

50-295/323

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re

PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,

Debtor.

Case No. SF 01-30923 DM

Chapter 11

**DECLARATION OF ROBERT JAY
MOORE RE SECOND INTERIM
APPLICATION OF MILBANK, TWEED,
HADLEY & McCLOY LLP FOR
ALLOWANCE AND PAYMENT OF
COMPENSATION AND
REIMBURSEMENT OF EXPENSES
(AUGUST 1, 2001 THROUGH
NOVEMBER 30, 2001) AND RE
ADDITIONAL DISCLOSURES**

Hearing:

Date: February 26, 2002
Time: 9:30 a.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, CA

LA1:#6227068v4

A001 Add R. J. Moore Center

1 I, Robert Jay Moore, declare:

2 1. I am over eighteen years of age and, if called upon, I could and would
3 testify competently to the matters set forth herein. I am a partner in the law firm of Milbank,
4 Tweed, Hadley & McCloy LLP ("Milbank"), counsel for the Official Committee of Unsecured
5 Creditors ("Committee") in the Pacific Gas and Electric Company ("PG&E" or "Debtor")
6 chapter 11 case (the "Case"), and I am one of the attorneys responsible for Milbank's
7 representation of the Committee in the Case. In preparing this Declaration, I have relied on my
8 personal knowledge and on my review of the billing records and files maintained by Milbank in
9 the ordinary course of its business and represented to have been made by Milbank attorneys, law
10 clerks, legal assistants, case clerks, and staff substantially contemporaneously with each
11 individual's performance of services or incurrence of costs on behalf of the Committee.

12 2. This Declaration is submitted in support of the "Second Interim
13 Application of Milbank, Tweed, Hadley & McCloy LLP For Allowance and Payment of
14 Compensation And Reimbursement of Expenses (August 1, 2001 Through November 30, 2001)"
15 (the "Second Interim Application"). Capitalized terms not otherwise defined herein shall have
16 the meanings ascribed to them in the Second Interim Application. This Second Interim
17 Application covers the period from August 1, 2001 through and including November 30, 2001
18 (the "Second Application Period"). I have read the Second Interim Application and reviewed the
19 exhibits thereto, and to the best of my knowledge each of the facts contained therein is true and
20 correct.
21

22 3. Milbank was selected as counsel to the Committee not only because of its
23 expertise and experience in connection with complex bankruptcies and financial reorganizations,
24 particularly those involving significant regulatory and public financing aspects, but also by
25 reason of its expertise and depth of resources in the utility, power and energy, project finance,
26 banking and institutional investment, capital markets, securitization, taxation and litigation
27 practice areas. Because of the breadth and depth of Milbank's experience, the Committee has
28 been able to look to Milbank to provide it with advice, counseling and representation in the wide

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1 range of areas of expertise that have been required. As the Committee's sole law firm, Milbank
2 has been able, and required, to interact with the numerous law firms employed for various
3 purposes by PG&E and by the Parent, which is a Plan Proponent, in connection with this
4 engagement. Milbank's capacity has had the benefit of providing great efficiency and savings to
5 its client, the Committee, and to the estate generally.

6 4. The Committee is composed of eleven (11) individual members. In order
7 to more efficiently fulfill its fiduciary duties and facilitate its functions, the Committee
8 established the following working groups: the Litigation Subcommittee; the Finance
9 Subcommittee; the Legislative and Regulatory Subcommittee; and the Plan Working Group.
10 Milbank attempts to provide counsel to each of the Subcommittees and the Plan Working Group
11 through attorneys with expertise and knowledge most pertinent to each working group's areas of
12 designated responsibility and the reports and action items that are agendaized for their meetings.
13 The Subcommittees and Plan Working Group typically report on their activities to the full
14 Committee at periodic meetings held by telephone conference call or in person in San Francisco,
15 frequently in conjunction with direct in-person meetings with PG&E's senior management.
16 Milbank believes that through its internal division of responsibility and the Subcommittee
17 structure, the Committee, and the estate, have received the benefit of efficient and effective
18 delivery of legal services.

19 5. Given the broad range of responsibilities and intense time pressures
20 imposed on Milbank at the outset of the Case, Milbank determined to staff the matter in a
21 manner that would maximize its efficiency. For this reason, financial restructuring partner Paul
22 Aronzon assumed primary responsibility for intra-Committee communications and coordination
23 of the Plan formulation and revision process with the Committee's financial advisors and PG&E
24 and its advisors. I, also a financial restructuring partner, focused on the Bankruptcy Court
25 pleading and appearance process, and more recently Disclosure Statement approval and Plan
26 confirmation issues and process, and spearheaded the interface with PG&E and its counsel
27 regarding the settlement dialogue process with respect to contested matters. Energy regulatory
28

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1 partner Ed Feo has focused on analysis of FERC and CPUC proceedings and the California
2 legislative process as they relate to PG&E's operations, strategies and Plan formulation. Energy
3 finance partner Allan Marks has focused on analysis of PG&E's financing structures, the
4 prospective CDWR bond financing and PG&E's exit financing. Litigation partner Michael
5 Diamond assumed primary responsibility for Milbank's participation in adversary proceedings
6 and non-bankruptcy court litigation matters. Within this framework, Milbank attempts to
7 minimize its charges by, among other things: (a) attending Bankruptcy Court hearings by
8 telephone conference call, when appropriate; (b) monitoring proceedings before the FERC, the
9 CPUC, the California Legislature, the United States Congress, and other tribunals or other
10 agencies via the Internet, when possible and appropriate; and (c) generally having only those
11 attorneys primarily responsible for particular matters attend hearings or other proceedings.
12 Because the Committee has been able to rely on Milbank's breadth of expertise in lieu of
13 employing multiple law firms with different skill sets, more than one Milbank partner may attend
14 Committee, Subcommittee, Working Group or other meetings where that partner's expertise or
15 knowledge base provides an important underpinning to the negotiation or deliberation process.

16 6. In the ordinary course of its practice, Milbank maintains records of time
17 expended by attorneys, law clerks, legal assistants, and case clerks in rendering services to its
18 clients, including the Committee. Time records are made substantially contemporaneously with
19 the rendition of these professional services and are prepared by the attorneys, law clerks, legal
20 assistants, and case clerks who have rendered the services. In matters such as this representation,
21 time records are kept in six minute (.1 hour) increments. With regard to intra-office conferences,
22 at times no attorney, or a single attorney, may bill for the conference. It is impossible to state
23 with precision how much time has not been recorded by Milbank's professionals as a result of
24 this practice.

25 7. In view of the implications for the citizens of California of the California
26 energy crisis in general and the Case in particular, at the outset of this engagement, and without
27 request or demand by any party, Milbank voluntarily elected to reduce the hourly rates of its
28

1 most senior attorneys to \$595, a reduction of up to \$80 per hour from the rates normally charged
2 by these attorneys. Additionally, in reviewing its monthly pre-bills before submission to the U.S.
3 Trustee and PG&E, Milbank voluntarily elected not to bill for certain time recorded by various
4 attorneys, law clerks, paralegals, legal assistants and case clerks relating, among other things, to
5 duplicative attendance at hearings, certain monitoring of regulatory hearings and proceedings,
6 document retrieval and file organization. These rate and billing reductions during the Second
7 Interim Period total \$72,615.00. Additionally, in order to comply with the UST Guidelines and
8 the Court Guidelines, Milbank either has not sought or has reduced its request for reimbursement
9 of expenses in the total amount of \$29,805.57. Accordingly, Milbank has voluntarily reduced
10 the fees and costs it normally would charge during the Second Application Period by almost
11 \$102,420.57.

12 8. In addition to these voluntary reductions, in accordance with the Court's
13 Memorandum Decision, Milbank has reduced the hourly rate for the PG&E Case Clerk from
14 \$100 per hour to \$40 per hour, yielding a reduction of \$18,366.00. Milbank has also written-off
15 101.30 hours spent in connection with supplementing the Second Interim Application, yielding a
16 fee reduction of \$49,973.50. Moreover, Milbank has written-off all non-working travel time pre
17 September 11, 2001 and has written down non-working travel time to a maximum of two (2)
18 hours each way for travel after September 11, 2001. These write-offs have resulted in an
19 additional reduction of 23.10 hours during the Second Application Period, translating in a fee
20 reduction of \$11,452.50. Accordingly, Milbank has reduced its fees and costs during the Second
21 Application Period by \$182,212.57.

22 9. The document "Milbank, Tweed, Hadley & McCloy LLP's Time Records
23 Exhibit for the Period August 1, 2001 to November 30, 2001," filed concurrently herewith,
24 attaches true and correct copies of records maintained by Milbank in the ordinary course of
25 Milbank's business operations and reflects entries that were made substantially
26 contemporaneously with the rendering of the services. All of the work performed by Milbank
27 was authorized by the Committee.
28

10. Pursuant to the Second Interim Application, Milbank seeks allowance of compensation for 3,973.85 hours of recorded professional time devoted to representing the Committee during the Second Interim Period in the Case, resulting in the accrual of \$1,690,874.00 in fees for professional services rendered. Pursuant to the Second Interim Application, Milbank also seeks approval for the reimbursement of \$116,651.11 in costs and expenses incurred during the Second Application Period, for a total allowance of fees and costs and expenses of \$1,807,525.11.

11. Milbank received no pre-petition retainer in connection with this Case.

12. Milbank has submitted monthly fee notices in accordance with the interim fee procedures that were established by the Court for the period covering August 1, 2001 through November 30, 2001. Milbank has received payment totaling \$1,221,652.74 in connection with the Monthly Cover Sheet Applications covering the period of August 1, 2001 through October 31, 2001.

13. No agreement or understanding of any kind or nature exists between Milbank and any other person or entity for the sharing, division, or payment of any portion of the compensation awarded to Milbank for services rendered or expenses incurred in connection with Milbank's representation of the Committee in this Case, except as among the partners, associates and employees of Milbank.

14. I am one of the designated professionals responsible for overseeing the billing in this matter and for assuring compliance with the Guidelines of the Office of the United States Trustee for the Northern District of California relating to billing (the "Guidelines"). Based upon my review of the Second Interim Application submitted by Milbank for the Second Application Period, I believe that the Second Interim Application complies with the Court Guidelines and the UST Guidelines.

15. Attached hereto as Exhibit "1" is a summary of the total hours expended and fees incurred by each Milbank professional, as well as a categorized summary of expenses

1 incurred, during the Second Application Period.

2 16. Attached hereto as Exhibit "2" is a summary of each category of services,
3 setting forth the name of each professional who expended time in that category and the total
4 hours and amount billed by each professional in that category during the Second Application
5 Period.

6 17. Attached hereto as Exhibit "3" is a chart showing billing rates for each
7 Milbank professional in effect during the Second Application Period.

8 18. Attached hereto as Exhibit "4" is a true and complete copy of
9 correspondence from me to Clara Yang Strand and Kenneth E. Smith, the Committee's Co-
10 Chairs, dated February 14, 2002.

11 19. In connection with the recent chapter 11 bankruptcy filing of Enron Corp.
12 and certain of its affiliates ("Enron") in the United States Bankruptcy Court for the Southern
13 District of New York, Case No. 01-16034 (AJG) (the "Enron Bankruptcy Case"), Milbank has
14 been selected as counsel to the Official Committee of Unsecured Creditors (the "Enron
15 Committee"). An application to employ Milbank as counsel to the Enron Committee will be
16 filed shortly.

17 20. Milbank has set up an "information firewall" between the attorneys
18 assigned to the PG&E Committee representation and the lawyers working on the representation
19 of the Enron Committee. No Milbank attorney who had material involvement (more than 10
20 hours of time) in the representation of the PG&E Committee will advise the Enron Committee
21 with respect to any matter. Likewise, no Milbank attorney who had material involvement (more
22 than 10 hours of time) in the representation of the Enron Committee will advise the PG&E
23 Committee with respect to any matter. Milbank will review the firewall on a monthly basis to
24 ensure that it is current and that there has been no breach.

25 21. Out of an abundance of caution, Milbank will not participate in any
26 proceedings in the PG&E Bankruptcy Case that relate to claims brought by or against Enron.

22. With regard to recently appointed Committee member Reliant Resources, Inc. ("Reliant"), Milbank has conducted a conflicts search. The conflicts search indicates that Milbank has not represented Reliant in the past. Milbank has represented other clients in transactions in which Reliant was a participating party, such as:

(a) Milbank's representation of Fortis Bank in financing on a Texas energy project which sold power to Reliant Energy, Inc.;

(b) Milbank's representation of Donaldson Lufkin & Jenrett Securities Corporation as arranger in an offering by Investor Trust, which was to contribute proceeds of the offering to an investment trust owned 50% by Reliant Energy, Inc.;

(c) Milbank's representation of Citibank, N.A., as agent for a credit agreement in connection with a project sponsored by Reliant Energy, Inc.;

(d) Milbank's representation of HoustonStreet.com in a reorganization, in which Reliant Energy, Inc. was a co-venturer;

(e) Milbank's representation of Bank of America in a financing of a cogeneration facility owned by Reliant Energy Channelview LP;

(f) Milbank's representation of JP Morgan/Chase in connection with analysis of certain litigation filed against, among others, Reliant Energy, Inc.; and

(g) Milbank's representation of Enron Wholesale Services, Inc. in connection with its agreements with a number of parties, including Reliant Energy Services, Inc.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 12th day of January, 2002 at Los Angeles, California.


Robert Jay Moore

EXHIBIT “1”

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	658.15	595	391,599.25
Michael H. Diamond	Partner	10.80	595	6,426.00
Edwin F. Feo	Partner	184.40	595	109,718.00
Robert Jay Moore	Partner	457.00	595	271,915.00
Simon Friedman	Partner	17.00	575	9,775.00
Neil J. Wertlieb	Partner	1.50	525	787.50
Thomas R. Kreller	Partner	4.20	450	1,890.00
Allan T. Marks	Partner	198.70	450	89,415.00
Thomas R. Kreller	Partner	27.90	420	11,718.00
		<u>1,559.65</u>		<u>\$893,243.75</u>
 Steven M. Kramer	 Of Counsel	 207.30	 470	 97,431.00
Orlan M. Johnson	Of Counsel	1.50	420	630.00
		<u>208.80</u>		<u>\$98,061.00</u>
 Fred Neufeld	 Associate	 91.90	 435	 39,976.50
Michael Dayen	Associate	120.60	420	50,652.00
Taline Grigorian	Associate	50.70	420	21,294.00
Michael I. Sorochinsky	Associate	633.60	420	266,112.00
David B. Zolkin	Associate	8.20	420	3,444.00
Kevin R. Mc Spadden	Associate	380.90	415	158,073.50
Sabina Bhalla	Associate	14.50	385	5,582.50
Chandra L. Gooding	Associate	0.50	385	192.50
Carla J. Urquhart	Associate	71.90	385	27,681.50
Ines M. Cho	Associate	22.40	350	7,840.00
Lorie A. Ball	Associate	119.60	295	35,282.00
Roger S. Chae	Associate	92.90	295	27,405.50
Brian I. Hamblet	Associate	14.10	295	4,159.50
John G. Ha	Associate	46.10	200	9,220.00
Jaime J. Rodriguez	Associate	16.20	200	3,240.00
		<u>1,684.10</u>		<u>\$660,155.50</u>

Susan Kim	Summer Associate	8.50	160	1,360.00
David Levine	Summer Associate	20.00	160	3,200.00
Francisco Ochoa	Summer Associate	3.75	160	600.00
Aaron Renenger	Summer Associate	15.00	160	2,400.00
Talis Seja	Summer Associate	2.00	160	320.00
		<u>49.25</u>		<u>\$7,880.00</u>

Lee K. Noller	Legal Assistant	2.20	135	297.00
Kyle J. Olson	Legal Assistant	0.10	125	12.50
Ryan M. Rupe	Legal Assistant	1.70	125	212.50
Beth A. Passage	Legal Assistant	130.60	100	13,060.00
		<u>134.60</u>		<u>\$13,582.00</u>

Case Clerk Pg&e	Case Clerk	306.10	40	12,244.00
		<u>306.10</u>		<u>\$12,244.00</u>

James M. Schwarz	Other	30.20	185	5,587.00
		<u>30.20</u>		<u>\$5,587.00</u>

Orlando Villanueva	Other	1.15	105	120.75
		<u>1.15</u>		<u>\$120.75</u>

Total Hours and Fees Billed		<u>3973.85</u>		<u>\$1,690,874.00</u>
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Summary of Disbursements Billed

<u>Description</u>	<u>Amount</u>
Copying	\$26,494.95
Court Fees	\$3,907.90
Delivery Services/Messengers	\$1,793.11
Meals For Meetings	\$1,062.22
Online Research	\$22,094.43
Court/Clerical Services	\$3,257.89
Document/Retrieval/Reproduction	\$3,227.40
Out-of-Town Travel	\$23,639.99
Telephone	\$31,173.22
Total Disbursements Billed	\$116,651.11

EXHIBIT “2”

PG&E-ASSET ANALYSIS AND RECOVERY

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Robert Jay Moore	Partner	14.10	595	8,389.50
Allan T. Marks	Partner	7.90	450	3,555.00
		<u>22.00</u>		<u>\$11,944.50</u>
Michael Dayen	Associate	113.60	420	47,712.00
Michael I. Soroichinsky	Associate	4.60	420	1,932.00
Carla J. Urquhart	Associate	3.70	385	1,424.50
		<u>121.90</u>		<u>\$51,068.50</u>
Talis Seja	Summer Associate	2.00	160	320.00
		<u>2.00</u>		<u>\$320.00</u>
Kyle J. Olson	Legal Assistant	0.10	125	12.50
		<u>0.10</u>		<u>\$12.50</u>
Total Hours and Fees Billed		<u>146.00</u>		<u>\$63,345.50</u>

PG&E-BUSINESS OPERATIONS

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Robert Jay Moore	Partner	26.90	595	16,005.50
Thomas R. Kreller	Partner	0.60	420	252.00
		<u>27.50</u>		<u>\$16,257.50</u>
Fred Neufeld	Associate	17.70	435	7,699.50
Michael I. Soroichinsky	Associate	19.20	420	8,064.00
		<u>36.90</u>		<u>\$15,763.50</u>
Total Hours and Fees Billed		<u><u>64.40</u></u>		<u><u>\$32,021.00</u></u>

PG&E-ASSET DISPOSITION (EXECUTORY
CONTRACTS)

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	5.50	595	3,272.50
Edwin F. Feo	Partner	2.90	595	1,725.50
Robert Jay Moore	Partner	35.00	595	20,825.00
Allan T. Marks	Partner	0.40	450	180.00
Thomas R. Kreller	Partner	4.20	420	1,764.00
		<u>48.00</u>		<u>\$27,767.00</u>
Fred Neufeld	Associate	1.00	435	435.00
Taline Grigorian	Associate	44.50	420	18,690.00
Michael I. Sorochinsky	Associate	35.40	420	14,868.00
Kevin R. Mc Spadden	Associate	31.80	415	13,197.00
Ines M. Cho	Associate	19.20	350	6,720.00
John G. Ha	Associate	3.60	200	720.00
		<u>135.50</u>		<u>\$54,630.00</u>
Susan Kim	Summer Associate	8.50	160	1,360.00
David Levine	Summer Associate	20.00	160	3,200.00
Francisco Ochoa	Summer Associate	3.75	160	600.00
Aaron Renenger	Summer Associate	15.00	160	2,400.00
		<u>47.25</u>		<u>\$7,560.00</u>
Beth A. Passage	Legal Assistant	0.90	100	90.00
		<u>0.90</u>		<u>\$90.00</u>
James M. Schwarz	Other	2.50	185	462.50
		<u>2.50</u>		<u>\$462.50</u>
Total Hours and Fees Billed		<u>234.15</u>		<u>\$90,509.50</u>

PG&E-CASE ADMINISTRATION/U.S. TRUSTEE,
COMPLIANCE

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	16.00	595	9,520.00
Robert Jay Moore	Partner	57.90	595	34,450.50
Thomas R. Kreller	Partner	2.20	450	990.00
Allan T. Marks	Partner	3.00	450	1,350.00
Thomas R. Kreller	Partner	21.40	420	8,988.00
		<u>100.50</u>		<u>\$55,298.50</u>
Fred Neufeld	Associate	33.80	435	14,703.00
Michael Dayen	Associate	3.50	420	1,470.00
Michael I. Sorochinsky	Associate	92.70	420	38,934.00
David B. Zolkin	Associate	0.20	420	84.00
Sabina Bhalla	Associate	14.50	385	5,582.50
Carla J. Urquhart	Associate	0.40	385	154.00
Ines M. Cho	Associate	3.20	350	1,120.00
		<u>148.30</u>		<u>\$62,047.50</u>
Lee K. Noller	Legal Assistant	2.20	135	297.00
Beth A. Passage	Legal Assistant	22.40	100	2,240.00
		<u>24.60</u>		<u>\$2,537.00</u>
Case Clerk Pg&e	Case Clerk	306.10	40	12,244.00
		<u>306.10</u>		<u>\$12,244.00</u>
Total Hours and Fees Billed		<u><u>579.50</u></u>		<u><u>\$132,127.00</u></u>

PG&E-CLAIMS ADMINISTRATION AND OBJECTIONS

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Robert Jay Moore	Partner	22.20	595	13,209.00
Thomas R. Kreller	Partner	0.50	420	210.00
		<u>22.70</u>		<u>\$13,419.00</u>
Fred Neufeld	Associate	18.40	435	8,004.00
Michael I. Sorochinsky	Associate	23.90	420	10,038.00
John G. Ha	Associate	0.20	200	40.00
		<u>42.50</u>		<u>\$18,082.00</u>
Beth A. Passage	Legal Assistant	0.30	100	30.00
		<u>0.30</u>		<u>\$30.00</u>
Total Hours and Fees Billed		<u>65.50</u>		<u>\$31,531.00</u>

PG&E-FEE/EMPLOYMENT APPLICATION

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	13.90	595	8,270.50
Michael H. Diamond	Partner	0.80	595	476.00
Edwin F. Feo	Partner	2.40	595	1,428.00
Robert Jay Moore	Partner	50.70	595	30,166.50
Allan T. Marks	Partner	2.00	450	900.00
Thomas R. Kreller	Partner	0.80	420	336.00
		<u>70.60</u>		<u>\$41,577.00</u>
 Steven M. Kramer	 Of Counsel	 2.20	 470	 1,034.00
		<u>2.20</u>		<u>\$1,034.00</u>
 Fred Neufeld	 Associate	 4.50	 435	 1,957.50
Michael I. Sorochinsky	Associate	113.70	420	47,754.00
Kevin R. Mc Spadden	Associate	4.30	415	1,784.50
		<u>122.50</u>		<u>\$51,496.00</u>
 Beth A. Passage	 Legal Assistant	 86.10	 100	 8,610.00
		<u>86.10</u>		<u>\$8,610.00</u>
 James M. Schwarz	 Other	 1.50	 185	 277.50
		<u>1.50</u>		<u>\$277.50</u>
 Total Hours and Fees Billed		 <u>282.90</u>		 <u>\$102,994.50</u>

PG&E-FEE/EMPLOYMENT OBJECTIONS

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	3.10	595	1,844.50
Edwin F. Feo	Partner	6.20	595	3,689.00
Robert Jay Moore	Partner	10.50	595	6,247.50
Thomas R. Kreller	Partner	0.40	420	168.00
		<u>20.20</u>		<u>\$11,949.00</u>
 Michael I. Sorochinsky	 Associate	 <u>19.20</u>	 420	 <u>8,064.00</u>
		<u>19.20</u>		<u>\$8,064.00</u>
 Beth A. Passage	 Legal Assistant	 <u>7.10</u>	 100	 <u>710.00</u>
		<u>7.10</u>		<u>\$710.00</u>
 Total Hours and Fees Billed		 <u>46.50</u>		 <u>\$20,723.00</u>

PG&E-STAY LITIGATION

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	2.20	595	1,309.00
Robert Jay Moore	Partner	19.90	595	11,840.50
		<u>22.10</u>		<u>\$13,149.50</u>
Fred Neufeld	Associate	6.20	435	2,697.00
Michael I. Soroichinsky	Associate	71.10	420	29,862.00
Kevin R. Mc Spadden	Associate	21.60	415	8,964.00
		<u>98.90</u>		<u>\$41,523.00</u>
Beth A. Passage	Legal Assistant	0.50	100	50.00
		<u>0.50</u>		<u>\$50.00</u>
Total Hours and Fees Billed		<u>121.50</u>		<u>\$54,722.50</u>

PG&E-OTHER LITIGATION

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	3.60	595	2,142.00
Michael H. Diamond	Partner	10.00	595	5,950.00
Robert Jay Moore	Partner	19.60	595	11,662.00
Allan T. Marks	Partner	1.30	450	585.00
		<u>34.50</u>		<u>\$20,339.00</u>
 Fred Neufeld	 Associate	 1.00	 435	 435.00
Michael I. Soroichinsky	Associate	36.60	420	15,372.00
Kevin R. Mc Spadden	Associate	8.80	415	3,652.00
Chandra L. Gooding	Associate	0.50	385	192.50
Roger S. Chae	Associate	2.40	295	708.00
		<u>49.30</u>		<u>\$20,359.50</u>
 Ryan M. Rupe	 Legal Assistant	 0.50	 125	 62.50
Beth A. Passage	Legal Assistant	3.00	100	300.00
		<u>3.50</u>		<u>\$362.50</u>
 Total Hours and Fees Billed		 <u>87.30</u>		 <u>\$41,061.00</u>

PG&E-MEETING OF CREDITORS

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	11.60	595	6,902.00
Edwin F. Feo	Partner	14.80	595	8,806.00
Robert Jay Moore	Partner	30.40	595	18,088.00
Allan T. Marks	Partner	6.50	450	2,925.00
		<u>63.30</u>		<u>\$36,721.00</u>
Michael I. Sorochinsky	Associate	0.10	420	42.00
Kevin R. Mc Spadden	Associate	3.50	415	1,452.50
		<u>3.60</u>		<u>\$1,494.50</u>
Total Hours and Fees Billed		<u>66.90</u>		<u>\$38,215.50</u>

PG&E-PLAN & DISCLOSURE STATEMENT

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Paul S. Aronzon	Partner	602.25	595	358,338.75
Edwin F. Feo	Partner	5.00	595	2,975.00
Robert Jay Moore	Partner	153.40	595	91,273.00
Simon Friedman	Partner	10.70	575	6,152.50
Neil J. Wertlieb	Partner	1.50	525	787.50
Thomas R. Kreller	Partner	2.00	450	900.00
Allan T. Marks	Partner	90.30	450	40,635.00
		<u>865.15</u>		<u>\$501,061.75</u>
 Steven M. Kramer	 Of Counsel	 12.40	 470	 5,828.00
		<u>12.40</u>		<u>\$5,828.00</u>
 Fred Neufeld	 Associate	 9.30	 435	 4,045.50
Michael Dayen	Associate	3.50	420	1,470.00
Taline Grigorian	Associate	6.20	420	2,604.00
Michael I. Sorochinsky	Associate	216.80	420	91,056.00
David B. Zolkin	Associate	8.00	420	3,360.00
Kevin R. Mc Spadden	Associate	3.80	415	1,577.00
Lorie A. Ball	Associate	119.60	295	35,282.00
Brian I. Hamblet	Associate	14.10	295	4,159.50
John G. Ha	Associate	4.70	200	940.00
		<u>386.00</u>		<u>\$144,494.00</u>
 Ryan M. Rupe	 Legal Assistant	 1.20	 125	 150.00
Beth A. Passage	Legal Assistant	10.30	100	1,030.00
		<u>11.50</u>		<u>\$1,180.00</u>
 Orlando Villanueva	 Other	 1.15	 105	 120.75
		<u>1.15</u>		<u>\$120.75</u>
 Total Hours and Fees Billed		 <u>1276.20</u>		 <u>\$652,684.50</u>

PG&E-BUSINESS ANALYSIS

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Robert Jay Moore	Partner	14.40	595	8,568.00
		<u>14.40</u>		<u>\$8,568.00</u>
Michael I. Sorochinsky	Associate	0.30	420	126.00
		<u>0.30</u>		<u>\$126.00</u>
James M. Schwarz	Other	1.00	185	185.00
		<u>1.00</u>		<u>\$185.00</u>
Total Hours and Fees Billed		<u>15.70</u>		<u>\$8,879.00</u>

PG&E-TAX ISSUES

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Simon Friedman	Partner	6.30	575	3,622.50
		<u>6.30</u>		<u>\$3,622.50</u>
Total Hours and Fees Billed		<u>6.30</u>		<u>\$3,622.50</u>

PG&E-NON-WORKING TRAVEL

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Edwin F. Feo	Partner	1.40	595	833.00
Robert Jay Moore	Partner	2.00	595	1,190.00
Allan T. Marks	Partner	3.00	450	1,350.00
		<u>6.40</u>		<u>\$3,373.00</u>
Kevin R. Mc Spadden	Associate	2.00	415	830.00
		<u>2.00</u>		<u>\$830.00</u>
Total Hours and Fees Billed		<u>8.40</u>		<u>\$4,203.00</u>

PG&E-FEDERAL REGULATORY/FERC

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Edwin F. Feo	Partner	19.60	595	11,662.00
Allan T. Marks	Partner	1.00	450	450.00
		<u>20.60</u>		<u>\$12,112.00</u>
 Steven M. Kramer	 Of Counsel	 40.00	 470	 18,800.00
		<u>40.00</u>		<u>\$18,800.00</u>
 Kevin R. Mc Spadden	 Associate	 2.10	 415	 871.50
Carla J. Urquhart	Associate	22.10	385	8,508.50
Roger S. Chae	Associate	51.10	295	15,074.50
		<u>75.30</u>		<u>\$24,454.50</u>
 Total Hours and Fees Billed		 <u>135.90</u>		 <u>\$55,366.50</u>

PG&E-STATE REGULATORY/CPUC

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Edwin F. Feo	Partner	30.60	595	18,207.00
Allan T. Marks	Partner	33.80	450	15,210.00
		<u>64.40</u>		<u>\$33,417.00</u>
Kevin R. Mc Spadden	Associate	220.50	415	91,507.50
Roger S. Chae	Associate	39.40	295	11,623.00
John G. Ha	Associate	14.60	200	2,920.00
Jaime J. Rodriguez	Associate	16.20	200	3,240.00
		<u>290.70</u>		<u>\$109,290.50</u>
Total Hours and Fees Billed		<u>355.10</u>		<u>\$142,707.50</u>

PG&E-REGULATORY PLAN
IMPLEMENTATION/CONSUMMATION

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Edwin F. Feo	Partner	95.60	595	56,882.00
Allan T. Marks	Partner	32.00	450	14,400.00
		<u>127.60</u>		<u>\$71,282.00</u>
Steven M. Kramer	Of Counsel	152.70	470	71,769.00
Orlan M. Johnson	Of Counsel	1.50	420	630.00
		<u>154.20</u>		<u>\$72,399.00</u>
Kevin R. Mc Spadden	Associate	33.90	415	14,068.50
Carla J. Urquhart	Associate	45.70	385	17,594.50
John G. Ha	Associate	23.00	200	4,600.00
		<u>102.60</u>		<u>\$36,263.00</u>
Total Hours and Fees Billed		<u>384.40</u>		<u>\$179,944.00</u>

PG&E-LEGISLATIVE

Summary of Hours Billed

<u>Timekeeper</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Edwin F. Feo	Partner	5.90	595	3,510.50
Allan T. Marks	Partner	17.50	450	7,875.00
		<u>23.40</u>		<u>\$11,385.50</u>
Kevin R. Mc Spadden	Associate	48.60	415	20,169.00
		<u>48.60</u>		<u>\$20,169.00</u>
James M. Schwarz	Other	25.20	185	4,662.00
		<u>25.20</u>		<u>\$4,662.00</u>
Total Hours and Fees Billed		<u><u>97.20</u></u>		<u><u>\$36,216.50</u></u>

EXHIBIT “3”

EXHIBIT "3"

Hourly Billing Rates of Milbank Attorneys and Legal Assistants

Partners

Paul Aronzon	\$595
Edwin Feo	\$595
Robert Moore	\$595
Michael Diamond	\$595
Simon Friedman	\$575
Neil J. Wertlieb	\$525
Thomas R. Kreller	\$450
Allan T. Marks	\$450
Thomas R. Kreller	\$420

Of Counsel

Steven Kramer	\$470
Orlan M. Johnson	\$420

Associates

Fred Neufeld	\$435
Michael Dayen	\$420
Taline Grigorian	\$420
Michael I. Soroichinsky	\$420
David B. Zolkin	\$420
Kevin R. McSpadden	\$415
Sabina Bhalla	\$385
Chandra L. Gooding	\$385
Carla J. Urquhart	\$385
Ines M. Cho	\$350
Lori A. Ball	\$295
Roger S. Chae	\$295
Brian I. Hamblet	\$295
John G. Ha	\$200
Jaime J. Rodriguez	\$200

Summer Associates

Susan Kim	\$160
David Levine	\$160
Francisco Ochoa	\$160
Aaron Renenger	\$160
Talis Seja	\$160

Legal Assistants

Lee K. Noller	\$135
Kyle J. Olson	\$125
Ryan M. Rupe	\$125
Beth A. Passage	\$100

Miscellaneous

James M. Schwarz	\$185
Orlando Villanueva	\$105
PG&E Case Clerk	\$ 40

EXHIBIT “4”

MILBANK, TWEED, HADLEY & McCLOY LLP

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January 12, 2002

VIA FEDERAL EXPRESS

Clara Yang Strand
Managing Director
Bank of America, N.A.
CA 9-706-11-21
555 South Flower Street, 11th Floor
Los Angeles, California 90071-2385

Kenneth E. Smith
Senior Asset Manager
Delta Power Company, LLC
2100 Santiago Drive
Newport Beach, CA 92660

Re: Pacific Gas & Electric Company

Dear Clara and Ken:

Enclosed for your review is the (i) Second Interim Application of Milbank, Tweed, Hadley & McCloy LLP for Allowance of Payment of Compensation and Reimbursement of Expenses (August 1, 2001 through November 30, 2001); (ii) Declarations of Robert Jay Moore and Edwin E. Feo in support thereof; and (iii) Milbank, Tweed, Hadley & McCloy LLP's Time Records Exhibit for the Period August 1, 2001 through November 30, 2001.

The Court's Guidelines for Compensation and Expense Reimbursement of Professionals and Trustees provide that a debtor in possession, a trustee or an official committee must exercise reasonable business judgment in monitoring fees and expenses of the estate's professionals. We invite you to discuss any objections, concerns or questions you may have with us. The Office of the United States Trustee will also accept your comments. The Court will also consider timely filed objections by any party in interest at the time of the hearing.

Thank you.

Very truly yours,

Robert Jay Moore

RJM:bap

Enclosures

cc: Paul S. Aronzon, Esq. (w/o encl.)

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