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7 Attorneys for Debtor and Debtor in Possession
8 PACIFIC GAS AND ELECTRIC COMPANY

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

12 In re

Case No. 01-30923 DM

13 PACIFIC GAS AND ELECTRIC
14 COMPANY, a California corporation,

Chapter 11 Case

15 Debtor.

[NO HEARING REQUESTED]

16 Federal I.D. No. 94-0742640

17 HOWARD, RICE, NEMEROVSKI, CANADY, FALK & RABKIN
18 COVER SHEET APPLICATION
19 FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION
20 AND REIMBURSEMENT OF EXPENSES FOR DECEMBER, 2001

20 Howard, Rice, Nemerovski, Canady, Falk & Rabkin (the "Firm") submits its
21 Cover Sheet Application (the "Application") for Allowance and Payment of Interim
22 Compensation and Reimbursement of Expenses for the Period December 1, 2001 through
23 December 31, 2001 (the "Application Period"). In support of the Application, the Firm
24 respectfully represents as follows:

25 1. The Firm is counsel to Pacific Gas and Electric Company, the debtor and
26 debtor-in-possession in the above-referenced bankruptcy case (the "Debtor"). The Firm
27 hereby applies to the Court for allowance and payment of interim compensation for services
28

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1 rendered and reimbursement of expenses incurred during the Application Period.

2 2. The Firm billed a total of \$879,188.74 in fees and expenses during the
3 Application Period. The total fees represent 2,926.40 hours expended during the Application
4 Period. These fees and expenses break down as follows:

5	6	7	8
Period	Fees	Expenses	Total
December, 2001	\$822,560.50 ¹	\$56,628.24	\$879,188.74

8
9 3. Accordingly, the Firm seeks allowance of interim compensation in the total
10 amount of \$755,804.67 at this time. This total is comprised as follows: \$699,176.43 (85% of
11 the fees for services rendered)² plus \$56,628.24 (100% of the expenses incurred).

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

13	14	15	16	17
Application Period	Amount Applied For	Description	Amount Paid	
April, 2001	\$ 929,737.50	100% of unpaid fees	\$ 522,147.53 ³	
May, 2001	\$1,573,804.00	100% of fees and 100% of expenses	\$1,573,804.00	
June, 2001	\$1,080,764.49	100% of fees and 100% of expenses	\$1,080,764.49	
July, 2001	\$1,062,170.75	100% of fees and 100% of expenses	\$1,062,170.75 ⁴	

20
21 ¹This amount reflects a credit in the amount of \$1,237.50 for travel time that was
previously billed but which is not compensable pursuant to the Amended Interim
Compensation Order.

22 ²Payment of this amount would result in a "holdback" of \$123,384.07.

23 ³The Firm also applied its pre-petition retainer in the amount of \$446,293.02 to April
24 fees and expenses. The Firm found certain charges that did not comply with the Guidelines,
in the amount of \$21,575.52, were inadvertently included in Applicant's Cover Sheet
Application for April, 2001, as described in its First Interim Application previously filed.
25 The Firm has credited this amount appropriately.

26 ⁴The Firm found certain charges that did not comply with the Guidelines, in the amount
of \$24,035.37, were inadvertently included in Applicant's Cover Sheet Application for July,
27 2001, as described in its First Interim Application previously filed. The Firm has credited
this amount appropriately. Additionally, the Firm had written off an additional \$114.00 in
28 fees.

Application Period	Amount Applied For	Description	Amount Paid
August, 2001	\$ 800,225.88	85% of fees and 100% of expenses	\$ 800,125.88 ⁵
September, 2001	\$ 748,143.18	85% of fees and 100% of expenses	\$ 748,143.18
October, 2001	\$ 949,484.20	85% of fees and 100% of expenses	\$ 949,484.20
November, 2001	\$ 879,481.75	85% of fees and 100% of expenses	\$ 879,481.75
Total Paid to the Firm to Date			\$7,616,121.78

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

Application Period	Amount	Description
Fifth (August 1-August 31)	\$ 122,943.00	15% fee holdback
Sixth (Sept. 1 – Sept. 30)	\$ 121,942.88	15% fee holdback
Seventh (Oct. 1 – Oct. 31)	\$ 154,279.57	15% fee holdback
Eighth (Nov. 1 – Nov. 30)	\$ 145,127.92	15% fee holdback
Total Owed to Firm to Date	\$ 544,293.37	

6. With regard to the copies of this Application served on counsel for the Official Committee of Unsecured Creditors (the "Committee"), 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 Application Period and the hourly rate for each such professional; and attached as Exhibit 2 is an Account Summary. The detailed time and expense statements for the Application Period that comply with all Northern District of California Bankruptcy Local Rules and Compensation Guidelines and

⁵The Firm had written off an additional \$100.00 in fees.

1 the Guidelines of the Office of the United States Trustee have been submitted in electronic
2 form to the Office of the United States Trustee and mailed to counsel for the Committee and
3 to the Debtor.

4 7. The Firm is serving a copy of this Application (without Exhibits) on the
5 Special Notice List in this case.

6 8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE
7 APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE," entered on or about
8 July 26, 2001, and subsequent "AMENDED ORDER ESTABLISHING INTERIM FEE
9 APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE," entered on or about
10 November 8, 2001 (the "Amended Order"), the Debtor is authorized to make the payment
11 requested herein without a further hearing or order of this Court, unless an objection to this
12 Application is filed with the Court by the Debtor, the Committee or the United States Trustee
13 and served by the fifteenth day of the month following the service of this Application. If such
14 an objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the
15 objection. The Firm is informed and believes that this Cover Sheet Application was mailed
16 by first class mail, postage prepaid, on or about January 31, 2002.

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

23 10. The Firm represents and warrants that its billing practices comply with all
24 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and
25 the Guidelines of the Office of the United States Trustee.⁶ Neither the Firm nor any members
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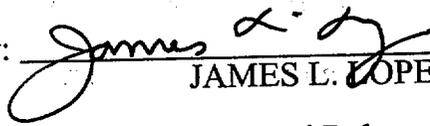
27 ⁶As the Firm has informed the Office of the United States Trustee and the Committee,
28 the facsimile charges sought by Applicant deviate slightly from the Court's Guidelines. The
Firm intends to provide a full explanation of such deviation and a request for payment of such
(continued . . .)

1 of the Firm has any agreement or understanding of any kind or nature to divide, pay over or
2 share any portion of the fees or expenses to be awarded to the Firm with any other person or
3 attorney except as among the members and associates of the Firm.

4 WHEREFORE, the Firm respectfully requests that the Debtor pay compensation
5 to the Firm as requested herein pursuant to and in accordance with the terms of the Amended
6 Order.

7 DATED: January 31, 2002

8 HOWARD, RICE, NEMEROVSKI, CANADY,
9 FALK & RABKIN
10 A Professional Corporation

11 By:  _____
12 JAMES L. LOPES

13 Attorneys for Debtor and Debtor in Possession
14 PACIFIC GAS AND ELECTRIC COMPANY

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22 _____
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27 (. . . continued)
28 charges in its next interim fee application to the Court in this case.