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

50-275  
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8 UNITED STATES BANKRUPTCY COURT

9 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

10 In re  
11 PACIFIC GAS AND ELECTRIC  
COMPANY, a California Corporation,  
12 Debtor.  
13 Federal I.D. No. 94-0742640  
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Case No. 01-30923 DM  
Chapter 11  
**DELOITTE & TOUCHE LLP'S COVER  
SHEET APPLICATION FOR  
ALLOWANCE AND PAYMENT OF  
INTERIM COMPENSATION AND  
REIMBURSEMENT OF EXPENSES  
(NOVEMBER 1, 2002, TO NOVEMBER 30,  
2002)**  
  
[No Hearing Scheduled]

18 Deloitte & Touche LLP (the "Firm") submits this Cover Sheet Application for Allowance  
19 and Payment of Interim Compensation and Reimbursement of Expenses ("Application") for  
20 November 1, 2002, to November 30, 2002 ("Application Period"). In support of the Application,  
21 the Firm respectfully represents as follows:

22 1. The Firm is Independent Auditor, Accountant, Tax Advisor, and Consultant to Debtor  
23 Pacific Gas & Electric Company ("Debtor"). On July 10, 2001, the Firm's retention in this  
24 capacity was approved *nunc pro tunc*, effective April 6, 2001. On April 11, 2002, the Firm's  
25 employment to audit financial statements being prepared for four entities that would succeed to  
26 Debtor's business assets upon confirmation of Debtor's proposed reorganization plan  
27 ("Supplemental Services") was approved *nunc pro tunc*, effective October 1, 2001. By this

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1 Application, the Firm is applying to the Court for allowance and payment of (a) interim  
2 compensation for services rendered during the Application Period and (b) reimbursement of  
3 expenses incurred from January 1, 2002, through the end of the Application Period.

4 2. The Firm logged \$170,783.25 in hourly fees ("Hourly Fees"), representing 542.9  
5 hours expended, during the Application Period, and the Firm incurred \$13,021.94 in expenses  
6 ("Expenses") from January 1, 2002 through the end of the Application Period. These Hourly  
7 Fees and Expenses are shown as follows:

8

9 Period	Hourly Fees	Expenses	Total
10 11/1/02 to 11/30/02	\$170,783.25 <sup>1</sup>	\$13,021.94	\$183,805.19

11 3. The Firm seeks payment of a total of \$158,187.70 at this time.<sup>2</sup> This is the sum of (i)  
12 85% of the Hourly Fees for services rendered from November 1, 2002, through November 30,  
13 2002, and (ii) 100 % of the Expenses incurred from January 1, 2002, through November 30,  
14 2002.<sup>3</sup>

15 For the post-petition period, the Firm has been paid to date as follows:  
16

17 <sup>1</sup> In addition to fees for Supplemental Services, the amount requested includes \$9,981 for time  
18 expended in preparing fee applications and \$10,242.50 in fees for responding to a request from the Office  
19 of Rate Payer Advocate of the California Public Utilities Commission to review working papers related to  
the Firm's audits of Debtor's consolidated financial statements for the years 2000 and 2001.

20 <sup>2</sup> Payment of this amount would result in a fees "holdback" of \$25,617.49.

21 <sup>3</sup> The expenses requested by this Application include expenses incurred during periods prior to  
22 November 1, 2002, as well as expenses incurred during the Application Period. The Firm did not request  
23 reimbursement for any of these expenses in its previous compensation applications. Among other items,  
these expenses include travel related costs necessitated by changes in timing requirements for completion  
of certain aspects of the audits. The changes required the Firm to utilize staffing resources from outside  
the Firm's San Francisco office.  
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Application Period	Amount Applied For	Description	Amount Paid
First (4/7/01 to 2/28/02)	\$62,333.90 <sup>4</sup>	\$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 <sup>5</sup>
Second (10/1/01 to 3/31/02) <sup>6</sup>	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	\$232,523 in hourly fees	\$232,523.00
Fourth (5/1/02 to 5/31/02)	\$147,016.50	\$147,016.50 in hourly fees	\$147,016.50
Fifth (6/1/02 to 6/30/02)	\$115,006.00	\$115,006 in hourly fees	\$115,006.00
Sixth (7/1/02 to 7/31/02)	\$128,834.50	\$128,834.50 in hourly fees less \$3,064.50, which was withdrawn from the Firm's request in its November 22, 2002 Memorandum re Supplemental Time Diaries Supporting Second Interim Application for Compensation by Deloitte & Touche LLP	\$125,770.00
Seventh (8/1/02 to 8/31/02)	\$156,475.00	85% of \$156,475 in hourly fees	\$133,003.75

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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 The Firm has also received (1) \$855,000 as the Firm's base fee for auditing and reporting  
 2 on Debtor's consolidated financial statements and reviewing interim financial information for the  
 3 2001 fiscal year and (2) \$840,000 of the base fee for auditing and reporting on Debtor's  
 4 consolidated financial statements and reviewing interim financial information for the 2002 fiscal  
 5 year. The July 10, 2001, order approving the Firm's employment, together with the November 5,  
 6 2002, order approving the 2002 base audit fee, authorized Debtor to pay these fees upon receipt  
 7 of invoices from the Firm. Including the 2001 Base Audit Fee and the paid portion of the 2002  
 8 Base Audit Fee, the total paid to the Firm to date is \$4,127,122.15.

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

12 Application Period	Amount	Description
13 Seventh (8/1/02 to 14 8/31/02)	\$23,471.25	15 15% of holdback of fees 16 requested by the Firm's seventh "cover sheet" application filed September 27, 2002
17 Eighth (9/1/02 to 18 9/30/02)	\$130,353.50	19 Fees requested by the Firm's eighth "cover sheet" application filed on October 31, 2002
20 Ninth (10/1/02 to 21 10/31/02)	\$426,408.75	22 Fees requested by the Firm's ninth "cover sheet" application filed on November 26, 2002
23 Total Owed to the 24 Firm to Date	\$580,233.50 <sup>7</sup>	

25 6. Attached as Exhibits 1 and 2, respectively, to the copies of this Application served on  
 26 counsel for the Official Committee of Unsecured Creditors, counsel for Debtor, and the Office of  
 27 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 and expense statements for the Application Period that comply with all Northern District of

<sup>7</sup> The \$580,233.50 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.

1 California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the  
2 Office of the United States Trustee.

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

6 8. Pursuant to this Court's Second Amended Order Establishing Interim Fee Application  
7 and Expense Reimbursement Procedure, filed on March 18, 2002, the Debtor will be authorized  
8 to make the payment requested herein without further hearing or order unless an objection to this  
9 Application is filed with the court by the Debtor, the Committee, or the United States Trustee  
10 and served by the fifteenth day of the month following the service of this Application. If such an  
11 objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the  
12 objection. The Firm is informed and believes that this Application was mailed to all persons  
13 shown on the Special Notice List by first class mail, postage prepaid, on December 20, 2002.

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

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

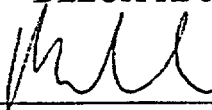
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1           **WHEREFORE**, the Firm respectfully requests that Debtor pay compensation to the Firm  
2 as requested herein pursuant to and in accordance with the terms of the Second Amended Order  
3 Establishing Interim Fee Application and Expense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

4 Dated: December 20, 2002

DELOITTE & TOUCHE LLP

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6 By  \_\_\_\_\_  
7 Mark A. Edmunds, Partner  
8 Independent Auditor, Accountant, Tax  
9 Advisor and Consultant to Debtor Pacific Gas  
10 and Electric Company  
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**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 December 20, 2002, I served the foregoing **DELOITTE & TOUCHE LLP'S COVER SHEET APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES (FOR SERVICES RENDERED FROM NOVEMBER 1, 2002, TO NOVEMBER 30, 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<sup>6</sup>:

James L. Lopes  
Howard, Rice, Nemerovski, Canady, Falk & Rabkin  
Three Embarcadero Center, 7<sup>th</sup> 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: December 20, 2002.

\_\_\_\_\_  
Lydia Lee

<sup>6</sup> 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.