
13 amounts paid by each Prior Letter of Credit Issuing Bank under its respective Prior Letter of
14 Credit to the Bond Trustee for the payment of the redemption price of the related series of Prior
15 Bonds.
16 Prior Bonds means, collectively, the 96B Bonds, the 96D Bonds, the 97A Bonds
17 and the 97C Bonds.
18 Prior Letter of Credit means, with respect to each series of Prior Bonds, that
19 certain irrevocable direct pay letter of credit issued by the Prior Letter of Credit Issuing Bank for
20 the account of the Debtor to the Bond Trustee and delivered to the Bond Trustee in accordance
21 with the terms of the respective Indenture which secured, among other things, the payment of the
22 principal of, and interest on, the respective series of Prior Bonds, together with all amendments,
23 modifications, renewals, substitutions and replacements thereof.
24 Prior Letter of Credit Issuing Bank means, with respect to each series of Prior
25 Bonds, the issuer of the Prior Letter of Credit.
26 Prior Reimbursement Agreement means, with respect to each series of Prior
27 Bonds, that certain reimbursement or other agreement between the Debtor and the Prior Letter of
28 Credit Issuing Bank providing for, among other things, the issuance of the related Prior Letter of

1 Credit and the reimbursement of the Prior Letter of Credit Issuing Bank for draws made
2 thereunder, together with all amendments, modifications, renewals, substitutions and
3 replacements thereof.
4 Priority Tax Claim means all Claims against the Debtor for taxes entitled to
5 priority in payment under section 507(a)(8) of the Bankruptcy Code.
6 Procedures Order means the Order of the Bankruptcy Court approving, among
7 other things, voting solicitation procedures, the form of voting ballots, the solicitation period and
8 the voting tabulation procedures regarding this Plan and PG&E's Plan, as amended, modified,
9 and/or supplemented from time to time.
10 Professional Compensation and Reimbursement Claims means all Administrative
11 Expense Claims for the compensation of professionals and reimbursement of expenses incurred
12 by such professionals, the Commission, the Committee and members of the Committee pursuant
13 to sections 330(a) or 503(b)(2), 503(b)(3), 503(b)(4) and 503(b)(5) of the Bankruptcy Code.
14 Proponents means the Commission and the Committee.
15 Proponents' Plan Supplement means the documents, schedules and other
16 instruments to be filed with the Bankruptcy Court in accordance with section 11.17 of the Plan,
17 as amended, modified or supplemented from time to time.
18 Punitive Damages means punitive, exemplary or similar damages, or fines,
19 penalties or similar charges that arise in connection with Environmental Claims, Fire
20 Suppression Claims, Pending Litigation Claims, Tort Claims or FERC License Claims.
21 PX means the California Power Exchange.
22 QFs means qualifying facilities operating pursuant to the Public Utility
23 Regulatory Policies Act of 1978 and the related regulations enacted thereunder.
24 QUIDS means the 7.90% Deferrable Interest Subordinated Debentures, Series A,
25 Due December 31, 2025 issued by the Debtor under the QUIDS Indenture, together with all
26 amendments, modifications, renewals, substitutions and replacements thereof.
27 QUIDS Claims means all Claims arising from the QUIDS.
28

1 QUIDS Indenture means the Indenture by and between the Debtor and National
2 City Bank of Indiana, as successor-in-interest to Bank One Trust Company, N.A., as successor-
3 in-interest to The First National Bank of Chicago, dated November 28, 1995, as supplemented by
4 the First Supplemental Indenture dated November 28, 1995, as supplemented by the Second
5 Supplemental Indenture dated March 25, 1996.

6 Rate Recovery Litigation means Pacific Gas & Electric Company, Plaintiff, vs.
7 Loretta M. Lynch, et al., Defendants, Case No. C-01-3023-VRW, presently pending in the
8 United States District Court for the Northern District of California.

9 Reimbursement Agreement means, with respect to each series of Letter of Credit
10 Backed PC Bonds, that certain reimbursement or other agreement between the Debtor and the
11 Letter of Credit Issuing Bank and certain other Banks, if any, that are signatories thereto
12 providing for, among other things, the issuance of the related Letter of Credit and the
13 reimbursement of the Letter of Credit Issuing Bank and certain other Banks, if any, that are
14 signatories thereto for draws made under such Letter of Credit, together with all amendments,
15 modifications, renewals, substitutions and replacements thereof.

16 Reimbursement Obligation means, with respect to each series of Prior Bonds, that
17 portion of the reimbursement obligation of the Debtor under the Prior Reimbursement
18 Agreement arising with respect to the portion of the final drawing made under the related Prior
19 Letter of Credit for the payment of the principal portion of the redemption price of the related
20 series of Prior Bonds.

21 Releaseses means all Persons who (i) are present or former officers and directors
22 of the Debtor who were directors and/or officers on or after the Petition Date; (ii) serve or served
23 as members of management of the Debtor on or after the Petition Date; (iii) are present or former
24 members of the Committee; (iv) are present or former officers and directors and other Persons
25 who serve or served as members of the management of any present or former member of the
26 Committee; or (v) are advisors, consultants or professionals of or to the Debtor, the Committee
27 and the members of the Committee, but in each case only to the extent such Persons are or were
28 acting in any of the capacities set forth in (i) through (v) above.

Doc# NY6: 199145_7

- 23 -

1 Reorganized Debtor means the Debtor, or any successor thereto by merger,
2 consolidation or otherwise, on and after the Effective Date.

3 Reorganization Agreement has the meaning set forth in Section 7.2 hereof.

4 Reorganized Debtor New Money Notes has the meaning set forth in Section
5 7.1(a) hereof.

6 Reorganized Debtor New Preferred Stock has the meaning set forth in Section
7 7.1(b) hereof.

8 Retirement Plan means the Pacific Gas and Electric Company Retirement Plan, a
9 tax qualified defined benefit pension plan covered by Title IV of ERISA, as amended, 29 U.S.C.
10 §§ 1301 et seq. (1994 & Supp. v 2000).

11 Revolving Line of Credit means the Amended and Restated Credit Agreement,
12 dated as of December 1, 1997, as amended, as to which Bank of America, N.A. was the
13 Administrative Agent on the Petition Date, together with all amendments, modifications,
14 renewals, substitutions and replacements thereof.

15 Revolving Line of Credit Claim means all Claims against the Debtor arising from
16 the Revolving Line of Credit.

17 Secured Claim means all Claims against the Debtor, to the extent reflected in the
18 Debtor's Bankruptcy Schedules or a proof of claim as a Secured Claim, which are secured by a
19 Lien on Collateral but only to the extent of the value of such Collateral, as determined in
20 accordance with section 506(a) of the Bankruptcy Code, and, in the event that such Claim is
21 subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such
22 permissible setoff.

23 Secured Claims Relating to First and Refunding Mortgage Bonds means all
24 Claims against the Debtor arising from the First and Refunding Mortgage Bonds.

25 Senior Indebtedness means, collectively, Commercial Paper Claims, Floating
26 Rate Note Claims, Medium Term Note Claims, Senior Note Claims and Revolving Line of
27 Credit Claims.

Doc# NY6: 199145_7

- 24 -

1 Senior Note Claims means all Claims against the Debtor arising from the Senior
2 Notes.
3
4 Senior Notes means the 7.375% Senior Notes due November 1, 2005, issued by
5 the Debtor under an indenture by and between the Debtor and Wilmington Trust Company, as
6 successor-in-interest to The Bank of New York, dated September 1, 1987, together with all
7 amendments, modifications, renewals, substitutions and replacements thereof.
8 Settlement and Support Agreement means that certain Amended and Restated
9 Settlement and Support Agreement dated as of March 27, 2002, by and among the Debtor, the
10 Parent and certain holders of Senior Indebtedness who are parties thereto.
11 Settlement Order means the Order of the Bankruptcy Court dated March 27, 2002,
12 entitled "Order on Motion by Pacific Gas and Electric Company for Order (A) Approving
13 Settlement and Support Agreement By and Among Plan Proponents and Senior Debtholders, (B)
14 Authorizing Payment of Pre-and Post-Petition Interest to Holders of Undisputed Claims in
15 Certain Classes, (C) Authorizing Payment of Fees and Expenses of Indenture Trustees and
16 Paying Agents and (D) Authorizing Debtor to Enter into Similar Agreements."
17 Southern San Joaquin Valley Power Authority Agreement means the Agreement
18 between the Debtor and the Southern San Joaquin Valley Power Authority dated as of July 1,
19 1997, and related Indenture of Trust dated as of November 1, 1991, between the Southern San
20 Joaquin Valley Power Authority and Bank of America N.A., as Trustee in respect of amounts
21 payable on certain bonds issued by Southern San Joaquin Power Authority maturing in 2001
22 through January 1, 2013, together with all amendments, modifications, renewals, substitutions
23 and replacements thereof.
24 Southern San Joaquin Valley Power Authority Bond Claims means all Claims
25 against the Debtor arising from the Southern San Joaquin Valley Power Authority Agreement.
26 S&P means Standard & Poor's, a division of The McGraw Hill Companies, Inc.,
27 or its successor.
28

1 State or State of California means the State of California and all of its entities
2 departments, boards, offices, commissions, agencies, bureaus, divisions, instrumentalities,
3 officers, commissioners and employees.
4 Stated Amount means, with respect to each Letter of Credit, the aggregate amount
5 available to be drawn thereunder, from time to time, in accordance with the terms thereof.
6 Tax Code means the United States Internal Revenue Code of 1986, as amended,
7 and the Treasury Regulations thereunder.
8 Tort Claims means (i) the Chromium Litigation Claims and all other Claims
9 against the Debtor arising from any accusation, allegation, notice, action, claim, demand or
10 otherwise for personal injury, tangible or intangible property damage, products liability or
11 discrimination, or based on employment, including Punitive Damages; and (ii) any claim for
12 indemnification or contribution (whether based on contract, statute or common law) against the
13 Debtor by any third-party, where such indemnification or contribution claim of such third-party
14 is based on a claim against such third-party that if asserted directly against the Debtor would be a
15 claim included within the immediately preceding clause (i); provided, however, that Tort Claims
16 shall not include (a) any Claims settled, liquidated or determined by a Final Order or a binding
17 award, agreement or settlement prior to the Petition Date for amounts payable by the Debtor for
18 damages or other obligations in a fixed dollar amount payable in a lump sum or by a series of
19 payments (which Claims are classified as General Unsecured Claims), (b) Environmental
20 Claims, (c) Fire Suppression Claims, (d) FERC License Claims, or (e) Pending Litigation
21 Claims.
22 Treasury PC Bond Claims means the Claims against the Debtor by the Issuer,
23 Bond Trustee and holders of Treasury PC Bonds for all amounts due and owing by the Debtor
24 under the Loan Agreements and each of the other PC Bond Documents executed by the Debtor
25 in connection with the issuance of each series of Treasury PC Bonds.
26 Treasury PC Bonds means, collectively, the 96G Bonds and the 97D Bonds.
27 Unimpaired means any Class of Claims or Equity Interests which is not Impaired.
28 Voting Record Date means May 21, 2002.

1 Workers' Compensation Claims means all Claims against the Debtor by
2 employees of the Debtor for the payment of workers' compensation benefits under applicable
3 law.
4 Workers' Compensation Indemnity Agreements means (a) the Indemnity
5 Agreement by PG&E Corporation, dated April 7, 2000, to indemnify American Home
6 Assurance Company in connection with issuance of Surety Bond No. 00-207-724 issued on
7 behalf of the Debtor for Workers' Compensation, (b) the Indemnity Agreement by PG&E
8 Corporation, dated April 7, 2000, to indemnify CAN Insurance Companies in connection with
9 issuance of Surety Bond No. 159267371 issued on behalf of the Debtor for Workers'
10 Compensation, (c) the Indemnity Agreement by PG&E Corporation, dated April 7, 2000, to
11 indemnify Kemper Insurance Companies in connection with issuance of Surety Bond No.
12 955006 issued on behalf of the Debtor for Workers' Compensation, (d) the Indemnity Agreement
13 by PG&E Corporation, dated April 7, 2000, to indemnify Travelers Insurance, as successor to
14 Reliance Insurance Company, in connection with issuance of Surety Bond No. B1686191 issued
15 on behalf of the Debtor for Workers' Compensation, and (e) the Indemnity Agreement by PG&E
16 Corporation, dated April 7, 2000, to indemnify Firemen's Fund Insurance Company in
17 connection with issuance of Surety Bond No. 11133362811 issued on behalf of the Debtor for
18 Workers' Compensation.
19 1.2 Interpretation: Application of Definitions and Rules of Construction.
20 Wherever from the context it appears appropriate, each term stated in either the singular or the
21 plural shall include both the singular and the plural, and pronouns stated in the masculine,
22 feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise
23 specified, all section, article, schedule or exhibit references in the Plan are to the respective
24 Section in, Article of, Schedule to, or Exhibit to, the Plan. The words "herein," "hereof,"
25 "hereto," "hereunder" and other words of similar import refer to the Plan as a whole and not to
26 any particular section, subsection or clause contained in the Plan. The rules of construction
27 contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. A
28 term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have

1 the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for
2 convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.
3
4 **ARTICLE II**
5 **TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
6 PROFESSIONAL COMPENSATION AND REIMBURSEMENT
7 CLAIMS, AND PRIORITY TAX CLAIMS**
8 2.1 Administrative Expense Claims. Except to the extent that any entity
9 entitled to payment of any Allowed Administrative Expense Claim agrees to a less favorable
10 treatment, each holder of an Allowed Administrative Expense Claim shall receive Cash in an
11 amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date
12 and the date such Administrative Expense Claim becomes an Allowed Administrative Expense
13 Claim, or as soon thereafter as is practicable, or on such other date as may be ordered by the
14 Bankruptcy Court; provided, however, that Allowed Administrative Expense Claims
15 representing liabilities incurred in the ordinary course of business by the Debtor-in-Possession
16 (including, but not limited to, real and personal property taxes and franchise fees) or liabilities
17 arising under loans or advances to or other obligations incurred by the Debtor-in-Possession shall
18 be paid in full and performed by the Debtor in the ordinary course of business in accordance with
19 the terms and subject to the conditions of any agreements governing, instruments evidencing or
20 other documents relating to such transactions. Except as provided under applicable non-
21 bankruptcy law or certain agreements with the Debtor approved by the Bankruptcy Court and
22 which are incorporated into and made a part of the Plan, Post-Petition Interest will not be paid on
23 Allowed Administrative Expense Claims.
24 2.2 Professional Compensation and Reimbursement Claims. The holders of
25 Professional Compensation and Reimbursement Claims shall file their respective final
26 applications for allowances of compensation for services rendered and reimbursement of
27 expenses incurred through the Confirmation Date by no later than the date that is ninety (90)
28 days after the Confirmation Date, or such other date as may be fixed by the Bankruptcy Court. If
29 granted by the Bankruptcy Court, such award shall be paid in full in such amounts as are
30 Allowed by the Bankruptcy Court either (a) on the date such Professional Compensation and

1 Reimbursement Claim becomes an Allowed Professional Compensation and Reimbursement
 2 Claim, or as soon thereafter as is practicable, or (b) upon such other terms as may be mutually
 3 agreed upon between such holder of an Allowed Professional Compensation and Reimbursement
 4 Claim and the Debtor. Except as provided under applicable non-bankruptcy law, Post-Petition
 5 Interest will not be paid on Professional Compensation and Reimbursement Claims.
 6 2.3 Priority Tax Claims. Except to the extent a holder of an Allowed Priority
 7 Tax Claim has been paid by the Debtor prior to the Effective Date or agrees to a different
 8 treatment, each holder of an Allowed Priority Tax Claim shall receive, in full and complete
 9 settlement, satisfaction and discharge of its Allowed Priority Tax Claim, including Post-Petition
 10 Interest, Cash in an amount equal to such Allowed Priority Tax Claim plus accrued and unpaid
 11 Post-Petition Interest thereon on the later of the Effective Date and the date such Priority Tax
 12 Claim becomes an Allowed Priority Tax Claim, or as soon as practicable thereafter.

13 **ARTICLE III**

14 **CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

15 Claims against and Equity Interests in the Debtor, other than Administrative
 16 Expense Claims, Professional Compensation and Reimbursement Claims and Priority Tax
 17 Claims, are classified for all purposes, including voting, confirmation and distribution pursuant
 18 to the Plan, as follows:

<u>Class</u>	<u>Claim/Interest</u>	<u>Status</u>
19		
20	1 Other Priority Claims	Unimpaired
21	2 Other Secured Claims	Unimpaired
22	3 Secured Claims Relating to First and Refunding Mortgage Bonds	Impaired
23		
24	4a Mortgage Backed PC Bond Claims	Unimpaired
25	4b MBIA Insured PC Bond Claims	Unimpaired
26	4c MBIA Claims	Impaired
27	4d Letter of Credit Backed PC Bond Claims	Unimpaired
28	4e Letter of Credit Bank Claims	Impaired

<u>Class</u>	<u>Claim/Interest</u>	<u>Status</u>
1		
2	4f Prior Bond Claims	Unimpaired
3	4g Treasury PC Bond Claims	Unimpaired
4	5 General Unsecured Claims	Impaired
5	6 ISO, PX and Generator Claims	Impaired
6	7 ESP Claims	Impaired
7	8 Environmental, Fire Suppression, Pending Litigation, Tort and FERC License Claims	Unimpaired
8	9 [Intentionally Left Blank]	[Intentionally Left Blank]
9		
10	10 Convenience Claims	Unimpaired
11	11 QUIIDS Claims	Impaired
12	12 Workers' Compensation Claims	Unimpaired
13	13 Preferred Stock Equity Interests	Unimpaired ²
14	14 Common Stock Equity Interests	Unimpaired

² While the Proponents believe that Class 13 is unimpaired by the Plan, certain holders of Preferred Stock Equity Interests may believe that Class 13 is impaired by the Plan. To avoid delaying the voting process, holders of Preferred Stock Equity Interests will be solicited to vote on the Plan as a precautionary measure so that the voting results will be available if it is determined by the Bankruptcy Court that such Class is impaired. Allowing the holders of Preferred Stock Equity Interests to vote shall be without prejudice to the Proponents' contention that this Class is unimpaired, and the Proponents reserve the right to contest any objection to the unimpaired status of this Class.

ARTICLE IV

TREATMENT OF CLAIMS AND EQUITY INTERESTS³

4.1 Payment of Interest. Allowed Claims shall include amounts owed with respect to the period prior to the Petition Date and applicable interest accrued and unpaid during such period. Except as otherwise provided herein, holders of Allowed Claims shall also be paid in Cash accrued and unpaid interest on such Allowed Claims from the Petition Date through the Effective Date ("Post-Petition Interest"). Except as otherwise provided herein, including Exhibit 1 attached hereto, any Post-Petition Interest shall be calculated and paid at the lowest non-default rate and in accordance with the terms specified in the applicable statute, indenture or instrument governing such Allowed Claim or, if no such instrument exists, or if the applicable instrument does not specify a non-default rate of interest, Post-Petition Interest shall be calculated and paid

During the Chapter 11 Case, the Debtor has entered into a number of settlements with various creditors regarding the allowance and treatment of such creditors' Claims under PG&E's Plan. With the exception of those settlement provisions that are unique to the allowance and treatment of such creditors' Claims under PG&E's Plan and are not relevant here, the provisions governing allowance and treatment of creditor Claims set forth in the creditor settlements are (i) incorporated into and made part of the Plan, and (ii) to be assumed and performed by the Debtor or Reorganized Debtor, as the case may be, under the Plan. By way of example, the Plan incorporates the principal terms of the following such settlements: the Committee Support Agreement, the Settlement and Support Agreement, the agreements between the Debtor and various of the drawn and undrawn Letter of Credit Banks, the agreements between the Debtor and certain QFs, the agreements between the Debtor and various representatives of mortgage, pollution control and other bonds issued by the Debtor or insurance relating to such bonds, the agreements between the Debtor and various generators, the PX and ISO, the Settlement and Stanislaus Commitments stipulation by and between the Debtor, the NCPA and the City of Palo Alto, the stipulation and settlement between the Debtor and the Unofficial Committee of Mortgage Bondholders, and any other such similar agreements, whether or not the terms of such settlements are specifically referenced in the Proponents' Plan. In particular, there is incorporated into and made part of the Proponents' Plan and will be assumed and performed by the Debtor or the Reorganized Debtor, as the case may be, under the Proponents' Plan, the provisions of the Settlement and Support Agreement, with the exception of the "placement fee" provision, "step-up" interest rate provision in section 2(a)(ii) thereof, the provisions relating to the payment of Class 5 Claims in notes and the provisions requiring support for the PG&E Plan. Specifically, and subject to the foregoing, the Proponents' Plan incorporates and makes part of its Plan the provisions in the Settlement and Support Agreement contained in paragraphs 1, 2(a)(i), 3, 4, 5(a), (c), 12, 13, 14 (only as it relates to the Proponents' Plan and its implementation), 15, 24 and 26 thereof.

1 on such Allowed Claim at the Federal Judgment Rate. Except as provided under applicable non-
2 bankruptcy law or certain agreements with the Debtor approved by the Bankruptcy Court and
3 which are incorporated into and made a part of the Plan, Post-Petition Interest will not be paid on
4 the following Allowed Claims: Allowed Administrative Expense Claims, Professional
5 Compensation and Reimbursement Claims, Environmental, Fire Suppression, Pending
6 Litigation, Tort and FERC License Claims and Workers' Compensation Claims

4.2 Timing of Payments and Distributions.

(a) Pursuant to an Order entered by the Bankruptcy Court on April 9,
2001 authorizing the Debtor's interim use of cash collateral, the Debtor has paid and will
continue to pay Post-Petition Interest to holders of Allowed Claims in Classes 3 and 4a. In
addition, the Debtor will make payments of Post-Petition Interest that has accrued and is unpaid
on and after the Initial Calculation Date through the last day of the last calendar quarter ending
prior to the Effective Date, in arrears, in quarterly installments (or in the case of the first quarter
following the Initial Calculation Date, for holders of Allowed Claims for which February 28,
2002 is the Initial Calculation Date, the four-month period from March 1, 2002 to June 30, 2002)
as follows: (x) on the first Business Day of the next calendar quarter to the holders of Allowed
Claims in Class 5 for Senior Indebtedness, the holders of Allowed Southern San Joaquin Power
Authority Bond Claims and the holders of Allowed Claims in Classes 4c, 4f, 4g and 11, and (y)
within thirty (30) days following the end of the calendar quarter, to the remaining holders of
Allowed Class 5 Claims and the holders of Allowed Claims in Classes 1, 2, 6, 7 and 10. Any
Post-Petition Interest that accrues during the period commencing on the first day of the calendar
quarter in which the Effective Date occurs and ending on the Effective Date will be paid on the
Effective Date.

(b) Pursuant to an Order entered by the Bankruptcy Court on April 9,
2002 approving the Debtor's execution and performance under an agreement with the Letter of
Credit Issuing Banks entitled "Summary of Terms with Respect to Forbearance and Proposed
Revised Treatment of Letter of Credit Bank Claims in the Plan of Reorganization" and pursuant
to an Order entered by the Bankruptcy Court on June 17, 2002 approving the Debtor's execution

1 and performance under the LC Bank Agreement (as defined in Section 4.10(b)(iv)), the Debtor
2 has made and will continue to make certain payments to the Letter of Credit Issuing Banks and
3 to the holders of Allowed Claims in Class 4e prior to the Effective Date, as set forth in such
4 agreements and in Section 4.10 hereof.

5 (c) Pursuant to the Settlement Order and Settlement and Support
6 Agreement, the accrual and payment of Post-Petition Interest shall terminate if (i) the Debtor is
7 determined by a Final Order of the Bankruptcy Court to be insolvent (on a balance sheet basis)
8 with such interest accrual termination effective as of the date of insolvency, as determined by the
9 Bankruptcy Court, (ii) upon conversion of the Chapter 11 Case to a case under chapter 7,
10 provided that there is not a subsequent determination of the Bankruptcy Court that there are
11 assets of sufficient value to pay Post-Petition Interest on the applicable Allowed Claim. In
12 circumstances where the accrual and payment of Post-Petition Interest terminates, any payments
13 of Post-Petition Interest may be recharacterized and treated as a partial payment of the principal
14 amount of the applicable Allowed Claims.

15 (d) Except as set forth in Sections 4.2(a) and 4.2(b) above and except
16 to the extent a holder of an Allowed Claim or Equity Interest has otherwise been paid all or a
17 portion of such holder's Allowed Claim or Equity Interest prior to the Effective Date, each of the
18 distributions specified in this Article IV with respect to each Allowed Claim or Equity Interest
19 shall (i) occur on the later of the Effective Date and the date such Allowed Claim or Equity
20 Interest becomes an Allowed Claim or Equity Interest, or as soon as practicable thereafter, and
21 (ii) be in full and complete settlement, satisfaction and discharge of such Allowed Claim or
22 Equity Interest.

23 4.3 Class 1 - Other Priority Claims.

24 (a) Distributions. Each holder of an Allowed Other Priority Claim, if
25 any, shall be paid Cash in an amount equal to such Allowed Claim.

26 (b) Impairment and Voting. Class 1 is unimpaired by the Plan. Each
27 holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan
28 and is not entitled to vote to accept or reject the Plan.

1 4.4 Class 2 - Other Secured Claims.

2 (a) Distributions/Reinstatement of Claims. The Claims of each holder
3 of an Allowed Other Secured Claim shall, at the option of the Debtor, (i) be reinstated and
4 rendered unimpaired in accordance with section 1124(2) of the Bankruptcy Code or (ii) be paid
5 Cash in an amount equal to such Allowed Other Secured Claim, including any interest on such
6 Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy
7 Code.

8 (b) Impairment and Voting. Class 2 is unimpaired by the Plan. Each
9 holder of an Allowed Other Secured Claim is conclusively presumed to have accepted the Plan
10 and is not entitled to vote to accept or reject the Plan.

11 4.5 Class 3 - Secured Claims Relating to First and Refunding Mortgage Bonds

12 (a) Allowance. The Secured Claims Relating to First and Refunding
13 Mortgage Bonds shall be deemed Allowed Secured Claims Relating to First and Refunding
14 Mortgage Bonds in the amount of \$2,699,000,000⁴, plus accrued and unpaid pre-petition interest
15 on such amount, plus Allowed Claims in the amount of all unpaid fees and expenses of the
16 related mortgage bond trustee accrued through the Petition Date under the terms of the
17 Mortgage.

18 (b) Distributions. Each holder of an Allowed Secured Claim Relating
19 to First and Refunding Mortgage Bonds shall be paid Cash in an amount equal to such Allowed
20 Claim.

21 (c) Impairment and Voting. Class 3 is impaired by the Plan. Each
22 holder of an Allowed Secured Claim Relating to First and Refunding Mortgage Bonds is entitled
23 to vote to accept or reject the Plan.

24 4.6 Class 4a - Mortgage Backed PC Bond Claims.

25 (a) Allowance. The Mortgage Backed PC Bond Claims shall be
26 deemed Allowed Secured Claims in the amount of \$345,000,000, plus accrued and unpaid pre-
27 ⁴ This amount is net of the approximately \$277 million of First and Refunding Mortgage
28 Bonds held by the Debtor in treasury.

1 petition interest on such amount, plus Allowed Claims in the amount of all unpaid fees and
2 expenses of the Mortgage Bond trustee accrued through the Petition Date under the terms of the
3 Mortgage.

4 (b) Reinstatement of Claims. Each series of Mortgage Backed PC
5 Bonds, and each of the PC Bond Documents, shall remain outstanding and be reinstated in
6 accordance with section 1124(2) of the Bankruptcy Code. Each holder of a Mortgage Backed
7 PC Bond shall be paid Cash in an amount equal to any and all accrued and unpaid interest owed
8 to such holder in respect of such Mortgage Backed PC Bond in accordance with the terms
9 thereunder to and including the last scheduled interest payment date preceding the Effective
10 Date. All unpaid fees and expenses of the Issuer and Bond Trustee due and owing under the
11 applicable Loan Agreements shall also be paid in Cash.

12 (c) Impairment and Voting. Class 4a is unimpaired by the Plan. Each
13 holder of an Allowed Mortgage Backed PC Bond Claim is conclusively presumed to have
14 accepted the Plan and is not entitled to vote to accept or reject the Plan.

15 4.7 Class 4b - MBIA Insured PC Bond Claims.

16 (a) Allowance. The MBIA Insured PC Bond Claims shall be deemed
17 Allowed MBIA Insured PC Bond Claims in the amount of \$200,000,000, plus accrued and
18 unpaid pre-petition interest on such amount, plus Allowed Claims in the amount of all unpaid
19 fees and expenses of the related Issuer and Bond Trustee accrued through the Petition Date under
20 the terms of the applicable PC Bond Documents.

21 (b) Reinstatement of Claims. The MBIA Insured PC Bonds, and each
22 of the PC Bond Documents, shall remain outstanding and be reinstated in accordance with
23 section 1124(2) of the Bankruptcy Code. Each holder of a MBIA Insured PC Bond shall be paid
24 Cash in an amount equal to any and all accrued and unpaid interest owed to such holder in
25 respect of such MBIA Insured PC Bond in accordance with the terms of the respective MBIA
26 Insured PC Bond, to and including the last scheduled interest payment date preceding the
27 Effective Date. All unpaid fees and expenses of the Issuer and Bond Trustee due and owing
28 under the applicable Loan Agreement shall also be paid in Cash.

1 (c) Impairment and Voting. Class 4b is unimpaired by the Plan. Each
2 holder of an Allowed MBIA Insured PC Bond Claim is conclusively presumed to have accepted
3 the Plan and is not entitled to vote to accept or reject the Plan.

4 4.8 Class 4c - MBIA Claims.

5 (a) Allowance. The Claims of MBIA with respect to payments which
6 may become due by the Debtor under the terms of the MBIA Reimbursement Agreement as
7 reimbursement for payments made by MBIA under the PC Bond Insurance Policy shall be
8 deemed contingent Claims, and the Claims of MBIA for any and all other accrued and unpaid
9 amounts due by the Debtor under the MBIA Reimbursement Agreement, including any and all
10 amounts due by the Debtor as reimbursement of amounts paid by MBIA under the PC Bond
11 Insurance Policy to the Bond Trustee for the payment of interest on the MBIA Insured PC
12 Bonds, shall be deemed Allowed MBIA Claims.

13 (b) Distributions. Each holder of an Allowed MBIA Claim shall be
14 paid Cash equal to its pro rata share of the aggregate amount paid by MBIA to the Bond Trustee
15 with respect to the payment of interest on the MBIA Insured PC Bonds during the period from
16 the Petition Date to and including the last scheduled interest payment date preceding the
17 Effective Date, together with its pro rata share of all other amounts due and owing to MBIA
18 under the terms of the MBIA Reimbursement Agreement through the Effective Date, including
19 any accrued and unpaid interest due on such amounts to the extent provided in the MBIA
20 Reimbursement Agreement at the non-default rate.

21 (c) Impairment and Voting. Class 4c is impaired by the Plan. Each
22 holder of an Allowed MBIA Claim is entitled to vote to accept or reject the Plan.

23 4.9 Class 4d - Letter of Credit Backed PC Bond Claims.

24 (a) Allowance. The Letter of Credit Backed PC Bond Claims shall be
25 deemed Allowed Letter of Credit Backed PC Bond Claims in the amount of \$613,550,000, plus
26 accrued and unpaid pre-petition interest on such amount, plus Allowed Claims in the amount of
27 all unpaid fees and expenses of the related Issuer and Bond Trustee accrued through the Petition
28 Date under the terms of the applicable PC Bond Documents.

1 (b) Reinstatement of Claims. Each series of Letter of Credit Backed
2 PC Bonds, and each of the PC Bond Documents, shall remain outstanding and be reinstated in
3 accordance with section 1124(2) of the Bankruptcy Code. Each holder of a Letter of Credit
4 Backed PC Bond will be paid Cash in an amount equal to any and all accrued and unpaid interest
5 owed to such holder in respect of such Letter of Credit Backed PC Bond in accordance with the
6 terms thereof to and including the last scheduled interest payment date preceding the Effective
7 Date. All unpaid fees and expenses of the Issuer and Bond Trustee due and owing under the
8 applicable Loan Agreement shall also be paid in Cash.

9 (c) Impairment and Voting. Class 4d is unimpaired by the Plan. Each
10 holder of an Allowed Letter of Credit Backed PC Bond Claim is conclusively presumed to have
11 accepted the Plan and is not entitled to vote to accept or reject the Plan.

12 4.10 Class 4e—Letter of Credit Bank Claims.

13 (a) Allowance. The Letter of Credit Bank Claims consist of:
14 (i) Allowed Letter of Credit Bank Claims in the amount of any and all accrued and unpaid
15 amounts due by the Debtor under each of the Reimbursement Agreements (as modified by the
16 LC Bank Agreement), including, without limitation, any and all amounts due by the Debtor as
17 reimbursement of amounts paid by a Letter of Credit Issuing Bank under its Letter of Credit to
18 the Bond Trustee for the payment of interest on the related Letter of Credit Backed PC Bonds
19 and any and all interest and fees due thereunder and (ii) with respect to payments that may
20 become due by the Debtor under the terms of each of the Reimbursement Agreements (as
21 modified by the LC Bank Agreement), including, without limitation, as reimbursement for
22 amounts drawn under the Letters of Credit as well as for interest and fees due thereunder,
23 contingent Claims in an amount equal to any and all such outstanding amounts.

24 (b) Distributions.

25 (i) Commencing on June 27, 2002 and continuing with
26 respect to each Letter of Credit Issuing Bank until the earlier of (i) the Effective Date, (ii) the

1 date the respective Letter of Credit is terminated or the stated amount thereof is permanently
2 reduced, or (iii) the date that any of the related series of Letter of Credit Backed PC Bonds are
3 redeemed, to the extent that the Debtor has not reimbursed the applicable Letter of Credit Issuing
4 Bank and the applicable Banks, if any, for drawings made on the related Letter of Credit with
5 respect to the payment of interest on the related series of Letter of Credit Backed PC Bonds to
6 the extent provided in the respective Reimbursement Agreement, each holder of an Allowed
7 Letter of Credit Bank Claim will be paid Cash in an amount equal to its pro rata share of the
8 aggregate amount paid by the respective Letter of Credit Issuing Bank to the respective Bond
9 Trustee under the terms of the applicable Letter of Credit with respect to the payment of the
10 interest on the Letter of Credit Backed PC Bonds to which such Letter of Credit Bank Claim
11 relates during the period from the Petition Date to and including the last scheduled interest
12 payment date on such Letter of Credit Backed PC Bonds preceding the Effective Date. Each
13 holder of an Allowed Letter of Credit Bank Claim will also be paid Cash in an amount equal to
14 its pro rata share of all other amounts then due and owing to the respective Letter of Credit
15 Issuing Bank and the applicable Banks, if any, under the terms of the respective Reimbursement
16 Agreement (other than for reimbursement of drawings on the respective Letter of Credit) through
17 the Effective Date, including, without limitation, interest at the interest rate due on such amounts
18 to the extent provided in the respective Reimbursement Agreements and any due and owing
19 Forbearance, Extension and Letter of Credit Fees (as hereinafter defined) through the Effective
20 Date, and the reasonable fees and expenses of unrelated third-party professionals retained by the
21 Letter of Credit Issuing Banks, to the extent incurred subsequent to the Petition Date in the
22 Chapter 11 Case.

23 (ii) On the Effective Date one of the following shall
24 occur with respect to each series of Letter of Credit Backed PC Bonds and its respective Letter of
25

Credit, at the option of the Debtor separately for each series of Letter of Credit Backed PC Bonds:

(A) Purchase Option. The respective series of Letter of Credit Backed PC Bonds shall be called for mandatory tender in accordance with the terms of the respective Indenture and shall be purchased by the respective Bond Trustee through a draw on the related Letter of Credit and, at the option of the respective Letter of Credit Issuing Bank, shall either be registered in the name of the respective Letter of Credit Issuing Bank or in the name of the Debtor subject to a first lien security interest in favor of the respective Letter of Credit Issuing Bank to additionally secure the obligations of the Debtor under the related Reimbursement Agreement. On the Effective Date, to the extent that the Letter of Credit Issuing Bank and the Banks have not been reimbursed therefor, the Letter of Credit Issuing Bank will receive Cash in an amount equal to the sum of (i) the interest portion of the purchase price of the tendered Letter of Credit Backed PC Bonds paid out of a draw on the respective Letter of Credit, and (ii) the aggregate amount paid by the respective Letter of Credit Issuing Bank to the respective Bond Trustee under the terms of the applicable Letter of Credit with respect to the payment of the interest on the respective Letter of Credit Backed PC Bonds during the period from and after June 27, 2002 to and including the last scheduled interest payment date on such Letter of Credit Backed PC Bonds preceding the Effective Date, together with interest at the non-default rate due on such amounts to the extent provided in the respective Reimbursement Agreement. On the Effective Date, the Letter of Credit Issuing Bank shall transfer the related Letter of Credit Backed PC Bonds in the aggregate original principal amount as set forth on Exhibit 2 attached hereto to the Debtor or its assignee free and clear of all liens. On the Effective Date, the Letter of Credit Issuing Bank will receive (i) Cash in an amount equal to the principal portion of the purchase price of the tendered Letter of Credit Backed PC Bonds paid out of a

draw on the respective Letter of Credit, and (ii) a fee (the "Purchase Option Incentive Fee") in an amount equal to 0.4% of the principal portion of the purchase price of the tendered Letter of Credit Backed PC Bonds paid out of a draw on the respective Letter of Credit.

(B) Remarketing Option. The respective series of Letter of Credit Backed PC Bonds shall be called for mandatory tender in accordance with the terms of the respective Indenture and shall be purchased by the respective Bond Trustee through a draw on the related Letter of Credit. The Debtor will then either (i) provide or cause to be provided to the respective Bond Trustee an alternative "Credit Facility" pursuant to the terms of the respective Indenture in lieu of the existing Letter of Credit, or (ii) obtain the consent of the Issuer to remarket the respective series of Letter of Credit Backed PC Bonds without credit enhancement in accordance with the terms of the applicable Indenture. In either event the respective series of Letter of Credit Backed PC Bonds shall be remarketed, at par, in accordance with the terms of the Indenture and the other PC Bond Documents. In such event, on the Effective Date, the Letter of Credit Issuing Bank will receive, to the extent that the Letter of Credit Bank has not been reimbursed therefor (i) from the Debtor, Cash in an amount equal to the sum of (A) the interest portion of the purchase price of the tendered Letter of Credit Backed PC Bonds paid out of a draw on the respective Letter of Credit, and (B) the aggregate amount paid by the respective Letter of Credit Issuing Bank to the respective Bond Trustee under the terms of the applicable Letter of Credit with respect to the payment of the interest on the respective Letter of Credit Backed PC Bonds during the period from and after June 27, 2002 to and including the last scheduled interest payment date on such Letter of Credit Backed PC Bonds preceding the Effective Date, together with interest at the non-default rate due on such amounts to the extent provided in the respective Reimbursement Agreement, (ii) from the Debtor, a fee (the "Remarketing Option Incentive Fee") in an amount equal to either (i) 0.5% of the aggregate

1 principal amount of the respective Letter of Credit Backed PC Bonds remarketed on the
2 Effective Date the payment of the principal of and interest on which are secured by either a
3 replacement Letter of Credit, with a term of not less than one year from the Effective Date,
4 delivered to the Trustee in accordance with the terms of the respective Indenture upon terms
5 acceptable to the Debtor or an extension of the existing Letter of Credit delivered to the Trustee
6 in accordance with the terms of the respective Indenture upon terms acceptable to the Debtor, or
7 (2) 0.4% of the aggregate principal amount of the respective Letter of Credit Backed PC Bonds
8 remarketed on the Effective Date the payment of the principal of and interest on which are not
9 secured by such a Letter of Credit, and (iii) from the Bond Trustee, an amount equal to the
10 principal portion of the purchase price of the tendered Letter of Credit Backed PC Bonds paid
11 out of a draw on the respective Letter of Credit, which amount shall be paid from the
12 remarketing proceeds of the respective Letter of Credit Backed PC Bonds in accordance with the
13 terms of the respective Indenture.
14
15 (C) No Bonds Option. With respect to each
16 Letter of Credit Issuing Bank and the related Banks, if any, in the event that neither the Purchase
17 Option nor the Remarketing Option, as applicable, can be consummated or the respective series
18 of Letter of Credit Backed PC Bonds are redeemed on or prior to the Effective Date as the result
19 of the expiration of the respective Letter of Credit or otherwise, then at the option of the Debtor
20 separately for each Letter of Credit Bank Claim and Reimbursement Agreement either:
21
22 (1) On the Effective Date, the Letter of
23 Credit Issuing Bank will receive Cash in an amount equal to the sum of (A) the principal portion
24 of the redemption price of the redeemed Letter of Credit Backed PC Bonds paid out of a draw on
25 the respective Letter of Credit (the "Principal Reimbursement") and (B) any and all accrued and
26 unpaid interest owing to the Letter of Credit Issuing Bank in respect of such Principal
27
28

1 Reimbursement, at a fluctuating rate of interest, in accordance with the terms of the applicable
2 Reimbursement Agreement; or
3
4 (2) On the Effective Date, the Letter of
5 Credit Issuing Bank shall sell, transfer and assign to the Debtor or its assignee, without recourse,
6 all of the Letter of Credit Issuing Bank's and the related Banks' rights, title and interest in the
7 applicable Letter of Credit Bank Claim and Reimbursement Agreement, including, but not
8 limited to, the right to receive repayment of the Principal Reimbursement in the aggregate
9 principal amount as set forth on Exhibit 2 attached hereto, together with the right to receive
10 payment of interest thereon as set forth in the amended Reimbursement Agreement, free and
11 clear of all liens. On the Effective Date, the Debtor or its assignee shall purchase from the Letter
12 of Credit Issuing Bank and the related Banks, if any, all of their rights, title and interest in the
13 applicable Letter of Credit Bank Claim and Reimbursement Agreement for a purchase price in
14 Cash in an amount equal to the sum of (A) the respective Principal Reimbursement and (B) any
15 and all accrued and unpaid interest owing to the Letter of Credit Issuing Bank in respect of such
16 Principal Reimbursement, at a fluctuating rate of interest, in accordance with the terms of the
17 applicable Reimbursement Agreement.
18
19 In addition to the foregoing with respect to the No Bond Option, if
20 (i) the Letter of Credit Issuing Bank maintains its Letter of Credit outstanding in the stated
21 amount set forth on Exhibit 2 attached hereto through the Effective Date and does not provide
22 the Trustee with notice of default under its Reimbursement Agreement or non-reinstatement of
23 its Letter of Credit or take any other action which would result in the redemption, either in whole
24 or in part, of the outstanding Letter of Credit Backed PC Bonds without the prior written consent
25 of the Debtor, and (ii) the Letter of Credit Issuing Bank and each of the related Banks, if any,
26 take all action reasonably required by the Debtor to keep the Letter of Credit Backed PC Bonds
27
28

1 outstanding and to facilitate either the Purchase Option or the Remarketing Option, as applicable,
2 including, without limitation, giving direction to the Trustee, providing commercially reasonably
3 indemnification to the Issuer and Trustee, and using their best efforts to consummate the
4 proposed amendments to the terms of the Letter of Credit Backed PC Bonds as set forth in the
5 LC Bank Agreement (as hereinafter defined) and to consummate either the Purchase Option or
6 the Remarketing Option as applicable, so as to maintain for the Debtor the benefits of the tax-
7 exempt financing provided by the related series of Letter of Credit Backed PC Bonds, then, on
8 the Effective Date (A) in the event that the Letter of Credit Backed PC Bonds were redeemed
9 prior to the Effective Date for reasons beyond the control of the Letter of Credit Issuing Bank,
10 the Letter of Credit Issuing Bank will receive from the Debtor, a fee in an amount equal to 0.05%
11 of the principal portion of the redemption price of the redeemed Letter of Credit Backed PC
12 Bonds paid out of a draw on the respective Letter of Credit, and (B) in the event that the Letter of
13 Credit Backed PC Bonds are redeemed on the Effective Date for reasons beyond the control of
14 the Letter of Credit Issuing Bank, the Letter of Credit Issuing Bank will receive from the Debtor,
15 a fee (the "No Bonds Option Fee") in an amount equal to 0.10% of the principal portion of the
16 redemption price of the redeemed Letter of Credit Backed PC Bonds paid out of a draw on the
17 respective Letter of Credit.

18
19
20 (iii) Pursuant to the terms of an agreement among the
21 Debtor and each of the Letter of Credit Issuing Banks (the "LC Bank Agreement") that was
22 approved by order of the Bankruptcy Court entered on June 17, 2002, the Letter of Credit Issuing
23 Banks have agreed, among other things and subject to certain conditions, to (A) maintain each of
24 the Letters of Credit outstanding in the stated amounts set forth on Exhibit 2 attached hereto, (B)
25 not provide the Trustee with notice of any default under any of the Reimbursement Agreements
26 or non-reinstatement of any of the Letters of Credit or take any other action which would result

1 in the mandatory tender or redemption, either in whole or in part, of any of the outstanding Letter
2 of Credit Backed PC Bonds without the prior written consent of the Debtor, and (C) extend the
3 expiration date of each of the Letters of Credit to the first business day subsequent to the one (1)
4 year anniversary of the expiration date of each Letter of Credit existing as of the Petition Date;
5 provided, however, that each Letter of Credit Issuing Bank is only obligated to undertake or
6 refrain from undertaking those actions set forth in clauses (A) and (B) immediately above until
7 the earlier of (i) the last interest payment date on the related series of Letter of Credit Backed PC
8 Bonds immediately preceding the expiration date of such Letter of Credit, as such expiration date
9 shall be extended in accordance with the terms of the LC Bank Agreement, or (ii) the occurrence
10 of a "Termination Event" (as such term is defined in the LC Bank Agreement). In consideration
11 for such forbearance and other actions by the Letter of Credit Issuing Banks, the Debtor shall,
12 subject to certain terms and conditions as set forth in the LC Bank Agreement, pay to each Letter
13 of Credit Issuing Bank, (1) during the period from and after June 17, 2002 and continuing until
14 July 1, 2002, quarterly, in arrears, the Letter of Credit fee as set forth in the respective
15 Reimbursement Agreement (the "Original Letter of Credit Fee"), together with an amount equal
16 to the positive difference, if any, of an amount per annum equal to two percent (2%) of the Stated
17 Amount of the Letter of Credit, less the Original Letter of Credit Fee, which total fee accrues
18 from and after December 1, 2001 and until July 1, 2002, and has been payable on the same dates
19 as are set forth for payment of Letter of Credit Fees in the applicable Reimbursement Agreement,
20 and (2) during the period from and after July 1, 2002 and continuing until the Effective Date,
21 quarterly, in arrears, the Original Letter of Credit Fee, together with an amount equal to the
22 positive difference, if any, of an amount per annum equal to three percent (3%) of the Stated
23 Amount of the Letter of Credit, less the Original Letter of Credit Fee, which total fee accrues
24 from and after July 1, 2002 until the Effective Date, and shall be payable on the same dates as
25 are set forth for payment of Letter of Credit Fees in the applicable Reimbursement Agreement
26
27
28

(the Original Letter of Credit Fee together with such additional sums being hereinafter referred to collectively as the "Forbearance, Extension and Letter of Credit Fees"). Additionally, pursuant to the terms of the LC Bank Agreement, the Debtor has agreed, among other things and subject to certain conditions, to pay to Deutsche Bank AG New York Branch an agency fee in the amount of \$250,000, which fee was paid by the Debtor on June 18, 2002.

(c) Impairment and Voting. Class 4e is impaired by the Plan. Each holder of an Allowed Letter of Credit Bank Claim is entitled to vote to accept or reject the Plan.

4.11 Class 4f - Prior Bond Claims:

(a) Allowance. The Prior Bond Claims shall be deemed Allowed Prior Bond Claims in the amount of \$453,550,000, plus any and all other accrued and unpaid amounts due by the Debtor under the terms of each of the Prior Reimbursement Agreements; provided, however, that each Allowed Prior Bond Claim will be paid in the amount necessary to render it unimpaired as set forth herein.

(b) Distributions. Each Allowed Prior Bond Claim will be reinstated and rendered unimpaired in accordance with section 1124(2) of the Bankruptcy Code. On the Effective Date one of the following shall occur with respect to each Prior Reimbursement Agreement and all of the Allowed Prior Bond Claims arising with respect thereto:

(i) Each holder of an Allowed Prior Bond Claim will be paid Cash in an amount equal to (A) the outstanding Reimbursement Obligation, or portion thereof, owing to such holder, (B) any and all accrued and unpaid interest owing to such holder in respect of such Reimbursement Obligation or applicable portion thereof at a fluctuating rate of interest in accordance with the terms of the applicable Reimbursement Agreement, and (C) all other amounts due and owing to the respective holder of an Allowed Prior Bond Claim under the terms of the respective Prior Reimbursement Agreement, through the Effective Date.

(ii) Alternatively, upon the written request of the Debtor, with the prior written consent of the respective Prior Letter of Credit Issuing Bank, the related Banks

and each of the other holders of Allowed Prior Bond Claims related thereto, each such holder of an Allowed Prior Bond Claim will be paid Cash in an amount equal to (A) any and all accrued and unpaid interest owing to such holder in respect of the Reimbursement Obligation or applicable portion thereof owing to such holder at a fluctuating rate of interest in accordance with the terms of the applicable Reimbursement Agreement, and (B) all other amounts (other than the Reimbursement Obligation or applicable portion thereof) due and owing to the respective holder of an Allowed Prior Bond Claim under the terms of the respective Prior Reimbursement Agreement, through the Effective Date. On the Effective Date, the applicable Prior Letter of Credit Issuing Bank, the related Banks and any other holders of Allowed Prior Bond Claims related thereto shall sell, transfer and assign to the Debtor or its assignee, all of the Prior Letter of Credit Issuing Banks', the applicable Banks', and all of the related Allowed Prior Bond Claim holders' rights, title and interest in the applicable Prior Reimbursement Agreement, including, but not limited to, the right to receive repayment of the Related Reimbursement Obligation, together with the right to receive payment of interest thereon as set forth in the applicable Prior Reimbursement Agreement, free and clear of all liens. In such event, on the Effective Date, the Debtor or its assignee shall purchase from the Prior Letter of Credit Issuing Bank, the related Banks and the holders of the related Allowed Prior Bond Claims, all of their rights, title and interests in the applicable Prior Reimbursement Agreement for a purchase price in Cash in an amount equal to the respective Reimbursement Obligation. All of the documents related to the transfer and sale of rights under the Prior Reimbursement Agreement shall be in form and content satisfactory to the Debtor, the Prior Letter of Credit Issuing Bank, the related Banks and each of the other holders of Allowed Prior Bonds Claims related thereto.

(c) Impairment and Voting. Class 4f is unimpaired by the Plan. Each holder of an Allowed Prior Bond Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.12 Class 4g - Treasury PC Bond Claims:

(a) Allowance. The Treasury PC Bond Claims shall be deemed Allowed Treasury PC Bond Claims in the amount of \$80,770,000, plus accrued and unpaid pre-

1 petition interest on such amount, plus Allowed Claims in the amount of all unpaid fees and
2 expenses of the related Issuer and Bond Trustee accrued through the Petition Date under the
3 terms of the applicable PC Bond Documents.

4 (b) Reinstatement of Claims. Each series of Treasury PC Bonds, and
5 the Loan Agreements and PC Bond Documents related thereto, shall remain outstanding and be
6 reinstated in accordance with section 1124(2) of the Bankruptcy Code. Each holder of a
7 Treasury PC Bond shall be paid Cash in an amount equal to any and all accrued and unpaid
8 interest owed to such holder in respect of such Treasury PC Bond in accordance with the terms
9 thereof to and including the last scheduled interest payment date preceding the Effective Date.
10 All unpaid fees and expenses of the Issuer and Bond Trustee due and owing under the applicable
11 Loan Agreement shall also be paid in Cash.

12 (c) Impairment and Voting. Class 4g is unimpaired by the Plan. Each
13 holder of an Allowed Treasury PC Bond Claim is conclusively presumed to have accepted the
14 Plan and is not entitled to vote to accept or reject the Plan.

15 4.13 Class 5 - General Unsecured Claims.

16 (a) Distributions. Each holder of an Allowed General Unsecured
17 Claim shall be paid Cash in an amount equal to such Allowed Claim (which shall include pre-
18 petition interest only to the extent not previously paid).

19 (b) Impairment and Voting. Class 5 is impaired by the Plan. Each
20 holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject the Plan.

21 4.14 Class 6 - ISO, PX and Generator Claims.

22 (a) Distributions. Each holder of an Allowed ISO, PX and Generator
23 Claim shall be paid Cash in an amount equal to such Allowed Claim (which shall include pre-
24 petition interest only to the extent not previously paid).

25 (b) Impairment and Voting. Class 6 is impaired by the Plan. Each
26 holder of an Allowed ISO, PX and Generator Claim is entitled to vote to accept or reject the
27 Plan.

28 4.15 Class 7 - ESP Claims.

Doc#: NY6: 199145_7

- 47 -

1 (a) Distributions. Each holder of an Allowed ESP Claim shall be paid
2 Cash in an amount equal to such Allowed Claim (which shall include pre-petition interest only to
3 the extent not previously paid).

4 (b) Impairment and Voting. Class 7 is impaired by the Plan. Each
5 holder of an Allowed ESP Claim is entitled to vote to accept or reject the Plan.

6 4.16 Class 8 - Environmental, Fire Suppression, Pending Litigation, Tort and
7 FERC License Claims.

8 (a) Distributions. Subject to Section 4.16(b), each Allowed
9 Environmental, Fire Suppression, Pending Litigation, Tort and FERC License Claim shall be
10 satisfied in full in the ordinary course of business at such time and in such manner as the Debtor
11 or the Reorganized Debtor, as the case may be, is obligated to satisfy such Allowed Claim under
12 applicable law. Except as provided under applicable non-bankruptcy law, Post-Petition Interest
13 will not be paid on Allowed Environmental, Fire Suppression, Pending Litigation, Tort and
14 FERC License Claims.

15 (b) Liquidation of Environmental, Fire Suppression, Pending
16 Litigation, Tort and FERC License Claims. All Environmental, Fire Suppression, Pending
17 Litigation, Tort and FERC License Claims are Disputed Claims and shall be determined,
18 resolved, or adjudicated, as the case may be, in a manner as if the Chapter 11 Case had not been
19 commenced (except that, under sections 365 and/or 1123(b)(2) of the Bankruptcy Code,
20 contractual provisions, accelerations and defaults eliminated or rendered unenforceable by such
21 sections shall remain eliminated or unenforceable, and the stay shall remain in place for any

22 Environmental, Fire Suppression, Pending Litigation, Tort and FERC License Claims as to
23 which sections 365 and/or 1123(b)(2) of the Bankruptcy Code are applicable) and shall survive
24 the Effective Date as if the Chapter 11 Case had not been commenced and, upon the
25 determination, resolution or adjudication of any such Claim as provided herein, such Claim shall
26 be deemed to be an Allowed Environmental Claim, Allowed Fire Suppression Claim, Allowed
27 Pending Litigation Claim, Allowed Tort Claim or Allowed FERC License Claim, as the case
28 may be, in the amount or in the manner determined by a Final Order or by a binding award,

Doc#: NY6: 199145_7

- 48 -

1 agreement, or settlement; provided, however, that in addition to the Debtor's preservation of all
2 rights and defenses respecting any Environmental Claim, Fire Suppression Claim, Pending
3 Litigation Claim, Tort Claim or FERC License Claim that exist under applicable nonbankruptcy
4 law, (i) any rejection, avoidance, recovery or other power or defense available to the Debtor
5 under section 365, 510 (except subordination), 542, 543, 544, 545, 547, 548, 549, 550, 553 or
6 724 of the Bankruptcy Code is preserved, except with respect to any Environmental Order, and
7 (ii) the Debtor may object under section 502 of the Bankruptcy Code to any Environmental
8 Claim, Fire Suppression Claim, Pending Litigation Claim, Tort Claim or FERC License Claim
9 on the ground that (A) such Environmental Claim, Fire Suppression Claim, Pending Litigation
10 Claim, Tort Claim or FERC License Claim was not timely asserted in the Chapter 11 Case, (B)
11 such Environmental Claim, Fire Suppression Claim, Pending Litigation Claim, Tort Claim or
12 FERC License Claim is subject to any power or defense reserved in clause (i) of this sentence
13 and/or is disallowable under section 502(d) of the Bankruptcy Code, or (C) such Environmental
14 Claim, Fire Suppression Claim, Pending Litigation Claim, Tort Claim or FERC License Claim is
15 disallowable under section 502(e) of the Bankruptcy Code, to the extent such section is relied on
16 to ensure that there is no duplication in the claim of an allegedly subrogated claimant, on the one
17 hand, and the underlying claimant whose claim allegedly gave rise to the subrogated claim, on
18 the other. Subject to the foregoing, all Environmental, Fire Suppression, Pending Litigation,
19 Tort and FERC License Claims shall be determined and liquidated under applicable
20 nonbankruptcy law in the administrative or judicial tribunal in which they are pending as of the
21 Effective Date or, if no such action is pending on the Effective Date, in any administrative or
22 judicial tribunal of appropriate jurisdiction (other than the Bankruptcy Court). To effectuate the
23 foregoing, the entry of the Confirmation Order shall, effective as of the Effective Date, constitute
24 a modification of any stay or injunction under the Bankruptcy Code that would otherwise
25 preclude the determination, resolution, or adjudication of any Environmental Claims, Fire
26 Suppression Claims, Pending Litigation Claims, Tort Claims or FERC License Claims, except
27 for any Environmental Claim, Fire Suppression Claim, Pending Litigation Claim, Tort Claim or
28 FERC License Claim arising out of the exercise by the Debtor, as Debtor-in-Possession, of any

Doc#: NY6: 199145_7

- 49 -

1 rejection, avoidance, recovery, or other power or defense available to it pursuant to any one or
2 more of sections 365, 510 (except subordination), 542, 543, 544, 545, 547, 548, 549, 550, 553 or
3 724 of the Bankruptcy Code, except with respect to any Environmental Order. Nothing
4 contained in this section 4.16(b) will constitute or be deemed to constitute a waiver or release of
5 any (i) claim, right or Cause of Action that the Debtor or Reorganized Debtor may have against
6 any Person or Governmental Entity in connection with or arising out of any Environmental, Fire
7 Suppression, Pending Litigation, Tort and FERC License Claims, including, but not limited to,
8 any rights under Section 157(b) of Title 28, United States Code, or (ii) defense in any action or
9 proceeding in any administrative or judicial tribunal, including, but not limited to, with respect to
10 the jurisdiction of such administrative or judicial tribunal, except a defense to a Claim that was
11 timely filed in the Chapter 11 Case and that constitutes an Environmental Claim, a Fire
12 Suppression Claim, a Pending Litigation Claim, a Tort Claim or a FERC License Claim, where
13 such defense is based on the discharge of section 1141(d) of the Bankruptcy Code. In light of
14 the unimpaired pass-through treatment of Environmental Claims, Fire Suppression Claims,
15 Pending Litigation Claims, Tort Claims and FERC License Claims hereunder, the Reorganized
16 Debtor waives the discharge of section 1141(d) of the Bankruptcy Code as to any Claim that was
17 timely filed in the Chapter 11 Case and that constitutes an Environmental Claim, a Fire
18 Suppression Claim, a Pending Litigation Claim, a Tort Claim or a FERC License Claim.
19 As to any consent decree, injunction, cleanup and abatement order or any other
20 administrative or judicial order or decree binding upon the Debtor and in effect as of the
21 Effective Date (whether originating before or after the Petition Date) that pertains to any
22 environmental matter described in clauses (a) through (c) of the definition of Environmental
23 Claim herein (each an "Environmental Order"), each such Environmental Order, regardless of
24 whether it constitutes or is characterized as an Environmental Claim, shall also survive the
25 Effective Date as if the Chapter 11 Case had not been commenced, shall not be discharged under
26 section 1141(d) of the Bankruptcy Code, and shall not otherwise be adversely affected by the
27 Chapter 11 Case (except for any objection to such Environmental Claim based on the contention
28

Doc#: NY6: 199145_7

- 50 -

1 that such Environmental Order is an Environmental Claim that was not timely asserted in the
2 Chapter 11 Case).
3 (c) Impairment and Voting. Class 8 is unimpaired by the Plan. Each
4 holder of an Allowed Environmental, Fire Suppression, Pending Litigation, Tort or FERC
5 License Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to
6 accept or reject the Plan.

7 4.17 [Intentionally Left Blank].

8 4.18 Class 10 - Convenience Claims.

9 (a) Distributions. Each holder of an Allowed Convenience Claim
10 shall be paid Cash in an amount equal to one hundred percent (100%) of such Allowed Claim.

11 (b) Impairment and Voting. Class 10 is unimpaired by the Plan. Each
12 holder of an Allowed Convenience Claim is conclusively presumed to have accepted the Plan
13 and is not entitled to vote to accept or reject the Plan.

14 4.19 Class 11 - QUIDS Claims.

15 (a) Allowance. The QUIDS Claims shall be deemed Allowed QUIDS
16 Claims in the amount of \$300,000,000, plus accrued and unpaid pre-petition interest on such
17 amount.

18 (b) Distributions. Each holder of an Allowed QUIDS Claim shall be
19 paid Cash in an amount equal to such Allowed Claim.

20 (c) Impairment and Voting. Class 11 is impaired by the Plan. Each
21 holder of an Allowed QUIDS Claim is entitled to vote to accept or reject the Plan.

22 4.20 Class 12 - Workers' Compensation Claims.

23 (a) Distributions. Each Allowed Workers' Compensation Claim
24 arising prior to the Petition Date shall be satisfied in full in the ordinary course of business at
25 such time and in such manner as the Debtor or the Reorganized Debtor, as the case may be, is
26 obligated to satisfy such Allowed Claim under applicable law. Post-Petition Workers'

27 Compensation Claims are treated as Administrative Expense Claims herein and shall receive the
28 same pass-through treatment as Workers' Compensation Claims arising prior to the Petition

1 Date. Except as provided under applicable non-bankruptcy law, Post-Petition Interest will not be
2 paid on any Workers' Compensation Claims. Nothing herein shall affect (i) the subrogation
3 rights, to the extent applicable or available, of any surety of pre-petition or post-petition
4 Workers' Compensation Claims or (ii) the rights of the Debtor to object, pursuant to the
5 Bankruptcy Code, to the existence of any such subrogation rights.
6 (b) Impairment and Voting. Class 12 is unimpaired under the Plan.
7 Each holder of an Allowed Workers' Compensation Claim is conclusively presumed to have
8 accepted the Plan and is not entitled to vote to accept or reject the Plan.

9 4.21 Class 13 - Preferred Stock Equity Interests.

10 (a) Treatment. Each holder of a Preferred Stock Equity Interest shall
11 retain its Preferred Stock in the Reorganized Debtor and shall be paid in Cash any dividends and
12 sinking fund payments accrued in respect of such Preferred Stock through the last scheduled
13 payment date prior to the Effective Date.

14 (b) Impairment and Voting. While the Proponents believe that Class
15 13 is unimpaired by the Plan, certain holders of Preferred Stock Equity Interests may believe that
16 Class 13 is impaired by the Plan. To avoid delaying the voting process, holders of Preferred
17 Stock Equity Interests are being solicited to vote on the Plan as a precautionary measure so that
18 the voting results will be available if it is determined by the Bankruptcy Court that such Class is
19 impaired. Allowing the holders of Preferred Stock Equity Interests to vote shall be without
20 prejudice to the Proponents' contention that this Class is unimpaired and the Proponents reserve
21 the right to contest any objection to the unimpaired status of this Class.

22 4.22 Class 14 - Common Stock Equity Interests.

23 (a) Treatment. The holders of Common Stock Equity Interests shall
24 retain their interests in the Common Stock.

25 (b) Impairment and Voting. Class 14 is unimpaired by the Plan.
26 Each holder of an Allowed Common Stock Equity Interest is conclusively presumed to have
27 accepted the Plan and is not entitled to vote to accept or reject the Plan.

ARTICLE V

PROVISIONS REGARDING VOTING AND DISTRIBUTIONS UNDER THE PLAN AND TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED ADMINISTRATIVE EXPENSE CLAIMS, CLAIMS AND EQUITY INTERESTS

5.1 Voting of Claims and Equity Interests. Each holder of record as of the Voting Record Date of an Allowed Claim or Equity Interest in an Impaired Class of Claims or Equity Interests set forth in Article IV hereof shall be entitled to vote separately to accept or reject the Plan with regard to each Impaired Class of Claims or Equity Interests as provided in the Procedures Order. If the Debtor objects to a Claim, the Claim becomes a Disputed Claim. The holder of a Disputed Claim is not entitled to vote on the Plan unless the Debtor or such holder of the Disputed Claim obtains an order of the Bankruptcy Court estimating the amount of the Disputed Claim for voting purposes. If the Debtor does not object to a Claim prior to the date on which the Disclosure Statement and the Ballot are transmitted to creditors and interest holders for voting, then the holder of such Claim will be permitted to vote on the Plan in the full amount of the Claim as filed.

5.2 Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018 or as to which no vote is cast shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

5.3 Nonconsensual Confirmation. If any Impaired Class of Claims or Equity Interests entitled to vote shall not accept the Plan by the requisite statutory majorities provided in section 1126(c) of the Bankruptcy Code, then the Proponents reserve the right to amend the Plan in accordance with Section 11.10 hereof or to undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code, or both.

5.4 Method of Distributions Under the Plan.
(a) Disbursing Agent. All distributions under the Plan shall be made by the Debtor as Disbursing Agent or such other Entity designated by the Proponents as

A Disbursing Agent shall not be required to provide any bond, surety or other security for the performance of its duties, unless otherwise ordered by the Bankruptcy Court; and, in the event that a Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond, surety or other security shall be borne by the Debtor.

(b) Distributions to Holders as of the Distribution Record Date.

(i) Subject to Bankruptcy Rule 9010, all distributions under the Plan shall be made (A) to the holder of each Allowed Claim or Equity Interest at the address of such holder as listed on the Debtor's Bankruptcy Schedules as of the Distribution Record Date, unless the Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a timely proof of Claim or Equity Interest by such holder that provides an address for such holder different from the address reflected on the Debtor's Bankruptcy Schedules, or (B) pursuant to the terms of a particular indenture of the Debtor or in accordance with other written instructions of a trustee under such indenture.

(ii) As of the close of business on the Distribution Record Date, the claims register and records of the stock transfer agent shall be closed, and there shall be no further changes in the record holder of any Claim or Equity Interest. The Debtor shall have no obligation to recognize any transfer of any Claim or Equity Interest occurring after the Distribution Record Date. The Debtor shall instead be authorized and entitled to recognize and deal for all purposes of the Plan with only those record holders stated on the claims register or the records of the stock transfer agent as of the close of business on the Distribution Record Date.

(c) Distributions of Cash. Any payment of Cash made by the Debtor pursuant to the Plan shall, at the Debtor's option, be made by check drawn on a domestic bank or wire transfer.

(d) Timing of Distributions. Except as otherwise set forth in the Plan, payments and distributions to holders of Allowed Claims or Equity Interests on the Effective Date shall be made on the Effective Date, or as soon as practicable thereafter. Any payment or