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13 PACIFIC GAS AND ELECTRIC COMPANY

14 UNITED STATES BANKRUPTCY COURT  
15 NORTHERN DISTRICT OF CALIFORNIA  
16 SAN FRANCISCO DIVISION

17 In re

Case No. 01-30923 DM

18 PACIFIC GAS AND ELECTRIC  
19 COMPANY, a California corporation,

Chapter 11 Case

20 Debtor.

21 Federal I.D. No. 94-0742640

22 HOWARD, RICE, NEMEROVSKI, CANADY, FALK & RABKIN  
23 COVER SHEET APPLICATION  
24 FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION  
25 AND REIMBURSEMENT OF EXPENSES FOR AUGUST, 2001

26 Howard, Rice, Nemerovski, Canady, Falk & Rabkin (the "Firm") submits its  
27 Cover Sheet Application (the "Application") for Allowance and Payment of Interim  
28 Compensation and Reimbursement of Expenses for the Period August 1, 2001 through  
August 31, 2001 (the "Application Period"). In support of the Application, the Firm  
respectfully represents as follows:

1. The Firm is counsel to Pacific Gas and Electric Company, debtor and debtor-  
in-possession in the above-referenced bankruptcy case (the "Debtor"). The Firm hereby  
applies to the Court for allowance and payment of interim compensation for services rendered  
and reimbursement of expenses incurred during the Application Period.

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2. The Firm billed a total of \$923,168.02 in fees and expenses during the Application Period. The total fees represent 3,271.77 hours expended during the Application Period. These fees and expenses break down as follows:

Period	Fees	Expenses	Total
August 2001	\$819,620.00	\$103,548.02	\$923,168.02

3. Accordingly, the Firm seeks allowance of interim compensation in the total amount of \$800,225.02 at this time. This total is comprised as follows: \$696,677.00 (85% of the fees for services rendered)<sup>1</sup> plus \$103,548.02 (100% of the expenses incurred).

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

Application Period	Amount Applied For	Description	Amount Paid
April, 2001	\$ 522,147.53	90% of unpaid fees	\$ 522,147.53 <sup>2</sup>
May, 2001	\$1,427,133.95	90% of fees and 100% of expenses	\$1,427,133.95
June, 2001	\$ 978,189.85	90% of fees and 100% of expenses	\$ 978,189.85
July, 2001	\$ 963,254.07	90% of fees and 100% of expenses	\$ 963,254.07
Total Paid to the Firm to Date			\$3,890,725.40

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

<sup>1</sup>Payment of this amount would result in a "holdback" of \$122,943.00

<sup>2</sup>The Firm applied its pre-petition retainer in the amount of \$446,293.02 to April fees and expenses.

1 this Application):

2	3	4	5
Application Period	Amount	Description	
First (April 6-April 30)	\$ 58,016.39	10% fee holdback	
Second (May 1-May 31)	\$ 146,670.05	10% fee holdback	
Third (June 1-June 30)	\$ 102,574.64	10% fee holdback	
Fourth (July 1-July 31)	\$ 98,916.68	10% fee holdback	
Total Owed to Firm to Date	\$ 406,177.76		

6. With regard to the copies of this Application served on counsel for the Committee, the Debtor and the Office of the United States Trustee, attached as Exhibit 1 hereto is the name of each professional who performed services in connection with this case during the period covered by this Application and the hourly rate for each such professional; and attached as Exhibit 2 are the detailed time and expense statements for the Application Period 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.<sup>3</sup>

7. The Firm is serving a copy of this Application (without Exhibits) on the Special Notice List in this case.

8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered on or about July 26, 2001, the Debtor is authorized to make the payment requested herein without a further hearing or order of this Court, 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 is authorized to pay the amounts, if any, not subject to the objection. The Firm

<sup>3</sup>Submitted in electronic form to the Office of the United States Trustee.

1 is informed and believes that this Cover Sheet Application was mailed by first class mail,  
2 postage prepaid, on or about October 1, 2001.

3 9. The interim compensation and reimbursement of expenses sought in this  
4 Application is on account and is not final. Upon the conclusion of this case, the Firm will  
5 seek fees and reimbursement of the expenses incurred for the totality of the services rendered  
6 in the case. Any interim fees or reimbursement of expenses approved by this Court and  
7 received by the Firm (along with the Firm's retainer) will be credited against such final fees  
8 and expenses as may be allowed by this Court.

9 10. The Firm represents and warrants that its billing practices comply with all  
10 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and  
11 the Guidelines of the Office of the United States Trustee.<sup>4</sup> Neither the Firm nor any members  
12 of the Firm has any agreement or understanding of any kind or nature to divide, pay over or  
13 share any portion of the fees or expenses to be awarded to the Firm with any other person or  
14 attorney except as among the members and associates of the Firm.

15 WHEREFORE, the Firm respectfully requests that the Debtor pay compensation  
16 to the Firm as requested herein pursuant to and in accordance with the terms of the "ORDER  
17 ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT  
18 PROCEDURE."

19 DATED: October 1, 2001

20 HOWARD, RICE, NEMEROVSKI, CANADY,  
21 FALK & RABKIN  
22 A Professional Corporation

23 By:   
24 JAMES L. LOPES

25 Attorneys for Debtor and Debtor in Possession  
26 PACIFIC GAS AND ELECTRIC COMPANY

27 <sup>4</sup> As the Firm has informed the Office of the United States Trustee and the Committee,  
28 the facsimile charges sought by Applicant deviate slightly from the Court's Guidelines. The  
Firm intends to provide a full explanation of such deviation and a request for payment of such  
charges in its next interim fee application to the Court in this case.