

1 Patricia W. Pellervo  
2 PricewaterhouseCoopers LLP  
3 199 Fremont Street  
4 San Francisco, CA 94105  
5 Telephone: (415) 498-6190  
6 Facsimile: (415) 498-5156

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10 Accountants and Financial Advisors for Official  
11 Committee of Unsecured Creditors  
12

50-275/323  
**FILED**

JAN 14 2004

UNITED STATES BANKRUPTCY COURT  
SAN FRANCISCO, CA

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**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

In re

PACIFIC GAS AND ELECTRIC  
COMPANY, a California corporation,

Debtor.

Case No. SF 01-30923 DM

Chapter 11

**INTERIM APPLICATION OF  
PRICEWATERHOUSECOOPERS LLP FOR  
ALLOWANCE AND PAYMENT OF  
COMPENSATION AND  
REIMBURSEMENT OF EXPENSES  
(SEPTEMBER 1, 2002 THROUGH  
FEBRUARY 28, 2003).**

Hearing:

[No Hearing Scheduled]

BKRP01

1 **TO THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**  
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTOR, AND**  
3 **OTHER PARTIES IN INTEREST:**

4 As previously disclosed to this Court through the Eighth Supplemental Declaration of  
5 Mr. Thomas E. Lumsden, on August 30, 2002 (the "Closing Date"), the Business Recovery  
6 Services practice (the "BRS Practice") of PricewaterhouseCoopers LLP ("PwC") was acquired  
7 by FTI Consulting, Inc. ("FTI"). This transfer included the business, receivables and employees  
8 comprising the BRS Practice of PwC. This Interim Application for PwC covers the services  
9 performed by PwC personnel that were not transferred to FTI. Michael Hamilton performed the  
10 majority of the services billed on this Interim Application. Mr. Hamilton was hired by FTI on  
11 March 1, 2003, and since that date, FTI has billed for his services.

12 As such, PwC respectfully submits this Interim Application for services rendered by  
13 PwC to the Official Committee of Unsecured Creditors (the "Committee") during the period  
14 from September 1, 2002 through February 28, 2003.

15  
16 **I.**

17 **INTRODUCTION**

18 This is the only long-form interim application filed by PwC for approval of compensation  
19 and reimbursement of related expenses for services rendered on behalf of the Committee during  
20 PG&E's chapter 11 case since its BRS Practice was sold to FTI. PwC submits this Interim  
21 Application in accordance with Bankruptcy Code sections 330 and 331, Rule 2016 of the Federal  
22 Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Office of the United States Trustee  
23 for the Northern District of California Guidelines (the "UST Guidelines"), and the United States  
24 Bankruptcy Court Northern District of California Guidelines for Compensation and Expense  
25 Reimbursement of Professionals and Trustee ("Court Guidelines"). Through this Interim  
26 Application, PwC seeks (i) interim approval and allowance of \$102,896 in fees accrued and  
27 \$23,859 in expenses incurred for services rendered by PwC on behalf of the Committee during  
28 the period September 1, 2002 through and including February 28, 2003.

1 During the Interim Application Period, PwC professionals spent a total of 162.4  
2 hours rendering services to the Committee in connection with the PG&E bankruptcy case  
3 at a blended hourly rate of \$634. Michael Hamilton, a partner with PwC, performed the  
4 majority of the services for PwC. His work was supported by analyses and research  
5 performed and billed by FTI staff personnel. PwC also incurred \$23,859 in costs and  
6 expenses in connection with those services, for which PwC is requesting reimbursement.  
7 Accordingly, PwC seeks allowance and payment of a total of \$126,775 for services  
8 rendered and reimbursement of costs and expenses incurred during the Interim  
9 Application Period. PwC received \$111,321 in fees and expenses from its November 26,  
10 2003 cover letter application. All fees and expenses incurred by PwC prior to  
11 September 1, 2002 are reported in FTI's Interim Application. The services and costs  
12 performed by PwC during this Interim Application Period are described below and are  
13 detailed in the exhibits filed concurrently herewith.

#### 14 15 SUMMARY OF DEVELOPMENTS IN THE CASE

16  
17 On April 6, 2001 (the "Petition Date"), Pacific Gas and Electric Company (the  
18 "Debtors") filed voluntary petitions for reorganization under Chapter 11 of title 11 of the United  
19 States Bankruptcy Code ("Bankruptcy Code"). The Debtors continue to operate their business  
20 and manage their properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of  
21 the Bankruptcy Code.

22  
23 On July 2, 2001 this Court entered an order (the "Retention Order") authorizing, *nunc pro*  
24 *tunc*, employment of PwC as of April 11, 2001, as Accountants and Financial Advisors for the  
25 Committee.  
26  
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1           The Retention Order authorized the retention of PwC to render to the Committee the  
2 following essential services, which include but are not limited to the following:

3  
4           (a)     Assistance to the Committee in the review of financial related disclosures  
5 required by the Court, including the Schedules of Assets and Liabilities, the Statement of  
6 Financial Affairs and Monthly Operating Reports;

7           (b)     Assistance with a review of the Debtor's short-term cash management  
8 practices;

9           (c)     Advice and guidance to the Committee with respect to utility accounting  
10 and electric and gas utility operating elements, including elements of rate making, cost recovery  
11 and the financial impact of regulatory decisions;

12          (d)     Assistance and advice to the Committee with respect to the value of the  
13 Debtor's operating assets and make recommendations regarding the highest and best use,  
14 operation, and ultimate disposition of such assets;

15          (e)     Assistance in the review of financial information distributed by the Debtor  
16 to creditors and others, including, but not limited to, cash flow projections and budgets, cash  
17 receipts and disbursement analysis, analysis of various asset and liability accounts, and analysis  
18 of proposed transactions for which Court approval is sought;

19          (f)     Attendance at meetings and assistance in discussions with the Debtor,  
20 regulators, State agencies, mortgage holders and other secured lenders in this chapter 11 case, the  
21 U.S. Trustee, other parties in interest and professionals hired by the same, as requested;

22          (g)     Assistance in the review and/or preparation of information and analysis  
23 necessary for the confirmation of a Plan of Reorganization in this chapter 11 case;

24          (h)     Assistance to the Committee and its counsel in the preparation and  
25 evaluation of potential litigation;

26          (i)     Assistance in the discharge of the Committee's duties and functions in this  
27 case, including, but not limited to, compilation of material required for court testimony; and  
28

1 (j) Render such other general business consulting or such other assistance as  
2 the Committee or its counsel may deem necessary that are not duplicative of services provided  
3 by other professionals in this proceeding.  
4

5 As mentioned above, the Business Recovery Services practice (the "BRS Practice") of  
6 PricewaterhouseCoopers LLP ("PwC") was acquired by FTI Consulting, Inc. ("FTI"). This  
7 interim application for PwC covers the services performed by PwC personnel that were not  
8 transferred to FTI. PwC incorporates by reference the overview of case activity presented in  
9 Sections II and III of the Interim Application of Milbank Tweed Hadley & McCloy LLP for  
10 Allowance and Payment of Compensation and Reimbursement of Expenses. The Debtor  
11 continues to operate its business, and cash flow appears to be neutral pending regulatory  
12 decisions by the California Public Utilities Commission. A plan has been confirmed in the case.  
13

14 **II.**

15 **SUMMARY OF PWC'S PRACTICE EXPERIENCE**

16 PwC has extensive experience in financial reorganizations, regulatory accounting and  
17 reporting, bankruptcy consulting and tax services. Our professionals have provided services to  
18 a wide variety of industries, and as a result, PwC has accumulated a wealth of knowledge  
19 concerning the intricacies in these matters.  
20

21 **III.**

22 **SUMMARY OF SERVICES RENDERED BY PWC**

23 During the Interim Application Period, PwC represented and advised the Committee with  
24 respect to a wide range of issues and challenges. Due to the comprehensive nature of the  
25 services rendered by PwC during the Interim Application Period, no attempt is made herein to  
26 detail the totality of such services. The full scope of the services rendered by PwC is set forth in  
27 detail in the billing reports filed concurrently herewith under captions entitled  
28 "PricewaterhouseCoopers LLP's Time Records Exhibit for the Period September 1, 2002 to

1 February 28, 2003” (the “Billing Reports”). However, in order to assist the Court, the United  
2 States Trustee, PG&E and other parties in interest in reviewing this Interim Application, a brief  
3 summary of PwC's billing procedures and the services rendered by PwC during the Interim  
4 Application Period with regard to each activity code category, including certain undertakings  
5 within each category, is set forth below.

6  
7 **A. Summary of PwC's Billing Procedures.**

8 It is PwC's normal business practice to charge its clients in full for services rendered and  
9 all actual and necessary out-of-pocket costs and expenses incurred by PwC in providing those  
10 services.

11 In the ordinary course of its practice, PwC maintains records of time expended by  
12 professionals in rendering services to its clients. Time records are made substantially  
13 contemporaneously with the rendition of these professional services and are prepared by the  
14 professionals who have rendered the services. In matters such as this, time records are kept in 6  
15 minute (.1 hour) increments.

16  
17 This case, which is one of the ten largest bankruptcy cases filed in the United States, has  
18 involved significant interaction with outside agencies, including the Federal Energy Regulatory  
19 Commission, the California Public Utility Commission (“CPUC”), the California Energy  
20 Commission, the Department of Water & Power (“DWR”), the State Legislature, the Governors  
21 Office, as well as taxing authorities and other reporting agencies.

22 Michael Hamilton is PwC's senior Utility Specialist in Accounting and Regulatory  
23 Matters. He has participated in each of the restructurings that have involved a utility for the Firm  
24 over the past 25 years. He has unique knowledge of the regulatory and business environment  
25 facing utilities. Mr. Hamilton has coordinated the Committee work on plan structuring,  
26 regulatory matters, cash flow projections and legislative matters.

27  
28 The remaining services provided by PwC relate to research and support on tax issues of

1 the two plans filed in the case.

2 **B. Summary of Exhibits Regarding Services Rendered By PwC.**

3 PwC has attached the following exhibits as support to its Application:

4  
5 1. Exhibit 1 - A summary schedule showing the professionals who performed the  
6 services, the number of hours spent, the respective professional's billing rate, and the total fees  
7 for such services;

8 2. Exhibit 2 - Summary of Fees by Project Category and itemized time records, in  
9 chronological order, of each specific service for which an award of compensation is sought. The  
10 itemized record includes: (1) the date each service was rendered, (2) the professional(s) who  
11 performed the service, (3) a description of the services rendered, and (4) the time spent  
12 performing the service in increments of tenths of an hour for this Interim Application;

13 3. Exhibit 3 - Expense Summary and Expense Detail reports by individual and  
14 itemized total expenses for which reimbursement is sought. All expenses for which  
15 reimbursements are sought are disclosed in detail by individual. It should be noted that any  
16 airfare charges were incurred as a result of travel in coach class. PwC has not requested  
17 reimbursement for certain out-of-pocket expenses when it would not be possible to assemble the  
18 billing details for reimbursement under the Guidelines. These unbilled out-of-pocket expenses  
19 typically include telephone charges for calls placed in its offices, postage costs including Federal  
20 Express charges and copying and facsimile charges incurred at the Applicant's offices in  
21 connection with these cases. These unbilled out-of-pocket expenses are real costs that have been  
22 incurred by PwC and have benefited the Estate; and

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24  
25 **C. Narrative Summary Of Services Provided By PwC.**

26 PwC has submitted detailed listings of time incurred by professional by task for the  
27 monthly Cover Sheet Applications to the Debtor, Committee, the United States Trustee and the  
28 Court for the period covered by this Fourth Interim Application. PwC has reclassified some of

1 the detailed time into categories that more appropriately reflect the work performed.

2 Reclassification were made to harmonize the categorization among professionals.

3  
4  
5 **1. Cash Flow Analysis (Category 01).**

6 During the Interim Application Period, PwC professionals spent a total of 1.3  
7 hours rendering services in this category, for which PwC seeks compensation of \$832. A  
8 summary of the PwC professionals who rendered services in this category and the corresponding  
9 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
10 sets forth a detailed description of the services rendered, is filed concurrently herewith.

11 Services rendered by PwC professionals in this category included:

12  
13 a) PwC analyzed the Debtors' cash flow forecasts to develop an  
14 understanding of the Debtor's liquidity position and its ability to generate sufficient cash to fund  
15 the proposed Plans of Reorganization and required capital expenditures.

16  
17 **2. CPUC Plan of Reorganization (Category 02).**

18 During the Interim Application period, PwC professionals spent a total of 10.7  
19 hours rendering services in this category, for which PwC seeks compensation of \$6,848. A  
20 summary of the PwC professionals who rendered services in this category and the corresponding  
21 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
22 sets forth a detailed description of the services rendered is filed concurrently herewith.

23 Services rendered by PwC professionals in this category included:

24  
25 a) PwC reviewed the CPUC plan and helped in the preparation of the trial  
26 memorandum filed by the OCC in support of the CPUC plan. Mr. Hamilton's knowledge of  
27 regulatory issues was critical in the preparation of the OCC's trial brief.  
28

1           **3. CPUC Review (Category 03).**

2           During the Interim Application period, PwC professionals spent a total of 0.9  
3 hours rendering services in this category, for which PwC seeks compensation of \$576. A  
4 summary of the PwC professionals who rendered services in this category and the corresponding  
5 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
6 sets forth a detailed description of the services rendered is filed concurrently herewith.

7  
8           **Services rendered by PwC professionals in this category included:**

9           PwC reviewed material filed CPUC proceedings to determine the potential  
10 financial impact the proceedings could have on the Debtor and the Plans of Reorganization under  
11 consideration.

12  
13           **4. CPUC/OCC Plan of Reorganization (Category 04).**

14           During the Interim Application Period, PwC professionals spent a total of 115.5  
15 hours rendering services in this category, for which PwC seeks compensation of \$73,530. A  
16 summary of the PwC professionals who rendered services in this category and the corresponding  
17 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
18 sets forth a detailed description of the services rendered is filed concurrently herewith.

19  
20           **Services rendered by PwC professionals in this category included:**

21           a) Mr. Hamilton spent considerable time in this category consulting with the  
22 Committee, the Committee's professionals, the CPUC and its professionals, S&P, and FTI on  
23 joint plan structures and steps needed to insure both confirmation and acceptable credit ratings.  
24 Mr. Hamilton was also actively involved with UBS Warburg in developing an accurate joint plan  
25 model. He was instrumental in the preparation of FTI's (Thomas Lumsden's) testimony in  
26 support of the Joint Plan.

27  
28           b) Mr. Hamilton was active in meetings with the rating agencies to support and

1 articulate concepts proposed under the Joint Plan.

2 **5. Debtor Plan of Reorganization (Category 05).**

3  
4 During the Interim Application Period, PwC professionals spent a total of 16.7  
5 hours rendering services in this category, for which PwC seeks compensation of \$10,688. A  
6 summary of the PwC professionals who rendered services in this category and the corresponding  
7 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
8 set forth a detailed description of the services rendered are filed concurrently herewith.

9 Services rendered by PwC in this category included:

10 a) Monitored activity regarding the Debtor's Plan of Reorganization, including  
11 attending court hearings, reviewing depositions for the confirmation trial, and reviewing new  
12 materials submitted as support for the Debtor's plan. PwC's work in this category was used to  
13 advise the OCC on the Debtor's Plan progress and the reasonableness of the Plan being  
14 confirmed. This work was also instrumental in understanding what drivers might be used to  
15 incite the Debtor in a Settlement Agreement.

16  
17 **6. DWR Contracts Analysis (Category 06).**

18 During the Interim Application Period, PwC professionals spent a total of 1.8  
19 hours rendering services in this category, for which PwC seeks compensation of \$1,152. A  
20 summary of the PwC professionals who rendered services in this category and the corresponding  
21 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
22 sets forth a detailed description of the services rendered is filed concurrently herewith.

23 Services rendered by PwC professionals in this category included:

24  
25 a) PwC reviewed the S&P credit rating analysis on the DWR bond issuance  
26 to determine if the DWR contract costs assumed in the two competing Plans were in line with  
27 final bond costs. The DWR issuances were also seen as a proxy for the potential costs and  
28

1 market appetite for bonds issued under either of the Plans under consideration.

2 **7. FERC (Category 07).**

3  
4 During the Interim Application Period, PwC professionals spent a total of 3.3  
5 hours rendering services in this category, for which FTI/PwC seeks compensation of \$2,112. A  
6 summary of the PwC professionals who rendered services in this category and the corresponding  
7 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
8 sets forth a detailed description of the services rendered is filed concurrently herewith:

9 Services rendered by PwC professionals in this category included:

10  
11 a) PwC monitored FERC proceedings to determine the potential financial  
12 impact of regulatory proceedings on the Debtor's Estate, including possible changes in rates,  
13 generator refunds, settlement of the California PX/Generator claims, and progress on the  
14 Debtor's filings requesting FERC approval for various aspects of its Plan of Reorganization.

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17 **8. General Committee Matters (Category 08).**

18 During the Interim Application Period, PwC professionals spent a total of 7.2  
19 hours rendering services in this category, for which PwC seeks compensation of \$4,608. A  
20 summary of the PwC professionals who rendered services in this category and the corresponding  
21 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
22 sets forth a detailed description of the services rendered is filed concurrently herewith.

23 Services rendered by PwC professionals listed in this category included:

24  
25 a) PwC prepared for and attended numerous meetings and conference calls  
26 including the full Committee on various issues, including general case administration, financial  
27 issues, regulatory issues, litigation issues and Plan issues.

1           b) PwC personnel prepared for and participated in various formal and  
2 informal conference calls between Committee members, Committee working group members,  
3 Committee advisors and PG&E regarding the financial impact of various motions brought by  
4 PG&E, the Debtor's and the CPUC's proposed plans of reorganization, the OCC's alternative  
5 plan and other issues surrounding the Debtor's estate.

6           **9. Tax Review (Category 09).**

7  
8           During the Interim Application Period, PwC professionals spent a total of 5.0  
9 hours rendering services in this category, for which PwC seeks compensation of \$2,550. A  
10 summary of the PwC professionals who rendered services in this category and the corresponding  
11 amount of fees requested is included in Exhibit "2." The Billing Report for this category, which  
12 sets forth a detailed description of the services rendered is filed concurrently herewith.

13           Services rendered by PwC professionals listed in this category included:

14  
15           a) PwC reviewed, analyzed and summarized tax consequences of the  
16 proposed plans of reorganization.

17           PwC researched and summarized key tax issues of the Debtor's Plan of  
18 reorganization for the Committee and the tax impact of alternative plan proposals, highlighting  
19 the potential financial impact on the Debtor and any potential tax liabilities to the creditor. PwC  
20 also kept the Committee apprised of the status on IRS submissions and the implications of the  
21 CPUC's proposed tax sharing agreement.

22  
23           **IV.**

24           **SUMMARY OF ACTUAL AND NECESSARY EXPENSES INCURRED BY PwC**

25           PwC maintains records of all actual and necessary out-of-pocket expenses  
26 incurred and typically charged in connection with rendering professional services to its clients in  
27 the ordinary course of its business practice. As is typical of PwC's practice when representing  
28

1 creditor committees, PwC has reduced to cost or not charged certain of these out-of-pocket  
2 expenses to the estate in accordance with the UST Guidelines and the Court Guidelines and to  
3 ensure the reasonableness of PwC's fee and expense request. A brief explanation of certain  
4 costs incurred and charged to the estate is set forth below:

5 (a) PwC does not charge its clients for photocopying done in-house; copying  
6 done by third-party services is charged at cost;

7  
8 (b) PwC charges its clients for document retrieval services, computer research  
9 and other specialized searches and services, such as messengers and library retrievals, at cost;

10 (c) PwC charges its clients for mileage (\$0.345 per mile, if sought) and  
11 parking costs incurred by its professionals in connection with services rendered, at cost;

12  
13 (d) PwC charges its clients for transportation and travel-related costs  
14 including out-of-town meals, excluding lunches, incurred by its professionals when working on  
15 specific client matters, at cost; and

16 (e) PwC normally charges its clients for the cost of overtime and weekend  
17 meals and transportation when pressing client matters require the professional to work past  
18 normal office hours; however, in accordance with the UST Guidelines and the Court Guidelines,  
19 no such charges are included in this Fourth Interim Application.

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22 **COMPENSATION REQUESTED AND RELEVANT LEGAL STANDARD**

23 To grant a request for compensation pursuant to Bankruptcy Code section 330,  
24 the Court must find that such request is reasonable. The reasonableness of a compensation  
25 request is determined by the "lodestar" method. See In re Yermakov, 718 F.2d 1465, 1471 (9<sup>th</sup>  
26 Cir. 1983). Under the lodestar approach, "reasonable" compensation is calculated by  
27 multiplying the number of hours reasonably expended by the hourly rate of the professional. In  
28

1 re Rheuban, 121 B.R. 368, 383 (Bankr. C.D. Cal. 1990). There is a strong presumption that the  
2 lodestar product is reasonable under Bankruptcy Code section 330. See In re Drexel Burnham  
3 Lambert Group, Inc., 133 B.R. 13, 22 (Bankr. S.D.N.Y. 1991).

4 The reasonableness of a professional's hourly rate is based on the cost for  
5 comparable services charged in the area, in non-bankruptcy matters. See In re Yermakov, 718  
6 F.2d at 1471. The reasonableness of the hours expended on a task is based on whether the  
7 services provided were actual and necessary. See In re Nucorp Energy, Inc., 764 F.2d 655, 658  
8 (9<sup>th</sup> Cir. 1985).

9  
10 PwC's fees are reasonable given the size and complexity of the bankruptcy case  
11 and are commensurate with the fees that PwC has been awarded in comparable chapter 11 cases  
12 and that accountants and financial advisors of comparable experience and expertise charge on a  
13 regular basis to represent creditor committees in comparable chapter 11 cases. Accordingly,  
14 utilizing the lodestar method, PwC's fee and expense request is reasonable and should be  
15 allowed and paid pursuant to Bankruptcy Code section 330. See Drexel, 133 B.R. at 22.

1  
2  
3 **VI.**

4 **CONCLUSION**

5 For the reasons set forth above and pursuant to Bankruptcy Code sections 330 and  
6 331, Bankruptcy Rule 2016, the Court Guidelines, the UST Guidelines and the standards adopted  
7 by courts in awarding accountants' and financial advisors' fees and costs, PwC submits that the  
8 fees for services rendered and costs and expenses incurred on behalf of the Committee during the  
9 Application Period in the total amount of \$126,775 are reasonable and should be allowed on an  
10 interim basis and paid in full.

11 **WHEREFORE** PwC respectfully requests that this Court enter an order:

- 12 1. **Approving this Interim Application in its entirety;**  
13  
14 2. **Approving an interim award of compensation in the amount of \$102,896**  
15 **for professional services rendered and reimbursement of costs and expenses incurred in the**  
16 **amount of \$23,859, for a total amount of \$126,755.**  
17  
18 3. **Authorizing and directing PG&E to immediately pay to PwC the allowed**  
19 **amounts, less any such amounts already paid pursuant to the Order Establishing Interim Fee**  
20 **Application and Expense Reimbursement Procedure; and**  
21  
22 4. **Granting such other and further relief as the Court deems just and proper.**  
23  
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1 DATED: January 12, 2004

Respectfully submitted.

2 PricewaterhouseCoopers LLP

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4  
5 By: Patricia W. Pellervo  
6 Patricia W. Pellervo

7 Accountants and Financial Advisors to Official Committee  
8 of Unsecured Creditors  
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**CERTIFICATION**

I, Patricia Pellervo, am the professional designated by PricewaterhouseCoopers LLP to ensure compliance with the United States Bankruptcy Court Northern District of California Guidelines for Compensation and Expense Reimbursement of Professionals and Trustee ("Court Guidelines"). I am replacing Tom Lumsden, as the engagement partner for PricewaterhouseCoopers LLP in connections with this matter. I certify that (a) I have read the Interim Application; (b) to the best of my knowledge, information and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with the Court Guidelines, except as specifically noted in the Application; and (c) the compensation and expense reimbursement requested are billed at rates, in accordance with practices, no less favorable than those customarily employed by PwC and generally accepted by PwC's clients.

DATED: 1/12/04

Patricia W. Pellervo  
Patricia W. Pellervo



1 compensation covering 162.4 hours of professional time devoted to advising the Committee in  
2 PG&E's bankruptcy case, resulting in the accumulation of \$102,896 in fees for professional  
3 services rendered and \$23,859 for expenses incurred, for a total amount of \$126,755.

4 5. PwC received no pre-petition retainer in connection with this bankruptcy  
5 case.

6 6. PwC has submitted monthly fee notices in accordance with the interim fee  
7 procedures that were established by the Court. PwC has received payments totaling \$111,321 in  
8 connection with the Monthly Cover Sheet Applications covering the period September 1, 2002 to  
9 February 28, 2003, comprised of \$87,462 in fees and \$23,859 in expenses.

10 7. No agreement or understanding of any kind or nature exists between FTI  
11 and any other person or entity for the sharing, division, or payment of any portion of the  
12 compensation awarded to PwC for services rendered or expenses incurred in connection with our  
13 representation of the Committee in this chapter 11 proceeding, except as among the employees  
14 and partners of PwC.

15 8. I am one of the designated professionals responsible for overseeing the  
16 billing in this matter and for assuring compliance with the Guidelines of the Office of the United  
17 States Trustee for the Northern District of California relating to billing (the "Guidelines").  
18 Based upon my review of this Interim Application submitted by PwC for the Application Period,  
19 I believe that the Interim Application complies with the Court Guidelines and the UST  
20 Guidelines.

21 9. Attached hereto as Exhibit "1" is a summary of the total hours expended,  
22 billing rate, and fees incurred by each PwC professional during the Application Period.

23 10. Attached hereto as Exhibit "2" is a summary of each category of services,  
24 setting forth the name of each professional who expended time in that category and the total  
25 hours and amount billed by each professional in that category during the Application Period.  
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1                    11.    Attached hereto as Exhibit "3" are Expense Summary and Expense Detail  
2 reports by individual and itemized total expenses for which reimbursement is sought.

3  
4                    I declare under penalty of perjury under the laws of the United States of America  
5 that the foregoing is true and correct.

6                    Executed this 12<sup>th</sup> day of January, 2004 at San Francisco, California.

7  
8                    A handwritten signature in cursive script, appearing to read "Patricia W. Pellervo", is written over a horizontal line.

9                    Patricia W. Pellervo

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