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Special Counsel for Debtor in Possession
 PACIFIC GAS AND ELECTRIC COMPANY

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re

Case No.: 01-30923 DM

PACIFIC GAS AND ELECTRIC
 COMPANY, a California corporation,

Chapter 11 Case

Debtor.

[No Hearing Scheduled]

Federal I.D. No. 94-0742640

**HELLER EHRMAN WHITE & McAULIFFE LLP'S COVER SHEET
 APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM
 COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
 OCTOBER 1, 2001, THROUGH OCTOBER 31, 2001**

Heller Ehrman White & McAuliffe LLP (the "Firm" or "Heller Ehrman") submits its
 Cover Sheet Application (the "Application") for Allowance and Payment of Interim
 Compensation and Reimbursement of Expenses for the Period October 1, 2001, through
 October 31, 2001 (the "Application Period"). In support of the Application, the Firm
 respectfully represents as follows:

Heller
 Ehrman
 White &
 McAuliffe LLP

HELLER EHRMAN'S COVER SHEET APPLICATION FOR PERIOD OCT. 1, 2001, THROUGH OCT. 31, 2001
 CASE NO.: 01-30923 DM

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

5 2. The Firm billed a total of \$615,097.63 in fees and expenses during the
6 Application Period. The total fees represent 2,204.80 hours expended during the
7 Application Period. These fees and expenses break down as follows:

Period	Fees	Expenses	Total
10/1/01 – 10/31/01	\$584,167.40	\$30,930.23	\$615,097.63

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11 3. Accordingly, the Firm seeks allowance of interim compensation in the total
12 amount of \$527,472.52 at this time. This total is comprised as follows: \$496,542.29 (85%
13 of the fees incurred during the Application Period)¹ plus \$30,930.23 (100% of the expenses
14 incurred).

15 4. For the post-petition period, the Firm has been paid to date as follows²:

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18 ¹ Payment of this amount would result in a "holdback" of \$87,625.11, equal to 15%
19 of the Firm's fees for services rendered during the Application Period.

20 ² On December 19, 2000, PG&E paid a retainer to Heller Ehrman in the amount of
21 \$350,000. Pursuant to written agreement between the parties dated December 19, 2000, the
22 retainer is not to apply to current billings in the ordinary course, but instead is to apply to
23 Heller Ehrman's unpaid fees and expenses in the event that PG&E fails to make payment in
24 the ordinary course. By written agreement dated April 5, 2001, the parties modified that
25 arrangement to authorize Heller Ehrman to apply the retainer to payment of unpaid pre-
26 petition fees and expenses on matters that are subject to an hourly billing arrangement. The
27 foregoing arrangement was approved by this Court in its June 4, 2001, Order Authorizing
28 Debtor to Employ Heller Ehrman as Special Counsel (Apr. 17, 2001); *see also* PG&E's
Application to Employ Heller Ehrman 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 \$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.

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Application Period	Amount Applied For	Description	Amount Paid
4/6/01 – 7/31/01 (first post-petition interim fee application period)	\$2,264,794.01	100% of fees and 100% of expenses	\$1,675,475.94
8/1/01 – 8/31/01 (August 2001 cover sheet application period)	\$ 507,687.35	85% of fees and 100% of expenses	\$ 507,687.35
9/1/01 – 9/30/01 (September 2001 cover sheet application period)	\$ 398,784.91	85% of fees and 100% of expenses	\$ 401,484.53
Total	\$3,171,266.27		\$2,584,647.82

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 (first three months) (4/6/01-6/30/01)	\$ 325,006.30	(a) 10% fee holdback (\$156,206.94); plus (b) Unpaid fees for Matter No. 13779-0068 (\$65,259.56); ³ plus (c) Additional fees based on corrected billing rates (\$103,539.80) ⁴
First post-petition interim fee application period (last month) (7/1/01-7/31/01)	\$ 264,308.77	(a) 10% fee holdback (\$47,096.77); plus (b) Unpaid fees for Matter No. 13779-0063 (\$186,482.24); ³ plus (c) Additional fees based on corrected billing rates (\$30,729.76)
August cover sheet application period (8/1/01-8/31/01)	\$ 83,901.32	15% fee holdback
September cover sheet application (9/1/01-9/30/01)	\$ 66,927.54	15% fee holdback
Total Owed to Firm to Date	\$ 718,969.63 ⁶	

³ Consists of original billed amount (\$108,365.60) less amount included in 10% fee holdback, which equals \$97,529.04, less adjustment of \$32,269.48 agreed to with client.

⁴ The first and second Cover Sheet Applications submitted by Heller Ehrman inadvertently failed to reflect correct billing rates for a number of Heller Ehrman timekeepers on a number of matters. Heller Ehrman prepared revised timesheets reflecting the corrected rates, which were submitted to the Court with Heller Ehrman White & McAuliffe LLP's First Interim Fee Application for Allowance and Payment of Compensation and Reimbursement of Expenses for the Period April 6, 2001, Through July 31, 2001 (filed September 14, 2001) ("First Interim Fee Application"). A discussion of the changes to timekeeper rates is set forth in the First Interim Fee Application ¶¶ 68-71.

⁵ Consists of original billed amount (\$230,333.60) less amount included in 10% fee holdback, which equals \$207,300.24, less adjustment of \$20,818.00 agreed to with client.

⁶ This figure equals \$740,143.93 (the sum of the amounts above) less \$18,466.20 (the amount of fee disallowance for the period April 6, 2001, to July 31, 2001, directed by the Court's November 21, 2001, Order) less \$2,708.10 (the amount of PG&E's overpayment for September fees and costs).

1 6. With regard to the copies of this Application served on counsel for the
2 Committee, counsel for the Debtor and the Office of the United States Trustee, attached as
3 Exhibit 1 hereto is the name of each professional who performed services in connection with
4 this case during the period covered by this Application and the hourly rate for each such
5 professional; and (b) attached as Exhibit 2 are the detailed time and expense statements for
6 the Application Period that comply with all Northern District of California Bankruptcy
7 Local Rules and Compensation Guidelines and the Guidelines of the Office of the United
8 States Trustee.

9 7. The Firm has served a copy of this Application (without Exhibits) on the
10 Special Notice List in this case.

11 8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE
12 APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered
13 on or about July 26, 2001, the Debtor is authorized to make the payment requested herein
14 without a further hearing or order of this Court unless an objection to this Application is
15 filed with the Court by the Debtor, the Committee or the United States Trustee and served
16 by the fifteenth day of the month following the service of this Application. If such an
17 objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the
18 objection. The Firm is informed and believes that this Cover Sheet Application was mailed
19 by first class mail, postage prepaid, on or about November 30, 2001.

20 9. The interim compensation and reimbursement of expenses sought in this
21 Application is on account and is not final. Upon the conclusion of this case, the Firm will
22 seek fees and reimbursement of the expenses incurred for the totality of the services
23 rendered in the case. Any interim fees or reimbursement of expenses approved by this
24 Court and received by the Firm (along with the Firm's Retainer) will be credited against
25 such final fees and expenses as may be allowed by this Court.

26 10. The Firm represents and warrants that its billing practices comply with all
27 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and
28 the Guidelines of the Office of the United States Trustee. Neither the Firm nor any

1 members of the Firm has any agreement or understanding of any kind or nature to divide,
2 pay over or share any portion of the fees or expenses to be awarded to the Firm with any
3 other person or attorney except as among the members and associates of the Firm.

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

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9 Dated: November 30, 2001

HELLER EHRMAN WHITE & McAULIFFE LLP

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11 By: 

Adam M. Cole

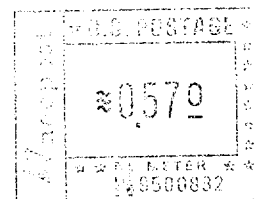
12 Special Counsel for Debtor in Possession

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ANN C. WHITEHEAD PG&E 11/30

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