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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

12
13 UNITED STATES BANKRUPTCY COURT
14
15 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

16 In re
17
18 PACIFIC GAS AND ELECTRIC
19 COMPANY, a California Corporation,
20 Debtor.
21
22 Federal I.D. No. 94-0742640

23 Case No. 01-30923 DM
24 Chapter 11

25 **DELOITTE & TOUCHE LLP'S COVER
26 SHEET APPLICATION FOR
27 ALLOWANCE AND PAYMENT OF
INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES
(MARCH 1, 2004, TO APRIL 12, 2004)
[No Hearing Scheduled]**

28 Deloitte & Touche LLP (the "Firm") submits this Cover Sheet Application for Allowance
and Payment of Interim Compensation and Reimbursement of Expenses ("Application") for
March 1, 2004, to April 12, 2004 ("Application Period"). In support of the Application, the Firm
respectfully represents as follows:

1. The Firm is Independent Auditor, Accountant, Tax Advisor, and Consultant to Debtor
Pacific Gas & Electric Company ("Debtor"). On July 10, 2001, the Firm's retention in this
capacity was approved *nunc pro tunc*, effective April 6, 2001. Subsequent orders, dated April
11, 2002 and February 10, 2003, approved the Firm's employment to audit financial statements
being prepared for four entities that would have succeeded to Debtor's business assets under
Debtor's first proposed reorganization plan ("Supplemental Services"). . By this Application, the
Firm is applying to the Court for allowance and payment of interim compensation for (a)

1 services rendered during the Application Period and (b) certain services provided during
2 February 2004 but omitted from the Firm's application for that time period.

3 2. The Firm (a) logged \$279,703.50 in hourly fees, representing 655.15 hours expended
4 during the Application Period and (b) logged \$15,212.00 in hourly fees, representing 28.4 hours
5 which were expended during February 2004 but not included in the Firm's previous application
6 for that month. The Firm has been advised that Debtor's parent PG&E Corporation will be
7 responsible for payment of \$17,773.30 of the total fees, including \$17,288.30 of the fees logged
8 during the Application Period and \$485.00 of the fees logged during February 2004.¹

9 Accordingly, the total hourly fees requested from Debtor are shown as follows:

10	Period	Fees	Expenses	Totals
11	3/1/04 to 4/12/04	\$262,409.00	\$109.00	\$262,518.00
12	2/1/04 to 2/29/04	\$14,727.00	0	\$14,727.00
13	Totals	\$277,136.00	\$109.00	\$277,245.00

14 3. The Firm seeks payment of a total of \$235,674.60 at this time². This is the sum of (a)
15 85 % of the hourly fees requested for services rendered from March 1, 2004, through April 12,
16 2004, (b) 85 % of the hourly fees, not previously requested, for services rendered during
17 February 2004, and (c) and 100% of the expenses for the Application Period.

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

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20 ¹ The fees being billed to Debtor's parent are 20% of the total hourly fees logged for work related to
21 compliance with the Sarbanes-Oxley Act of 2002. During the Application Period, the Firm logged a total
22 of \$86,472.50 in hourly fees for this work, and \$2,425.00 in hourly fees for this work were logged during
23 February 2004 but omitted from the Firm's previous application for February. In addition to 80 % of the
24 Sarbanes-Oxley fees, the compensation requested by this Application includes (a) \$182,106.00 in hourly
25 fees for services related to new debt securities issued by Debtor under the reorganization plan filed on
26 July 31, 2003 and (b) \$23,912.00 in hourly fees for procedures performed at Debtor's request in
27 connection with the provision of a "net earnings certificate" to the trustee for the new debt securities
offering.

² Payment of this amount would result in a fees "holdback" of 41,570.40.

Application Period	Amount Applied For	Description	Amount Paid
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
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
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, Etc.	\$125,770.00
Seventh (8/1/02 to 8/31/02)	\$156,475.00	\$156,475 in hourly fees	\$156,475.00
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 \$13,021.94 in expenses	\$183,805.19
4				
5	Eleventh (12/1/02 to 12/31/02)	\$91,393.03	\$91,221.00 in hourly fees and \$172.03 in expenses	\$91,393.03
6				
7	Twelfth (1/1/03 to 1/31/03)	\$344,214.80	\$343,873.50 in hourly fees and \$341.30 in expenses	\$344,214.80
8				
9	Thirteenth (2/1/03 to 2/28/03)	\$103,782.58	\$103,442.00 in hourly fees and \$340.58 in expenses	\$103,782.58
10				
11	Fourteenth (3/1/03 to 3/31/03)	\$162,406.16	\$141,608.50 in hourly fees ⁷ and \$1,070.66 in expenses	\$142,679.16
12				
13	Fifteenth (4/1/03 to 4/30/03)	\$309,688.32	\$305,721.50 in hourly fees and \$3,966.82 in expenses	\$309,688.32
14				
15	Sixteenth (5/1/03 to 5/31/03)	\$260,644.24	\$258,002.00 in hourly fees and \$2,642.24 in expenses	\$260,644.24
16				
17	Seventeenth (6/1/03 to 6/30/03)	\$123,909.00	\$123,120.00 in hourly fees and \$789.00 in expenses	\$123,909.00
18				
19	Eighteenth (7/1/03 to 7/31/03)	\$91,607.20	\$91,571.00 in hourly fees and \$36.20 in expenses	\$91,607.20
20				
21	Nineteenth (8/1/03 to 8/31/03)	\$33,994.31	\$33,963.00 in hourly fees and \$31.31 in expenses	\$33,994.31
22				
23	Twentieth (9/1/03 to 9/30/03)	\$73,716.63	\$73,621.50 in hourly fees and \$95.13 in expenses	\$73,716.63
24				
25	Twenty-first (10/1/03 to 11/30/03)	\$116,104.70	\$116,104.70 in hourly fees	\$116,104.70
26				
27	Twenty-second (12/1/03 to 1/31/04)	\$140,904.80	85 % of \$140,160.80 in hourly fees ⁸ , and \$170.00 in expenses	\$119,306.68

(Footnote Continued from Previous Page.)

⁶ The 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.

⁷ The relevant cover sheet application requested a total of \$161,335.50 in hourly fees, all of which was approved by the court in its July 7, 2003, Order Awarding Interim Compensation to Deloitte & Touche LLP. However, the Firm and Debtor have since agreed that Debtor need not pay \$19,727.00 of the amount awarded.

1 2	Twenty-third (2/1/04-2/29/04)	\$90,579.43	85 % of \$80,110.60 in hourly fees ⁹ , and \$215.83 in expenses	\$68,309.84
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3 The Firm has also received (1) \$855,000 as the Firm's base fee for auditing and reporting
4 on Debtor's consolidated financial statements and reviewing interim financial information for the
5 2001 fiscal year, (2) \$1,132,000 as the base fee for auditing and reporting on Debtor's
6 consolidated financial statements and reviewing interim financial information for the 2002 fiscal
7 year and (3) \$1,257,500 as the base fee for auditing and reporting on Debtor's consolidated
8 financial statements and reviewing interim financial information for the 2003 fiscal year. (The
9 July 10, 2001, order approving the Firm's employment, together with the November 5, 2002,
10 order approving the 2002 base audit fee and the September 29, 2003, order approving the 2003
11 base audit fee, authorized Debtor to pay these fees upon receipt of invoices from the Firm.)
12 Including hourly fees and expenses and the 2001, 2002 and 2003 Base Audit Fees, the total paid
13 to the Firm to date is \$8,395,365.38.

14 5. To date, the Firm is owed as follows (excluding amounts owed pursuant to this
15 Application):
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19 *(Footnote Continued from Previous Page.)*

20 ⁸ Debtor's payment to the Firm was based upon total hourly fees of \$140,160.80, rather than the
21 \$140,734.80 cited in the cover sheet application, because there was an error in the application. The actual
22 hourly fees logged from 12/1/03 to 1/31/04 were \$140,160.80, the amount shown on Exhibit 2 to the
23 application. The application itself erroneously requested \$140,734.80, \$574 more than the actual amount.

24 ⁹ Although the cover sheet application for February 2004 requested \$90,363.60 in hourly fees, Debtor's
25 payment (\$68,309.84) was based upon total fees of only \$80,110.60. This reflects the Firm's agreement
26 to (a) reduce its 12/1/03 to 1/31/04 charges to Debtor for Sarbanes-Oxley work by \$1,660 and (b)
27 discount its 12/1/03 to 2/29/04 charges for additional audit services related to the impact of Debtor's
28 settlement with the CPUC by 20 %, or \$8,593. The sum of these adjustments--\$10,253--was agreed to
be credited against the \$90,363.60 fees requested by the February cover sheet application, leaving net
hourly fees of \$80,110.60. Debtor's payment to the Firm was 85 % of \$80,110.60, plus \$215.83 in
expenses.

Application Period	Amount	Description
Twenty-second (12/31/03 to 1/31/04)	\$21,024.12	Fees and expenses requested by the Firm's twenty-second "cover sheet" application filed on March 1, 2004.
Twenty-third (2/1/04 to 2/29/04)	\$12,016.59	Fees and expenses requested by the Firm's twenty-third "cover sheet" application filed on March 30, 2004
Total Owed to the Firm to Date	\$33,040.71	

6. Attached as Exhibits 1 and 2, respectively, to the copies of this Application served on counsel for the Official Committee of Unsecured Creditors, counsel for Debtor, and the Office of 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 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.

7. The Firm has served a copy of this Application on each person shown on the Special 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 and served by the fifteenth day of the month following the service of this Application. If such an objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the objection. The Firm is informed and believes that this Application was mailed to all persons shown on the Special Notice List by first class mail, postage prepaid, on May 28, 2004.

9. The interim compensation and reimbursement sought by this Application is on account and not final. At the conclusion of this case, the Firm will seek fees and reimbursement

1 of expenses incurred for the totality of its employment in this case. Any interim fees or
2 reimbursement of expenses approved by the court and received by the Firm (along with any
3 retainer paid to the Firm) will be credited against such final fees and expenses as may be allowed
4 by the court.

5 10. The Firm represents and warrants that to the best of its knowledge its billing
6 practices comply with all Northern District of California Bankruptcy Local Rules and
7 Compensation Guidelines and the Guidelines of the Office of the United States Trustee. The
8 Firm has no agreement to share any portion of the fees or expenses awarded to the Firm for this
9 engagement with any non-affiliated person or entity.

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

13 Dated: May 28, 2004

14 DELOITTE & TOUCHE LLP

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16 
17 By _____
18 Mark A. Edmunds, Partner
19 Independent Auditor, Accountant, Tax
20 Advisor and Consultant to Debtor Pacific Gas
21 and Electric Company
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