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Special Counsel for Debtor in Possession  
PACIFIC GAS AND ELECTRIC COMPANY

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA

In re  
PACIFIC GAS AND ELECTRIC  
COMPANY, a California corporation,  
Debtor.  
Federal I.D. No. 94-0742640

Case No.: 01-30923 DM  
Chapter 11 Case  
[No Hearing Scheduled]

**HELLER EHRMAN WHITE & McAULIFFE LLP'S NOTICE OF INCREASE IN  
SHAREHOLDER BILLING RATES**

Heller Ehrman White & McAuliffe LLP (the "Firm" or "Heller Ehrman"), Special  
Counsel to debtor and debtor-in-possession Pacific Gas and Electric Company ("PG&E"),  
submits this Notice of Increase in Shareholder Billing Rates to notify the Court of increases  
in the hourly rates of Heller Ehrman shareholders on certain matters.

**I. Background**

Pursuant to a Master Agreement between PG&E and Heller Ehrman, Heller Ehrman  
has agreed to maintain for two years from the commencement of work on a matter the rates  
of shareholders working on the matter at 90% of the rates in place at the time of

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1 commencement of work on the matter.<sup>1</sup> Upon expiration of the two-year anniversary of the  
2 commencement of work on a matter, PG&E and Heller Ehrman have agreed that  
3 shareholder rates may increase to 90% of prevailing rates. Rates for shareholders working  
4 on those matters are permitted to increase thereafter in accordance with annual or other  
5 periodic changes in Heller Ehrman's overall rate structure. For example, if Heller Ehrman  
6 commenced work on a matter on January 1, 2000, hourly rates for shareholders would  
7 remain frozen at 90% of 2000 rates until January 1, 2002. At that time, rates of shareholders  
8 working on that matter would increase to 90% of 2002 rates and be subject to annual or  
9 other periodic increases based on changes in Heller Ehrman's overall rate structure.

10 **II. Notice of Shareholder Rate Increases**

11 Heller Ehrman files this Notice to notify the Court of recent or forthcoming changes  
12 to shareholder rates based on the expiration of two-year anniversaries for certain matters.<sup>2</sup>  
13 Specifically, shareholder rates have increased or will increase for work on the following  
14 matters on the dates indicated:

<u>Matter No.</u>	<u>Date of Commencement of Work</u>	<u>Date on which Shareholder Rates Increase to 90% of 2002 Rates</u>
63	July 1, 2000	July 1, 2002
64	August 1, 2000	August 1, 2002
69	December 1, 2000	December 1, 2002
74	August 1, 2000	August 1, 2002

21 Attached hereto as Exhibit 1 is a chart setting forth Heller Ehrman's rates to PG&E  
22 (90% of Heller Ehrman's full rates) without reference to the two-year "freeze" for the years

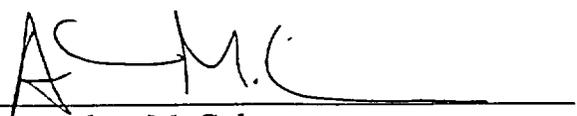
23  
24 <sup>1</sup> The Master Agreement does not apply to the rates of (i) shareholders working on insurance matters  
25 (Matter Nos. 13779-0045 and 13779-0066), or (ii) timekeepers other than shareholders. Those rates are set  
26 at 90% of Heller Ehrman rates prevailing at the time services are rendered, and are not subject to any  
27 "freeze."

28 <sup>2</sup> Heller Ehrman anticipates filing similar notices as the two-year anniversary dates for other matters  
approach.

1 2000, 2001, and 2002 for all timekeepers (shareholders, associates, and paralegals and other  
2 nonlawyer personnel) who have worked on PG&E matters during the most recent interim  
3 fee application period (April 1, 2002, to July 31, 2002). The increased shareholder rates for  
4 the four matters identified above (Nos. 63, 64, 69 and 74) appear in the 2002 column under  
5 the heading for Shareholders.

6 Dated: August 27, 2002

HELLER EHRMAN WHITE & McAULIFFE LLP

7  
8 By:   
9 Adam M. Cole  
10 Special Counsel for Debtor in Possession  
11 PACIFIC GAS AND ELECTRIC COMPANY  
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## Billing Rates For Heller Ehrman Timekeepers on PG&E Matters

<u>Timekeeper</u>	<u>Shareholders<sup>1</sup></u>		
	<u>Rate</u>		
	<u>2002</u>	<u>2001</u>	<u>2000</u>
M L Popofsky	568.00;	563.00;	473.00
M L Fiala	482.00;	459.00;	392.00
M J Shepard	482.00;	459.00;	392.00
S A Berman	468.00;	446.00;	365.00
P J Benvenuto	459.00;	437.00;	369.00
M L Charlson	446.00;	423.00;	351.00
M A Stosser	428.00;	405.00;	338.00
J P Hayden	419.00;	396.00;	338.00
W Russell	419.00;	396.00;	355.00
D B Goodwin	414.00;	396.00;	324.00
T E Reiber	383.00;	356.00;	302.00
A M Cole	374.00;	342.00;	297.00

### Associates

D L Bratton	383.00
E L Brand	356.00
D C Kerby	356.00
J H Fagan	351.00
P B Mohler	351.00
A S Borrasca	333.00
D E Jones	333.00
H S Kim	329.00
V E Collanton	324.00

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<sup>1</sup> Pursuant to the fee agreement between Heller Ehrman and PG&E applicable to matters other than insurance coverage matters (the insurance coverage matters are 13779-0045 and 13779-0066; shareholders: David B. Goodwin and Wondie Russell), Heller Ehrman has agreed not to raise shareholder rates for two years from the rate in place when work on a particular matter commenced. Matters on which work commenced in 2000 are 13779-0063 (work commenced July 1, 2000), 13779-0064 (work commenced August 1, 2000), 13779-0069 (work commenced December 1, 2000), and 13779-0074 (work commenced August 1, 2000). Matters on which work commenced in 2001 are 13779-0067, 13779-0068, 13779-0070, 13779-0071, 13779-0072, 13779-0073, 13779-0075, 13779-0076, 13779-0077, 13779-0078, 13779-0079, 13779-80, 13779-0081, 13779-0082 and 13779-0083. Matters on which work commenced in 2002 are 13779-0084, 13779-0085, 13779-0086 and 13779-0087.

## Billing Rates For Heller Ehrman Timekeepers on PG&E Matters

T G Glass	324.00
R H Sheen	315.00
H E Ware	315.00
S H Jaffe	288.00
T L Jolish	288.00
B E Esparza-Dueñas	261.00
S I Grace	261.00
C E Gould	221.00
R M Jones	216.00
Y Green	212.00
M Correa	185.00
W Lee	185.00
M M Wilson	185.00
T C Orvald	180.00
M G Andrea	171.00
R R Tacorda	158.00
J Fore	158.00

### Paralegals and Other Nonlawyer Professionals<sup>2</sup>

	<u>Normal PG&amp;E Rate</u>	<u>File Management Rate</u>
B E Suess	180.00	N/A
A Constantine	158.00	53.00
A C Whitehead	158.00	51.00
D R Luster	158.00	60.00
C T O'Hoyne	158.00	50.00
P K Johnsen	158.00	57.00
K L Rogers	158.00	57.00
B K Hauther	158.00	53.00

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<sup>2</sup> The first column shows each paralegal or other nonlawyer professional's normal billing rate to PG&E (90% of each timekeeper's full rate). Pursuant to the Court's December 12, 2001, Order, as clarified by the Court at the February 26, 2002, hearing on Heller Ehrman's Second Interim Fee Application, for file management services performed by paralegals, Heller Ehrman is entitled to compensation at a rate equal to the direct cost per hour to Heller Ehrman of the paralegal or \$40/hour, whichever is greater. Messrs. Suess, Marx and Lefko and Mss. Skoler, Alderman and Simcox are not paralegals and do not perform any file management services. No file management rates are shown for them.

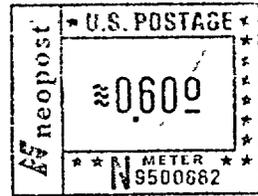
## Billing Rates For Heller Ehrman Timekeepers on PG&E Matters

W G Marx	158.00	N/A
T Paralegal	158.00	40.00
M D Oldenburg	149.00	48.00
C M Adkins	149.00	43.00
J S Contino	144.00	40.00
D E Cathel	144.00	41.00
P E Dean	144.00	43.00
J E Skoler	140.00	N/A
S C Simcox	135.00	N/A
K K Alderman	135.00	N/A
E J Lefko	135.00	N/A
N M McLaughlin	131.00	40.00
M K Holzer	126.00	40.00
P M Tempelis	122.00	40.00
V Gonzales	122.00	40.00
E K Iwasaki	122.00	40.00
J J Dean	122.00	40.00
J F Morgan	113.00	40.00
J L Gordon	113.00	43.00
S Shoffner	113.00	40.00
E Chang	108.00	40.00
M B Stone	104.00	40.00
R M Olivo	104.00	40.00
R M Cheesman	90.00	40.00
C L Morris	72.00	40.00

**HellerEhrman**  
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