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 PACIFIC GAS AND ELECTRIC COMPANY

UNITED STATES BANKRUPTCY COURT  
 NORTHERN DISTRICT OF CALIFORNIA  
 SAN FRANCISCO DIVISION

In re

PACIFIC GAS AND ELECTRIC  
 COMPANY, a California corporation,  
 Debtor.

Case No. 01-30923 DM

Chapter 11 Case

[NO HEARING REQUESTED]

Federal I.D. No. 94-0742640

HOWARD, RICE, NEMEROVSKI, CANADY, FALK & RABKIN  
 COVER SHEET APPLICATION  
 FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION  
AND REIMBURSEMENT OF EXPENSES FOR SEPTEMBER, 2001

Howard, Rice, Nemerovski, Canady, Falk & Rabkin (the "Firm") submits its  
 Cover Sheet Application (the "Application") for Allowance and Payment of Interim  
 Compensation and Reimbursement of Expenses for the Period September 1, 2001 through  
 September 30, 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, the 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

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rendered and reimbursement of expenses incurred during the Application Period.

2. The Firm billed a total of \$870,086.05 in fees and expenses during the Application Period. The total fees represent 3,101.60 hours expended during the Application Period. These fees and expenses break down as follows:

Period	Fees	Expenses	Total
September, 2001	\$812,952.50	\$57,133.55	\$870,086.05

3. Accordingly, the Firm seeks allowance of interim compensation in the total amount of \$748,143.17 at this time. This total is comprised as follows: \$691,009.62 (85% of the fees for services rendered)<sup>1</sup> plus \$57,133.55 (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	\$ 929,737.50	100% of unpaid fees	\$ 522,147.53 <sup>2</sup>
May, 2001	\$1,573,804.00	100% of fees and 100% of expenses	\$1,427,133.95
June, 2001	\$1,080,764.49	100% of fees and 100% of expenses	\$ 978,189.85
July, 2001	\$1,038,249.38	100% of fees and	\$ 963,254.07 <sup>3</sup>

<sup>1</sup>Payment of this amount would result in a "holdback" of \$121,942.88

<sup>2</sup>The Firm also applied its pre-petition retainer in the amount of \$446,293.02 to April fees and expenses. The Firm found certain charges that did not comply with the Guidelines, in the amount of \$21,575.52 were inadvertently included in Applicant's Cover Sheet Application for April, 2001 as described in its First Interim Application previously filed. The Firm will ensure that this amount is credited appropriately.

<sup>3</sup>The Firm found certain charges that did not comply with the Guidelines, in the amount of \$24,035.37 were inadvertently included in Applicant's Cover Sheet Application for July, 2001 as described in its First Interim Application previously filed. The Firm will ensure that this amount is credited appropriately. Additionally, the Firm had written off an additional \$114.00 in fees.

		100% of expenses	
August, 2001	\$ 800,225.88	85% of fees and 100% of expenses	\$ 800,125.88 <sup>4</sup>
Total Paid to the Firm to Date			\$4,690,851.28

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

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
Fifth (August 1-August 31)	\$ 122,943.00	15% fee holdback
Total Owed to Firm to Date	\$ 529,120.76	

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 Application Period and the hourly rate for each such professional; and attached as Exhibit 2 is an Account Summary. 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 have been submitted in electronic form to the Office of the United States Trustee and mailed to counsel for the Creditor's Committee.

<sup>4</sup>The Firm had written off an additional \$100.00 in fees.

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

3           8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE  
4 APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered  
5 on or about July 26, 2001, the Debtor is authorized to make the payment requested herein  
6 without a further hearing or order of this Court, unless an objection to this Application is filed  
7 with the Court by the Debtor, the Committee or the United States Trustee and served by the  
8 fifteenth day of the month following the service of this Application. If such an objection is  
9 filed, Debtor is authorized to pay the amounts, if any, not subject to the objection. The Firm  
10 is informed and believes that this Cover Sheet Application was mailed by first class mail,  
11 postage prepaid, on or about October 31, 2001.

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

18           10. The Firm represents and warrants that its billing practices comply with all  
19 Northern District of California Bankruptcy Local Rules and Compensation Guidelines and  
20 the Guidelines of the Office of the United States Trustee.<sup>5</sup> Neither the Firm nor any members  
21 of the Firm has any agreement or understanding of any kind or nature to divide, pay over or  
22 share any portion of the fees or expenses to be awarded to the Firm with any other person or  
23 attorney except as among the members and associates of the Firm.

24           WHEREFORE, the Firm respectfully requests that the Debtor pay compensation  
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26           <sup>5</sup>As the Firm has informed the Office of the United States Trustee and the Committee,  
27 the facsimile charges sought by Applicant deviate slightly from the Court's Guidelines. The  
28 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. Also, the Firm has billed  
travel time at one-half (1/2) our normal hourly rates.

1 to the Firm as requested herein pursuant to and in accordance with the terms of the "ORDER  
2 ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT  
3 PROCEDURE."

4 DATED: October 31, 2001

5 HOWARD, RICE, NEMEROVSKI, CANADY,  
6 FALK & RABKIN  
7 A Professional Corporation

8 By:   
9 GARY M. KAPLAN

10 Attorneys for Debtor and Debtor in Possession  
11 PACIFIC GAS AND ELECTRIC COMPANY  
12  
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