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Fred Taugher  
PUBLIC POLICY ADVOCATES LLC  
1015 K Street, Suite 200  
Sacramento, California 95814-3803  
Telephone: (916) 441-0702  
Facsimile: (916) 441-3549

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

In re  
  
PACIFIC GAS AND ELECTRIC  
COMPANY, a California corporation,  
  
Debtor.

Case No. SF 01-30923 DM  
Chapter 11

**FIRST INTERIM APPLICATION OF  
PUBLIC POLICY ADVOCATES LLC FOR  
ALLOWANCE AND PAYMENT OF  
COMPENSATION AND  
REIMBURSEMENT OF EXPENSES  
(AUGUST 1, 2001 THROUGH  
NOVEMBER 30, 2001); DECLARATION OF  
FRED TAUGHER IN SUPPORT THEREOF**

Hearing:  
Date: February 26, 2002  
Time: 9:30 a.m.  
Place: 235 Pine Street, 22<sup>nd</sup> Floor  
San Francisco, CA

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1 **TO THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**  
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTOR, AND**  
3 **OTHER PARTIES IN INTEREST:**

4 Public Policy Advocates LLC ("PPA"), the Legislative Activities Consultant to  
5 the Official Committee of Unsecured Creditors (the "Committee") appointed in the above-  
6 captioned chapter 11 case of Pacific Gas and Electric Company, Debtor and Debtor in  
7 Possession ("PG&E" or the "Debtor"), hereby submits its first interim application for allowance  
8 and payment of compensation and reimbursement of costs and expenses (the "First Interim  
9 Application") covering the four-month period from August 1, 2001 through and including  
10 November 30, 2001 (the "First Application Period"). In support of the First Interim Application,  
11 PPA respectfully represents as follows:

12 This is PPA's First Interim Application for approval of compensation and  
13 reimbursement of expenses for services rendered on behalf of the Committee in connection with  
14 the case. PPA submits this First Interim Application in accordance with Bankruptcy Code  
15 sections 330 and 331, Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy  
16 Rules"), the Office of the United States Trustee for the Northern District of California Guidelines  
17 (the "UST Guidelines"), and the United States Bankruptcy Court Northern District of California  
18 Guidelines for Compensation and Expense Reimbursement of Professionals and Trustees (the  
19 "Court Guidelines").

20 Pursuant to this First Interim Application, PPA seeks interim approval and  
21 allowance of \$24,000.00 in fees accrued for services rendered in connection with the case by  
22 PPA on behalf of the Committee during the First Application Period. PPA also seeks interim  
23 approval and allowance of \$16.12 in costs and expenses incurred by PPA on behalf of the  
24 Committee during that same period. Accordingly, pursuant to this First Interim Application,  
25 PPA seeks allowance of a total of \$24,016.12 for services rendered and reimbursement of costs  
26 and expenses incurred. PPA to date has received payment of fees in the amount of \$15,300.00  
27 and reimbursement of expenses in the amount of \$16.12 on account of the Monthly Cover Sheet  
28

1 Applications covering the period of August 1, 2001 through November 30, 2001, leaving a  
2 balance due of \$8,700.00. The services performed and costs and expenses incurred during the  
3 First Application Period are summarized below.

4 To grant a request for compensation pursuant to Bankruptcy Code section 330,  
5 the Court must find that such request is reasonable. PPA has entered into a contract with the  
6 Committee to provide services at a fixed rate of \$6,000.00 per month. PPA's employment under  
7 these terms has been approved by the Court. PPA has provided daily monitoring and periodic  
8 briefing in order to advise the Committee in the course of this chapter 11 case, including the  
9 following:

10  
11 (a) PPA has identified, reviewed, summarized, monitored and gathered  
12 information on all relevant legislation during both the regular and special legislative sessions.  
13 PPA has provided the Committee with regular reports on the status of this legislation, as well as  
14 legislative amendments, administrative proposals, legislative meetings and hearings, press  
15 conferences, stakeholder meetings and upcoming legislative and administrative events. PPA has  
16 provided the Committee with copies of all relevant legislation, legislative amendments, analyses,  
17 position papers, administrative data and proposals, and press releases.

18 (b) PPA has attended legislative and administrative meetings and hearings,  
19 stakeholders meetings, and press conferences for the Committee and has met with a number of  
20 legislators, legislative and administrative staff on behalf of the Committee. PPA has developed  
21 and maintained ongoing contacts with key legislators, legislative and administrative staff and  
22 stakeholders for the Committee.

23  
24 (c) PPA has provided the Committee with political and strategic analyses and  
25 evaluations relating to relevant information gathered and presented to the Committee. PPA has  
26 given its prognosis on the likelihood of a particular bill's passage and a description of the  
27 political forces likely to impact proposed legislation.

28 (d) PPA participates in all related Committee meetings and conference calls

1 upon request and has responded to all Committee requests.

2 For the reasons set forth above and pursuant to Bankruptcy Code sections 330 and  
3 331, Bankruptcy Rule 2016, the Court Guidelines, the UST Guidelines and the standards adopted  
4 by courts in awarding fees and costs, PPA submits that the fees for services rendered and costs  
5 and expenses incurred on behalf of the Committee during the First Application Period in the total  
6 amount of \$24,016.12 are reasonable and should be allowed on an interim basis and paid in full.

7  
8 No agreement or understanding of any kind or nature exists between PPA and any  
9 other person or entity for the sharing, division, or payment of any portion of the compensation  
10 awarded to PPA for services rendered or expenses incurred in connection with PPA's  
11 representation of the Committee in the bankruptcy case, except as among the partners, associates  
12 and employees of PPA.

13 **WHEREFORE**, PPA respectfully requests that this Court enter an order:

14 Approving this First Interim Application in its entirety.

15 Approving an interim award of compensation in the amount of \$24,000.00 for  
16 professional services rendered and in the amount of \$16.12 as reimbursement of costs and  
17 expenses incurred, for a total award of \$24,016.12.

18 Authorizing and directing PG&E to immediately pay to PPA the allowed  
19 amounts, less any such amounts already paid pursuant to the Amended Order Establishing  
20 Interim Fee Application and Expense Reimbursement Procedure.

21 Granting such other and further relief as the Court deems just and proper.

22 DATED: January 11, 2002

23 PUBLIC POLICY ADVOCATES LLC

24 By: 151  
25 Fred Taugher

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**CERTIFICATION**

I, Fred Taugher, am the professional designated by PPA to ensure compliance with the United States Bankruptcy Court Northern District of California Guidelines for Compensation and Expense Reimbursement of Professionals and Trustee ("Court Guidelines"). I certify that (a) I have read the First Interim Application; (b) to the best of my knowledge, information and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with the Court Guidelines, except as specifically noted in the Application; and (c) the compensation and expense reimbursement requested are billed at rates, in accordance with the firm's practice, no less favorable than those customarily employed by PPA and generally accepted by PPA's clients.

DATED: January 11, 2002

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Fred Taugher

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**DECLARATION OF FRED TAUGHER**

I, Fred Taugher, declare:

1. I am a member of Public Policy Advocates LLC (“PPA”), the Legislative Activities Consultant to the Official Committee of Unsecured Creditors (the “Committee”) appointed in the above-captioned chapter 11 case of Pacific Gas and Electric Company, Debtor and Debtor in Possession (“PG&E” or the “Debtor”). Except as otherwise stated, I have personal knowledge of the facts set forth below, and if called upon, I could and would testify based upon such personal knowledge to the facts set forth herein. I make this declaration in support of the First Interim Application of Public Policy Advocates LLC for Allowance and Payment of Compensation and Reimbursement of Expenses for the Period of August 1, 2001 through November 30, 2001 (“First Interim Application”).

2. Pursuant to this First Interim Application, PPA seeks interim approval and allowance of \$24,000.00 in fees accrued for services rendered in connection with the case by PPA on behalf of the Committee during the First Application Period. PPA also seeks interim approval and allowance of \$16.12 in costs and expenses incurred by PPA on behalf of the Committee during that same period. Accordingly, pursuant to this First Interim Application, PPA seeks allowance of a total of \$24,016.12 for services rendered and reimbursement of costs and expenses incurred. PPA to date has received payment of fees in the amount of \$15,300.00 and reimbursement of expenses in the amount of \$16.12 on account of the Monthly Cover Sheet Applications covering the period of August 1, 2001 through November 30, 2001, leaving a balance due of \$8,700.00. The services performed and costs and expenses incurred during the First Application Period are summarized below.

3. PPA has entered into a contract with the Committee to provide services at a fixed rate of \$6,000.00 per month. PPA’s employment under these terms has been approved by the Court. PPA has provided daily monitoring and periodic briefing in order to advise the Committee in the course of this chapter 11 case, including the following:

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1 (a) PPA has identified, reviewed, summarized, monitored and gathered  
2 information on all relevant legislation during both the regular and special legislative sessions.  
3 PPA has provided the Committee with regular reports on the status of this legislation, as well as  
4 legislative amendments, administrative proposals, legislative meetings and hearings, press  
5 conferences, stakeholder meetings and upcoming legislative and administrative events. PPA has  
6 provided the Committee with copies of all relevant legislation, legislative amendments, analyses,  
7 position papers, administrative data and proposals, and press releases.

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9 stakeholders meetings, and press conferences for the Committee and has met with a number of  
10 legislators, legislative and administrative staff on behalf of the Committee. PPA has developed  
11 and maintained ongoing contacts with key legislators, legislative and administrative staff and  
12 stakeholders for the Committee.

13 (c) PPA has provided the Committee with political and strategic analyses and  
14 evaluations relating to relevant information gathered and presented to the Committee. PPA has  
15 given its prognosis on the likelihood of a particular bill's passage and a description of the  
16 political forces likely to impact proposed legislation.

17 (d) PPA participates in all related Committee meetings and conference calls  
18 upon request and has responded to all Committee requests.

19 4. No agreement or understanding of any kind or nature exists between PPA  
20 and any other person or entity for the sharing, division, or payment of any portion of the  
21 compensation awarded to PPA for services rendered or expenses incurred in connection with  
22 PPA's representation of the Committee in the bankruptcy case, except as among the partners,  
23 associates and employees of PPA.  
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I declare under penalty of perjury under the laws of the United States of America  
that the foregoing is true and correct.

Executed this 11 day of January 2002 at Sacramento, California.

FS  
FRED TAUGHER