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Special Counsel for Debtor in Possession
 PACIFIC GAS AND ELECTRIC COMPANY

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

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
 NOVEMBER 1, 2001, THROUGH NOVEMBER 30, 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 November 1, 2001, through November 30, 2001 (the "Application Period"). In support of the Application, the Firm respectfully represents as follows:

1. The Firm is Special 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.

1 2. The Firm billed a total of \$600,791.47 in fees and expenses during the
2 Application Period.¹ The total fees represent 2,198.80 hours expended during the
3 Application Period. These fees and expenses break down as follows:

Period	Fees	Expenses	Total
11/1/01 – 11/30/01	\$574,990.50	\$25,800.97	\$600,791.47

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7 3. Accordingly, the Firm seeks allowance of interim compensation in the total
8 amount of \$514,542.89 at this time. This total is comprised as follows: \$488,741.92 (85%
9 of the fees incurred during the Application Period)² plus \$25,800.97 (100% of the expenses
10 incurred).

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16 ¹ Pursuant to the Court's December 12, 2001, Memorandum Decision Regarding Applications
17 for Interim Compensation of Professionals ¶ III(b)(ii) & (v), the Firm has reduced the billing rates
18 for two paralegals — M. Brett Stone and Nneka Nwosu — from \$90.00 per hour and \$113.00 per
19 hour, respectively, to \$40.00 per hour. The Firm anticipates including information in its Second
Interim Fee Application (covering the periods of this and the previous three Cover Sheet
Applications) justifying compensation to the Firm for the full billing rates of those paralegals.

20 ² Payment of this amount would result in a “holdback” of \$86,248.58, equal to 15% of the
21 Firm's fees for services rendered during the Application Period.
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4. For the post-petition period, the Firm has been paid to date as follows³:

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	\$2,246,327.81 ⁴
8/1/01 – 8/31/01 (Aug. CSA period)	\$ 507,687.35	85% of fees and 100% of expenses	\$ 507,687.35
9/1/01 – 9/30/01 (Sept. CSA period)	\$ 398,784.91	85% of fees and 100% of expenses	\$ 401,484.53 ⁵
10/1/01 – 10/31/01 (Oct. CSA period)	\$ 527,472.52	85% of fees and 100% of expenses	\$ 542,494.90 ⁶
Total	\$3,698,738.79		\$3,697,994.59

³ On December 19, 2000, PG&E paid a retainer to Heller Ehrman in the amount of \$350,000. Pursuant to written agreement between the parties dated December 19, 2000, the retainer is not to apply to current billings in the ordinary course, but instead is to apply to Heller Ehrman's unpaid fees and expenses in the event that PG&E fails to make payment in the ordinary course. By written agreement dated April 5, 2001, the parties modified that arrangement to authorize Heller Ehrman to apply the retainer to payment of unpaid pre-petition fees and expenses on matters that are subject to an hourly billing arrangement. The foregoing arrangement was approved by this Court in its June 4, 2001, Order Authorizing 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.

⁴ The amount paid reflects a disallowance of \$18,466.20 in fees. *See* Order Approving 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 (Nov. 21, 2001); Memorandum Decision Regarding Applications for Interim Compensation of Professionals (Dec. 12, 2001).

⁵ We are currently investigating why Heller Ehrman was paid an amount greater than the amount applied for, and will amend or supplement this cover sheet application when we have an answer. In the meantime, we are crediting the apparent overpayment of \$2,699.62 against the amount requested to be paid pursuant to this cover sheet application.

⁶ In its October Cover Sheet Application, the Firm inadvertently did not include a request for payment of fees and expenses incurred in Matter No. 13779-0083 (Wayne Roberts v. PG&E), although the bill for that matter was attached to the October Cover Sheet Application. For Matter No. 13779-0083, the fees were \$17,359.80 and the expenses were \$266.52, for a total of \$17,626.32. Accordingly, the Firm's October Cover Sheet Application should have included a request for payment of an additional \$15,023.35 (85% of \$17,359.80 + 100% of \$266.52). PG&E has paid that additional amount.

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

3 Application Period	Amount	Description
4 First post-petition interim 5 fee application period (4/6/01-7/31/01)	\$ 0	
6 August cover sheet 7 application period (8/1/01-8/31/01)	\$ 83,901.32	15% fee holdback
8 September cover sheet 9 application period (9/1/01-9/30/01)	\$ 66,927.54	15% fee holdback
10 October cover sheet 11 application period (10/1/01-10/31/01)	\$ 90,229.08	15% fee holdback
12 Total Owed to Firm to Date	\$ 241,057.94	

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

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

23 8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE
24 APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered
25 on or about July 26, 2001, the Debtor is authorized to make the payment requested herein
26 without a further hearing or order of this Court unless an objection to this Application is
27 filed with the Court by the Debtor, the Committee or the United States Trustee and served
28 by the fifteenth day of the month following the service of this Application. If such an

1 objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the
2 objection. The Firm is informed and believes that this Cover Sheet Application was mailed
3 by first class mail, postage prepaid, on or about December 28, 2001.

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

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

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

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21 Dated: December 27, 2001

HELLER EHRMAN WHITE & MCAULIFFE LLP

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23 By: 

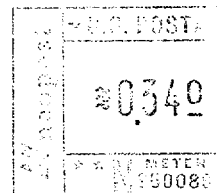
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