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9 Special Counsel for Debtor in Possession
10 PACIFIC GAS AND ELECTRIC COMPANY

11 UNITED STATES BANKRUPTCY COURT
12 NORTHERN DISTRICT OF CALIFORNIA

13 In re
14 PACIFIC GAS AND ELECTRIC
15 COMPANY, a California corporation,
16 Debtor.
17 Federal I.D. No. 94-0742640

18 Case No.: 01-30923 DM
19 Chapter 11 Case
20 [No Hearing Scheduled]

21 **HELLER EHRMAN WHITE & McAULIFFE LLP'S COVER SHEET
22 APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM
23 COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
24 FEBRUARY 1, 2003, THROUGH FEBRUARY 28, 2003**

25 Heller Ehrman White & McAuliffe LLP (the "Firm" or "Heller Ehrman") submits its
26 Cover Sheet Application (the "Application") for Allowance and Payment of Interim
27 Compensation and Reimbursement of Expenses for the Period February 1, 2003, through
28 February 28, 2003 (the "Application Period"). In support of the Application, the Firm
respectfully represents as follows:

1. The Firm is Special Counsel to Pacific Gas and Electric Company, debtor and
debtor-in-possession in the above-referenced bankruptcy case (the "Debtor"). The Firm

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1 hereby applies to the Court for allowance and payment of interim compensation for services
2 rendered and reimbursement of expenses incurred during the Application Period.

3 2. The Firm billed a total of \$1,630,028.84 in fees and expenses during the
4 Application Period. The total fees represent 5,710.50 hours expended during the
5 Application Period. These fees and expenses break down as follows:

6 Period	Fees	Expenses	Total
7 02/01/03 – 02/28/03	\$1,472,079.70	\$157,949.14	\$1,630,028.84

8 3. Accordingly, the Firm seeks allowance of interim compensation in the total
9 amount of \$1,409,216.89 at this time. This total comprises the following: \$1,251,267.75
10 (85% of the fees incurred during the Application Period)¹ plus \$157,949.14 (100% of the
11 expenses incurred).

12 4. For the post-petition period, the Firm has been paid to date as follows:²

13 Application Period	Amount Applied For	Description	Amount Paid
14 4/6/01 – 7/31/01 (first 15 post-petition interim fee application period)	\$2,264,794.01	100% of fees and 100% of expenses	\$2,246,327.81 ³

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17 ¹ Payment of this amount would result in a “holdback” of \$220,811.96, equal to 15% of the Firm’s
fees for services rendered during the Application Period.

18 ² On December 19, 2000, PG&E paid a retainer to Heller Ehrman in the amount of \$350,000.
19 Pursuant to written agreement between the parties dated December 19, 2000, the retainer is not to apply to
20 current billings in the ordinary course, but instead is to apply to Heller Ehrman’s unpaid fees and expenses in
the event that PG&E fails to make payment in the ordinary course. By written agreement dated April 5,
21 2001, the parties modified that arrangement to authorize Heller Ehrman to apply the retainer to payment of
unpaid pre-petition fees and expenses on matters that are subject to an hourly billing arrangement. The
22 foregoing arrangement was approved by this Court in its June 4, 2001, Order Authorizing Debtor to Employ
Heller Ehrman as Special Counsel (Apr. 17, 2001); *see also* PG&E’s Application to Employ Heller Ehrman
23 as Special Counsel ¶¶ 9-10 (Apr. 17, 2001); Declaration of Marie L. Fiala in Support of Application ¶ 9
(Apr. 8, 2001). As of the date of submission of this Cover Sheet Application, Heller Ehrman has applied
24 \$153,148.07 of the retainer to a portion of its unpaid pre-petition fees and expenses on hourly rate
engagements. Heller Ehrman continues to hold a retainer balance of \$196,851.93.

25 ³ The amount paid reflects a disallowance of \$18,466.20 in fees. *See* Order Approving Heller
26 Ehrman White & McAuliffe LLP’s First Interim Fee Application for Allowance and Payment of
27 Compensation and Reimbursement of Expenses for the Period April 6, 2001, Through July 31, 2001
(Nov. 21, 2001); December 12, 2001 Order at pp. 16-17.

Application Period	Amount Applied For	Description	Amount Paid
8/1/01 – 11/30/01 (second post-petition interim fee application period)	\$2,251,673.88	100% of fees and 100% of expenses	\$2,231,752.48 ⁴
12/1/01 – 3/31/02 (third post-petition interim fee application period)	\$2,477,438.24	100% of fees and 100% of expenses	\$2,477,438.24
4/1/02 – 7/31/02 (fourth post-petition interim fee application period)	\$3,127,427.84	100% of fees and 100% of expenses	\$3,127,477.88
08/01/02 – 08/31/02 (Aug. CSA period)	\$ 868,966.42 ⁵	85% of fees and 100% of expenses	\$ 868,966.43
09/01/02 – 09/30/02 (Sept. CSA period)	\$ 720,787.52	85% of fees and 100% of expenses	\$ 720,787.53
10/01/02 – 10/31/02 (Oct. CSA period)	\$ 727,046.23	85% of fees and 100% of expenses	\$ 727,046.25
11/01/02 – 11/30/02 (Nov. CSA period)	\$ 638,249.21 ⁶	85% of fees and 100% of expenses	\$ 638,172.72
12/01/02 – 12/31/02 (Dec. CSA period)	\$ 812,116.59	85% of fees and 100% of expenses	\$ 812,116.61
1/01/03 – 1/31/03 (Jan. CSA period)	\$ 1,254,929.07	85% of fees and 100% of expenses	\$ 0.00
Total	\$15,143,429.01		\$13,850,085.95

⁴ The amount paid reflects a disallowance of \$19,921.40 in fees for certain paralegal charges. See Order Approving Heller Ehrman White & McAuliffe LLP's Second Interim Fee Application ¶ 1 (Feb. 27, 2002).

⁵ As filed on September 30, 2002, Heller Ehrman's August Cover Sheet Application reflected fees of \$970,577.10 and expenses of \$57,095.46, and requested interim compensation of \$882,086.00 (\$824,990.54 (85% of fees) + \$57,095.46 (100% of expenses)). Subsequently, Heller Ehrman agreed to reduce its fees for the August invoice for Matter No. 88 as follows: (i) a reduction of \$5,434.80 based on incorrect billing rates used in the original bill, and (ii) an additional reduction of \$10,000 agreed to by Heller Ehrman and PG&E. In total, Heller Ehrman therefore agreed to reduce its August fees by \$15,434.80, resulting in a reduced request for interim compensation of \$868,966.42 (85% x (\$970,577.10 - \$15,434.80) + 100% x \$57,095.46).

⁶ The original amount applied for, as reflected in the November Cover Sheet Application, was \$638,234.93. After filing the November Cover Sheet Application, Heller Ehrman agreed to write off its November 2002 fees (\$73.20) for services provided in Matter No. 54.

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

Application Period	Amount	Description
First post-petition interim fee application period (4/6/01 – 7/31/01)	\$ 0	
Second post-petition interim fee application period (8/1/01 – 11/30/01)	\$ 0	
Third post-petition interim fee application period (12/1/01 – 3/31/02)	\$ 0	
Fourth post-petition interim fee application period (4/1/02 – 7/31/02)	\$ 0	
August cover sheet application period (8/01/02 – 8/31/02)	\$ 143,327.35 ⁷	15% fee holdback
September cover sheet application period (9/01/02 – 9/30/02)	\$ 115,619.48	15% fee holdback
October cover sheet application period (10/01/02 – 10/31/02)	\$ 120,814.89	15% fee holdback
November cover sheet application period (11/01/02 – 11/30/02)	\$ 107,337.86	15% fee holdback
December cover sheet application period (12/01/02 – 12/31/02)	\$ 134,871.99	15% fee holdback
January cover sheet application period (1/01/03 – 1/31/03)	\$1,254,929.07	15% fee holdback
Total Owed to Firm to Date	\$1,876,900.64	

⁷ This figure constitutes the corrected fee holdback (15% x (\$970,557.10 - \$15,434.80)) based on the reductions in the August invoice for Matter No. 88 described in footnote 5 above.

1 the Guidelines of the Office of the United States Trustee. 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 to
6 the Firm as requested herein pursuant to and in accordance with the terms of the "ORDER
7 ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT
8 PROCEDURE."

9 Dated: March 31, 2003

HELLER EHRMAN WHITE & McAULIFFE LLP

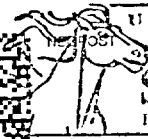
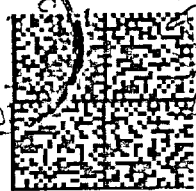
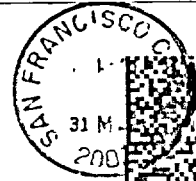
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11 By: 

Adam M. Cole

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