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Special Counsel for Debtor in Possession
Pacific Gas and Electric Company

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,

Chapter 11 Case

Debtor.

[No Hearing Scheduled]

Federal I.D. No. 94-0742640

**HELLER EHRMAN WHITE & MCAULIFFE LLP'S COVER SHEET
APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
JULY 1, 2001, THROUGH JULY 31, 2001**

Heller Ehrman White & McAuliffe LLP (the "Firm") submits its Cover Sheet Application (the "Application") for Allowance and Payment of Interim Compensation and Reimbursement of Expenses for the Period July 1, 2001, through July 31, 2001 (the "Application Period"). In support of the Application, the Firm respectfully represents as follows:

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1 1. The Firm is Special Counsel to Pacific Gas and Electric Company, debtor and
2 debtor-in-possession in the above-referenced bankruptcy case (the "Debtor"). The Firm hereby
3 applies to the Court for allowance and payment of interim compensation for services rendered
4 and reimbursement of expenses incurred during the Application Period.

5 2. The Firm billed a total of \$499,292.45 in fees and expenses during the
6 Application Period. The total fees represent 1848 hours expended during the Application
7 Period. These fees and expenses break down as follows:

8 Period	Fees	Expenses	Total ¹
9 7/1/01 – 7/31/01	\$470,967.70	\$28,324.75	\$499,292.45

10 3. Accordingly, the Firm seeks allowance of interim compensation in the total
11 amount of \$452,195.68 at this time. This total is comprised as follows: \$423,870.93 (90% of
12 fees incurred during the Application Period)² plus \$28,324.75 (100% of the expenses incurred).

13 4. To date, the Firm is owed as follows (excluding amounts owed pursuant to this
14 Application):

21 ¹ \$1,980 in fees reflected on the time and expense statements attached as Exhibit 2 was incurred
22 in June 2001; \$463.98 in expenses reflected on the attached time and expense statements was incurred
23 in May and June 2001. Those amounts were not included on the time and expense statements for May
24 and June 2001.

25 ² Payment of this amount would result in a "holdback" of \$47,096.77, equal to 10% of the
26 Firm's fees for services rendered during the Application Period.
27
28

Application Period	Amount	Description
First (4/6/01 – 6/30/01)	\$1,680,167.26	The total amount of fees and expenses for the first Application Period, for which the Firm has not been paid. To date, the Firm has not been paid for the post-petition period. ³
Total Owed to Firm to Date	\$1,680,167.26	

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

6. The Firm has served a copy of this Application (without Exhibits) on the Special Notice List in this case.

7. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered on or about July 26, 2001, the Debtor is authorized to make the payment requested herein without

³ On December 19, 2000, Debtor paid to the Firm an advance payment (the "Retainer"), pursuant to written agreement providing that such Retainer would not apply to current billings, but would instead apply to the Firm's unpaid fees and expenses in the event Debtor failed to make payment in the ordinary course. Pursuant to the written agreement between Debtor and the Firm, the Retainer is to be applied by the Firm to unpaid pre-petition fees and expenses on hourly rate engagements (including fees and expenses accrued between April 1 and the Petition Date). Consistent with that agreement, the Retainer has not been applied to the Firm's post-petition fees and expenses, and the balance of the Retainer shall continue to be held by the firm as a "Post-Petition Retainer" on the terms described in the Application of Debtor in Possession for Authority to Employ Heller Ehrman White & McAuliffe LLP as Special Counsel and the Declaration of Marie L. Fiala in Support of Application of Debtor in Possession for Authority to Employ Heller Ehrman White & McAuliffe LLP as Special Counsel, filed with this Court on April 17, 2001.

1 a further hearing or order of this Court unless an objection to this Application is filed with the
2 Court by the Debtor, the Committee or the United States Trustee and served by the fifteenth
3 day of the month following the service of this Application. If such an objection is filed, Debtor
4 is authorized to pay the amounts, if any, not subject to the objection. The Firm is informed and
5 believes that this Cover Sheet Application was mailed by first class mail, postage prepaid, on
6 or about August 30, 2001.

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

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

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

23 DATED: August 30, 2001

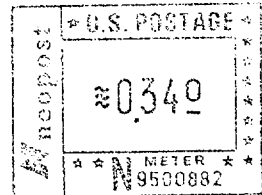
24 HELLER EHRMAN WHITE & McAULIFFE LLP

25
26 By Marie L. Fiala
27 MARIE L. FIALA
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