

1 possession.² Only on rare occasions will the court appoint a trustee to run the business
2 of a Chapter 11 debtor.³ Once the company enters bankruptcy, however, the duty of the
3 debtor-in-possession is to maximize the value of the bankruptcy estate primarily for the
4 benefit of the debtor's unsecured creditors.

5 In general, the debtor-in-possession may continue to make management decisions in the
6 ordinary course of business without obtaining court approval. Actions not in the ordinary
7 course of business generally require court approval.

8 An official committee of unsecured creditors is appointed to represent the interests of
9 unsecured creditors generally in the bankruptcy reorganization case. The debtor is
10 obligated to pay the legal and other professional fees incurred by this committee.

11 However, a committee representing ratepayers is ordinarily not appointed. Ratepayers
12 have no special priority in bankruptcy and, at least one court has suggested they are not
13 creditors.⁴ Typically the state regulatory commission may appear and be heard as a party
14 in interest in the bankruptcy case along with the many other parties in interest.

15 Filing for bankruptcy triggers the "automatic stay" which generally enjoins all actions
16 against the debtor to recover on its financial obligations or to make recovery against
17 property of the estate.⁵ Certain regulatory actions are exempted from the automatic stay,⁶
18 although the Bankruptcy Court has power to issue separate injunctions to protect the

² See 11 U.S.C. §§ 1107, 1108.

³ See 11 U.S.C. § ~~1104~~ 1108.

⁴ See *In re Pacific Gas & Electric Co.*, No. 01-30923, Memorandum Decision Regarding Motion For Order Vacating Appointment of Committee of Ratepayers (Bankr. N.D. Cal. May 18, 2001) (Docket No. 599).

⁵ See 11 U.S.C. § 362(a).

⁶ See 11 U.S.C. § 362(b)(4).