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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 FROM MAY 1,
2002, TO MAY 31, 2002)**

[No Hearing Scheduled]

19 Deloitte & Touche LLP (the "Firm") submits this Cover Sheet Application for Allowance
20 and Payment of Interim Compensation ("Application") for services provided during the period
21 from May 1, 2002, to May 31, 2002 ("Application Period"). In support of the Application, the
22 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. On April 11, 2002, the firm's
26 employment to audit financial statements being prepared for four entities that would succeed to

27 DELOITTE & TOUCHE LLP'S COVER SHEET APPLICATION
28 FOR ALLOWANCE AND PAYMENT OF INTERIM
COMPENSATION (FOR SERVICES RENDERED FROM MAY 1,
2002, TO MAY 31, 2002)

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50-275/323

Debtor's business assets upon confirmation of Debtor's proposed reorganization plan ("Supplemental Services") was approved *nunc pro tunc*, effective October 1, 2001. By this Application, the Firm is applying to the Court for allowance and payment of interim compensation for services rendered during the Application Period.

2. The Firm billed \$147,016.50 in hourly fees ("Hourly Fees"), representing 578.5 hours expended, during the Application Period.¹ These Hourly Fees are shown as follows:

Period	Hourly Fees	Total
5/1/02 to 5/31/02	\$147,016.50	\$147,016.50 ²

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

3. The Firm seeks payment of a total of \$124,964.03 at this time. This is 85 % of the Hourly Fees for services rendered from May 1, 2002, through May 31, 2002.³

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

Application Period	Amount Applied For	Description	Amount Paid
4/7/01 to 2/28/02	\$62,333.90	90% (85% after July 31) of \$62,503.50 ⁴ in	\$54,331.45

¹ During the Application Period, the Firm also provided services in connection with its audit of Debtor's consolidated financial statements and review of interim financial information for the 2002 fiscal year ("Base Fee Audit"). (The July 10, 2001, order approving the Firm's employment authorized Debtor to pay a "base fee" to Deloitte upon receipt of monthly invoices from the Firm for Base Fee Audit services.) No amounts have yet been billed or received for Base Fee Audit services for 2002.

² In addition to fees for auditing, the amount requested includes \$16,051 for time expended in preparing fee applications and \$4,292.50 for fees related to tax consultations regarding the San Francisco Utility tax.

³ Payment of this amount would result in a "holdback" of \$22,052.47.

⁴ This amount is \$240 less than the amount shown in the relevant application (Deloitte's first "cover sheet" application). Four hours of services included in that application were erroneously billed at a rate that was \$60 per hour too high. To remedy this mistake, Deloitte reduced the fees requested in its pending application for interim compensation to \$240 less than the amount requested in the first "cover sheet" application.

		hourly fees and 100% of \$70.40 in expenses	
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The Firm has also received \$855,000 as the Firm's base fee for auditing and reporting on Debtor's consolidated financial statements and reviewing interim financial information for the 2001 fiscal year ("Base Audit Fee"). Including the 2001 Base Audit Fee, the total paid to the Firm to date is \$909,331.45.

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

Application Period	Amount	Description
First (4/7/01 to 2/28/02)	\$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) ⁶	\$1,643,315.50	Fees requested by the Firm's second "cover sheet" application, filed April 29, 2002
Third (4/1/02 to 4/30/02)	\$232,523	Fees requested by the Firm's third "cover sheet" application filed May 29, 2002
Total Owed to the Firm to Date	\$1,883,840.95	

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

⁶ The Application Periods for Deloitte's first two "cover sheet" applications overlapped because Deloitte did not seek compensation for any of the Supplemental Services until after the court's April 11, 2002, "nunc pro tunc" order specifically authorizing that work.

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

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

11 8. Pursuant to this Court's Second Amended Order Establishing Interim Fee Application
12 and Expense Reimbursement Procedure, filed on March 18, 2002, the Debtor will be authorized
13 to make the payment requested herein without further hearing or order unless an objection to this
14 Application is filed with the court by the Debtor, the Committee, or the United States Trustee and
15 served by the fifteenth day of the month following the service of this Application. If such an
16 objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the
17 objection. The Firm is informed and believes that this Application was mailed to all persons
18 shown on the Special Notice List by first class mail, postage prepaid, on June 27, 2002.

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

24 10. The Firm represents and warrants that its billing practices comply with all Northern
25 District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines
26 of the Office of the United States Trustee. Neither the Firm nor any member of the Firm has any

1 agreement or understanding of any kind or nature to divide, pay over or share any portion of the
2 fees or expenses awarded to the Firm with any other person or entity other than members and/or
3 associates of the Firm.

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

7 Dated: June 27, 2002

8 DELOITTE & TOUCHE LLP

9
10 By 

Mark Edmunds, Partner
Independent Auditor, Accountant, Tax
Advisor and Consultant to Debtor Pacific
Gas and Electric Company

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 June 27, 2002, I served the foregoing **DELOITTE & TOUCHE LLP'S COVER**
5 **SHEET APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM**
6 **COMPENSATION (FOR SERVICES RENDERED FROM MAY 1, 2002, TO MAY 31,**
7 **2002)** by (1) depositing true and correct copies thereof in the United States Mail at San
8 Francisco, California, in sealed envelopes with first class postage thereon fully prepaid,
9 addressed to each party shown on the attached list and (2) by sending true and correct copies via
10 United Parcel Service, for overnight delivery, with charges fully prepaid, to each of the following
11 three addressees⁶:

12 James L. Lopes
13 Howard, Rick, Nemerovski, Canady, Falk & Rabkin
14 Three Embarcadero Center, 7th Floor
15 San Francisco, CA 94111
16 [Counsel for Pacific Gas and Electric Company]

17 Stephen Johnson
18 Office of the U.S. Trustee
19 250 Montgomery Street, Suite 1000
20 San Francisco, CA 94104-3401
21 [United States Trustee]

22 Robert J. Moore
23 Paul S. Aronzon
24 Milbank, Tweed, Hadley & McCloy LLP
25 601 South Figueroa Street
26 Los Angeles, CA 90017
27 [Counsel for Official Committee of Unsecured Creditors]

28 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.

Dated: June 27, 2002.

Lydia Lee

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