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50-275/323

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 Period	7 Fees	8 Expenses	9 Total
10 August 1, 2001 11 through August 31, 12 2001	\$249,078.75	\$21,187.41	\$270,266.16

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

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

17 Application Period	18 Amount Applied For	19 Description	20 Total
21 April 6 2001 through 22 June 30, 2001	\$172,182.28	90% of fees and 100% of expenses	\$137,214.00
23 July 1, 2001 through 24 July 31, 2001	\$ 240,017.41	85% of fees and 100% of expenses	\$195,927.60

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

27 Application Period	28 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.

<sup>1</sup> 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.

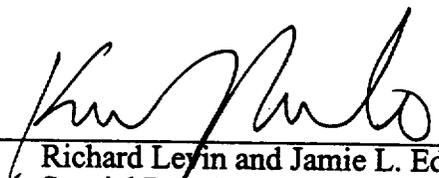
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10. The Firm represents and warrants that its billing practices comply with all Northern District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the Office of the United States Trustee. Neither the Firm nor any 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