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5 Proposed Special Counsel for Pacific Gas and  
Electric Company, Debtor and Debtor in Possession  
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8 **UNITED STATES BANKRUPTCY COURT**  
9 **NORTHERN DISTRICT OF CALIFORNIA**  
10 **SAN FRANCISCO DIVISION**

11 In re ) Case No. 01-30923-DM  
12 PACIFIC GAS AND ELECTRIC COMPANY, ) Chapter 11 Case  
a California corporation, )  
13 Debtor. ) [No Hearing Scheduled]  
14 Federal I.D. No. 94-0742640 )  
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17 **SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S**  
18 **COVER SHEET APPLICATION FOR ALLOWANCE AND**  
19 **PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT**  
**OF EXPENSES FOR THE PERIOD APRIL 6, 2001 THROUGH JULY 31, 2001**

20 Skadden, Arps, Slate, Meagher & Flom LLP (the "Firm") submits its Cover Sheet  
21 Application (the "Application") for Allowance and Payment of Interim Compensation and  
22 Reimbursement of Expenses for the Period April 6, 2001 through July 31, 2001 (the "Application  
23 Period"). In support of the Application, the Firm respectfully represents as follows:

24 1. The Firm is special regulatory counsel to Pacific Gas and Electric  
25 Company, the debtor and debtor in possession in the above-referenced bankruptcy case (the  
26 "Debtor"). The Firm hereby applies to the Court for allowance and payment of interim  
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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S COVER SHEET FEE APPLICATION FOR ALLOWANCE  
AND PAYMENT OF INTEREIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD  
APRIL 6, 2001 THROUGH JULY 31, 2001

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1 compensation for services rendered and reimbursement of expenses incurred during the  
2 Application Period.

3 2. The Firm billed a total of \$412,199.69 in fees and expenses during the  
4 Application Period. The total fees represent 1308.43 hours expended during the period covered  
5 by this Application. These fees and expenses break down as follows:

6 Period	Fees	Expenses	Total
7 April 6 2001 through 8 July 31, 2001	\$152,460.00	\$19,722.38	\$172,182.28
9 July 1, 2001 through July 31, 2001	\$230,503.05	\$9,514.36	\$240,017.41

10 3. Accordingly, the Firm seeks allowance of interim compensation in the  
11 amount of a total of \$362,378.23 at this time. This total is comprised as follows: \$333,141.59  
12 (90% of the fees for services rendered through June 30, 2001 and 85% of the fees for services  
13 rendered for the month of July 2001)<sup>1</sup> plus \$29,236.64 (100% of the expenses incurred).

14 4. The Firm has not received any payment for post-petition services to date.

15 5. Excluding amounts owed under this Application, the Firm is not owed any  
16 post-petition holdback or portion of fees for which it has received an objection.

17 6. With regard to the copies of this Application served on counsel for the  
18 Committee, counsel for the Debtor and the Office of the United States Trustee, attached as  
19 Exhibit 1 hereto is the name of each professional who performed services in connection with this  
20 case during the period covered by this Application and the hourly rate for each such professional;  
21 and (b) attached as Exhibit 2 are the detailed time and expense records for the Application Period  
22 that comply with all Northern District of California Bankruptcy Local Rules and Compensation  
23 Guidelines and the Guidelines of the Office of the United States Trustee.

24 7. The Firm has served a copy of this Application on the Special Notice List  
25 in this case.

26 \_\_\_\_\_  
27 <sup>1</sup> Payment of this amount would result in a "holdback" of \$49,821.46.

1                   8.     In accordance with this Court's "ORDER ESTABLISHING INTERIM  
2 FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered  
3 on or about July 25, 2001, the Debtor is authorized to make the payment requested herein  
4 without a further hearing or order of this Court unless an objection to this Application is filed  
5 with the Court by the Debtor, the Committee or the United States Trustee and served by the  
6 fifteenth day of the month following the service of this Application. If such an objection is filed,  
7 Debtor is authorized to pay the amounts, if any, not subject to the objection. The Firm is  
8 informed and believes that this Cover Sheet Application was mailed by first class mail, postage  
9 prepaid, on or about August 30, 2001.

10                   9.     The interim compensation and reimbursement of expenses sought in this  
11 Application is on account and is not final. Upon the conclusion of this case, the Firm will seek  
12 fees and reimbursement of the expenses incurred for the totality of the services rendered in this  
13 case. Any interim fees or reimbursement of expenses approved by this Court and received by the  
14 Firm will be credited against such final fees and expenses as may be allowed by this Court.

15                   10.    The Firm represents and warrants that its billing practices comply with all  
16 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and the  
17 Guidelines of the Office of the United States Trustee. Neither the Firm nor any members of the  
18 Firm has any agreement or understanding of any kind or nature to divide, pay over or share any  
19 portion of the fees or expenses to be awarded to the Firm with any other person or attorney  
20 except as among the members and associates of the Firm.

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WHEREFORE, the Firm respectfully requests that the Debtor pay compensation to the Firm as requested herein in accordance with the terms of the "ORDER ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE."

Dated: August 30, 2001

SKADDEN, ARPS, SLATE, MEAGHER & FLOM  
LLP

By: Richard Levin by JE  
Richard Levin and Jamie L. Edmonson  
Special Regulatory Counsel to Debtor and  
Debtor in Possession