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

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re
PACIFIC GAS AND ELECTRIC
COMPANY, a California Corporation,
Debtor.
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 APRIL 1, 2002, TO APRIL 30, 2002)

[No Hearing Scheduled]

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 April 1, 2002, to April 30, 2002 ("Application Period"). In support of the Application, the
23 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. By this
 3 Application, the Firm is applying to the Court for allowance and payment of interim
 4 compensation for services rendered during the Application Period.

5 2. The Firm billed \$232,523 in hourly fees ("Hourly Fees"), representing 918.2 hours
 6 expended, during the Application Period. These Hourly Fees were for Supplemental Services¹
 7 and are shown as follows:

8	9	10	11
Period	Hourly Fees	Total	
4/1/02 to 4/30/02	\$232,523	\$232,523	

11 **The Firm is not seeking any expense reimbursement for the Application Period.**

12 3. The Firm seeks payment of a total of \$197,644.55 at this time. This is 85 % of the
 13 Hourly Fees for services rendered from April 1, 2002, through April 30, 2002.²

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

15	16	17	18	19	20
Application Period	Amount Applied For	Description	Amount Paid		
4/7/01 to 2/28/02 [Hourly Fees Other Than Supplemental Services]	\$62,333.90 ³	90% (85% after July 31) of \$62,503.50 ⁴ in hourly fees and 100% of \$70.40 in expenses,	\$54,331.45		

21 ¹ In addition to fees for auditing, the amount requested includes \$7,245 for time expended in preparing
 22 a previous fee application (which also sought compensation for the Supplemental Services).

23 ² Payment of this amount would result in a "holdback" of \$34,878.45.

24 ³ This amount is \$240 less than the amount shown in the relevant application—Deloitte's first "cover
 25 sheet" application. Four hours of services included in that application were erroneously billed at a rate
 26 that was \$60 per hour too high. To remedy this mistake, Deloitte is reducing its request for compensation
 27 to \$240 less than the amount requested in the first "cover sheet" application.

⁴ This is the fee total that resulted from the \$240 error explained in the previous footnote.

1 The Firm has also received \$855,000 as the Firm's base fee for auditing and
 2 reporting on Debtor's consolidated financial statements and reviewing interim financial
 3 information for the 2001 fiscal year ("Base Audit Fee"). The July 10, 2001 order
 4 approving the Firm's employment authorized Debtor to pay the Base Audit Fee upon
 5 receipt of monthly invoices from the Firm. Including the Base Audit Fee, the total paid to
 6 the Firm to date is \$909,331.45.

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

Application Period	Amount	Description
First (4/7/01 to 2/28/02) [Hourly Fees Other Than Supplemental Services]	\$8,002.45 ⁵	10% (15% after July 31) holdback of fees requested under the Firm's first "cover sheet" application
Second (10/1/01 to 3/31/02) [Supplemental Services]	\$1,643,315.50	Fees requested by the Firm's second "cover sheet" application, filed April 29, 2002
Total Owed to the Firm to Date	\$1,651,317.95	

22 6. Attached as Exhibits 1 and 2, respectively, to the copies of this Application served on
 23 counsel for the Official Committee of Unsecured Creditors, counsel for Debtor, and the Office of
 24 the United States Trustee are (i) a list of the names and hourly billing rates of each professional
 25 who performed services for which compensation is sought by this Application and (ii) detailed

26 ⁵ This figure is net of the \$240 downward adjustment explained in footnote 3.
 27

1 time statements for the Application Period that comply with all Northern District of California
2 Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the Office of the
3 United States Trustee.

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

7 8. Pursuant to this Court's Second Amended Order Establishing Interim Fee Application
8 and Expense Reimbursement Procedure, filed on March 18, 2002, the Debtor will be authorized
9 to make the payment requested herein without further hearing or order unless an objection to this
10 Application is filed with the court by the Debtor, the Committee, or the United States Trustee and
11 served by the fifteenth day of the month following the service of this Application. If such an
12 objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the
13 objection. The Firm is informed and believes that this Application was mailed to all persons
14 shown on the Special Notice List by first class mail, postage prepaid, on May 29, 2002.

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

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

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

4 Dated: May 29, 2002

DELOITTE & TOUCHE LLP

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6 By  _____
7 Mark Edmunds, Partner
8 Independent Auditor, Accountant, Tax
9 Advisor and Consultant to Debtor Pacific
10 Gas and Electric Company

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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 May 29, 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 APRIL 1, 2002, TO APRIL 30, 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 addressees⁶:

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]

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

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

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

16 Dated: May 29, 2002.

17
18 _____
Lydia Lee

19 ⁶ Only the copies served on the Office of the United States Trustee, counsel for debtor Pacific Gas and
20 Electric Company, and counsel for the official committee of unsecured creditors included Exhibits 1 and
21 2; the copies served on other parties did not include the exhibits.
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