

50-275/323

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9 Special Regulatory Counsel for Pacific Gas and
Electric Company, Debtor and Debtor in Possession
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11 UNITED STATES BANKRUPTCY COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN FRANCISCO DIVISION

14 In re) Case No. 01-30923-DM
15)
16 PACIFIC GAS AND ELECTRIC COMPANY,) Chapter 11 Case
a California corporation,)
17 Debtor.) Hearing Date
18 Federal I.D. No. 94-0742640) Date: February 26, 2002
Time: 9:30 a.m.
19

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22 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S
23 SECOND INTERIM FEE APPLICATION FOR ALLOWANCE AND
PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT
24 OF EXPENSES FOR THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

25 Name of Applicant: Skadden, Arps, Slate, Meagher & Flom LLP and Affiliated
Law Practice Entities
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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

App Add: Kids Ogertan Center

1 Authorized to Provide
2 Professional Services to: Pacific Gas and Electric Company, debtor and debtor in
possession
3 Date of Retention Order: July 24, 2001
4 Period for Which Compensation
and Reimbursement is Sought: August 1, 2001 through November 30, 2001
5
6 Amount of Compensation Sought as
Actual, Reasonable and Necessary: \$1,218,705.75
7 Amount of Expense Reimbursement
Sought as Actual, Reasonable and
8 Necessary: \$54,942.41
9 This is an: X Interim Final application
10 Prior Applications: One
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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

**TIME SUMMARY TO SKADDEN, ARPS, SLATE, MEAGHER &
FLOM LLP'S FIRST INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR THE PERIOD AUGUST 1, 2001
THROUGH NOVEMBER 30, 2001**

<u>Name</u>	<u>Year of Admission</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
<u>Partners</u>				
Jeffrey S. Christie	1979	\$520.00	34.80	\$18,096.00
		\$540.00	5.00	\$2,700.00
John S. Moot	1988	\$450.00	498.10	\$224,145.00
		\$480.00	102.80	\$49,344.00
<u>Total Partners</u>			640.70	\$294,285.00
<u>Counsel</u>				
Gerard A. Clark	1987	\$390.00	60.80	\$23,712.00
Matthew W. Estes	1984	\$390.00	131.50	\$51,285.00
		\$440.00	96.50	\$42,460.00
James A. Rossi	1968	\$390.00	32.40	\$12,636.00
		\$440.00	15.00	\$6,600.00
<u>Total Counsel</u>			336.20	\$136,693.00
<u>Associates</u>				
Kathryn K. Baran	2000	\$235.00	421.15	\$98,970.25
		\$275.00	161.80	\$44,495.00
Glen S. Bernstein	1992	\$380.00	348.20	\$132,316.00
		\$430.00	191.30	\$82,259.00
Brandy L. Copley	1998	\$290.00	30.90	\$8,961.00
		\$340.00	34.70	\$11,798.00

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1	Jamie L. Edmonson	1996	\$290.00	91.00	\$26,390.00
2			\$340.00	6.60	\$2,244.00
3	Kevin L. Estis	1999	\$260.00	31.50	\$8,190.00
4			\$310.00	7.70	\$2,387.00
5	Mary M. Farren	1994	\$350.00	115.70	\$40,495.00
6			\$400.00	20.70	\$8,280.00
7	Cristina L. Ferreira	1993	\$350.00	54.90	\$19,215.00
8			\$400.00	66.90	\$26,760.00
9	Bosede I. Gbadegesin	2001	\$215.00	7.50	\$1,612.50
10	Lebawit Girma	2001	\$215.00	27.20	\$5,848.00
11	David E. Gohlke	1996	\$330.00	25.10	\$8,283.00
12	Faisel H. Khan	2000	\$235.00	100.10	\$23,523.50
13	Edwin Nazario	1998	\$290.00	23.50	\$6,815.00
14			\$340.00	23.70	\$8,058.00
15	Kurt Ramlo	1993	\$340.00	0.60	\$204.00
16	Eve L. Runyon	1998	\$290.00	193.10	\$55,999.00
17			\$340.00	71.80	\$24,344.00
18	Jay M. Schall	1999	\$260.00	79.40	\$20,644.00
19			\$310.00	154.50	\$47,895.00
20	Paul Silverman	1991	\$380.00	15.30	\$5,814.00
21	Noel H. Symons	1993	\$365.00	10.00	\$3,650.00
22			\$430.00	1.00	\$430.00
23	Ryan S. Wagley	2000	\$235.00	27.20	\$6,392.00
24			\$275.00	21.20	\$5,830.00
25					
26	Total Associates			2,364.25	\$738,102.25
27					
28	Paraprofessionals				
	Marissa A. Alonzo	N/A	\$150.00	2.50	375.00

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1	Marci J. Bour	N/A	\$140.00	3.50	\$490.00
2	John W. Chaffin, Jr.	N/A	\$150.00	1.20	\$180.00
3	Molly A. Dennison	N/A	\$120.00	293.80	\$35,256.00
4	Jennifer Dillon	N/A	\$150.00	6.00	\$900.00
5	Emily Friedman	N/A	\$120.00	5.00	\$600.00
6	Marlowe Guy	N/A	\$65.00	5.80	\$377.00
7	David H. Hixson	N/A	\$75.00	43.00	\$3,225.00
8			\$105.00	43.00	\$4,515.00
9	Kathleen Jordan	N/A	\$75.00	3.10	\$232.50
10	Anderson Cory Lankford	N/A	\$140.00	2.00	\$280.00
11	Daniel A. Mayer	N/A	\$75.00	9.20	690.00
12	Ceceile M. Patterson	N/A	\$140.00	10.80	\$1,512.00
13	Stephanie E. Paup	N/A	\$150.00	0.30	45.00
14	Noreen F. Qureshi	N/A	\$150.00	0.50	\$75.00
15	Lee A. Van Buiten	N/A	\$150.00	1.10	\$165.00
16	Arjay G. Yao	N/A	\$120.00	3.80	\$456.00
17	David J. Young	N/A	\$140.00	1.80	\$252.00
18					
19	Total Paraprofessionals			436.40	\$49,625.50
20					
21	TOTAL			3,777.55	\$1,218,705.75
22					
23	BLENDED HOURLY RATE¹				\$349.90

¹ The blended hourly rate does not include hours and fees for paraprofessionals. Including paraprofessional hours and fees, Skadden, Arps' blended hourly rate is \$322.62.

SUMMARY OF SERVICES RENDERED BY SKADDEN, ARPS,
SLATE, MEAGHER & FLOM LLP FOR THE PERIOD
AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

MATTER #1 WEPEX

<u>NAME</u>	<u>RATE</u>	<u>HOURS</u>	<u>TOTAL</u>
<u>ASSOCIATES</u>			
MARY M. FARREN	\$350.00	<u>5.50</u>	<u>\$1,925.00</u>
TOTAL ASSOCIATES		5.50	\$1,925.00
<u>LEGAL ASSISTANTS</u>			
LEGAL ASSISTANT @	\$150.00	0.40	\$60.00
LEGAL ASSISTANT @	\$140.00	7.60	\$1,064.00
LEGAL ASSISTANT @	\$75.00	<u>4.00</u>	<u>\$300.00</u>
TOTAL LEGAL ASSISTANTS		12.00	\$1,424.00
MATTER TOTAL		<u>17.50</u>	<u>\$3,349.00</u>

1 **MATTER #2 TO Tariffs**

2	<u>NAME</u>	<u>RATE</u>	<u>HOURS</u>	<u>TOTAL</u>
3				
4	<u>PARTNERS</u>			
5	JOHN S. MOOT	\$450.00	9.50	\$4,275.00
6	JOHN S. MOOT	\$480.00	<u>14.70</u>	<u>\$7,056.00</u>
7				
8	TOTAL PARTNERS		24.20	\$11,331.00
9	<u>ASSOCIATES</u>			
10	KATHRYN K. BARAN	\$235.00	4.25	\$998.75
11	KATHRYN K. BARAN	\$275.00	19.40	\$5,335.00
12	GLEN S. BERNSTEIN	\$380.00	9.10	\$3,458.00
13	MARY M. FARREN	\$350.00	97.20	\$34,020.00
14	MARY M. FARREN	\$400.00	20.70	\$8,280.00
15	EVE L. RUNYON	\$340.00	<u>27.40</u>	<u>\$9,316.00</u>
16				
17	TOTAL ASSOCIATES		178.05	\$61,407.75
18	<u>LEGAL ASSISTANTS</u>			
19	LEGAL ASSISTANT @	\$75.00	0.50	\$37.50
20	LEGAL ASSISTANT @	\$105.00	0.50	\$52.50
21	LEGAL ASSISTANT @	\$120.00	30.70	\$3,684.00
22	LEGAL ASSISTANT @	\$140.00	0.40	\$56.00
23	LEGAL ASSISTANT @	\$150.00	<u>0.10</u>	<u>\$15.00</u>
24				
25	TOTAL LEGAL ASSISTANTS		32.20	\$3,849.00
26	MATTER TOTAL		<u>207.05</u>	<u>76,587.75</u>

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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 **MATTER #9 Plan of Reorganization**

2

3 <u>NAME</u>	<u>RATE</u>	<u>HOURS</u>	<u>TOTAL</u>
4 <u>PARTNERS</u>			
5 JEFFREY S. CHRISTIE	\$520.00	34.80	\$18,096.00
6 JEFFREY S. CHRISTIE	\$540.00	5.00	\$2,700.00
7 JOHN S. MOOT	\$450.00	230.40	\$103,680.00
8 JOHN S. MOOT	\$480.00	<u>80.40</u>	<u>\$38,529.00</u>
9			
10 TOTAL PARTNERS		350.60	\$163,005.00

11

12 <u>COUNSEL</u>			
13 MATTHEW W. ESTES	\$390.00	113.50	\$44,265.00
14 MATTHEW W. ESTES	\$440.00	96.50	\$42,460.00
15 JAMES A. ROSSI	\$390.00	32.40	\$12,636.00
16 JAMES A. ROSSI	\$440.00	<u>15.00</u>	<u>\$6,600.00</u>
17			
18 TOTAL COUNSEL		257.40	\$105,961.00

19 ASSOCIATES

20 KATHRYN K. BARAN	\$235.00	215.20	\$50,572.00
21 KATHRYN K. BARAN	\$275.00	120.20	\$33,055.00
22 GLEN S. BERNSTEIN	\$380.00	339.10	\$128,858.00
23 GLEN S. BERNSTEIN	\$430.00	191.30	\$82,259.00
24 BRANDY L. COPLEY	\$290.00	30.90	\$8,961.00
25 BRANDY L. COPLEY	\$340.00	34.70	\$11,798.00
26 JAMIE L. EDMONSON	\$290.00	91.00	\$26,390.00

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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1	JAMIE L. EDMONSON	\$340.00	6.60	\$2,244.00
2	KEVIN L. ESTIS	\$260.00	31.50	\$8,190.00
3	KEVIN L. ESTIS	\$310.00	7.70	\$2,387.00
4	MARY M. FARREN	\$350.00	13.00	\$4,550.00
5	CRISTINA L. FERREIRA	\$350.00	54.90	\$19,215.00
6	CRISTINA L. FERREIRA	\$400.00	66.90	\$26,760.00
7	BOSEDE I. GBADEGESIN	\$215.00	7.50	\$1,612.50
8	LEBAWIT GIRMA	\$215.00	27.20	\$5,848.00
9	DAVID E. GOHLKE	\$330.00	25.10	\$8,283.00
10	EDWIN NAZARIO	\$290.00	23.50	\$6,815.00
11	EDWIN NAZARIO	\$340.00	23.70	\$8,058.00
12	KURT RAMLO	\$340.00	0.60	\$204.00
13	EVE L. RUNYON	\$290.00	15.10	\$4,379.00
14	EVE L. RUNYON	\$340.00	44.40	\$15,096.00
15	JAY M. SCHALL	\$260.00	79.40	\$20,644.00
16	JAY M. SCHALL	\$310.00	154.50	\$47,895.00
17	PAUL SILVERMAN	\$380.00	15.30	\$5,814.00
18	NOEL H. SYMONS	\$365.00	10.00	\$3,650.00
19	NOEL H. SYMONS	\$430.00	1.00	\$430.00
20	RYAN S. WAGLEY	\$235.00	27.20	\$6,392.00
21	RYAN S. WAGLEY	\$275.00	<u>21.20</u>	<u>\$5,830.00</u>

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23 **TOTAL ASSOCIATES** 1,678.70 \$546,189.50

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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1	<u>LEGAL ASSISTANTS</u>			
2	LEGAL ASSISTANT @	\$65.00	3.20	\$208.00
3	LEGAL ASSISTANT @	\$75.00	4.60	\$345.00
4	LEGAL ASSISTANT @	\$105.00	41.10	\$4,347.00
5	LEGAL ASSISTANT @	\$120.00	25.00	\$3,000.00
6	LEGAL ASSISTANT @	\$140.00	3.50	\$490.00
7	LEGAL ASSISTANT @	\$150.00	<u>9.70</u>	<u>\$1,455.00</u>
8				
9				
	TOTAL LEGAL ASSISTANT		87.10	\$9,845.00
10	MATTER TOTAL		<u>2,373.80</u>	<u>\$825,000.50</u>

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SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 **MATTER #10 WAPA Dispute**

2	<u>NAME</u>	<u>RATE</u>	<u>HOURS</u>	<u>TOTAL</u>
3				
4	<u>PARTNERS</u>			
5	JOHN S. MOOT	\$450.00	257.20	\$115,740.00
6	JOHN S. MOOT	\$480.00	<u>6.70</u>	<u>\$3,216.00</u>
7				
8		TOTAL PARTNER	263.90	\$118,956.00
9				
10	<u>ASSOCIATES</u>			
11	KATHRYN K. BARAN	\$235.00	201.70	\$47,399.50
12	KATHRYN K. BARAN	\$275.00	22.20	\$6,105.00
13	FAISEL H. KHAN	\$235.00	100.10	23,523.50
14	EVE L. RUNYON	\$290.00	<u>173.90</u>	<u>\$50,431.00</u>
15				
16		TOTAL ASSOCIATES	497.90	\$127,458.50
17				
18	<u>LEGAL ASSISTANTS</u>			
19	LEGAL ASSISTANT @	\$65.00	1.60	\$104.00
20	LEGAL ASSISTANT @	\$75.00	41.50	\$3,112.50
21	LEGAL ASSISTANT @	\$105.00	1.40	\$147.00
22	LEGAL ASSISTANT @	\$120.00	248.90	\$29,868.00
23	LEGAL ASSISTANT @	\$150.00	<u>1.40</u>	<u>\$210.00</u>
24				
25		TOTAL LEGAL ASSISTANTS	294.80	\$33,441.50
26				
27				
28	MATTER TOTAL		<u>1,056.60</u>	<u>\$279,856.00</u>

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 **MATTER #11 Contract Termination**

2	<u>NAME</u>	<u>RATE</u>	<u>HOURS</u>	<u>TOTAL</u>
3				
4	<u>PARTNER</u>			
5	JOHN S. MOOT	\$450.00	1.00	\$450.00
6	JOHN S. MOOT	\$480.00	<u>1.00</u>	<u>\$480.00</u>
7				
8				
9		TOTAL PARTNER	2.00	930.00
10				
11	<u>COUNSEL</u>			
12	GERARD A. CLARK	\$390.00	60.80	\$23,712.00
13	MATTHEW ESTES	\$390.00	<u>18.00</u>	<u>\$7,020.00</u>
14				
15		TOTAL COUNSEL	78.80	\$30,732.00
16				
17	<u>ASSOCIATES</u>			
18	EVE L. RUNYON	\$290.00	<u>4.10</u>	<u>\$1,189.00</u>
19				
20		TOTAL ASSOCIATES	4.10	\$1,189.00

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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 **LEGAL ASSISTANTS**

2 LEGAL ASSISTANT @ \$65.00 1.00 \$65.00

3 LEGAL ASSISTANT @ \$75.00 4.70 \$352.50

4 LEGAL ASSISTANT @ \$140.00 4.60 \$644.00

5
6 TOTAL LEGAL ASSISTANTS 10.30 \$1,061.50

7 MATTER TOTAL 95.20 \$33,912.50

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9 CLIENT TOTAL 3,777.55 \$1,218,705.75

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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1		<u>DISBURSEMENTS²</u>	
2	Computer Legal Research		\$20,646.60
3	Courier/Express/Postage ³		1,464.00
4	Telecommunications		410.56
5	Business Travel & Lodging		27,281.53
6	Business Meals		539.68
7	Court Reporting		1,925.09
8	Outside Reproduction		960.75
9	Reproduction		286.80
10	Technology Expense		49.30
11	Outside Research Services		<u>\$1,378.10</u>
12		CLIENT TOTAL:	<u>54,942.41</u>

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22 ² Skadden, Arps bills clients for reasonable charges and disbursements incurred in
 23 connection with an engagement. Clients are billed for external charges at the actual cost
 24 billed by vendors. The disbursements and charges reflected on this statement are only
 25 those that have been booked at the end of this billing period. Due to normal bookkeeping
 procedures, some charges and disbursements are not recorded until later periods.
 Skadden, Arps reserves the right to amend the amounts listed herein to include such
 previously unbilled disbursements.

26 ³ Express carriers (e.g., Federal Express) are used only when first class mail is impractical
 27 and the exigencies of time require this form of delivery. Couriers are used only when
 time is of the essence.

1 Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden, Arps") submits this
2 application under 11 U.S.C. § 330 and Fed. R. Bankr. P. 2016 for compensation for the services
3 that it performed as special regulatory counsel to Pacific Gas and Electric Company, debtor and
4 debtor in possession in this case ("PG&E" or the "Debtor"), from August 1, 2001 through
5 November 30, 2001 (the "Application Period"), and for reimbursement of its charges and
6 disbursements during that period. Skadden, Arps submits this Application for (a) allowance of
7 reasonable compensation for professional services rendered by Skadden, Arps to the Debtor and
8 (b) reimbursement of actual and necessary charges and disbursements incurred by Skadden, Arps
9 in rendering professional services on behalf of the Debtor.

10 11 INTRODUCTION

12 PG&E is a utility providing gas and electric services to more than 4.5 million
13 customers in Central and Northern California, serving a population of approximately 13 million.
14 The Debtor employs over 19,000 people and has in excess of 30,000 trade creditors. On April 6,
15 2001 (the "Petition Date"), PG&E filed its Chapter 11 petition. PG&E continues to operate its
16 business in the ordinary course as a debtor in possession under Sections 1107(a) and 1008 of the
17 Bankruptcy Code.

18 19 A. Retention of Skadden, Arps

20 PG&E applied to retain Skadden, Arps to act as its special regulatory counsel in
21 this Chapter 11 case, in accordance with section 327(e) of the Bankruptcy Code (the "Retention
22 Application") to perform the following services:

- 23 (a) advise the Debtor with respect to the potential reorganization of its
24 transmission business;
25 (b) assist the Debtor in such potential reorganization and any related FERC
26 regulatory matters; and

27
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1 (c) represent the Debtor in other regulatory matters before the FERC primarily
2 related to the Debtor's role as a transmission owner and the rates it charges
3 to customers for transmission and ancillary services.

4 On July 24, 2001, the Court entered its Order approving PG&E's retention of
5 Skadden, Arps as special regulatory counsel in this case.

6 Skadden, Arps has assembled a highly qualified team of attorneys to service
7 PG&E. Jeffrey S. Christie, one of the two partners primarily responsible for this engagement has
8 worked with a wide range of energy facilities both internationally and in the United States,
9 including electric generating stations fueled by gas, oil, liquified natural gas, coal, wood and
10 alternative fuels (hydro, solar, biomass, municipal waste), electric transmission facilities, gas
11 pipelines and oil refining and petrochemical facilities. He has been actively involved in energy
12 projects in numerous countries in Europe, Asia and the Americas. In addition, Mr. Christie has
13 significant experience with project acquisitions and dispositions, in both the competitive bid and
14 sole-source contexts. Mr. Christie has been practicing project finance and energy project
15 development at Skadden, Arps since 1989.

16 John S. Moot, the other partner primarily responsible for this engagement,
17 represents clients in all aspects of electric utility regulation and deregulation, with particular
18 emphasis on mergers, acquisitions and divestitures; regional transmission organizations; retail
19 restructuring; stranded cost recovery; and transmission access and rates. Mr. Moot as acted as
20 lead trial or appellate counsel on such matters before the FERC, state PUCs, and federal and state
21 courts. Mr. Moot has also written several articles on electric utility mergers.

22
23 **B. Summary of Services**

24 The events encompassing the Debtor's bankruptcy case are set out in the
25 application of the Debtor's general bankruptcy counsel, Howard, Rice, Nemerovski, Canady,
26 Falk & Rabkin ("Howard Rice"). During the Application Period, Skadden, Arps has worked
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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 with PG&E in connection with Federal Energy Regulatory Commission ("FERC") matters
2 relating to PG&E's role as a provider of transmission and related services. Skadden, Arps also
3 was involved in meetings with and responses to PG&E and its advisors in connection with
4 regulatory issues concerning PG&E's Plan of Reorganization (the "Plan"). Skadden, Arps also
5 has advised and continues to advise the Debtor in connection with extensive regulatory litigation
6 arising out of PG&E's rate filing.

7 The foregoing is only a summary of some of the principal services that Skadden,
8 Arps provided during the Application Period. A more detailed description of Skadden, Arps'
9 services follows.

10
11 C. Prior Fee Applications

12 Skadden, Arps filed its First Interim Fee Application (the "First Application") on
13 or about September 15, 2001. In the First Application, Skadden, Arps sought payment of
14 \$382,963.05 in fees and \$29,236.64 in expenses. The Court authorized payment to Skadden,
15 Arps, by order entered November 6, 2001, of fees in the amount of \$369,868.05 and expenses in
16 the amount of \$14,248.77, for a total of \$384,116.82.

17
18 D. This Application

19 Part I includes all information required by the Local Bankruptcy Rules and the
20 Guide to Applications for Professional Compensation (the "Fee Guide"), promulgated by the
21 Office of the United States Trustee (the "OUST") and the Guidelines for Compensation and
22 Expense Reimbursement of Professionals and Trustees (the "Guidelines"), promulgated by the
23 Court, relating to fee applications and retainers. Part II contains more detailed summaries of
24 Skadden, Arps' services in each of the separate "activity codes" or categories identified herein.
25 Part III summarizes the firm's expenses.

1 **E. Compensation Requested**

2 Skadden, Arps' fees for its services rendered during the Application Period are
3 \$1,218,705.75. In addition, Skadden, Arps seeks reimbursement of \$54,942.41 in charges and
4 disbursements actually incurred during the Application Period, for a total of \$1,273,648.16. The
5 firm does not hold a prepetition retainer. Skadden, Arps requests that the Court (i) approve this
6 Application in full and (ii) authorize and direct the Debtor to pay Skadden, Arps all amounts
7 requested in this Application.

8
9 **I.**

10 **INFORMATION REQUIRED BY BANKRUPTCY**

11 **RULES AND GUIDELINES**

12
13 **A. Brief History and Present Posture of the Case and Significant Events During**
14 **Application Period**

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

17 Skadden, Arps has worked with PG&E in connection with Federal Energy
18 Regulatory Commission ("FERC") matters relating to transmission owner ("TO") tariffs.
19 Skadden, Arps also was involved in numerous meetings and conference calls with PG&E and its
20 advisors in connection with the possible sale of the Debtor's transmission assets. Skadden, Arps
21 also represents PG&E before the FERC in connection with rate filings and terminations of
22 certain interconnection agreements. Skadden, Arps also has advised Debtor with respect to the
23 elements of its Plan of Reorganization related to its transmission business and, specifically, those
24 aspects of that business that are subject to regulation by the FERC.

25 Part II below contains a detailed narrative of significant events in the case.
26
27

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

3 1. The Court's Order Approving Skadden's Retention

4 This Court granted PG&E's application for authorization to retain Skadden, Arps
5 as its general bankruptcy counsel on July 24, 2001. The firm's services began on the Petition
6 Date – April 6, 2001.

7 2. The Request for Compensation for the First Interim Period.

8 Through its first interim application, Skadden, Arps sought approval of
9 compensation and reimbursement of expenses in the total amount of \$412,199.69, which
10 consisted of \$382,963.05 in fees and \$29,236.64 in costs and disbursements for the period April
11 6, 2001 through July 31, 2001. By Order entered November 6, 2001, the Court approved, on an
12 interim basis, Skadden, Arps' fees in the total amount of \$369,868.05 and expenses in the total
13 amount of \$14,248.77.

14 3. The Request for Compensation for the Second Interim Period.

15 Through this Application, Skadden, Arps seeks approval of compensation and
16 reimbursement of expenses in the total amount of \$1,273,648.16, which consists of
17 \$1,218,705.75 in fees and \$54,942.41 in costs and disbursements for the period August 1, 2001
18 through November 30, 2001.

19
20 **C. Major Activity Codes Used**

21 Skadden, Arps has allocated its services in this case to six numbered major
22 activity codes as follows: (1) WEPEX; (2) TO Tariffs; (7) Transmission Assets Divestiture; (9)
23 Plan of Reorganization; (10) WAPA Dispute; and (11) Contract Termination.

24 The services performed in each category are summarized in Part II below.
25 Included with each category's summary is a table showing the total hours, fees, and expenses
26 relating to that category.

27
28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 **D. Time Records**

2 Skadden, Arps has filed separately the detailed time records in support of this
3 Application. Skadden, Arps' time records consist of chronological time records, organized
4 according to these six categories. Under each category, professional services are arranged by
5 attorney, with a description of each individual professional's services on a particular date, the
6 time devoted to those services, and monthly summaries.

7

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II.

9

NARRATIVE STATEMENT OF SERVICES RENDERED

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AND TIME EXPENDED FOR EACH CATEGORY

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12 **A. WEPEX (Matter No. 1)**

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14 Services rendered by Skadden, Arps in this matter include small or miscellaneous
15 tasks related to the California restructuring of its electric utility industry. Skadden, Arps
16 represented the Debtor in the restructuring and continues to provide services related to that
project.

17

Totals. Total time, fees, and expenses for this category are as follows:

18

Time: 17.50 hours.

19

Fees: \$3,349.00

20

Expenses: \$371.67

21

22 **B. TO Tariffs (Matter No. 2)**

23

24 This category includes services provided to PG&E in connection with
25 representing the company in FERC matters regarding TO tariffs. Specifically, Skadden, Arps
26 has served as special regulatory counsel in connection with litigation pending before the FERC
concerning the recovery of its base transmission rates, Grid Management Charges ("GMC"),

27

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SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 Scheduling Coordinator Services ("SCS") costs, and Reliability Services ("RS") costs. During
2 the Application Period, Skadden, Arps was involved in numerous conference calls regarding
3 these matters, drafted several memos regarding them, drafted briefs associated with an appeal
4 pending in the 9th Circuit Court of Appeals, and drafted memoranda and briefs relating to
5 exceptions to an initial decision by a FERC ALJ in the RS case.

6 Totals. Total time, fees, and expenses for this category are as follows:

7 Time: 234.45 hours.

8 Fees: \$76,587.75

9 Expenses: \$2,589.57

10
11 C. Transmission Assets Divestiture (Matter No. 7)

12 Skadden, Arps provided no services in this matter category during the Application
13 Period.
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1 **D. Plan of Reorganization (Matter 9)**

2 A substantial portion of Skadden, Arps time was spent in this matter category
3 during the Application Period. Skadden, Arps provides services to the Debtor regarding those
4 portions of its Plan of Reorganization (the "Plan") that require regulatory approvals related to the
5 transmission business. During the Application Period, Skadden, Arps was involved numerous
6 telephone conferences and meetings with and responses to PG&E and its advisors with regard to
7 extensive practical and legal issues regarding regulatory approvals that would be needed to
8 implement the Plan. Advising the Debtor in this regard included reviewing and summarizing all
9 available PG&E contracts in order to determine the jurisdictional split of functions between
10 reorganized PG&E entities. Skadden, Arps drafted new agreements in order to permit continued
11 operations and services following reorganization. In addition, Skadden, Arps drafted, prepared,
12 and filed documents necessary to request FERC approval of these new agreements.

13

14 **Totals.** Total time, fees, and expenses for this category are as follows:

15 Time: 2,373.80 hours.

16 Fees: \$825,000.50

17 Expenses: \$28,696.58

18

19 **E. WAPA Dispute (Matter 10)**

20 Skadden, Arps' also spent a substantial amount of time during the Application
21 Period in this matter category. Services provided in this matter category concerned Skadden,
22 Arps' representation of Debtor in the extensive regulatory litigation arising out of PG&E's rate
23 filing. PG&E had initiated tariff revisions in order to recover energy, scheduling, and
24 transmission related rates between it and the Western Area Power Administration ("WAPA").
25 WAPA and multiple parties protested the rate revision. During the Application Period, Skadden,
26 Arps has served as lead trial counsel for the Debtor in all aspects of the proceeding including

27

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ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

1 strategic case planning with the Debtor, participating in additional discovery, researching legal
2 issues presented, conducting depositions, drafting and filing of multiple motions and responses to
3 motions, drafting and filing proposed decisions, communicating and negotiating with opposing
4 counsel, drafting and filing brief on exceptions and brief opposing exceptions, coordinating
5 filings with the California Public Utilities Commission, and drafting and filing the petition for
6 rehearing.

7 **Totals.** Total time, fees, and expenses for this category are as follows:

8 Time: 1,056.60 hours.

9 Fees: \$279,856.00

10 Expenses: \$22,924.73

11
12 **F. Contract Termination (Matter 11)**

13 Time in this matter relates to services provided in connection with proceedings
14 before the FERC necessary for PG&E to obtain approval to terminate Interconnection
15 Agreements with Northern California Power Agency ("NCPA") and Silicon Valley Power,
16 formerly City of Santa Clara, California ("SVP"), including responses to oppositions to the
17 Debtor's proposed termination of those agreements..

18 **Totals.** Total time, fees, and expenses for this category are as follows:

19 Time: 95.20 hours.

20 Fees: \$33,912.50

21 Expenses: \$359.86

22
23 **III.**

24 **EXPENSES**

25 Skadden, Arps generally charges its clients \$0.15/page for copying and no charge
26 for incoming facsimiles. For outgoing facsimiles, Skadden, Arps charges its clients

27
28 **SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
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THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001**

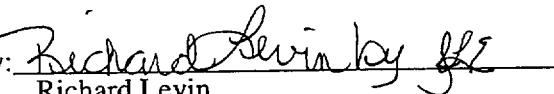
1 \$0.80/minute, a charge derived from an internal cost analysis which approximates \$0.20-
2 0.30/page, plus the cost of the telephone call. The firm bills its clients telephone and postage
3 charges incurred on their behalf at cost. Skadden, Arps' copying, facsimile, and telephone
4 systems automatically allocate charges to the specific clients for whom they are incurred.

5 WHEREFORE, Skadden, Arps respectfully requests that this Court enter its
6 Order: (i) approving this Application in full; (ii) approving Skadden, Arps' postpetition fees and
7 expenses in the amount of \$1,218,705.75 and \$54,942.41, respectively, for a total of
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1 \$1,273,648.16, (iii) authorizing and directing PG&E to pay Skadden, Arps the full amount of its
2 allowed postpetition fees and expenses; and (iv) granting Skadden, Arps such other relief as is
3 just and appropriate.
4

5 Dated: January 11, 2002

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

6
7 By: 
8 Richard Levin
9 John S. Moot
10 Jamie L. Edmonson
Special Regulatory Counsel to Debtor and Debtor in
Possession
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28 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP'S SECOND INTERIM FEE APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD AUGUST 1, 2001 THROUGH NOVEMBER 30, 2001

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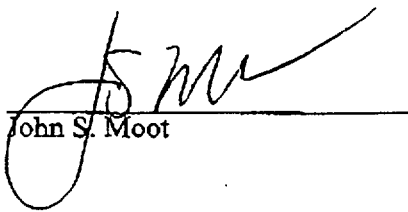
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1 I declare under penalty of perjury under the law of the United States of America
2 that the foregoing is true and correct.

3 Executed on January 11, 2002, in Washington, D.C.

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5 
6 John S. Moot
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