National Economic Research Associates, Inc.
1166 6th Avenue, 34th Floor
New York, NY 10036
Telephone: (212) 345-3000
Facsimile: (212) 345-4650

50-275/323

Consultant for the Debtor

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	Case No. 01-30923 Chapter 11 Case (No Hearing Scheduled)

NATIONAL ECONOMIC RESEARCH ASSOCIATES, INC.'S COVER SHEET APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD JULY 30, 2002 TO AUGUST 26, 2002

National Economic Research Associates, Inc. ("NERA") submits its Cover Sheet Application (the "Application") for Allowance and Payment of Interim Compensation and Reimbursement of Expenses for the Period July 30, 2002 through August 26, 2002 (the "Application Period"). In support of the Application, NERA respectfully represents as follows:

1. NERA is consultant to the Pacific Gas and Electric Company, debtor and debtor-in-possession in the above-referenced bankruptcy case (the "Debtor"). NERA hereby applies to the Court for allowance and payment of interim compensation for services rendered and reimbursement of expenses incurred in the bankruptcy matter during the Application Period.
2. NERA was engaged by the Debtor to provide services in the bankruptcy matter, which engagement was approved by the Court Order dated February 6, 2002. Excluding administrative time invoiced for which NERA is not seeking to be compensated, NERA billed a total of $207,321.06 in fees (representing 976.85 hours expended) and expenses for services rendered in the bankruptcy matter during the Application Period. These fees and expenses break down as follows:

Period	Fees	Expenses	Total
7/30/2002-8/26/2002	$201,747.00	$5,574.06	$207,321.06

3. Accordingly, NERA seeks allowance of interim compensation in the total amount of $177,059.01 at this time. This total is comprised as follows:

A001 Add: Rids Ogc Mail Center

$171,484.95 (85% of the fees for services rendered)[1] plus $5,574.06 (100% of the expenses incurred).

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

Application Period	Amount Applied For	Description	Amount Paid
9/25/01-3/25/02	$313,143.60	85% of fees and 100% of expenses	$313,143.60
3/26/02-4/29/02	$21,150.51	85% of fees and 100% of expenses	$21,150.51
4/30/02-5/27/02	$27,094.97	85% of fees and 100% of expenses	$27,094.97
5/28/02-6/24/02	$36,357.90	85% of fees and 100% of expenses	$36,357.90
6/25/02-7/29/02	$209,021.31	85% of fees and 100% of expenses	$209,021.31
Total Paid to NERA to Date	$606,768.29		$606,768.29

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

Application Period	Amount	Description
First (9/25/01-3/25/02)	$54,705.56	15% fee holdback and/or portion of fees objected to.
Second (3/26/02-4/29/02)	$3,731.25	15% fee holdback and/or portion of fees objected to.
Third (4/30/02-5/27/02)	$4,771.95	15% fee holdback and/or portion of fees objected to.
Fourth (5/28/02-6/24/02)	$6,416.10	15% fee holdback and/or portion of fees objected to.
Fifth (6/25/02-7/29/02)	$35,826.60	15% fee holdback and/or portion of fees objected to.
Total Owed to NERA to Date	$105,451.46	

6. With regard to the copies of this Application served on counsel for the Committee, counsel for the Debtor and the Office of the United States Trustee, attached as Exhibit 1 hereto are NERA's invoices for each month covered by this application; and attached as Exhibit 2 are the detailed time statements summarizing the services rendered during 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

[1] Payment of this amount would result in a "holdback" of $30,262.05

Trustee. The time statements include the name of each professional who performed services in connection with this case during the period covered by this Application and the hourly rate for each such professional.

7. NERA has served a copy of this Application (without Exhibits) on the Special Notice List in this case.

8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered on or about July 26, 2001, as amended on or about November 8, 2001, the Debtor is authorized to make the payment requested herein without a further hearing or order of this Court unless an objection to this Application is filed with the Court by the Debtor, the Committee or the United States Trustee and served by the fifteenth day of the month following the service of this Application. If such an objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the objection. NERA believes that this Cover Sheet Application was mailed by first class mail, postage prepaid, on or about September 10, 2002.

9. The interim compensation and reimbursement of expenses sought in this Application is on account and is not final. Upon conclusion of this case, NERA will seek fees and reimbursement of the expenses incurred for the totality of the services rendered in this case. Any interim fees or reimbursement of expenses approved by this Court and received by NERA will be credited against such final fees and expenses as may be allowed by this Court.

10. NERA represents and warrants that its billing practices comply with all Northern District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the Office of the United States Trustee. Neither NERA nor any members of NERA has any agreement or understanding of any kind or nature to divide, pay over or share any portion of the fees or expenses to be awarded to NERA with any other person or attorney except as among the members and associates of NERA.

WHEREFORE, NERA respectfully requests that the Debtor pay compensation to NERA as requested herein pursuant to and in accordance with the terms of the "ORDER ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE."

Dated: 9/10/02

National Economic Research Associates, Inc.

By: Eugene Thomas Meehan

Eugene T. Meehan, Senior Vice President
National Economic Research Associates, Inc.
Consultant to Pacific Gas & Electric Co.