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7 Independent Auditor, Accountant,
8 Tax Advisor and Consultant to
9 Debtor and Debtor in Possession
10 Pacific Gas and Electric Company

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 (FOR SERVICES RENDERED PURSUANT TO SUPPLEMENTAL EMPLOYMENT APPLICATION FROM OCTOBER 1, 2001, TO MARCH 31, 2002)

[No Hearing Scheduled]

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20 Deloitte & Touche LLP (the "Firm") submits this Cover Sheet Application for Allowance
21 and Payment of Interim Compensation ("Application") for services provided during the period
22 from October 1, 2001, to March 31, 2002 ("Application Period"). In support of the Application,
23 the Firm respectfully represents as follows:

24 1. The Firm is Independent Auditor, Accountant, Tax Advisor, and Consultant to Debtor
25 Pacific Gas & Electric Company ("Debtor"). On July 10, 2001, the Firm's retention in this
26 capacity was approved *nunc pro tunc*, effective April 6, 2001. On April 11, 2002, the firm's
27 employment to audit financial statements being prepared for four entities that would succeed to

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1 Debtor's business assets upon confirmation of Debtor's proposed reorganization plan
2 ("Supplemental Services") was approved *nunc pro tunc*, effective October 1, 2001.¹ By this
3 Application, the Firm is applying to the Court for allowance and payment of interim
4 compensation for Supplemental Services rendered during the Application Period.²

5 2. Net of \$62,503.50 in fees requested via the Firm's previous "cover sheet" application
6 for interim compensation, the Firm billed \$1,643,315.50 in hourly fees (representing 7075.7
7 hours expended) (hereinafter "Hourly Fees") during the Application Period. (These sums do not
8 include \$855,000 billed during the Application Period as the Firm's base fee for auditing and
9 reporting on Debtor's *consolidated* financial statements and reviewing interim financial
10 information for the 2001 fiscal year ["Base Audit Fee"]. The July 10, 2001, order approving the
11 Firm's employment authorized Debtor to pay the earned portion of the Base Audit Fee upon
12 receipt of monthly invoices from the Firm, and the Base Audit Fee has previously been paid to
13 the Firm in accordance with that order.) The Hourly Fees which are the subject of this
14 Application are for Supplemental Services and are shown as follows:

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16 Period	Hourly Fees	Total
17 10/1/01 to 3/31/02	\$1,643,315.50	\$1,643,315.50

18 3. The Firm seeks payment of a total of \$1,396,818.18 at this time. This is 85 % of the
19 Hourly Fees billed for Supplemental Services rendered from October 1, 2001, through March 31,
20 2002.³

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

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23 ¹ A copy of the April 11, 2002, order approving the Firm's employment to provide the Supplemental
24 Services is attached as Exhibit 1.

25 ² As explained in the Firm's only previous cover sheet application for interim compensation and
26 reimbursement of expenses, filed in March 2002, that application did not include any of the Firm's
27 charges related to the Supplemental Services.

³ Payment of this amount would result in a "holdback" of \$246,497.33.

Application Period	Amount Applied For	Description	Amount Paid
4/7/01 to 2/28/02	\$62,573.90	90% (85% after July 31) of \$62,503.50 in hourly fees and 100% of \$70.40 in expenses,	\$54,331.45

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

Application Period	Amount	Description
10/1/01 to 2/28/02	\$8,242.45	10% (15% after July 31) holdback of fees requested by the Firm's first "cover sheet" application

6. Attached as Exhibits 2 and 3, respectively, to the copies of this Application served on counsel for the Official Committee of Unsecured Creditors, counsel for Debtor, and the Office of the United States Trustee are (i) a list of the names and hourly billing rates of each professional who performed services for which compensation is sought by this Application and (ii) detailed time statements for the Application period that comply with all Northern District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the Office of the United States Trustee.

7. The Firm has served a copy of this Application on each person shown on the Special Notice List for this case. (Only the parties referred to in paragraph 6 received Exhibits 2 and 3; the copies served on other parties did not include those exhibits.)

8. Pursuant to this Court's Amended Order Establishing Interim Fee Application and Expense Reimbursement Procedure, entered on November 8, 2001, the Debtor will be authorized to make the payment requested herein without further hearing or order unless an objection to this

1 Application is filed with the court by the Debtor, the Committee, or the United States Trustee and
2 served by the fifteenth day of the month following the service of this Application. If such an
3 objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the
4 objection. The Firm is informed and believes that this Application was mailed to all persons
5 shown on the Special Notice List by first class mail, postage prepaid, on April 25, 2002.

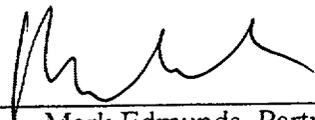
6 9. The compensation sought by this Application is on account and not final. At the
7 conclusion of this case, the Firm will seek fees and reimbursement of expenses incurred for the
8 totality of its employment in this case. Any interim fees or reimbursement of expenses approved
9 by the court and received by the Firm (along with any retainer paid to the Firm) will be credited
10 against such final fees and expenses as may be allowed by the court.

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

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

20 Dated: April 26, 2002

21 DELOITTE & TOUCHE LLP

22 By 
23 Mark Edmunds, Partner
24 Independent Auditor, Accountant, Tax
25 Advisor and Consultant to Debtor Pacific
26 Gas and Electric Company
27

1 PROOF OF SERVICE

2 I am over the age of 18, and I am employed at the offices of Deloitte & Touche LLP,
3 located at 50 Fremont Street, San Francisco, California.

4 On April 26, 2002, I served the foregoing **DELOITTE & TOUCHE LLP'S COVER**
5 **SHEET APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM**
6 **COMPENSATION (FOR SERVICES RENDERED PURSUANT TO SUPPLEMENTAL**
7 **EMPLOYMENT APPLICATION FROM OCTOBER 1, 2001, TO MARCH 31, 2002)** by
(1) depositing true and correct copies thereof in the United States Mail at San Francisco,
California, in sealed envelopes with first class postage thereon fully prepaid, addressed to each
party shown on the attached list and (2) by sending true and correct copies via Federal Express,
for overnight delivery, with charges fully prepaid, to each of the following three addressees⁴:

8 James L. Lopes
9 Howard, Rick, Nemerovski, Canady, Falk & Rabkin
10 Three Embarcadero Center, 7th Floor
San Francisco, CA 94111
[Counsel for Pacific Gas and Electric Company]

11 Stephen Johnson
12 Office of the U.S. Trustee
250 Montgomery Street, Suite 1000
San Francisco, CA 94104-3401
13 [United States Trustee]

14 Robert J. Moore
15 Paul S. Aronzon
Milbank, Tweed, Hadley & McCloy LLP
601 South Figueroa Street
Los Angeles, CA 90017
16 [Counsel for Official Committee of Unsecured Creditors]

17 I declare under penalty of perjury under the laws of the State of California and the United
18 States of America that the foregoing is true and correct.

19 Dated: April 26, 2002.

20 _____
Lydia Lee

21 _____
22 ⁴ Only the copies served on the Office of the United States Trustee, counsel for debtor Pacific Gas and
23 Electric Company, and counsel for the official committee of unsecured creditors included Exhibits 2 and
24 3; the copies served on other parties did not include these exhibits.
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FILED

02 APR 11 PM 4:18

U.S. BANKRUPTCY COURT
NORTHERN DIST. OF CA.
SAN FRANCISCO, CA.

1 JAMES L. LOPES (No. 63678)
 JEFFREY L. SCHAFFER (No. 91404)
 2 JANET A. NEXON (No. 104747)
 WILLIAM J. LAFFERTY (No. 120814)
 3 HOWARD, RICE, NEMEROVSKI, CANADY,
 FALK & RABKIN
 4 A Professional Corporation
 Three Embarcadero Center, 7th Floor
 5 San Francisco, California 94111-4065
 Telephone: 415/434-1600
 6 Facsimile: 415/217-5910

7 Counsel for Debtor and Debtor in Possession
 Pacific Gas and Electric Company

8 UNITED STATES BANKRUPTCY COURT
 9 NORTHERN DISTRICT OF CALIFORNIA
 10 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

No. 01-30923 DM
 Chapter 11 Case
**[PROPOSED] ORDER APPROVING
 DEBTOR PACIFIC GAS AND ELECTRIC
 COMPANY'S SUPPLEMENTAL
 APPLICATION FOR APPROVAL OF
 EMPLOYMENT OF DELOITTE &
 TOUCHE LLP**
 No Hearing Requested

18 The court has reviewed Debtor Pacific Gas and Electric Company's Supplemental
 19 Application for Approval of Employment of Deloitte & Touche LLP ("Supplemental
 20 Application"). The court is satisfied that (a) Deloitte & Touche LLP ("Deloitte") represents no
 21 interest adverse to the estate of Pacific Gas and Electric Company ("Debtor") respecting the
 22 matters as to which Deloitte is proposed to be engaged; (b) Deloitte and its professional
 23 personnel are disinterested persons under Bankruptcy Code §§ 101(14) and 1107(b); (c)
 24 Deloitte's employment for the purposes and on the terms described in the Supplemental
 25 Application is in the best interest of the estate; and (d) requisite notice of the Supplemental
 26 Application has been given. Accordingly, and good cause appearing,

27 IT IS HEREBY ORDERED that:

28 **[PROPOSED] ORDER APPROVING DEBTOR PACIFIC GAS AND ELECTRIC
 COMPANY'S SUPPLEMENTAL APPLICATION FOR APPROVAL OF EMPLOYMENT
 OF DELOITTE & TOUCHE LLP**

- 1 (1) The Supplemental Application is approved *nunc pro tunc*, effective October 1, 2001;
- 2 (2) Debtor Pacific Gas and Electric Company ("Debtor") is authorized to retain Deloitte
- 3 to provide the audit services described in the Supplemental Application on the terms stated in the
- 4 Supplemental Application;
- 5 (3) The engagement letter between Debtor and Deloitte, a copy of which is incorporated
- 6 into the Supplemental Application, ("Engagement Letter") is approved;
- 7 (4) Deloitte will be required to submit applications for compensation, in compliance with
- 8 all applicable statutes, rules, and orders, for all compensation payable under the terms of the
- 9 Engagement Letter, provided that Debtor will be authorized to pay Deloitte's monthly statements
- 10 before such approval to the same extent as Debtor may be authorized from time to time to make
- 11 interim payments to other professionals employed under Bankruptcy Code § 327(a).

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Dated: APR 11 2002

DENNIS MONTALI

UNITED STATES BANKRUPTCY JUDGE

The court's Guidelines for Compensation and Expense Reimbursement will apply.
A copy may be obtained from the clerk's office.