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6 Special Counsel for Debtor in Possession  
7 PACIFIC GAS AND ELECTRIC COMPANY

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

12 In re	Case No.: 01-30923 DM
13	
14 PACIFIC GAS AND ELECTRIC	Chapter 11 Case
15 COMPANY, a California corporation,	
16 Debtor.	[No Hearing Scheduled]
17 Federal I.D. No. 94-0742640	
18	

20 **HELLER EHRMAN WHITE & McAULIFFE LLP'S COVER SHEET**  
21 **APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM**  
22 **COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD**  
23 **SEPTEMBER 1, 2001, THROUGH SEPTEMBER 30, 2001**

23 Heller Ehrman White & McAuliffe LLP (the "Firm" or "Heller Ehrman") submits its  
24 Cover Sheet Application (the "Application") for Allowance and Payment of Interim  
25 Compensation and Reimbursement of Expenses for the Period September 1, 2001, through  
26 September 30, 2001 (the "Application Period"). In support of the Application, the Firm  
27 respectfully represents as follows:

28  
Heller  
Ehrman  
White &  
McAuliffe LLP

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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  
3 hereby applies to the Court for allowance and payment of interim compensation for services  
4 rendered and reimbursement of expenses incurred during the Application Period.

5           2.       The Firm billed a total of \$465,742.39 in fees and expenses during the  
6 Application Period. The total fees represent 1,571.50 hours expended during the  
7 Application Period. These fees and expenses break down as follows:

8           Period	Fees	Expenses	Total
9           9/1/01 – 9/30/01	\$446,183.60	\$19,529.19	\$465,712.79

10  
11           3.       Accordingly, the Firm seeks allowance of interim compensation in the total  
12 amount of \$398,784.91 at this time. This total is comprised as follows: \$379,255.72 (85%  
13 of the fees incurred during the Application Period)<sup>1</sup> plus \$19,529.19 (100% of the expenses  
14 incurred).

15           4.       For the post-petition period, the Firm has been paid to date as follows<sup>2</sup>:

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18           <sup>1</sup> Payment of this amount would result in a "holdback" of \$66,927.54, equal to 15%  
19 of the Firm's fees for services rendered during the Application Period.

20           <sup>2</sup> On December 19, 2000, PG&E paid a retainer to Heller Ehrman in the amount of  
21 \$350,000. Pursuant to written agreement between the parties dated December 19, 2000, the  
22 retainer is not to apply to current billings in the ordinary course, but instead is to apply to  
23 Heller Ehrman's unpaid fees and expenses in the event that PG&E fails to make payment in  
24 the ordinary course. By written agreement dated April 5, 2001, the parties modified that  
25 arrangement to authorize Heller Ehrman to apply the retainer to payment of unpaid pre-  
26 petition fees and expenses on matters that are subject to an hourly billing arrangement. The  
27 foregoing arrangement was approved by this Court in its June 4, 2001, Order Authorizing  
28 Debtor to Employ Heller Ehrman as Special Counsel (Apr. 17, 2001); *see also* PG&E's  
Application to Employ Heller Ehrman as Special Counsel ¶¶ 9-10 (Apr. 17, 2001);  
Declaration of Marie L. Fiala in Support of Application ¶ 9 (Apr. 8, 2001). As of the date of  
submission of this Cover Sheet Application, Heller Ehrman has applied \$153,148.07 of the  
retainer to a portion of its unpaid pre-petition fees and expenses on hourly rate engagements.  
Heller Ehrman continues to hold a retainer balance of \$196,851.93.

Application Period	Amount Applied For	Description	Amount Paid
4/6/01 – 7/31/01 (first post-petition interim fee application period)	\$2,264,794.01	100% of fees and 100% of expenses	\$1,675,475.94
8/1/01 – 8/31/01 (August 2001 cover sheet application period)	\$ 507,687.35	85% of fees and 100% of expenses	\$ 507,687.35
Total	\$2,772,481.36		\$2,183,163.29

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

Application Period	Amount	Description
First post-petition interim fee application period (first three months) (4/6/01-6/30/01)	\$325,006.30	(a) 10% fee holdback (\$156,206.94); plus (b) Unpaid fees for Matter No. 13779-0068 (\$65,259.56); <sup>3</sup> plus (c) Additional fees based on corrected billing rates (\$103,539.80) <sup>4</sup>
First post-petition interim fee application period (last month) (7/1/01-7/31/01)	\$264,308.77	(a) 10% fee holdback (\$47,096.77); plus (b) Unpaid fees for Matter No. 13779-0063 (\$186,482.24); <sup>3</sup> plus (c) Additional fees based on corrected billing rates (\$30,729.76)
August cover sheet application period (8/1/01-8/31/01)	\$ 83,901.32	15% fee holdback
Total Owed to Firm to Date	\$673,216.39	

6. 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

<sup>3</sup> Consists of original billed amount (\$108,365.60) less amount included in 10% fee holdback, which equals \$97,529.04, less adjustment of \$32,269.48 agreed to with client.

<sup>4</sup> The first and second Cover Sheet Applications submitted by Heller Ehrman inadvertently failed to reflect correct billing rates for a number of Heller Ehrman timekeepers on a number of matters. Heller Ehrman prepared revised timesheets reflecting the corrected rates, which were submitted to the Court with Heller Ehrman White & McAuliffe LLP's First Interim Fee Application for Allowance and Payment of Compensation and Reimbursement of Expenses for the Period April 6, 2001, Through July 31, 2001 (filed September 14, 2001) ("First Interim Fee Application"). A discussion of the changes to timekeeper rates is set forth in the First Interim Fee Application ¶¶ 68-71.

<sup>5</sup> Consists of original billed amount (\$230,333.60) less amount included in 10% fee holdback, which equals \$207,300.24, less adjustment of \$20,818.00 agreed to with client.

1 Local Rules and Compensation Guidelines and the Guidelines of the Office of the United  
2 States Trustee.

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

5 8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE  
6 APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered  
7 on or about July 26, 2001, the Debtor is authorized to make the payment requested herein  
8 without a further hearing or order of this Court unless an objection to this Application is  
9 filed with the Court by the Debtor, the Committee or the United States Trustee and served  
10 by the fifteenth day of the month following the service of this Application. If such an  
11 objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the  
12 objection. The Firm is informed and believes that this Cover Sheet Application was mailed  
13 by first class mail, postage prepaid, on or about October 30, 2001.

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

20 10. The Firm represents and warrants that its billing practices comply with all  
21 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and  
22 the Guidelines of the Office of the United States Trustee. Neither the Firm nor any  
23 members of the Firm has any agreement or understanding of any kind or nature to divide,  
24 pay over or share any portion of the fees or expenses to be awarded to the Firm with any  
25 other person or attorney 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 pursuant to and in accordance with the terms of the "ORDER ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE."

Dated: October 30, 2001

HELLER EHRMAN WHITE & McAULIFFE LLP

By:   
Adam M. Cole  
Special Counsel for Debtor in Possession  
PACIFIC GAS AND ELECTRIC COMPANY

