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PACIFIC GAS AND ELECTRIC COMPANY

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION
11

12 In re

13 PACIFIC GAS AND ELECTRIC
14 COMPANY, a California corporation,

15 Debtor.

16 Federal I.D. No. 94-0742640
17

Case No. 01 30923 DM

Chapter 11 Case

**KEKER & VAN NEST, L.L.P.'S SECOND
INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF
INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 TO
NOVEMBER 30, 2001**

18 Date: February 26, 2002

19 Time: 9:30 a.m.

20 Place: 235 Pine Street
San Francisco, CA

21 Judge: HON. DENNIS MONTALI
22
23
24
25
26

27 *Acc: Add: Kids Center*
28

1 Name of Applicant Keker & Van Nest, L.L.P.

2 Authorized to Provides Professional Services Pacific Gas and Electric Company, debtor and
3 to: debtor in possession

4 Date of Retention Order: June 11, 2001

5 Period for Which Compensation and August 1, 2001 through November 30, 2001
6 Reimbursement is Sought:

7 Amount of Compensation Sought as Actual,
8 Reasonable and Necessary:

9 Amount of Expense Reimbursement Sought as
10 Actual, Reasonable and Necessary:

11 This is an: X Interim Final application

12 Prior Application: First Interim Application for the period April 6, 2001 through July 31, 2001
13 filed September 25, 2001.

14 **TIME SUMMARY TO KEKER & VAN NEST, L.L.P.'S
15 SECOND INTERIM FEE APPLICATION FOR ALLOWANCE
16 AND PAYMENT OF INTERIM COMPENSATION AND
17 REIMBURSEMENT OF EXPENSES FOR THE PERIOD
18 AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001**

<u>Name¹</u>	<u>Year of Admission</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
<u>Partners:</u>				
Robert A. Van Nest	1978	\$550.00	70.625	\$38,843.75
James M. Emery	1991	\$350.00	0.250	\$ 87.50
Steven A. Hirsch	1994	\$300.00	64.375	\$19,312.50
Total Partners			135.250	\$58,243.75

21 **Associates:**

G. Whitney Leigh	1991	\$280.00	48.375	\$13,545.00
Roy L. Austin	2000	\$255.00	2.750	\$ 701.35
Clement S. Roberts	2000	\$215.00	99.830	\$21,463.45

27 ¹ The resume for each attorney is attached as Exhibit 1 to this Application. (This exhibit is not
28 attached to the service copies of this document. Copies of this exhibit may be obtained through
the Keker & Van Nest website at www.kvn.com.

<u>Name¹</u>	<u>Year of Admission</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Total Associates			150.955	\$35,709.80
<u>Paraprofessionals:</u>				
Brian D. Loper	N/A	\$125.00	11.500	\$ 1,437.50
Cathleen A. Crane	N/A	\$140.00	1.000	\$ 140.00
Total Paraprofessionals			12.500	\$ 1,577.50
<u>GRAND TOTAL</u>			298.705	\$95,531.05

DISBURSEMENTS

Computer Legal Reasearch	\$1,496.53
Copying Charges	\$2,909.43
Courier/Express/Postage	\$1351.71
Books and Publications	\$343.00
Business Travel, Lodging, Meals, Parking	\$3,364.03
Professional Fees (Infotreive, Inc., Boalt Express, Integral Solutions, video conferencing)	
Conference calls	\$634.80
Pcerks	\$195.00
CLIENT TOTAL	\$10,294.50

Keker & Van Nest, L.L.P. ("KVN") submits this application under 11 U.S.C. § 330 and Fed. R. Bankr. P. 2016 for compensation for the services that it performed as special counsel to Pacific Gas and Electric Company, debtor and debtor in possession in this case ("PG&E" or the "Debtor"), from August 1, 2001 through November 30, 2001 (the "Application Period"), and for reimbursement of its charges and disbursements during that period. KVN submits this Application for (a) allowance of reasonable compensation for professional services rendered by KVN and (b) reimbursement of actual and necessary charges and disbursements incurred by KVN in rendering professional services on behalf of Debtor.

INTRODUCTION

PG&E is a utility providing gas and electric services to more than 4.5 million customers in Central and Northern California, serving a population of approximately 13 million. The Debtor employs over 19,000 people and has in excess of 30,000 trade creditors. On April 6, 2001 (the "Petition Date"), PG&E filed its Chapter 11 petition. PG&E continues to operate its business in the ordinary course of a debtor in possession under Sections 1107(a) and 1008 of the Bankruptcy Code.

A. Retention of KVN

PG&E applied to retain KVN to act as its special counsel in this Chapter 11 case, in accordance with section 327(e) of the Bankruptcy Code (the "Retention Application") to represent the Debtor with respect to a task on which KVN had been retained by the Debtor prior to commencement of this case. That task ("the Matter") requires KVN to consider and analyze potential litigation between PG&E and other parties concerning excessive charges for electric power in the California electric-power market. Because no action has been filed and all communications regarding the Matter are privileged, PG&E and KVN cannot publicly disclose any additional information about the Matter. If the Court believes that it needs additional information, KVN can submit that information to the Court, under seal, pursuant to Federal Rule of Bankruptcy Procedure 9018.

On June 11, 2001 the Court entered its Order approving PG&E's retention of KVN as special counsel in this case.

B. Compliance With Guidelines

Keker & Van Nest's billing practices and hourly rates are identical for bankruptcy and non-bankruptcy clients (of which PG&E is the only one). The costs charged to PG&E are either identical to or less than the costs charged to non-bankruptcy clients.

1 **C. 2016 Compensation Statement**

2 KVN has agreed not to share any compensation awarded with any other person and the
3 source of any award authorized will be estate funds.

4 **D. Summary of Services**

5 The events encompassing the Debtor's bankruptcy case are set out in the application of
6 the Debtor's general bankruptcy counsel, Howard, Rice, Nemerovski, Canady, Falk & Rabkin
7 ("Howard Rice"). During the Application Period, KVN has considered and analyzed potential
8 litigation between PG&E and other parties concerning excessive charges for electric power in the
9 California electric-power market. As part of that task, KVN has worked with experts and with
10 other counsel to PG&E who are pursuing other remedies for the excessive charges.

11 **E. Compensation Requested**

12 KVN's fees for its services rendered during the Application Period are \$95,531.05. In
13 addition, KVN seeks reimbursement of \$10,294.50 in charges and disbursements actually
14 incurred during the Application Period, for a total of \$105,825.55. The firm does not hold a
15 prepetition retainer.

16 KVN requests that the Court (i) approve this Application in full and (ii) authorize and
17 direct the Debtor to pay KVN all amounts requested in this Application.

18 **I.**

19 **INFORMATION REQUIRED BY BANKRUPTCY**
20 **RULES AND GUIDELINES**

21 **A. Brief History of Present Posture of the Case and Significant Events During**
22 **Application Period**

23 On April 6, 2001, PG&E filed its Chapter 11 petition. The significant events occurring
24 during the Application Period are set out in Howard Rice's fee application.

25 KVN has worked with PG&E in connection with considering and analyzing potential
26 litigation between PG&E and other parties concerning excessive charges for electric power in the
27 California electric-power market. As part of that task, KVN also has worked with experts and
28 with other counsel to PG&E who are pursuing other remedies for the excessive charges.

KVN expects that it will continue to assist the Debtor in connection with the Matter.

1 **B. Listing of Amount of Fees and Expenses Previously Requested, Approved, and**
2 **Received**

3 **1. The Court's Order Approving KVN's Retention**

4 This Court granted PG&E's application for authorization to retain KVN as its special
5 counsel on June 11, 2001. The firm's services began on August 30, 2000.

6 **2. Court's Approval of Compensation for First Interim Period**

7 On November 6, 2001, this Court approved Keker & Van Nest's entire request for
8 compensation for the First Interim Period (April 6, 2001 through July 31, 2001). The Court
9 approved \$218,413.46 in fees and \$11,844.84 in costs.

10 **3. The Request for Compensation for the Second Interim Period**

11 By this Application, KVN seeks approval of compensation and reimbursement of
12 expenses in the total amount of \$105,825.55, which consists of \$95,531.05 in fees and
13 \$10,294.50 in costs and disbursements for the period August 1, 2001 through November 30,
14 2001.

15 **C. Major Activity Codes Used**

16 KVN has been engaged in only a single Matter, described above. Accordingly, all time
17 has been billed to that Matter, and no activity codes were necessary or employed.

18 **D. Time Records**

19 KVN has filed separately the detailed time records in support of this Application. KVN's
20 time records consist of chronological time records showing individual professional's services on
21 a particular date, the time devoted to those services, and month summaries.

22 **E. Client Declaration**

23 KVN delivered the text of this Application to PG&E's management before the filing.
24 PG&E has previously received and reviewed monthly invoices for the period covered by this
25 Application and did not object to the amounts set forth in those invoices. KVN will file and
26 serve PG&E's declaration as soon as it is available.
27
28

II.

**NARRATIVE STATEMENT OF SERVICES RENDERED
AND TIME EXPENDED FOR EACH CATEGORY**

During the Application Period, KVN considered and analyzed potential litigation between PG&E and other parties concerning excessive charges for electric power in the California electric-power market. As part of that task, KVN worked with experts and with other counsel to PG&E who are pursuing other remedies for the excessive charges.

KVN is assisting the Debtor in dealing with ongoing, highly sensitive and confidential matters. As a consequence, Applicant is unable to specify in great detail the services it is providing to the Debtor, as doing so could seriously compromise Debtor's future business and legal strategy. Applicant would be pleased to provide the Court with additional details of the services its is providing to the Debtor *in camera* or by some other mechanism that will ensure the maintenance of Debtor's confidential information.

III.

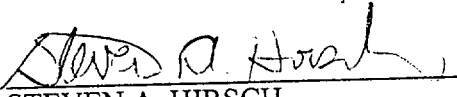
EXPENSES

KVN charges clients \$0.10 per page for copying and no charge for incoming facsimiles. For outgoing facsimiles, KVN charges its actual telephone charges, as reflected in its phone bill. KVN bills each client's telephone and postage charges at cost. For computer-assisted research, the firm takes the total flat rate that it pays every month, discounts that amount to reflect *pro bono* and other nonbillable usage, and then allocates the remainder to each client based on its percentage of the remaining usage for that month.

Dated: January 14, 2002

KEKER & VAN NEST, L.L.P.

By:


STEVEN A. HIRSCH
Special Counsel to Debtor in Possession
PACIFIC GAS AND ELECTRIC
COMPANY