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PACIFIC GAS AND ELECTRIC COMPANY

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9 UNITED STATES BANKRUPTCY COURT  
10 NORTHERN DISTRICT OF CALIFORNIA  
11 SAN FRANCISCO DIVISION

12 In re  
13 PACIFIC GAS AND ELECTRIC  
14 COMPANY, a California corporation,  
15 Debtor.

Case No. 01-30923 DM  
Chapter 11 Case  
[NO HEARING REQUESTED]

16 Federal I.D. No. 94-0742640

17 HOWARD, RICE, NEMEROVSKI, CANADY, FALK & RABKIN  
18 COVER SHEET APPLICATION  
19 FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION  
AND REIMBURSEMENT OF EXPENSES FOR AUGUST, 2002

20 Howard, Rice, Nemerovski, Canady, Falk & Rabkin (the "Firm") submits its  
21 Cover Sheet Application (the "Application") for Allowance and Payment of Interim  
22 Compensation and Reimbursement of Expenses for the Period August 1, 2002 through  
23 August 31, 2002 (the "Application Period"). In support of the Application, the Firm  
24 respectfully represents as follows:

25 1. The Firm is counsel to Pacific Gas and Electric Company, the debtor and  
26 debtor-in-possession in the above-referenced bankruptcy case (the "Debtor"). The Firm  
27 hereby applies to the Court for allowance and payment of interim compensation for services  
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1 rendered and reimbursement of expenses incurred during the Application Period.

2 2. The Firm billed a total of \$1,633,938.77 in fees and expenses during the  
3 Application Period. The total fees represent hours expended during the Application Period.  
4 These fees and expenses break down as follows:

5 Period	6 Fees	7 Expenses	8 Total
9 August, 2002	\$1,479,746.81	\$154,191.96	\$1,633,938.77

10 3. Accordingly, the Firm seeks allowance of interim compensation in the total  
11 amount of \$1,411,976.74 at this time. This total is comprised as follows: \$1,257,784.78  
(85% of the fees for services rendered)<sup>1</sup> plus \$154,191.96 (100% of the expenses incurred).

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

13 Application Period	14 Amount Applied For	15 Description	16 Amount Paid
17 April, 2001	\$ 929,737.50	100% of unpaid fees	\$ 522,147.53
18 May, 2001	\$1,573,804.00	100% of fees and 100% of expenses	\$1,573,804.00
19 June, 2001	\$1,080,764.49	100% of fees and 100% of expenses	\$1,080,764.49
20 July, 2001	\$1,062,170.75	100% of fees and 100% of expenses	\$1,062,170.75 <sup>2</sup>
21 August, 2001	\$ 923,168.88	100% of fees and 100% of expenses	\$ 923,068.88 <sup>3</sup>
22 September, 2001	\$ 870,086.06	100% of fees and 100% of expenses	\$ 870,086.06
23 October, 2001	\$1,103,763.77	100% of fees and 100% of expenses	\$1,103,763.77

24 <sup>1</sup>Payment of this amount would result in a "holdback" of \$221,962.03.

25 <sup>2</sup>The Firm found certain charges that did not comply with the Guidelines, in the  
26 amount of \$24,035.37, were inadvertently included in Applicant's Cover Sheet Application  
27 for July, 2001, as described in its First Interim Application previously filed. The Firm has  
28 credited this amount appropriately. Additionally, the Firm had written off an additional  
\$114.00 in fees.

<sup>3</sup>The Firm had written off an additional \$100.00 in fees.

Application Period	Amount Applied For	Description	Amount Paid
November, 2001	\$1,024,609.67	100% of fees and 100% of expenses	\$1,024,609.67
December, 2001	\$ 879,188.74	100% of fees and 100% of expenses	\$ 879,188.74
January, 2002	\$1,189,708.56	100% of fees and 100% of expenses	\$1,189,708.56
February, 2002	\$1,011,441.25	100% of fees and 100% of expenses	\$1,011,441.25
March, 2002	\$1,173,475.23	100% of fees and 100% of expenses	\$1,157,905.21 <sup>4</sup>
April, 2002	\$1,112,336.09	85% of fees and 100% of expenses	\$1,112,336.09
May, 2002	\$1,192,342.56	85% of fees and 100% of expenses	\$1,192,342.56
June, 2002	\$1,209,762.29	85% of fees and 100% of expenses	\$1,209,762.29
July, 2002	\$1,214,518.95	85% of fees and 100% of expenses	\$1,214,518.95
Total Paid to the Firm to Date			\$17,127,618.80

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

Application Period	Amount	Description
April 1 – April 30, 2002	\$ 184,093.95	15% fee holdback
May 1 – May 31, 2002	\$ 197,834.40	15% fee holdback
June 1 – June 30, 2002	\$ 203,960.40	15% fee holdback
July 1 – July 31, 2002	\$ 205,152.68	15% fee holdback
Total Owed to Firm to Date	\$ 791,041.43	

6. With regard to the copies of this Application served on counsel for the

<sup>4</sup>The Firm had written off an additional \$15,570.02 in fees.

1 Official Committee of Unsecured Creditors (the "Committee"), the Debtor and the Office of  
2 the United States Trustee, attached as Exhibit 1 hereto is the name of each professional who  
3 performed services in connection with this case during the Application Period and the hourly  
4 rate for each such professional; and attached as Exhibit 2 is an Account Summary. The  
5 detailed time and expense statements for the Application Period that comply with all  
6 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and  
7 the Guidelines of the Office of the United States Trustee have been submitted in electronic  
8 form to the Office of the United States Trustee and mailed to counsel for the Committee and  
9 to the Debtor.

10 7. The Firm is serving a copy of this Application (without Exhibits) on the  
11 Special Notice List in this case.

12 8. Pursuant to this Court's "SECOND AMENDED ORDER ESTABLISHING  
13 INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE  
14 (Revised March, 2002)" (the "Amended Order"), the Debtor is authorized to make the  
15 payment requested herein without a further hearing or order of this Court, unless an  
16 objection to this Application is filed with the Court by the Debtor, the Committee or the  
17 United States Trustee and served by the fifteenth day of the month following the service of  
18 this Application. If such an objection is filed, Debtor is authorized to pay the amounts, if  
19 any, not subject to the objection. The Firm is informed and believes that this Cover Sheet  
20 Application was mailed by first class mail, postage prepaid, on or about September 30, 2002.

21 9. The interim compensation and reimbursement of expenses sought in this  
22 Application is on account and is not final. Upon the conclusion of this case, the Firm will  
23 seek fees and reimbursement of the expenses incurred for the totality of the services  
24 rendered in the case. Any interim fees or reimbursement of expenses approved by this Court  
25 and received by the Firm (along with the Firm's retainer) will be credited against such final  
26 fees and expenses as may be allowed by this Court.

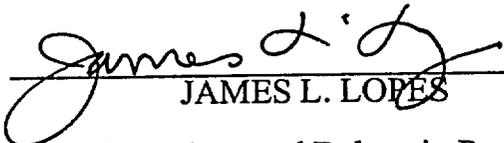
27 10. The Firm represents and warrants that its billing practices comply with all  
28 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and

1 the Guidelines of the Office of the United States Trustee.<sup>5</sup> Neither the Firm nor any  
2 members of the Firm has any agreement or understanding of any kind or nature to divide,  
3 pay over or share any portion of the fees or expenses to be awarded to the Firm with any  
4 other person or attorney except as among the members and associates of the Firm.

5 WHEREFORE, the Firm respectfully requests that the Debtor pay compensation  
6 to the Firm as requested herein pursuant to and in accordance with the terms of the Amended  
7 Order.

8 DATED: September 30, 2002

9 HOWARD, RICE, NEMEROVSKI, CANADY,  
10 FALK & RABKIN  
11 A Professional Corporation

12 By:   
13 JAMES L. LOPES

14 Attorneys for Debtor and Debtor in Possession  
15 PACIFIC GAS AND ELECTRIC COMPANY

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<sup>5</sup>As the Firm has informed the Office of the United States Trustee and the Committee, the facsimile charges sought by Applicant deviate slightly from the Court's Guidelines. The Firm intends to provide a full explanation of such deviation and a request for payment of such charges in its next interim fee application to the Court in this case.