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6 Special Counsel for Debtor
PACIFIC GAS and ELECTRIC COMPANY

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

11 In re
12 PACIFIC GAS and ELECTRIC
13 COMPANY, a California Corporation,
14 Debtor.
15 Federal I.D. No. 94-0742640

50-275/323
Chapter 11
Case No. 01-30923 DM
SECOND INTERIM APPLICATION FOR
16 COMPENSATION AND EXPENSE
17 REIMBURSEMENT BY COOLEY GODWARD LLP,
18 SPECIAL COUNSEL
(August 1, 2001 through November 30, 2001)

Date: February 26, 2002
Time: 9:30 a.m.
Place: 235 Pine Street, 19th Floor
San Francisco, CA 94104
19 Judge: Dennis Montali

20 TO THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY JUDGE:

21 Pursuant to the Court's Order Establishing Interim Fee Application and Expense
22 Reimbursement dated July 26, 2001, as amended on November 8, 2001 ("Interim Fee Order"),
23 Sections 330 and 331 of Title 11 of the United States Bankruptcy Code ("Bankruptcy Code"), Rule
24 2016 of the Federal Rules of Bankruptcy Procedures, and the Bankruptcy Local Rules for the
25 Northern District of California, Cooley Godward LLP, special counsel for debtor Pacific Gas and
26 Electric Company ("Debtor") files this Second Interim Application for Compensation and Expense
27 Reimbursement ("Application") and respectfully represents:

28 ///

COOLEY GODWARD LLP
ATTORNEYS AT LAW
SAN FRANCISCO
715254 v1/SF
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2ND INTERIM FEE APPLICATION
CASE NO. 01-30923 DM

1.

1 I. INTRODUCTION

2 1. Debtor: On April 6, 2001 ("Petition Date"), Debtor filed a voluntary petition under
3 Chapter 11 of the Bankruptcy Code.

4 2. Employment: On May 8, 2001 and as amended on September 13, 2001, the Court
5 authorized the Debtor to employ the law firm of Cooley Godward LLP ("Applicant"), as its special
6 counsel herein ("Employment Order"), effective as of the Petition Date. A copy of the Employment
7 Order is attached as Exhibit A to the Declaration of Martin S. Schenker in Support of Cooley
8 Godward LLP's Second Interim Application for Compensation and Expense Reimbursement
9 ("Schenker Declaration").

10 3. Prior Compensation: On or about October 23, 2001, the bankruptcy Court approved
11 Applicant's First Interim Application for Compensation and Expense Reimbursement (April 6, 2001-
12 July 31, 2001). Pursuant to that order Applicant was paid by the Debtor \$294,349.00 in fees and
13 reimbursed the sum of \$10,856.04 in expenses. In addition to those amounts and in conformity with
14 the Interim Fee Order, through January 14, 2002, Applicant has been paid the additional sum of
15 \$657,429.11, representing 85% of fees incurred from August 1, 2001 through October 30, 2001 and
16 reimbursed approximately \$49,648.95, representing 100% of expenses incurred from August 1, 2001
17 through October 30, 2001, with a hold back of \$116,016.89 ("Holdback"). Pursuant to the terms of
18 the Interim Fee Order, Applicant has not yet received payment of fees and expenses for its November
19 2001 invoices.

20 4. Current Compensation: This is the Second Application for Interim Compensation and
21 Expense Reimbursement ("Application"). By this Application, Applicant requests interim
22 compensation in the amount of \$928,769.25¹ and expense reimbursement in the sum of \$52,714.20²,
23 which sums do not take into account the interim payments received pursuant to the Interim Fee Order
24 as described above. During the course of representing the Debtor from August 1, 2001 through
25

26 ¹ The total amount of fees is \$934,133.75. However, in compliance with the U.S. Trustee's Guidelines regarding
Travel, Applicant has deducted \$5,364.50 (one-half of the Travel fee amount) from the total amount of fees and is
requesting fees of \$928,769.25.

27 ² The total amount of expenses is \$54,930.54. However, in compliance with U.S. Trustee's Guidelines regarding
Word Processing, Applicant is deducting \$2,216.34 from the total amount of expenses and is requesting expenses of
28 \$52,714.20.

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2ND INTERIM FEE APPLICATION
CASE NO. 01-30923 DM

2.

Appl Add: Kids Ogc Mail Center

1 November 30, 2001 ("Second Interim Period"), Applicant performed the services described in this
2 Application and the time summaries attached to the Schenker Declaration, and summarized in the
3 statements set forth in Exhibits A and B attached to the "Time Records Exhibit for the Period
4 August 1, 2001 to November 30, 2001 by Cooley Godward LLP, Special Counsel" (hereinafter,
5 "Time Records Exhibit"). Applicant also incurred the actual and necessary expenses itemized in the
6 attached expense itemization as set forth in Exhibits B and C attached to the Time Records Exhibit.

7 5. **Compliance with Guidelines:** As a general rule, Applicant's billing practices and
8 hourly rates are identical for bankruptcy and non-bankruptcy clients. The expenses charged to
9 bankruptcy clients are either identical to or less than the expenses charged to non-bankruptcy clients.

10 6. **2016 Compensation Statement:** Applicant has agreed not to share any compensation
11 awarded with any other person and the source of any award authorized will be estate funds.

12 II. CURRENT SERVICES

13 A. Summary

14 The services rendered by Applicant during the Second Interim Period can be
15 grouped into the categories set forth below.³ The attorneys and paraprofessionals who rendered
16 services relating to each category are identified, along with the number of hours for each
17 individual and the total compensation sought for each category, in Exhibit A attached to the Time
18 Records Exhibit.

19 B. Case Administration

20 Applicant assisted the Debtor in monitoring certain aspects of the case as necessary to
21 carry out its responsibilities as Special Counsel to the Debtor.

22 For its services related to the above services, Applicant spent 0.80 hours, incurring
23 fees in the sum of \$88.00.

24 C. Fee/Employment Applications

25 Applicant reviewed and prepared its monthly fee statements, prepared, filed and

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

1 served monthly Notice Cover Sheet Applications for the months of August, September, October
2 and November 2001, reviewed applicable guidelines and orders in connection with this, adjusted
3 and organized its monthly statements in accordance with such guidelines, collected documentation
4 necessary for the Application, and began preparing this Application and the supporting
5 verification.

6 For its services related to the above services, Applicant spent 119.60 hours, incurring
7 fees in the sum of \$36,106.50 during the Second Interim Period.

8 D. Litigation

9 BFM Claim:

10 Applicant represents the Debtor in connection with Debtor's claims against the State
11 of California arising from the State's seizure of wholesale electricity contracts, known as Block
12 Forward Market Contracts ("BFM Contracts"). On or about January 31, 2001, Governor Gray
13 Davis, acting pursuant to an earlier declaration of emergency, issued an Executive Order seizing
14 the BFM Contracts from Debtor. These contracts gave Debtor the right to purchase electricity on
15 various future dates at fixed prices. When the wholesale price of electricity skyrocketed in late
16 2000, the BFM Contracts entitled Debtor to purchase wholesale electricity at prices far below the
17 then prevailing market prices and, as such, were valuable assets. In addition, the California Power
18 Exchange (the "PX"), a non-profit corporation that until recently administered California's
19 wholesale electricity market, along with various electricity generators that sold electricity into that
20 market, claimed an interest in the BFM Contracts and also asserted claims in connection with the
21 State's seizure of these contracts.

22 In March 2001, Debtor and the PX filed claims before the California Victim
23 Compensation and Government Claims Board ("the Board"), an administrative forum that has the
24 stated purpose of allowing the State an opportunity to investigate and settle claims prior to
25 litigation. Subsequently, numerous electricity generators who were participants in the PX filed
26 separate claims with the Board. At a May 18, 2001 hearing, the Board indicated it would reject the
27 claims on the non-substantive ground that the claims were unduly complex and thus more
28 appropriately litigated in Superior Court. Consequently, in July 2001, Debtor, the PX and one

1 electricity generator, Reliant Energy, filed separate inverse condemnation lawsuits. The Debtor
2 estimates its damages related to the State's seizure of the BFM Contracts at not less than
3 \$240,600,000.

4 In September 2001, the Board stated that it had elected not to reject the claims and
5 indicated that it would proceed with the claims. Applicant assisted the Debtor in the preparation of
6 a stipulation with PX, Reliant Energy and the State that the claims should be rejected and that the
7 claimants had exhausted their administrative remedies. The Board rejected the stipulation and
8 stated that it would proceed on certain, non-dispositive aspects of the claims. Debtor, the PX and
9 certain of the electricity generators advised the Board that it was acting in excess of its jurisdiction
10 by continuing the proceedings and engaging in certain other actions, such as authorizing the State
11 to conduct discovery. After the Board indicated that it would proceed notwithstanding the parties'
12 objections, Debtor and the PX filed a writ of mandate and request for a stay in Sacramento
13 Superior Court. The Superior Court granted a temporary stay and a hearing on the writ of mandate
14 is set for January 25, 2002.

15 In the meantime, the inverse condemnation lawsuits filed by the Debtor, the PX and
16 Reliant Energy were the subject of a motion to coordinate filed by the PX. While the motion to
17 coordinate was pending, the State filed a separate declaratory relief action in Sacramento Superior
18 Court that also sought a determination regarding the inverse condemnation claims. All four
19 actions have now been coordinated in Sacramento Superior Court.

20 Depending on the outcome of the hearing on Debtor's writ of mandate, the litigation
21 concerning the BFM Contracts could take 18 to twenty-four months or longer to complete.

22 For its services related to the above services, Applicant spent 568.50 hours, incurring
23 fees in the sum of \$167,362.50.

24 **DWR Litigation:**

25 In early 2001, the California Legislature passed and the Governor signed AB X1,
26 which authorized the California Department of Water Resources ("DWR") to enter into contracts for
27 the wholesale purchase of power and to resell that power directly to retail electric customers
28 throughout the State. This new statutory regime (i) authorizes DWR to issue a "revenue requirement"

1 identifying, among other things, the amount of money needed to pay for its actual and projected
2 electricity procurement costs; (ii) vests in DWR the California Public Utilities Commission's
3 ("CPUC's") traditional authority to determine the whether procurement costs and charges are "just and
4 reasonable"; and (iii) entitles DWR to recover its revenue requirement from California ratepayers.

5 On May 2, July 23 and August 7, 2001, DWR issued three separate revenue
6 requirements, pursuant to which DWR intends to bind California ratepayers to repay billions of
7 dollars of DWR's alleged power procurement costs. DWR issued these revenue requirements, and
8 determined that they were "just and reasonable," without providing prior notice to interested parties,
9 an opportunity to provide comments, or a public hearing on the reasonableness of the DWR's power
10 purchase costs. If the DWR's revenue requirement is excessive, California ratepayers, including
11 PG&E, will be forced to incur inflated electricity costs. To the extent that DWR's revenue
12 requirement is not passed on to ratepayers in the form of higher overall retail electricity rates, an
13 inflated revenue requirement will have the effect of diverting funds from Debtor to DWR.

14 Applicant performed services and advised the Debtor in connection with developing a
15 strategic plan and analyzing Debtor's legal options with respect to the DWR revenue requirement. On
16 August 21, 2001, Applicant filed in the Sacramento County Superior Court a Petition for Writ of
17 Mandate Or, in the Alternative, Writ of Administrative Mandamus. This Petition sought a writ
18 directing Respondent DWR and Thomas M. Hannigan, its Director, to vacate their decision
19 determining DWR's revenue requirement to be just and reasonable.

20 On November 5, 2001, DWR issued the fourth iteration of its revenue requirement,
21 which reduced the projection of DWR's power costs by more than \$3 billion. Notably, this reduction
22 principally resulted from DWR's downward revisions to forecasts of future energy costs. Debtor's
23 original petition had challenged these forecasts, alleging that "DWR has substantially overestimated
24 the forecast cost of spot power and natural gas purchases, . . . result[ing] in an overstatement of
25 DWR's revenue requirement for the remainder of 2001 and 2002 of roughly \$3.1 billion." This
26 multi-billion reduction directly benefits Debtor by reducing the amount of funds that DWR's actions
27 threaten to divert from Debtor. In its November 5 revenue requirement, however, DWR again refused
28 to provide PG&E and others access to information regarding the reasonableness of DWR's power

1 contracts, any justification concerning the reasonableness of these contracts or any description of
2 DWR's protocols for negotiating and entering into the contracts.

3 On December 5, Applicant filed an Amended Petition and Complaint. The Amended
4 Petition seeks a writ directing Respondents DWR and Hannigan to vacate their decision determining
5 DWR's November 5 revenue requirement to be just and reasonable, and directing them to comply
6 with the Administrative Procedure Act and other applicable protections in any future decisions. The
7 accompanying Complaint further seeks a judicial declaration that DWR's determination that its
8 revenue requirement is "just and reasonable."

9 For its services related to the above services, Applicant spent 472.65 hours, incurring
10 fees in the sum of \$160,434.50.

11 **Section 851 Matter:**

12 Applicant also represents the Debtor in proceedings that are currently pending
13 before the CPUC. The proceedings relate to the Debtor's compliance with California Public
14 Utilities Code Section 851, which requires that any public utility obtain approval from the CPUC
15 before encumbering utility property that may be necessary to provide service to the public. CPUC
16 General Order 69-C, however, permits a utility to grant a license, easement, or right of way for
17 "limited uses" without CPUC approval under Section 851 as long as the license or easement
18 contains certain specified conditions. There was a longstanding practice among utilities to grant
19 revocable licenses for utility property under General Order 69-C pending approval of a sale or
20 lease under Section 851. Until late 2000, the CPUC had approved such transactions without
21 comment or concern. In late 2000 and early 2001, the CPUC issued multiple decisions that raised
22 questions about the scope of the GO 69-C authorization.

23 On June 25, 2001 and July 26, 2001, the Debtor filed two applications for approval
24 of transactions that resulted in an encumbrance of utility property. In the first application, the
25 Debtor sought approval of three leases of utility property to CalPeak Power, LLC (the "CalPeak
26 Matter"). CalPeak Power intended to build new electric generation facilities on the leased
27 property. In the second application, the Debtor sought approval to grant two easements to Delta
28 Energy, LLC (the "Delta Matter"). The easements were necessary to provide natural gas to a new

1 electric generation facility and to connect the new electric generation facility to the Debtor's
2 Pittsburg substation. In the CalPeak and Delta Matters, the Debtor had granted a revocable license
3 and right of entry to Delta Energy and CalPeak Power, respectively, for preliminary work on the
4 projects prior to filing the application for approval of the easements and leases under Section 851.
5 On August 23, 2001, the CPUC approved both applications, but also concluded that the Debtor
6 may have violated Section 851 as well as certain CPUC rules and decisions by failing to seek
7 approval of the transactions before granting access to the utility property. The CPUC, therefore,
8 issued orders to show cause on the two applications.

9 The orders to show cause required the Debtor to produce essentially all documents
10 relating to the CalPeak and Delta Matters within two weeks and appear at a hearing to show cause
11 why the Debtor should not be subject to sanctions for allegedly violating Section 851 and other
12 CPUC rules and decisions. The CPUC consolidated the two order to show cause proceedings and
13 the Administrative Law Judge scheduled an evidentiary hearing for February 19, 2002 to
14 determine whether any violation occurred and whether the Debtor should be subject to sanctions.

15 During the Second Interim Period, Applicant has spent substantial time and effort to
16 defend Debtor in the order to show cause proceedings. First, as required by the orders to show
17 cause, Applicant reviewed and prepared for production tens of thousands of pages of documents,
18 most of which were single-page emails.⁴ Due to the nature of the documents requested by the
19 CPUC, this document review required a painstakingly thorough and careful privilege review and
20 preparation of extensive privilege logs. When completed, the Debtor produced thousands of
21 documents and filed privilege logs in excess of 450 pages.

22 Second, Applicant prepared and filed motions to have the order to show cause
23 proceedings re-categorized from "rate-setting proceedings" to "adjudicative proceedings."⁵ The
24

25 ⁴ Because of the short time period within which to produce the documents, a thorough substantive review of the
26 documents could not be completed at the same time as the privilege review. As discussed below, a more thorough
27 substantive review of the documents occurred after the privilege review and production to the CPUC. In addition,
28 the short time period for the production required significant staffing on the project.

⁵ Under Section 1701.1 of the Public Utilities Code, the CPUC must categorize each proceeding before it as either
"quasi-legislative," "rate-setting," or "adjudicative." The type of proceeding determines the rules and procedures
the CPUC must follow.

1 CPUC granted the motions, thereby affording the Debtor additional procedural safeguards.
2 Specifically, the re-categorization required the CPUC to provide a detailed specification of the
3 charges brought against the Debtor and all supporting evidence in advance of the hearing. In
4 addition, the re-categorization ensured that the CPUC would bear the burden of proof in the order
5 to show cause proceedings.

6 Third, Applicant prepared and filed Applications for Rehearing of the CPUC's
7 decisions on the Debtor's applications. Applicant was required to file the Applications for
8 Rehearing in order to preserve the right to seek a writ of review of the CPUC's decisions in the
9 California Court of Appeal. Cal. Pub. Util. Code § 1731(b). The Applications for Rehearing
10 required a review of all CPUC decisions interpreting or discussing General Order 69-C and
11 Section 851.

12 Fourth, Applicant initiated and is continuing a thorough factual investigation of the
13 alleged violations. The factual investigation has included a thorough review of tens of thousands
14 of documents, witness interviews, and visits to inspect the relevant properties. In addition to the
15 factual investigation, Applicant has also completed a significant amount of legal research to
16 develop various legal arguments in defense of the Debtor.

17 The services performed by Applicant on the 851 Matters during the Second Interim
18 Period have been necessary to defend the Debtor against the CPUC's efforts to collect significant
19 penalties. Although the CPUC has not yet articulated its position on sanctions in this case, in the
20 past the CPUC has relied on Public Utilities Code Section 2107 as a basis to sanction public
21 utilities. See, e.g., *Application for Authority Under Section 851 for Koch Pipeline Company, L.P.*
22 *to Sell Crude Oil Pipelines and Related Assets to EEOT Energy Pipeline*, 1999 Cal. P.U.C. LEXIS
23 498, *16-17 (Aug. 5, 1999).

24 In addition to the defense of the Debtor in the order to show cause proceedings,
25 Applicant has also advised the Debtor on numerous Section 851 compliance matters. As a result
26 of the recent CPUC decisions, which altered the permissible use of licenses and rights of way
27 under General Order 69-C, the Debtor reviewed its procedures and approach to Section 851
28 compliance. Applicant has provided advice on the interpretation of the recent CPUC decisions and

1 on the need to seek approval of several types of transactions.

2 For its services related to the above services, Applicant spent 1037.95 hours, incurring
3 fees in the sum of \$262,484.25.

4 E. Business Operations

5 Applicant performed various services and advised Debtor in connection with
6 matters relating to the California energy markets and the government's response to the energy
7 crisis. In response to the energy crisis, the California Legislature has restructured California's
8 electric industry in numerous ways, including: the enactment of AB X1, which (as discussed
9 above) authorized the DWR to temporarily purchase power on the wholesale market and resell that
10 power directly to Debtor's customers and divested the CPUC of its traditional authority to
11 determine whether procurement costs are "just and reasonable"; and the enactment of AB 6X,
12 which barred public utilities, including Debtor, from disposing of electric generation facilities prior
13 to January 1, 2006 and provided that such generation assets "remain dedicated to service for the
14 benefit of California ratepayers." The CPUC also continues to play an integral role in California's
15 restructured electricity markets. The manner in which this restructured market is implemented will
16 have an enormous financial effect on Debtor.

17 Applicant performed services and advised the Debtor in connection with developing
18 a strategic plan and analyzing Debtor's legal options with respect to the DWR revenue
19 requirement; a related rate agreement between DWR and CPUC, the recent Legislative enactments
20 and other facets of the restructured electricity market. To date, Debtor has not, except for the
21 litigation described above, commenced any litigation in connection with these potential claims.

22 Applicant also performed services and advised Debtor in connection with structuring
23 the relationship between the various components of Debtor that would be disaggregated and spun off
24 as part of Debtor's Plan of Reorganization. Specifically, Applicant provided preliminary advice to
25 Debtor's personnel responsible for managing Debtor's power distribution assets on the process by
26 which these assets could emerge as a stand alone company from a corporate contracts, corporate
27 governance and corporate securities perspective.

28 For its services related to the above services, Applicant spent 919.40 hours, incurring

1 fees in the sum of \$296,894.00.

2 **F. Plan and Disclosure Statement**

3 Applicant has spent a *de minimus* amount of time monitoring the status of a Plan and
4 Disclosure Statement.

5 For its services related to the above services, Applicant spent 0.10 hours, incurring
6 fees in the sum of \$35.00 during the Second Interim Period.

7 **G. Travel**

8 Various of Applicant's professionals were required to travel in connection with
9 providing services to the Debtor. This travel was primarily for the purpose of attending critical
10 meetings with the Debtor's representatives, experts, committees, and co-counsel.

11 For its services related to the above services, Applicant spent 30.00 hours, incurring
12 fees in the sum of \$10,729.00⁶ during the Second Interim Period.

13 **III. FUTURE SERVICES**

14 Applicant anticipates continuing to assist the Debtor in its dealings with the DWR, CPUC and
15 other administrative and regulatory bodies. Applicant will continue to represent the Debtor in
16 litigation and administrative matters concerning the BFM Contracts, the DWR litigation, the 851
17 matters and other litigation and/or administrative matters that are necessary and appropriate.

18 **IV. ESTABLISHMENT OF FEES**

19 "A compensation award based on a reasonable hourly rate multiplied by the number of hours
20 actually and reasonably expended is presumptively a reasonable fee." *In Re Manoa Finance*
21 *Company*, 853 F.2d. 687 (9th Cir. 1988). Establishing a reasonable hourly rate requires
22 consideration of market rates in the relevant community which are, in turn, at least partly a function of
23 the type of services rendered and the lawyer's experience, skill and reputation.

24 1. The members, associates, and paraprofessionals of Applicant who have rendered
25 professional services in this case are as follows: Stephen C. Neal, Samuel M. Livermore, J.
26 Michael Kelly, Deborah A. Marshall, Martin S. Schenker, John C. Dwyer, Jamie E. Chung, Linda

27 ⁶ The total amount of fees is \$934,133.75. However, in compliance with the U.S. Trustee's Guidelines regarding
28 Travel, Applicant has deducted \$5,364.50 (one-half of the Travel fee amount) from the total amount of fees and is
requesting fees of \$928,769.25.

1 F. Callison, Neal J. Stephens, James C. Maroulis, Lori E. Ploeger, Gregg S. Kleiner, Jeffrey S.
2 Karr, Patrick C. Pope, Cory E. Manning, Clay C. Wheeler, Maureen P. Alger, Wendy J. Brenner,
3 Karen S. Daly, Michele E. Moreland, Steven G. Sklaver, Susan L. Ruebush, Greg K. Klingsporn,
4 Alma L. (Liza) Prado, Peter T. Smith, Eric J. Steiner, Craig C. Daniel, John P. Kinsey, Angela L.
5 Mikels, B. Douglas Robbins, Susan E. Gonzalez, Joyce E. Stackpole, Daniel R. Kaleba, Kate J.
6 Rorrer, David D. Tull, Kris T. Cachia, Margaret Baer, Cornelius R. Bonner, Marjorie P. Wilbur,
7 Danielle A. Fluker, Kelly M. Tanisawa, Teresa M. Dippery, Sherlyn M. Takacs, Claire M.
8 Cochran, Gloria Torres, and Michael D. France.

9 2. Pursuant to Section (b)(3) of the United States Trustee's *Guidelines for Reviewing*
10 *Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330*, a
11 summary sheet of attorneys and paraprofessionals who have worked on this case, their status,
12 billing rate per hour, the total hours each devoted to the case and the total fees requested for each
13 professional, and summaries of the attorneys and paraprofessionals' qualifications are attached
14 hereto as Exhibit B to the Schenker Declaration.

15 **V. CONCLUSION AND PRAYER**

16 1. In performing the services described above during the Second Interim Period,
17 Applicant spent 3149.00 hours. Applicant believes that the sum of \$928,769.25⁷ is reasonable
18 compensation for its services, calculated on the basis of the hours and hourly rates listed in the
19 attached summary and the time summaries attached to the Declaration.

20 2. In performing its services during the same time period, Applicant incurred actual
21 and necessary expenses of \$52,714.20⁸. An itemized summary of these expenses is set forth on
22 Exhibit C to the Time Records Exhibit.

23 3. Kris Tsao Cachia is a paralegal who assisted Applicant in the preparation of this fee
24 Application. Ms. Cachia bills at the rate of \$130 per hour. Applicant submits that these efforts are

25 ⁷ The total amount of fees is \$934,133.75. However, in compliance with the U.S. Trustee's Guidelines regarding
26 Travel, Applicant has deducted \$5,364.50 (one-half of the Travel fee amount) from the total amount of fees and is
27 requesting fees of \$928,769.25.

28 ⁸ The total amount of expenses is \$54,930.54. However, in compliance with U.S. Trustee's Guidelines regarding
Word Processing, Applicant is deducting \$2,216.34 from the total amount of expenses and is requesting expenses of
\$52,714.20.

1 properly compensable under In Re Nucom Energy, Inc. 764 F.2d. 655 (9th Cir. 1985).

2 Approximate fees incurred in preparing this fee application are as follows: Gregg S. Kleiner -
3 \$2,130.00; and Kris Tsao Cachia - \$2,340.00.

4 4. Applicant's Second Fee Application, the Schenker Declaration, and Time Records
5 Exhibit were filed with the Court and served on or about January 14, 2002. Concurrently,
6 Applicant served the Second Fee Application on the parties listed on the Special Notice List.
7 Pursuant to paragraph 8 of the Interim Fee Order, the time records can be accessed by the public at
8 BMDS, 246 First Street, Suite 202, San Francisco, California 94105. In the event a party desires a
9 copy of the time records, that party should contact BMDS at the above address or telephonically at
10 (415) 371-0232 or by facsimile at (415) 371-1973.

11 **WHEREFORE**, Cooley Godward LLP, prays for interim compensation in the sum of
12 \$928,769.25⁹ and expense reimbursement in the sum of \$52,714.20¹⁰ for the Second Interim Period.

13 Dated: January 14, 2002

14 COOLEY GODWARD LLP

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16 By: 

17 J. Michael Kelly

18 Special Counsel for Debtor
19 PACIFIC GAS and ELECTRIC COMPANY
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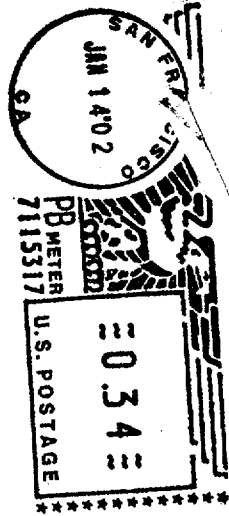
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