

1 [PG&E Bankruptcy.]

2

3 **Resolution urging the City Attorney to oppose the PG&E Reorganization Plan.**

4

5 WHEREAS, Pacific Gas & Electric Company (PG&E) filed a voluntary bankruptcy
6 petition on April 6, 2001; and,

7 WHEREAS, PG&E has proposed a Plan of Reorganization (Plan) that is contrary to the
8 public interest in that it harms the interests of San Francisco, other municipalities, PG&E
9 ratepayers, and the environment; and,

10 WHEREAS, PG&E's Plan violates a number of state laws, including laws designed to
11 protect the environment, consumers, and municipal finances; and,

12 WHEREAS, PG&E's Plan requires the disaggregation of PG&E into four companies—
13 E-Trans, G-Trans, Gen and Reorganized PG&E—who will perform the electric transmission,
14 gas transmission, generation, and distribution functions currently performed by PG&E; and,

15 WHEREAS, The assets currently used by PG&E to provide transmission and
16 generation service to ratepayers will be transferred to E-Trans, G-Trans and Gen; and,

17 WHEREAS, E-Trans, G-Trans, and Gen, and the assets transferred to them by PG&E,
18 will not be subject to regulation by the California Public Utilities Commission (CPUC); and,

19 WHEREAS, After the disaggregation and transfer of assets, Reorganized PG&E will be
20 spun-off from the corporate family and will remain a separate entity, unaffiliated with E-Trans,
21 G-Trans, Gen, or its current parent, PG&E Corp.; and,

22 WHEREAS, Reorganized PG&E will contract with E-Trans, G-Trans, and Gen for the
23 services PG&E now provides; and,

24

25

1 WHEREAS, PG&E's Plan harms consumers by transferring assets dedicated to and
2 necessary for serving ratepayers to unaffiliated companies for insufficient consideration and
3 without review or mitigation of environmental impacts; and,

4 WHEREAS, Transfer of PG&E's hydroelectric and nuclear generating facilities to Gen
5 risks electric reliability and violates state law that prohibits the sale or transfer of utility
6 generating assets; and

7 WHEREAS, PG&E's Plan further harms ratepayers by requiring an increase in the cost
8 of generation, which Reorganized PG&E must purchase from Gen, for at least 12 years after
9 the Plan is implemented; and,

10 WHEREAS, Under PG&E's Plan, San Francisco's long-term contract with PG&E for
11 wheeling services will be retained by the Reorganized PG&E even though a substantial
12 portion of the services provided to San Francisco under that contract are electric transmission
13 services that the Reorganized PG&E will not be able to provide; and,

14 WHEREAS, Under PG&E's Plan, Reorganized PG&E will contract with E-Trans to
15 provide the transmission services required by its contract with San Francisco; and,

16 WHEREAS, San Francisco's costs under the contract will likely increase due to the
17 duplication of administrative and overhead costs by two companies and due to the anticipated
18 future business activities of E-Trans; and,

19 WHEREAS, service to San Francisco under the contract will likely become less
20 efficient and more burdensome because service will be split between two companies; and,

21 WHEREAS, The CPUC has submitted an alternative plan of reorganization that
22 complies with environmental and consumer protection laws and does not require the
23 disaggregation of PG&E; and,

24 WHEREAS, The Bankruptcy Court will conduct a trial on each of the plans to determine
25 the feasibility and lawfulness of each plan; now, therefore, be it

1 RESOLVED, That the Board of Supervisors urges the City Attorney to oppose the
2 PG&E Plan before the Bankruptcy Court; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors urges the City Attorney and
4 other City departments to take all appropriate steps to prevent approval and implementation of
5 PG&E's Plan.

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25