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7 Independent Auditor, Accountant,
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9 Debtor and Debtor in Possession
10 Pacific Gas and Electric Company

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11 UNITED STATES BANKRUPTCY COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN FRANCISCO DIVISION

14 In re
15 PACIFIC GAS AND ELECTRIC
16 COMPANY, a California Corporation,
17 Debtor.

18 Federal I.D. No. 94-0742640

No. 01-30923 DM
Chapter 11 Case

**DELOITTE & TOUCHE LLP'S COVER
SHEET APPLICATION FOR
ALLOWANCE AND PAYMENT OF
INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES
(APRIL 7, 2001 TO FEBRUARY 28, 2002)**

[No Hearing Scheduled]

19 Deloitte & Touche LLP (the "Firm") submits this Cover Sheet Application for Allowance
20 and Payment of Interim Compensation and Reimbursement of Expenses ("Application") for the
21 period from April 7, 2001, to February 28, 2002 ("Application Period"). In support of the
22 Application, the Firm respectfully represents as follows:

23 1. The Firm is Independent Auditor, Accountant, Tax Advisor, and Consultant to Debtor
24 Pacific Gas & Electric Company ("Debtor"). On July 10, 2001, the Firm's retention in this
25 capacity was approved *nunc pro tunc*, effective April 6, 2001. The Firm hereby applies to the
26 Court for allowance and payment of interim compensation for services rendered and for
27 reimbursement of expenses incurred during the Application Period.

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1 2. The Firm billed \$62,503.50 in hourly fees (representing 309.8 hours expended)
2 (hereinafter “Hourly Fees”) and \$70.40 in expenses (hereinafter “Expenses”) during the
3 Application Period. (These sums do not include (a) \$735,000 billed during the Application
4 Period as the earned portion of the Firm’s \$855,000 base fee for auditing and reporting on
5 Debtor’s consolidated financial statements and reviewing interim financial information for the
6 2001 fiscal year [“Base Audit Fee”] or (b) charges for the Firm’s work during the Application
7 Period in auditing financial statements being prepared for the four entities—ETrans LLC,
8 GTrans LLC, Electric Generation LLC, and Reorganized Debtor—that would succeed to
9 Debtor’s business assets upon confirmation of Debtor’s proposed reorganization plan.¹ The July
10 10, 2001, order approving the Firm’s employment authorized Debtor to pay the earned portion of
11 the Base Audit Fee upon receipt of monthly invoices from the Firm, and a portion of the Base
12 Audit Fee has previously been paid to the Firm in accordance with that order.) The Hourly Fees
13 and Expenses which are the subject of this Application are shown as follows:

14	15	16	17	18
	Period	Hourly Fees	Expenses	Total
	4/7/01 to 2/28/02	\$62,503.50 ²	\$70.40	\$62,573.90

17 3. The Firm seeks payment of a total of \$54,331.45 at this time. This is the sum of (i)
18 \$20,395.35, which is 90 % of the Hourly Fees billed for services rendered through July 31, 2001
19 ³), (ii) \$33,865.70, which is 85 % of the Hourly Fees billed for services rendered from August 1,
20 2001, through February 28, 2002 (⁴) and (iii) \$70.40, which is 100 % of the Expenses.

21 ¹ These charges will be the subject of a future compensation application.

22 ² The Firm’s attached time diaries show time value of \$99,620.50, which is \$37,117 more than the
23 \$62,503.50 Hourly Fees billed. This reflects a \$37,117 voluntary discount or “write-down” which is
24 reflected on the attached summary sheet. As shown on the summary sheet, \$15,000 of the \$37,117
25 discount was credited to “engagement planning and retention” charges, \$19,117 was credited to
“corporate accounting consulting review” services, and \$3,000 was credited to “transition property
procedures.”

26 ³ Payment of this amount would result in a “holdback” of \$2,266.15.

27 ⁴ Payment of this amount would result in a “holdback” of \$5,976.30.

1 4. The Firm has not previously applied for any payment or allowance for its postpetition
2 services or expenses in this case, and except for the portion of the Base Audit Fee which has been
3 previously earned and paid, the Firm has not yet received any payment for its postpetition
4 services nor any expense reimbursement

5 5. This is the first application for allowance of interim compensation filed by the Firm,
6 so no amount (apart from any billed but as yet unpaid portion of the Base Audit Fee) is currently
7 owing to the Firm).

8 6. Attached as Exhibits 1 and 2, respectively, to the copies of this Application served on
9 counsel for the Official Committee of Unsecured Creditors, counsel for Debtor, and the Office of
10 the United States Trustee are (i) a list of the names and hourly billing rates of each professional
11 who performed services for which compensation is sought by this Application and (ii) detailed
12 time and expense statements for the Application period that comply with all Northern District of
13 California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the
14 Office of the United States Trustee.

15 7. The Firm has served a copy of this Application on each person shown on the Special
16 Notice List for this case. (Only the parties referred to in paragraph 6 received Exhibits 1 and 2;
17 the copies served on other parties did not include the exhibits.)

18 8. Pursuant to this Court's Amended Order Establishing Interim Fee Application and
19 Expense Reimbursement Procedure, entered on November 8, 2001, the Debtor will be authorized
20 to make the payment requested herein without further hearing or order unless an objection to this
21 Application is filed with the court by the Debtor, the Committee, or the United States Trustee
22 and served by the fifteenth day of the month following the service of this Application. If such an
23 objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the
24 objection. The Firm is informed and believes that this Application was mailed to all persons
25 shown on the Special Notice List by first class mail, postage prepaid, on March 22, 2002.

26 9. The compensation and reimbursement sought by this Application is on account and
27 not final. At the conclusion of this case, the Firm will seek fees and reimbursement of expenses

1 incurred for the totality of its employment in this case. Any interim fees or reimbursement of
2 expenses approved by the court and received by the Firm (along with any retainer paid to the
3 Firm) will be credited against such final fees and expenses as may be allowed by the court.

4 10. The Firm represents and warrants that its billing practices comply with all Northern
5 District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines
6 of the Office of the United States Trustee. Neither the Firm nor any member of the Firm has any
7 agreement or understanding of any kind or nature to divide, pay over or share any portion of the
8 fees or expenses awarded to the Firm with any other person or entity other than members and
9 associates of the Firm.

10 WHEREFORE, the Firm respectfully requests that Debtor pay compensation to the Firm
11 as requested herein pursuant to and in accordance with the terms of the Amended Order
12 Establishing Interim Fee Application and Expense Reimbursement Procedure.

13 Dated: March 22, 2002

14 DELOITTE & TOUCHE LLP

15 By 
16 Mark Edmunds, Partner
17 Independent Auditor, Accountant, Tax
18 Advisor and Consultant to Debtor Pacific
19 Gas and Electric Company
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