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50-275/323

7 Special Counsel to Debtor in Possession
PACIFIC GAS AND ELECTRIC COMPANY

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

12 In re
13 PACIFIC GAS AND ELECTRIC
14 COMPANY, a California corporation,
15 Debtor.

16 Federal I.D. No. 94-0742640

Case No. 01 30923 DM

Chapter 11 Case

**KEKER & VAN NEST, L.L.P.'S FIRST
INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF
INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR
THE PERIOD APRIL 6, 2001 TO JULY
31, 2001**

Judge: HON. DENNIS MONTALI

[No Hearing Scheduled]

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1 Name of Applicant Keker & Van Nest, L.L.P.
 2 Authorized to Provides Professional Services Pacific Gas and Electric Company, debtor and
 3 to: debtor in possession
 4 Date of Retention Order: June 11, 2001
 5 Period for Which Compensation and Reimbursement is Sought: April 1, 2001 through July 31, 2001
 6 Amount of Compensation Sought as Actual, Reasonable and Necessary: \$218,413.46
 7
 8 Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary: \$ 11,844.84
 9 This is an: X Interim Final application
 10 Prior Application: None
 11

12 **TIME SUMMARY TO KEKER & VAN NEST, L.L.P.'S**
 13 **FIRST INTERIM FEE APPLICATION FOR ALLOWANCE**
 14 **AND PAYMENT OF INTERIM COMPENSATION AND**
 15 **REIMBURSEMENT OF EXPENSES FOR THE PERIOD**
 16 **APRIL 1, 2001 THROUGH JULY 31, 2001**

<u>Name</u> ¹	<u>Year of Admission</u>	<u>Rate</u> ²	<u>Hours</u>	<u>Amount</u>
<u>Partners:</u>				
Robert A. Van Nest	1978	\$517.00	151.625	\$ 78,481.99
James M. Emery	1991	\$350.00	20.025	\$ 7,087.50
Steven A. Hirsch	1994	\$300.00	187.047	\$ 55,125.00
Total Partners				\$140,694.49
<u>Associates:</u>				
G. Whitney Leigh	1991	\$280.00	72.775	\$20,377.00
Roy L. Austin	2000	\$252.00	98.625	\$24,886.48

26 ¹ The resume for each attorney is attached as Exhibit 1 to this Application. (This exhibit is not
 27 attached to the service copies of this document. You may obtain copies of this exhibit in one of
 the following way: through the Keker & Van Nest website at www.kvn.com.

28 ² On June 1, 2001, KVN changed its standard hourly rates. The hourly rate shown in this column
 represents each professional's "blended" rate for the period covered by this Application.

<u>Name¹</u>	<u>Year of Admission</u>	<u>Rate²</u>	<u>Hours</u>	<u>Amount</u>
Clement S. Roberts	2000	\$215.00	128.075	\$27,681.17
Total Associates				\$72,944.65
<u>Paraprofessionals:</u>				
Veronica M. Fujisawa	N/A	\$140.00	2.050	\$ 350.0
Paula F. Lichtenberg	N/A	\$ 90.00	.075	\$ 67.50
Brian D. Loper	N/A	\$125.00	34.375	\$ 4,296.82
Elizabeth A. Campbell	N/A	\$ 80.00	.075	\$ 60.00
Total Paraprofessionals				\$ 4,774.32
<u>GRAND TOTAL</u>				\$218,413.46

DISBURSEMENTS

Computer Legal Reasearch	\$6,797.01
Copying Charges	\$1,579.60
Courier/Express/Postage	\$1,711.85
Business Travel, Lodging, Meals, Parking	\$ 725.02
Professional Fees (Infotreive, Inc., Boalt Express, Integral Solutions, video conferencing)	\$ 794.80
Conference calls	\$ 192.16
PCerks	\$ 44.40
CLIENT TOTAL	\$11,844.84

23 Keker & Van Nest, L.L.P. ("KVN") submits this application under 11 U.S.C. § 330 and
24 Fed. R. Bankr. P. 2016 for compensation for the services that it performed as special counsel to
25 Pacific Gas and Electric Company, debtor and debtor in possession in this case ("PG&E" or the
26 "Debtor"), from April 1, 2001 through July 31, 2001 (the "Application Period"), and for
27 reimbursement of its charges and disbursements during that period. KVN submits this
28 Application for (a) allowance of reasonable compensation for professional services rendered by

1 KVN and (b) reimbursement of actual and necessary charges and disbursements incurred by
2 KVN in rendering professional services on behalf of Debtor.

3 INTRODUCTION

4 PG&E is a utility providing gas and electric services to more than 4.5 million customers
5 in Central and Northern California, serving a population of approximately 13 million. The
6 Debtor employs over 19,000 people and has in excess of 30,000 trade creditors. On April 6,
7 2001 (the "Petition Date"), PG&E filed its Chapter 11 petition. PG&E continues to operate its
8 business in the ordinary course of a debtor in possession under Sections 1107(a) and 1008 of the
9 Bankruptcy Code.

10 **A. Retention of KVN**

11 PG&E applied to retain KVN to act as its special regulatory counsel in this Chapter 11
12 case, in accordance with section 327(e) of the Bankruptcy Code (the "Retention Application") to
13 represent the Debtor with respect to a task on which KVN had been retained by the Debtor prior
14 to commencement of this case. That task ("the Matter") requires KVN to consider and analyze
15 potential litigation between PG&E and other parties concerning excessive charges for electric
16 power in the California electric-power market. Because no action has been filed and all
17 communications regarding the Matter are privileged, PG&E and KVN cannot publicly disclose
18 any additional information about the Matter. If the Court believes that it needs additional
19 information, KVN can submit that information to the Court, under seal, pursuant to Federal Rule
20 of Bankruptcy Procedure 9018.

21 On June 11, 2001 the Court entered its Order approving PG&E's retention of KVN as
22 special counsel in this case.

23 **B. Compliance With Guidelines**

24 Applicant's billing practices and hourly rates are identical for bankruptcy and non-
25 bankruptcy clients (of which PG&E is the only one). The costs charged to PG&E are either
26 identical to or less than the costs charged to non-bankruptcy clients.

27

28

1 **C. 2016 Compensation Statement**

2 KVN has agreed not to share any compensation awarded with any other person and the
3 source of any award authorized will be estate funds.

4 **D. Summary of Services**

5 The events encompassing the Debtor's bankruptcy case are set out in the application of
6 the Debtor's general bankruptcy counsel, Howard, Rice, Nemerovski, Canady, Falk & Rabkin
7 ("Howard Rice"). During the Application Period, KVN has considered and analyzed potential
8 litigation between PG&E and other parties concerning excessive charges for electric power in the
9 California electric-power market. As part of that task, KVN has worked with experts and with
10 other counsel to PG&E who are pursuing other remedies for the excessive charges.

11 **E. Compensation Requested**

12 KVN's fees for its services rendered during the Application Period are \$218,413.46. In
13 addition, KVN seeks reimbursement of \$11,844.84 in charges and disbursements actually
14 incurred during the Application Period, for a total of \$230,258.30. The firm does not hold a
15 prepetition retainer.

16 KVN requests that the Court (i) approve this Application in full and (ii) authorize and
17 direct the Debtor to pay KVN all amounts requested in this Application.

18 **I.**

19 **INFORMATION REQUIRED BY BANKRUPTCY**
20 **RULES AND GUIDELINES**

21 **A. Brief History of Present Posture of the Case and Significant Events During**
22 **Application Period**

23 On April 6, 2001, PG&E filed its Chapter 11 petition. The significant events occurring
24 during the Application Period are set out in Howard Rice's fee application.

25 KVN has worked with PG&E in connection with considering and analyzing potential
26 litigation between PG&E and other parties concerning excessive charges for electric power in the
27 California electric-power market. As part of that task, KVN also has worked with experts and
28 with other counsel to PG&E who are pursuing other remedies for the excessive charges.

KVN expects that it will continue to assist the Debtor in connection with the Matter.

1 **B. Listing of Amount of Fees and Expenses Previously Requested, Approved, and**
2 **Received**

3 **1. The Court's Order Approving KVN's Retention**

4 This Court granted PG&E's application for authorization to retain KVN as its special
5 counsel on June 11, 2001. The firm's services began on August 30, 2000.

6 **2. The Request for Compensation for the First Interim Period**

7 By this Application, KVN seeks approval of compensation and reimbursement of
8 expenses in the total amount of \$230,258.56, which consists of \$218,413.46 in fees and
9 \$11,844.84 in costs and disbursements for the period April 6, 2001 through July 31, 2001.

10 **C. Major Activity Codes Used**

11 KVN has been engaged in only a single Matter, described above. Accordingly, all time
12 has been billed to that Matter, and no activity codes were necessary or employed.

13 **D. Time Records**

14 KVN has filed separately the detailed time records in support of this Application. KVN's
15 time records consist of chronological time records showing individual professional's services on
16 a particular date, the time devoted to those services, and month summaries.

17 **E. Client Declaration**

18 KVN delivered the text of this Application to PG&E's management before the filing.
19 PG&E has previously received and reviewed monthly invoices for the period covered by this
20 Application and did not object to the amounts set forth in those invoices. KVN will file and
21 serve PG&E's declaration as soon as it is available.

22 **II.**

23 **NARRATIVE STATEMENT OF SERVICES RENDERED**
24 **AND TIME EXPENDED FOR EACH CATEGORY**

25 During the Application Period, KVN considered and analyzed potential litigation
26 between PG&E and other parties concerning excessive charges for electric power in the
27 California electric-power market. As part of that task, KVN worked with experts and with other
28 counsel to PG&E who are pursuing other remedies for the excessive charges.

KVN is assisting the Debtor in dealing with ongoing, highly sensitive and confidential

1 matters. As a consequence, Applicant is unable to specify in great detail the services it is
2 providing to the Debtor, as doing so could seriously compromise Debtor's future business and
3 legal strategy. Applicant would be pleased to provide the Court with additional details of the
4 services its is providing to the Debtor *in camera* or by some other mechanism that will ensure the
5 maintenance of Debtor's confidential information.

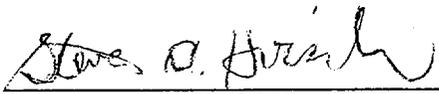
6 **III.**

7 **EXPENSES**

8 KVN charges clients \$0.10 per page for copying and no charge for incoming facsimiles.
9 For outgoing facsimiles, KVN charges its actual telephone charges, as reflected in its phone bill.
10 KVN bills each client's telephone and postage charges at cost. For computer-assisted research,
11 the firm takes the total flat rate that it pays every month, discounts that amount to reflect *pro*
12 *bono* and other nonbillable usage, and then allocates the remainder to each client based on its
13 percentage of the remaining usage for that month.

14 Dated: September 24, 2001

KEKER & VAN NEST, L.L.P.

15
16 By: 
17 STEVEN A. HIRSCH
18 Special Counsel to Debtor in Possession
19 PACIFIC GAS AND ELECTRIC
20 COMPANY
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1 **PROOF OF SERVICE**

2 I am employed in the City and County of San Francisco, State of California in the office of a
3 member of the bar of this court at whose direction the following service was made. I am over the
4 age of eighteen years and not a party to the within action. My business address is Keker & Van
Nest, LLP, 710 Sansome Street, San Francisco, California 94111.

5 On September 25, 2001, I served the following document(s):

6 **KEKER & VAN NEST L.L.P.'S FIRST INTERIM FEE APPLICATION**
7 **FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION**
8 **AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD APRIL 6,**
2001 TO JULY 31, 2001

9 by **FEDERAL EXPRESS**, by placing a true and correct copy in a sealed envelope addressed as shown
10 below. I am readily familiar with the practice of Keker & Van Nest, LLP for correspondence for delivery
by FedEx Corporation. According to that practice, items are retrieved daily by a FedEx Corporation
employee for overnight delivery.

11 Patricia A. Cutler, Assistant U.S. Trustee
12 Stephen L. Johnson, Trial Attorney
13 Edward G. Myrtle, Trial Attorney
14 U.S. Department of Justice
Office of the U.S. Trustee
15 250 Montgomery Street, Suite 1000
San Francisco, CA 94104

Paul S. Aronzon
Robert J. Moore
Milbank, Tweed, Hadley & McCloy
601 South Figueroa Street
Los Angeles, CA 90017

16 James L. Lopes
17 William J. Lafferty
18 Howard, Rice, Nemerovsky,
Canady, Falk & Rabkin
19 Three Embarcadero Center
Seventh Floor
20 San Francisco, CA 94111

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On this date a detailed time and expense statement for the Application Period complying with all Northern District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the Office of the United States Trustee and the First Interim Fee Application was served *by electronic transmission* on the following:

U.S. Department of Justice
Office of the U.S. Trustee
250 Montgomery Street, Suite 1000
San Francisco, CA 94104
michael.sorgaard@usdoj.gov
stephen.johnson2@usdoj.gov

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on September 25, 2001, at San Francisco, California.



GLORIA A. PETERSON