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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

50-275  
323

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 JULY 1,  
2002, TO JULY 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 July 1, 2002, to July 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 JULY 1,  
2002, TO JULY 31, 2002)

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 \$128,834.50 in hourly fees ("Hourly Fees"), representing 394.1 hours expended, during the Application Period.<sup>1</sup> These Hourly Fees are shown as follows:

Period	Hourly Fees	Total
7/1/02 to 7/31/02	\$128,834.50	\$128,834.50 <sup>2</sup>

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

3. The Firm seeks payment of a total of \$109,509.32 at this time. This is 85 % of the Hourly Fees for services rendered from July 1, 2002, through July 31, 2002.<sup>3</sup>

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

Application Period	Amount Applied For	Description	Amount Paid
First (4/7/01 to 2/28/02)	\$62,333.90 <sup>4</sup>	\$62,263.50 in hourly fees and \$70.40 in expenses, less \$22,346.50, which was withdrawn from the Firm's request in its June 25, 2002, reply to the United State's Trustee's objection to the Firm's First Interim Application	\$39,987.40 <sup>5</sup>

<sup>1</sup> 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 fiscal year 2002.

<sup>2</sup> In addition to fees for Supplemental Services, the amount requested includes \$12,774 for time expended in preparing fee applications.

<sup>3</sup> Payment of this amount would result in a "holdback" of \$19,325.18.

<sup>4</sup> The relevant cover sheet application requested a total of \$62,573.90 in fees and costs, but the Firm

(Footnote Continued on Next Page.)

1	Second (10/1/01 to 3/31/02) <sup>6</sup>	1,643,315.50	\$1,643,315.50 in hourly fees, less \$4,500 disallowed by the court at the July 2, 2002, hearing on the Firm's First Interim Application	\$1,638,815.50
2				
3				
4	Third (4/1/02 to 4/30/02)	\$232,523	85% of \$232,523 in hourly fees	\$197,644.55
5				
6	Fourth (5/1/02 to 5/31/02)	\$147,016.50	85% of \$147,016.50 in hourly fees	\$124,964.03

7 The Firm has also received \$855,000 as the Firm's base fee for auditing and  
8 reporting on Debtor's consolidated financial statements and reviewing interim financial  
9 information for the 2001 fiscal year ("Base Audit Fee"). Including the 2001 Base Audit  
10 Fee, the total paid to the Firm to date is \$2,856,411.48.

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

13				
14				
15	<b>Application Period</b>	<b>Amount</b>	<b>Description</b>	
16	Third (4/1/02 to 4/30/02)	\$34,878.45	15% holdback of fees requested by the Firm's third "cover sheet" application filed May 29, 2002	
17				
18	Fourth (5/1/02 to 5/31/02)	\$22,052.47	15% holdback of fees requested by the Firm's fourth "cover sheet" application filed June 27, 2002	
19				
20	Fifth (6/1/02 to 6/30/02)	\$115,006.00 <sup>7</sup>	Fees requested by the Firm's fifth "cover sheet" application	
21				

22 *(Footnote Continued from Previous Page )*  
23 later reduced the amount requested to \$62,333.90 due to a \$240 error in the initial billing.

24 <sup>5</sup> Debtor initially paid the Firm \$54,331.45 on account of its first cover sheet application, but the \$240 and \$22,346.50 reductions, discussed above, were later netted against other amounts owing to the Firm, reducing the amount paid for the first application period to \$39,987.40.

25 <sup>6</sup> The Application Periods for the Firm's first two "cover sheet" applications overlapped because the Firm 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		filed July 23, 2002 and amended on August 5, 2002
2	Total Owed to the Firm to Date	\$171,936.92

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

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

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

21           9. The interim compensation sought by this Application is on account and not final. At  
22 the conclusion of this case, the Firm will seek fees and reimbursement of expenses incurred for

23           *(Footnote Continued from Previous Page.)*

24           <sup>7</sup> The Amendment to Deloitte & Touche LLP's Cover Sheet Application for Allowance and Payment  
25 of Interim Compensation (For Services Rendered From June 1, 2002, To June 30, 2002), filed on August  
26 5, 2002, at page 2, lines 9 and 13, incorrectly referred to the total amount billed as \$115,106. The correct  
amount is \$115,006.

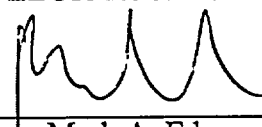
1 the totality of its employment in this case. Any interim fees or reimbursement of expenses  
2 approved by the court and received by the Firm (along with any retainer paid to the Firm) will be  
3 credited against such final fees and expenses as may be allowed by the court.

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/or  
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 Second Amended Order  
12 Establishing Interim Fee Application and Expense Reimbursement Procedure.

13 Dated: August 22, 2002

14 DELOITTE & TOUCHE LLP

15 By   
16 Mark A. Edmunds, Partner  
17 Independent Auditor, Accountant, Tax  
18 Advisor and Consultant to Debtor Pacific  
19 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 August 22, 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 JULY 1, 2002, TO JULY 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 addressees<sup>6</sup>:**

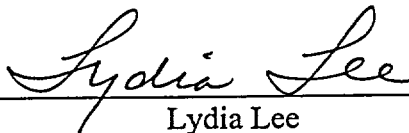
8 James L. Lopes  
9 Howard, Rice, Nemerovski, Canady, Falk & Rabkin  
10 Three Embarcadero Center, 7<sup>th</sup> Floor  
11 San Francisco, CA 94111  
12 [Counsel for Pacific Gas and Electric Company]

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  
14 601 South Figueroa Street  
Los Angeles, CA 90017  
[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  
16 States of America that the foregoing is true and correct.

17 Dated: August 22, 2002.

18   
Lydia Lee

19 August 22, 2002

20 <sup>6</sup> Only the copies served on the Office of the United States Trustee, counsel for debtor Pacific Gas and  
21 Electric Company, and counsel for the official committee of unsecured creditors included Exhibits 1 and  
22 2; the copies served on other parties did not include the exhibits.  
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