

FILE NO. 010281

RESOLUTION NO. 137-01

1 [Transfer of PG&E Revenues.]

2 **Resolution urging the California Public Utilities Commission to clarify its order establishing**
3 **PG&E Corp. as the holding corporation of PG&E to require that PG&E Corp. provide cash to**
4 **PG&E to allow it to meet its obligations to provide reliable electricity service at reasonable rates**
5 **[and further urging the Federal Energy Regulation Commission to reverse its ruling to allow ring**
6 **fencing of PG&E's NEG Group].**

7
8 WHEREAS, The residents and business of the City and County of San Francisco are facing a
9 mounting energy crisis with substantial increases in their PG&E energy bills and threats of rolling
10 blackouts and curtailment of services by PG&E; and,

11 WHEREAS, PG&E claims that the high cost of purchasing energy to serve its customers has
12 pushed it to the brink of bankruptcy and that PG&E cannot obtain the credit it requires from private
13 sources to meet its obligations; and,

14 WHEREAS, On January 30, 2001, Barrington-Wellesley Group, Inc. completed a thorough
15 review of the financial condition Pacific Gas and Electric Company (the "PG&E Audit") for the
16 California Public Utilities Commission (the "CPUC") and the CPUC released the results to the public;
17 and,

18 WHEREAS, The PG&E Audit discloses that since 1997 PG&E has generated substantial
19 amounts of cash from its operations and financing activities and provided substantial sums to its parent
20 holding company, PG&E Corp., but neither the parent company nor any other affiliates have provided
21 any cash to PG&E; and,

22 WHEREAS, The PG&E Audit demonstrates that from 1997 to 1999 PG&E transferred to its
23 parent company, PG&E Corp. \$4 billion in profits, and during the same period, PG&E Corp. invested
24 \$0.8 billion in its other subsidiaries, \$2.7 billion to buy back its stock from the public and \$1.5 ^{billion} to pay
25 dividends to its shareholders; and,

2/20/01
rt
Supervisors
Mark Leno, Sophie Maxwell, Aaron Peskin, McGoldrick, Ammiano, Daly,
Board of Supervisors

1 WHEREAS, The PG&E Audit further discloses that in the first 9 months of 2000, PG&E
2 generated \$1.8 billion in cash, of which it transferred \$632 million to its parent company for common
3 stock repurchases from the public and shareholder dividends; and,

4 WHEREAS, Provisions in the CPUC order approving the formation of the PG&E Corp.
5 holding company ((CPUC D. 96-11-017, dated November 6, 1996, Paragraph 17) require that PG&E
6 Corp.'s Board of Directors give first priority to PG&E's capital requirements to meet its obligation to
7 serve; and

8 WHEREAS, As the PG&E Audit indicates there were strong indications over 18 months ago
9 that California might face the energy crisis it now confronts, and yet PG&E did not undertake any cash
10 conservation efforts until December 2000, and thus failed to comply with the CPUC order; and,

11 WHEREAS, On December 28, 2000, the profitable PG&E affiliated companies in the
12 National Energy Group ("NEG"), including the generation companies, quietly filed an application with
13 the Federal Energy Regulation Commission ("FERC") to protect their assets from any potential
14 bankruptcy of PG&E through "ring fencing," and FERC, with virtually no public input, approved the
15 application; now, therefore, be it

16 RESOLVED, That the City and County of San Francisco urges the CPUC to clarify its order to
17 require that PG&E Corp. meet its obligations provide cash to PG&E to meet its obligation to serve its
18 customers by providing a reliable supply of energy at reasonable rates; **and, be it**

19 **FURTHER RESOLVED, That the City and County urges FERC to reverse its ruling approving**
20 **NEG's ringfencing application, and the City and County supports the California Attorney**
21 **General in his efforts to challenge that FERC approval.**

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Mark Leno, Sophie Maxwell, Aaron Peskin
Board of Supervisors



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
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Tails

Resolution

File Number: 010281

Date Passed:

Resolution urging the California Public Utilities Commission to clarify its order establishing PG&E Corp. as the holding corporation of PG&E to require that PG&E Corp. provide cash to PG&E to allow it to meet its obligations to provide reliable electricity service at reasonable rates and further urging the Federal Energy Regulation Commission to reverse its ruling to allow ring fencing of PG&E's NEG Group.

February 20, 2001 Board of Supervisors — SEVERED FROM FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA

February 20, 2001 Board of Supervisors — AMENDED

Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, McGoldrick, Leno, Newsom, Peskin, Sandoval, Yee

Absent: 1 - Maxwell

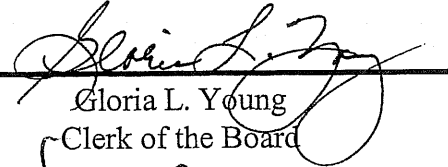
February 20, 2001 Board of Supervisors — ADOPTED AS AMENDED

Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, McGoldrick, Leno, Newsom, Peskin, Sandoval, Yee

Absent: 1 - Maxwell

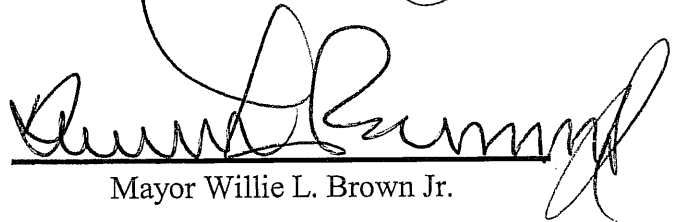
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I hereby certify that the foregoing Resolution was **ADOPTED AS AMENDED** on February 20, 2001 by the Board of Supervisors of the City and County of San Francisco.


Gloria L. Young
Clerk of the Board

MAR 02 2001

Date Approved


Mayor Willie L. Brown Jr.