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50-295/323

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

8
9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA

11 SAN FRANCISCO DIVISION

11 In re
12 PACIFIC GAS AND ELECTRIC
13 COMPANY, a California Corporation,
14 Debtor.
15 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 AUGUST 1,
2002, TO AUGUST 31, 2002)**

[No Hearing Scheduled]

18
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 August 1, 2002, to August 31, 2002 ("Application Period"). In support of the Application,
22 the 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
AUGUST 1, 2002, TO AUGUST 31, 2002)

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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 \$156,475 in hourly fees ("Hourly Fees"), representing 536.6 hours
 6 expended, during the Application Period.¹ These Hourly Fees are shown as follows:

8 Period	Hourly Fees	Total
9 8/1/02 to 8/31/02	\$156,475.00	\$156,475.00 ²

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

11 3. The Firm seeks payment of a total of \$133,003.75 at this time. This is 85 % of the
 12 Hourly Fees for services rendered from August 1, 2002, through August 31, 2002.³

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

15 Application Period	Amount Applied For	Description	Amount Paid
16 First (4/7/01 to 17 2/28/02)	\$62,333.90 ⁴	\$62,263.50 in hourly fees 18 and \$70.40 in expenses, 19 less \$22,346.50, which 20 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 ⁵

21 ¹ During the Application Period, the Firm also provided services in connection with its audit of
 22 Debtor's consolidated financial statements and review of interim financial information for the 2002 fiscal
 23 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.

24 ² In addition to fees for Supplemental Services, the amount requested includes \$16,831.00 for time
 25 expended in preparing fee applications.

26 ³ Payment of this amount would result in a "holdback" of \$23,471.25.

⁴ 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) ⁶	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				
8	Fifth (6/1/02 to 6/30/02)	\$115,006	85% of \$115,006 in hourly fees	\$97,755.10
9				
10	Sixth (7/1/02 to 7/31/02)	\$128,834.50	85% of \$128,834.50 in hourly fees	\$109,509.33

11 The Firm has also received \$855,000 as the Firm's base fee for auditing and
12 reporting on Debtor's consolidated financial statements and reviewing interim financial
13 information for the 2001 fiscal year ("Base Audit Fee"). Including the 2001 Base Audit
14 Fee, the total paid to the Firm to date is \$3,063,675.91.

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

17	Application Period	Amount	Description
18	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
19			
20	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 May 29, 2002
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 ⁵ 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 ⁶ 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	5/31/02)		by the Firm's fourth "cover sheet" application filed June 27, 2002
2	Fifth (6/1/02 to	\$17,250.90	15% holdback of fees requested
3	6/30/02)		by the Firm's fifth "cover sheet" application filed July 23, 2002 and amended on August 5, 2002
4	Sixth (7/1/02 to	\$19,325.17	15% holdback of fees requested
5	7/31/02)		by the Firm's sixth "cover sheet" application filed August 22, 2002
6			
7	Total Owed to the Firm to Date	\$93,506.99 ⁷	

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

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

18 8. Pursuant to this Court's Second Amended Order Establishing Interim Fee Application
19 and Expense Reimbursement Procedure, filed on March 18, 2002, the Debtor will be authorized
20 to make the payment requested herein without further hearing or order unless an objection to this
21 Application is filed with the court by the Debtor, the Committee, or the United States Trustee and
22 served by the fifteenth day of the month following the service of this Application. If such an
23 objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the
24

25 ⁷ The \$93,506.99 does not include any fees for the Firm's 2002 audit of Debtor's consolidated
26 financial statements and review of interim financial information. No fees have as yet been billed for these services.

1 objection. The Firm is informed and believes that this Application was mailed to all persons
2 shown on the Special Notice List by first class mail, postage prepaid, on September 27, 2002.

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

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

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

17 Dated: September 27, 2002

18 DELOITTE & TOUCHE LLP

19 By _____
20

21 Mark A. Edmunds, Partner
22 Independent Auditor, Accountant, Tax
23 Advisor and Consultant to Debtor Pacific
24 Gas and Electric Company
25
26

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 September 27, 2002, I served the foregoing **DELOITTE & TOUCHE LLP'S**
5 **COVER SHEET APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM**
6 **COMPENSATION (FOR SERVICES RENDERED FROM AUGUST 1, 2002, TO**
7 **AUGUST 31, 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 United Parcel Service, for overnight delivery, with charges fully prepaid, to each of the following three addressees⁶:

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

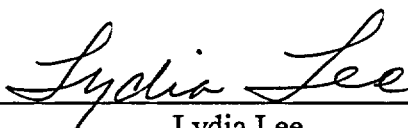
Stephen Johnson
Office of the U.S. Trustee
250 Montgomery Street, Suite 1000
San Francisco, CA 94104-3401
[United States Trustee]

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: September 27, 2002.

17
18 9/27/2002

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.