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11 Attorneys for Debtor and Debtor in Possession  
12 PACIFIC GAS AND ELECTRIC COMPANY

13 UNITED STATES BANKRUPTCY COURT  
14 NORTHERN DISTRICT OF CALIFORNIA  
15 SAN FRANCISCO DIVISION

16 In re  
17 PACIFIC GAS AND ELECTRIC  
18 COMPANY, a California corporation,  
19 Debtor.

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

23 Federal I.D. No. 94-0742640

24 HOWARD, RICE, NEMEROVSKI, CANADY, FALK & RABKIN  
25 COVER SHEET APPLICATION  
26 FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION  
27 AND REIMBURSEMENT OF EXPENSES FOR OCTOBER, 2002

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

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

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RICE  
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CANADY  
FALK  
& RABKIN  
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2. The Firm billed a total of \$2,333,843.95 in fees and expenses during the Application Period. The total fees represent 8,138 hours expended during the Application Period. These fees and expenses break down as follows:

Period	Fees	Expenses	Total
October, 2002	\$2,219,644.00	\$114,199.95 <sup>1</sup>	\$2,333,843.95

3. Accordingly, the Firm seeks allowance of interim compensation in the total amount of \$2,000,897.35 at this time. This total is comprised as follows: \$1,886,697.40 (85% of the fees for services rendered)<sup>2</sup> plus \$114,199.95 (100% of the expenses incurred).

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

Application Period	Amount Applied For	Description	Amount Paid
April 6, 2001 through July 31, 2001 (1st post-petition interim fee application period)	\$4,646,476.74	100% of fees and expenses	\$4,238,886.77 <sup>3</sup>
August 1, 2001 through November 30, 2001 (2nd post-petition interim fee application period)	\$3,921,628.38	100% of fees and expenses	\$3,921,528.38 <sup>4</sup>
December 1, 2001 through March 31, 2002 (3rd post-petition interim fee application period)	\$4,253,813.78	100% of fees and expenses	\$4,238,243.76 <sup>5</sup>

<sup>1</sup>The Firm credited \$49.75 from September costs.

<sup>2</sup>Payment of this amount would result in a "holdback" of \$332,946.60.

<sup>3</sup>The Firm found certain charges that did not comply with the Guidelines, in the amount of \$24,035.37, were inadvertently included in applicant's Cover Sheet Application for July, 2001 as described in its First Interim Application previously filed. The Firm has credited this amount appropriately. Additionally, the Firm had written off an additional \$114.00 in fees.

<sup>4</sup>The Firm had written off an additional \$100.00 in fees.

<sup>5</sup>The Firm had written off an additional \$15,570.02 in fees.

Application Period	Amount Applied For	Description	Amount Paid
April 1, 2002 through July 31, 2002 (4th post-petition interim fee application period)	\$5,520,001.30	100% of fees and expenses	\$5,520,001.30
August, 2002	\$ 1,411,976.74	85% of fees and 100% of expenses	\$ 1,411,976.75
September, 2002	\$ 1,567,378.02	85% of fees and 100% of expenses	\$ 1,567,378.02
Total Paid to the Firm to Date	\$21,321,274.96		\$20,106,973.57

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

Application Period	Amount	Description
August 1 – August 31, 2002	\$ 221,962.03	15% fee holdback
Sept. 1 – Sept. 30, 2002	\$ 258,803.40	15% fee holdback
Total Owed to Firm to Date	\$ 480,765.43	

6. With regard to the copies of this Application served on counsel for the Official Committee of Unsecured Creditors (the "Committee"), the Debtor and the Office of the United States Trustee, attached as Exhibit 1 hereto is the name of each professional who performed services in connection with this case during the Application Period and the hourly rate for each such professional; and attached as Exhibit 2 is an Account Summary. The detailed time and expense 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 have been submitted in electronic form to the Office of the United States Trustee and mailed to counsel for the Committee and to the Debtor.

7. The Firm is serving a copy of this Application (without Exhibits) on the

1 Special Notice List in this case.

2 8. Pursuant to this Court's "SECOND AMENDED ORDER ESTABLISHING  
3 INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE  
4 (Revised March, 2002)" (the "Amended Order"), the Debtor is authorized to make the  
5 payment requested herein without a further hearing or order of this Court, unless an  
6 objection to this Application is filed with the Court by the Debtor, the Committee or the  
7 United States Trustee and served by the fifteenth day of the month following the service of  
8 this Application. If such an objection is filed, Debtor is authorized to pay the amounts, if  
9 any, not subject to the objection. The Firm is informed and believes that this Cover Sheet  
10 Application was mailed by first class mail, postage prepaid, on or about December 2, 2002.

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

17 10. The Firm represents and warrants that its billing practices comply with all  
18 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and  
19 the Guidelines of the Office of the United States Trustee.<sup>6</sup> Neither the Firm nor any  
20 members of the Firm has any agreement or understanding of any kind or nature to divide,  
21 pay over or share any portion of the fees or expenses to be awarded to the Firm with any  
22 other person or attorney except as among the members and associates of the Firm.

23 WHEREFORE, the Firm respectfully requests that the Debtor pay compensation  
24 to the Firm as requested herein pursuant to and in accordance with the terms of the Amended  
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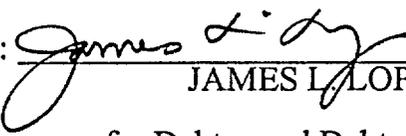
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26 <sup>6</sup>As the Firm has informed the Office of the United States Trustee and the Committee,  
27 the facsimile charges sought by Applicant deviate slightly from the Court's Guidelines. The  
28 Firm intends to provide a full explanation of such deviation and a request for payment of  
such charges in its next interim fee application to the Court in this case.

1 Order.

2 DATED: December 2, 2002

3 HOWARD, RICE, NEMEROVSKI, CANADY,  
4 FALK & RABKIN  
5 A Professional Corporation

6 By:   
7 JAMES L. LOPES

8 Attorneys for Debtor and Debtor in Possession  
9 PACIFIC GAS AND ELECTRIC COMPANY

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