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Debtor and Debtor in Possession
Pacific Gas and Electric Company

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	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 OCTOBER 1, 2002, TO OCTOBER 31, 2002)** [No Hearing Scheduled]

Deloitte & Touche LLP (the "Firm") submits this Cover Sheet Application for Allowance and Payment of Interim Compensation ("Application") for services provided during the period from October 1, 2002, to October 31, 2002 ("Application Period"). In support of the Application, the Firm respectfully represents as follows:

1. The Firm is Independent Auditor, Accountant, Tax Advisor, and Consultant to Debtor Pacific Gas & Electric Company ("Debtor"). On July 10, 2001, the Firm's retention in this capacity was approved *nunc pro tunc*, effective April 6, 2001. On April 11, 2002, the Firm's employment to audit financial statements being prepared for four entities that would succeed to

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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 $426,408.75 in hourly fees ("Hourly Fees"), representing 1481.5 hours expended, during the Application Period. These Hourly Fees are shown as follows:

Period	Hourly Fees	Total
10/1/02 to 10/31/02	$426,408.75	$426,408.75[1]

Although the Firm incurred expenses during the Application Period, the Firm is not requesting reimbursement of any portion of those expenses at this time but intends to request such reimbursement in a subsequent application.

3. The Firm seeks payment of a total of $362,447.44 at this time. This is 85 % of the Hourly Fees for services rendered from October 1, 2002, through October 31, 2002.[2]

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First (4/7/01 to 2/28/02)	$62,333.90[3]	$62,263.50 in hourly fees and $70.40 in expenses, less $22,346.50, which was withdrawn from the Firm's request in its June 25, 2002, reply to the United State's Trustee's objection to the Firm's First Interim Application	$39,987.40[4]

[1] In addition to fees for Supplemental Services, the amount requested includes $9,000.00 for time expended in preparing fee applications.

[2] Payment of this amount would result in a "holdback" of $63,961.31.

[3] The relevant cover sheet application requested a total of $62,573.90 in fees and costs, but the Firm later reduced the amount requested to $62,333.90 due to a $240 error in the initial billing.

Second (10/1/01 to 3/31/02)[5]	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
Third (4/1/02 to 4/30/02)	$232,523.00	85% of $232,523 in hourly fees	$197,644.55
Fourth (5/1/02 to 5/31/02)	$147,016.50	85% of $147,016.50 in hourly fees	$124,964.03
Fifth (6/1/02 to 6/30/02)	$115,006.00	85% of $115,006 in hourly fees	$97,755.10
Sixth (7/1/02 to 7/31/02)	$128,834.50	85% of $128,834.50 in hourly fees	$109,509.33
Seventh (8/1/02 to 8/31/02)	$156,475.00	85% of $156,475 in hourly fees	$133,003.75

The Firm has also received (1) $855,000 as the Firm's base fee for auditing and reporting on Debtor's consolidated financial statements and reviewing interim financial information for the 2001 fiscal year and (2) $840,000 of the base fee for auditing and reporting on Debtor's consolidated financial statements and reviewing interim financial information for the 2002 fiscal year. The July 10, 2001, order approving the Firm's employment, together with the November 5, 2002, order approving the 2002 base audit fee, authorized Debtor to pay these fees upon receipt of invoices from the Firm. Including the 2001 and 2002 Base Audit Fees, the total paid to the Firm to date is $4,036,679.66.

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

(Footnote Continued from Previous Page.)

[4] 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.

[5] 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.

Application Period	Amount	Description
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
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
Fifth (6/1/02 to 6/30/02)	$17,250.90	15% holdback of fees requested by the Firm's fifth "cover sheet" application filed July 23, 2002 and amended on August 5, 2002
Sixth (7/1/02 to 7/31/02)	$19,325.17	15% holdback of fees requested by the Firm's sixth "cover sheet" application filed August 22, 2002
Seventh (8/1/02 to 8/31/02)	$23,471.25	15% of holdback of fees requested by the Firm's seventh "cover sheet" application filed September 27, 2002
Eighth (9/1/02 to 9/30/02)	$130,353.50	Fees requested by the Firm's eighth "cover sheet" application filed on October 31, 2002
Total Owed to the Firm to Date	$247,331.74[6]	

6. Attached as Exhibits 1 and 2, respectively, to the copies of this Application served on counsel for the Official Committee of Unsecured Creditors, counsel for Debtor, and the Office of the United States Trustee are *(i)* a list of the names and hourly billing rates of each professional who performed services for which compensation is sought by this Application and *(ii)* detailed time statements for 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 Trustee.

[6] The $247,331.74 does not include any fees incurred but not yet paid for the Firm's 2002 audit of Debtor's consolidated financial statements and review of interim financial information.

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

8. Pursuant to this Court's Second Amended Order Establishing Interim Fee Application and Expense Reimbursement Procedure, filed on March 18, 2002, the Debtor will be authorized to make the payment requested herein without further hearing or order 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 will be authorized to pay the amounts, if any, not subject to the objection. The Firm is informed and believes that this Application was mailed to all persons shown on the Special Notice List by first class mail, postage prepaid, on November 26, 2002.

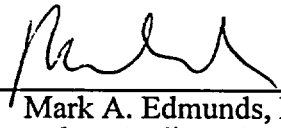
9. The interim compensation sought by this Application is on account and not final. At the conclusion of this case, the Firm will seek fees and reimbursement of expenses incurred for the totality of its employment in this case. Any interim fees or reimbursement of expenses approved by the court and received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

10. The Firm 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 the Firm nor any member of the Firm has any agreement or understanding of any kind or nature to divide, pay over or share any portion of the fees or expenses awarded to the Firm with any other person or entity other than members and/or associates of the Firm.

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

Dated: November 26, 2002

DELOITTE & TOUCHE LLP

By 

Mark A. Edmunds, Partner
Independent Auditor, Accountant, Tax Advisor and Consultant to Debtor Pacific Gas and Electric Company

PROOF OF SERVICE

I am over the age of 18, and I am employed at the offices of Deloitte & Touche LLP, located at 50 Fremont Street, San Francisco, California.

On November 26, 2002, I served the foregoing **DELOITTE & TOUCHE LLP'S COVER SHEET APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION (FOR SERVICES RENDERED FROM OCTOBER 1, 2002, TO OCTOBER 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 addressees[6]:

James L. Lopes
Howard, Rice, Nemerovski,Canady, Falk & Rabkin
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]

Robert J. Moore
Paul S. Aronzon
Milbank, Tweed, Hadley & McCloy LLP
601 South Figueroa Street
Los Angeles, CA 90017
[Counsel for Official Committee of Unsecured Creditors]

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.

Dated: November 26, 2002.

Lydia Lee

[6] *Only* the copies served on the Office of the United States Trustee, counsel for debtor Pacific Gas and Electric Company, and counsel for the official committee of unsecured creditors included Exhibits 1 and 2; the copies served on other parties did not include the exhibits.