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8 Independent Auditor, Accountant,
9 Tax Advisor and Consultant to
10 Debtor and Debtor in Possession
11 Pacific Gas and Electric Company

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

10 In re
11 PACIFIC GAS AND ELECTRIC
12 COMPANY, a California Corporation,
13 Debtor.
14 Federal I.D. No. 94-0742640

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 (FEBRUARY 1, 2003, TO FEBRUARY 28, 2003)

[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 February 1, 2003, to February 28, 2003 ("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, (b) interim compensation for
 3 certain services provided in August and September 2002 but inadvertently omitted from the
 4 Firm's previous compensation applications, and (c) reimbursement of expenses incurred during
 5 the Application Period.

6 2. The Firm (a) logged \$98,324.50 in hourly fees representing 328.6 hours expended,
 7 during the Application Period, (b) logged \$5,117.50 in hourly fees, not requested in the Firm's
 8 previous applications, representing 11.5 hours expended during August and September 2002, and
 9 (c) incurred \$340.58 in expenses ("Expenses") during the Application Period. These hourly fees
 10 and Expenses are shown as follows:

11	12	13	14	15
Period	Fees	Expenses	Totals	
2/1/03 to 2/28/03	\$98,324.50	\$340.58	\$98,665.08	
8/2002 & 9/2002	\$5,117.50	-	5,117.50	
Totals for this Application	103,442.00 ¹	\$340.58	\$103,782.58	

16 The Firm seeks payment of a total of \$88,266.28 at this time.² This is the sum of (i) 85%
 17 of the hourly fees for services rendered from February 1, 2003, through February 28, 2003, (ii)
 18 85 % of the hourly fees for services rendered during August and September 2002 but not
 19 previously requested, and (ii) 100 % of the Expenses incurred from February 1, 2003, through
 20 February 28, 2003.

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

23	24	25	26
Application Period	Amount Applied For	Description	Amount Paid

27 ¹ In addition to fees for Supplemental Services, the amount requested includes \$10,811.00 for time
 28 expended in preparing fee applications and \$5,117.50 for time expended during August and September
 2002, relating to consultations about the San Francisco Utility Users Tax.

² Payment of this amount would result in a fees "holdback" of \$15,516.30.

1	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
6	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
10	Third (4/1/02 to 4/30/02)	\$232,523.00	\$232,523 in hourly fees	\$232,523.00
11	Fourth (5/1/02 to 5/31/02)	\$147,016.50	\$147,016.50 in hourly fees	\$147,016.50
12	Fifth (6/1/02 to 6/30/02)	\$115,006.00	\$115,006 in hourly fees	\$115,006.00
13	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
20	Seventh (8/1/02 to 8/31/02)	\$156,475.00	\$156,475 in hourly fees	\$156,475.00
21	Eighth (9/1/02 to 9/30/02)	\$127,836.00 ⁶	\$127,836 in hourly fees	\$127,836.00

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.

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.

1	Ninth (10/1/02 to 10/31/02)	\$426,408.75	\$426,408.75 in hourly fees	\$426,408.75
2				
3	Tenth (11/1/02 to 11/30/02)	\$183,805.19	\$170,783.25 in hourly fees and 100 % of \$13,021.94 in expenses requested by the Firm's tenth "cover sheet" application filed on December 20, 2002	\$183,805.19
4				
5				
6	Eleventh (12/1/02 to 12/31/02)	\$91,393.03	85% of \$91,221.00 in hourly fees and 100 % of \$172.03 in expenses requested by the Firm's eleventh "cover sheet" application filed on January 24, 2003	\$77,709.88
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10	Twelfth (1/1/03 to 1/31/03)	\$344,214.80	85% of \$343,873.50 in hourly fees and 100% of \$341.30 in expenses requested by the Firm's twelfth "cover sheet" application filed on February 28, 2003	\$292,633.78
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14 The Firm has also received (1) \$855,000 as the Firm's base fee for auditing and reporting
15 on Debtor's consolidated financial statements and reviewing interim financial information for the
16 2001 fiscal year and (2) \$1,040,000 of the base fee for auditing and reporting on Debtor's
17 consolidated financial statements and reviewing interim financial information for the 2002 fiscal
18 year. (The July 10, 2001, order approving the Firm's employment, together with the November
19 5, 2002, order approving the 2002 base audit fee, authorized Debtor to pay these fees upon
20 receipt of invoices from the Firm.) Including the 2001 Base Audit Fee and the paid portion of
21 the 2002 Base Audit Fee, the total paid to the Firm to date is \$5,458,987.00.

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(Footnote Continued from Previous Page.)

25 ⁶The relevant cover sheet application requested a total of \$130,353.50 in fees, but the Firm and Debtor
later agreed that the amount would be reduced by \$2,517.50.

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

3	4 Application Period	5 Amount	6 Description
7	8 Eleventh (12/1/02 to 9 12/31/02)	10 \$13,683.15	11 15% holdback of fees and expenses requested by the Firm's eleventh "cover sheet" application filed on January 24, 2003
	12 Twelfth (1/1/03 to 13 1/31/03)	14 \$51,581.02	15 15% holdback of fees and expenses requested by the Firm's twelfth "cover sheet" application filed on February 28, 2003
	16 Total Owed to the 17 Firm to Date	18 \$65,264.17⁷	

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

26 7. The Firm has served a copy of this Application on each person shown on the Special
27 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

⁷ The \$65,264.17 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.

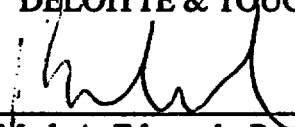
1 and served by the fifteenth day of the month following the service of this Application. If such an
2 objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the
3 objection. The Firm is informed and believes that this Application was mailed to all persons
4 shown on the Special Notice List by first class mail, postage prepaid, on March XX, 2003.

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

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

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

20 Dated: March 27, 2003

21 DELOITTE & TOUCHE LLP
22 By 
23 Mark A. Edmunds, Partner
24 Independent Auditor, Accountant, Tax
25 Advisor and Consultant to Debtor Pacific Gas
26 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 March 27, 2003, 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 FEBRUARY 1, 2003, TO FEBRUARY 28, 2003)** 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 addressees⁸:

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: March 27, 2003.

Lydia Lee

⁸ *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.