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5 Proposed Special Counsel for Pacific Gas and
6 Electric Company, Debtor and Debtor in Possession

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,)
13 a California corporation,) Chapter 11 Case
14 Debtor.) [No Hearing Scheduled]
15 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**
20 **OF EXPENSES FOR THE PERIOD AUGUST 1, 2001 THROUGH AUGUST 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 August 1, 2001 through August 31, 2001 (the
23 "Application 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 INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
AUGUST 1, 2001 THROUGH AUGUST 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 \$270,266.16 in fees and expenses during the
4 Application Period. The total fees represent 852.25 hours expended during the period covered by
5 this Application. These fees and expenses break down as follows:

6	7	8	9
Period	Fees	Expenses	Total
August 1, 2001 through August 31, 2001	\$249,078.75	\$21,187.41	\$270,266.16

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11 3. Accordingly, the Firm seeks allowance of interim compensation in the
12 total amount of \$232,904.35 at this time. This total is comprised as follows: \$211,716.94 (85%
13 of the fees for services rendered)¹ plus \$21,187.41 (100% of the expenses incurred).

14 4. For the post-petition period, the Firm has been paid to date as follows:

15	16	17	18
Application Period	Amount Applied For	Description	Total
April 6 2001 through June 30, 2001	\$172,182.28	90% of fees and 100% of expenses	\$137,214.00
July 1, 2001 through July 31, 2001	\$ 240,017.41	85% of fees and 100% of expenses	\$195,927.60

19 5. To date, the Firm is owed as follows (excluding amounts owed under this
20 Application):

21	22	23
Application Period	Amount	Description
First (April 6, 2001 through July 31, 2001)	\$79,058.10	10% fee holdback for April 6, 2001 through June 30, 2001, 15% fee holdback for July 1, 2001 through July 31, 2001, and 100% of expenses, for which the Debtor has requested additional information.

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27 ¹ Payment of this amount would result in a "holdback" of \$37,361.81.

1	Total Owed to Firm to Date	\$79,058.10	
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3 6. With regard to the copies of this Application served on counsel for the
4 Committee, counsel for the Debtor and the Office of the United States Trustee, attached as
5 Exhibit 1 hereto is the name of each professional who performed services in connection with this
6 case during the period covered by this Application and the hourly rate for each such professional;
7 and (b) attached as Exhibit 2 are the detailed time and expense records for the Application Period
8 that comply with all Northern District of California Bankruptcy Local Rules and Compensation
9 Guidelines and the Guidelines of the Office of the United States Trustee.

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

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

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

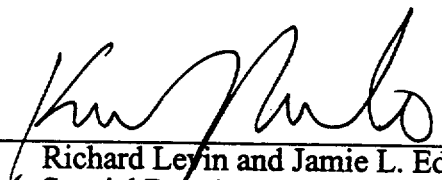
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10. The Firm represents and warrants that its billing practices comply with all Northern District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the Office of the United States Trustee. Neither the Firm nor any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

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."

October 1, 2001
Dated: September __, 2001

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
LLP

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