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7 Independent Auditor, Accountant,
8 Tax Advisor and Consultant to
9 Debtor and Debtor in Possession
10 Pacific Gas and Electric Company

11 UNITED STATES BANKRUPTCY COURT

12 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

13 In re

14 PACIFIC GAS AND ELECTRIC
15 COMPANY, a California Corporation,

16 Debtor.

17 Federal I.D. No. 94-0742640

Case No. 01-30923 DM

Chapter 11

DELOITTE & TOUCHE LLP'S COVER
SHEET APPLICATION FOR
ALLOWANCE AND PAYMENT OF
INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES (JULY
1, 2003, TO JULY 31, 2003)

[No Hearing Scheduled]

18 Deloitte & Touche LLP (the "Firm") submits this Cover Sheet Application for Allowance
19 and Payment of Interim Compensation and Reimbursement of Expenses ("Application") for July
20 1, 2003, to July 31, 2003 ("Application Period"). In support of the Application, the Firm
21 respectfully represents as follows:

22 1. The Firm is Independent Auditor, Accountant, Tax Advisor, and Consultant to Debtor
23 Pacific Gas & Electric Company ("Debtor"). On July 10, 2001, the Firm's retention in this
24 capacity was approved *nunc pro tunc*, effective April 6, 2001. Subsequent orders, dated April
25 11, 2002 and February 10, 2003, approved the Firm's employment to audit financial statements
26 being prepared for four entities that would succeed to Debtor's business assets upon
27 confirmation of Debtor's first proposed reorganization plan ("Supplemental Services"). By this
28 Application, the Firm is applying to the Court for allowance and payment of (a) interim

DELOITTE & TOUCHE LLP'S COVER SHEET APPLICATION FOR
ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES (JULY 1, 2003, TO JULY 31, 2003)

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1 compensation for services rendered during the Application Period, and (b) reimbursement of
2 expenses incurred during the Application Period.

3 2. The Firm (a) logged \$91,571 (net of a voluntary discount of \$18,161) in hourly fees
4 representing 312.9 hours expended during the Application Period and (b) incurred \$36.20 in
5 expenses ("Expenses") during the Application Period. These hourly fees and Expenses are
6 shown as follows:

7 Period	Fees	Expenses	Totals
8 7/1/03 to 7/31/03	\$91,571.00 ¹	\$36.20	\$91,607.20

9 3. The Firm seeks payment of a total of \$77,871.55 at this time.² This is the sum of (i)
10 85% of the hourly fees for services rendered from July 1, 2003, through July 31, 2003 and (ii)
11 100 % of the Expenses incurred from July 1, 2003, through July 31, 2003.

12 4. For the post-petition period, the Firm has been paid to date as follows:

13 Application Period	Amount Applied For	Description	Amount Paid
14 First (4/7/01 to 15 2/28/02)	\$62,333.90 ³	16 \$62,263.50 in hourly fees 17 and \$70.40 in expenses, 18 less \$22,346.50, which was withdrawn from the Firm's request in its June 25, 2002, reply to the United State's Trustee's objection to the Firm's First Interim Application	\$39,987.40 ⁴

19 ¹ In addition to fees for Supplemental Services, the amount requested includes \$10,191.00 for time
20 expended in preparing fee applications and \$72,644.00 (net of a voluntary discount of \$18,161.00) for
21 time expended performing additional procedures related to non-recurring journal entries recorded by the
Debtor in June 2003.

22 Fees requested for Supplemental Services are \$8,736.00. As a result of the June 19, 2003 settlement
23 agreement reached between the Debtor and the California Public Utilities Commission, the Debtor
24 suspended the planned disaggregation of its historic businesses as proposed in the original plan of
reorganization. As such, the historic audits of the proposed successor companies were suspended. The
fees requested subsequent to the settlement agreement relate to time expended in preparation and
archiving of the workpapers.

25 ² Payment of this amount would result in a fees "holdback" of \$13,735.65.

26 ³ The relevant cover sheet application requested a total of \$62,573.90 in fees and costs, but the Firm
later reduced the amount requested to \$62,333.90 due to a \$240 error in the initial billing.

1	Second (10/1/01 to 3/31/02) ⁵	\$1,643,315.50	\$1,643,315.50 in hourly fees, less \$4,500 disallowed by the court at the July 2, 2002, hearing on the Firm's First Interim Application	\$1,638,815.50
2				
3				
4	Third (4/1/02 to 4/30/02)	\$232,523.00	\$232,523 in hourly fees	\$232,523.00
5				
6	Fourth (5/1/02 to 5/31/02)	\$147,016.50	\$147,016.50 in hourly fees	\$147,016.50
7				
8	Fifth (6/1/02 to 6/30/02)	\$115,006.00	\$115,006 in hourly fees	\$115,006.00
9				
10	Sixth (7/1/02 to 7/31/02)	\$128,834.50	\$128,834.50 in hourly fees less \$3,064.50, which was withdrawn from the Firm's request in its November 22, 2002 Memorandum re Supplemental Time Diaries, Etc.	\$125,770.00
11				
12				
13	Seventh (8/1/02 to 8/31/02)	\$156,475.00	\$156,475 in hourly fees	\$156,475.00
14				
15	Eighth (9/1/02 to 9/30/02)	\$127,836.006	\$127,836 in hourly fees	\$127,836.00
16				
17	Ninth (10/1/02 to 10/31/02)	\$426,408.75	\$426,408.75 in hourly fees	\$426,408.75
18				
19	Tenth (11/1/02 to 11/30/02)	\$183,805.19	\$170,783.25 in hourly fees and \$13,021.94 in expenses	\$183,805.19
20				
21	Eleventh (12/1/02 to 12/31/02)	\$91,393.03	\$91,221.00 in hourly fees and \$172.03 in expenses	\$91,393.03
22				
23	Twelfth (1/1/03 to 1/31/03)	\$344,214.80	\$343,873.50 in hourly fees and \$341.30 in expenses	\$344,214.80
24				
25	Thirteenth (2/1/03 to 2/28/03)	\$103,782.58	\$103,442.00 in hourly fees and \$340.58 in	\$103,782.58

(Footnote Continued from Previous Page.)

⁴ Debtor initially paid the Firm \$54,331.45 on account of its first cover sheet application, but the \$240 and \$22,346.50 reductions, discussed above, were later netted against other amounts owing to the Firm, reducing the amount paid for the first application period to \$39,987.40.

⁵ The Application Periods for the Firm's first two "cover sheet" applications overlapped because the Firm did not seek compensation for any of the Supplemental Services until after the court's April 11, 2002, "nunc pro tunc" order specifically authorizing that work.

⁶ The relevant cover sheet application requested a total of \$130,353.50 in fees, but the Firm and Debtor later agreed that the amount would be reduced by \$2,517.50.

		expenses	
Fourteenth (3/1/03 to 3/31/03)	\$162,406.16	\$141,608.50 in hourly fees ⁷ and \$1070.66 in expenses	\$142,679.16
Fifteenth (4/1/03 to 4/30/03)	\$309,688.32	85% of \$305,721.50 in hourly fees and 100% of \$3,966.82 in expenses	\$263,830.10
Sixteenth (5/1/03 to 5/31/03)	\$260,644.24	85% of \$258,002.00 in hourly fees and 100% of \$2,642.24 in expenses	\$221,943.94

The Firm has also received (1) \$855,000 as the Firm's base fee for auditing and reporting on Debtor's consolidated financial statements and reviewing interim financial information for the 2001 fiscal year and (2) \$1,132,000 as the base fee for auditing and reporting on Debtor's consolidated financial statements and reviewing interim financial information for the 2002 fiscal year. (The July 10, 2001, order approving the Firm's employment, together with the November 5, 2002, order approving the 2002 base audit fee, authorized Debtor to pay these fees upon receipt of invoices from the Firm.) Including the 2001 and 2002 Base Audit Fees, the total paid to the Firm to date is \$6,348,486.95.

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

Application Period	Amount	Description
Fourteenth (3/1/03 to 3/31/03)	\$19,727.00	Fees requested for time expended between March 2002 and February 2003 for reviewing energy procurement contracts for potential derivatives and consulting about implementation of Statement of Financial Accounting Standard No. 143.
Fifteenth (4/1/03 to 4/30/03)	\$45,858.22	15% holdback of fees requested by the Firm's fifteenth "cover

⁷ The relevant cover sheet application requested a total of \$161,335.50 in hourly fees, but no payment has been received for \$19,727.00 of the total, consisting of fees for reviewing energy procurement contracts for potential derivatives and consultations about implementation of Statement of Financial Accounting Standard No. 143.

		sheet" application filed on May 30, 2003
Sixteenth (5/1/03 to 5/31/03)	\$38,700.30	15% holdback of fees requested by the Firm's sixteenth "cover sheet" application filed on June 27, 2003
Seventeenth (6/1/03 to 6/30/03)	\$123,909.00	Fees and expenses requested by the Firm's seventeenth "cover sheet" application filed on July 31, 2003
Total Owed to the Firm to Date	\$228,194.52 ⁸	

6. Attached as Exhibits 1 and 2, respectively, to the copies of this Application served on counsel for the Official Committee of Unsecured Creditors, counsel for Debtor, and the Office of the United States Trustee are (i) a list of the names and hourly billing rates of each professional who performed services for which compensation is sought by this Application and (ii) 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.

7. The Firm has served a copy of this Application on each person shown on the Special Notice List for this case. (Only the parties referred to in paragraph 6 received Exhibits 1 and 2; the copies served on other parties did not include the exhibits.)

8. Pursuant to this Court's Second Amended Order Establishing Interim Fee Application and Expense Reimbursement Procedure, filed on March 18, 2002, the Debtor will be authorized to make the payment requested herein without further hearing or order unless an objection to this Application is filed with the court by the Debtor, the Committee, or the United States Trustee and served by the fifteenth day of the month following the service of this Application. If such an objection is filed, Debtor will be authorized to pay the amounts, if any, not subject to the objection. The Firm is informed and believes that this Application was mailed to all persons shown on the Special Notice List by first class mail, postage prepaid, on August 28, 2003.

⁸ The \$228,194.52 does not include any fees incurred but not yet paid for the Firm's 2003 audit of Debtor's consolidated financial statements and review of interim financial information.

9. The interim compensation and reimbursement sought by this Application is on account and not final. At the conclusion of this case, the Firm will seek fees and reimbursement of expenses incurred for the totality of its employment in this case. Any interim fees or reimbursement of expenses approved by the court and received by the Firm (along with any retainer paid to the Firm) will be credited against such final fees and expenses as may be allowed by the court.

10. The Firm represents and warrants that to the best of its knowledge its billing practices comply with all Northern District of California Bankruptcy Local Rules and Compensation Guidelines and the Guidelines of the Office of the United States Trustee. The Firm has no agreement to share any portion of the fees or expenses awarded to the Firm for this engagement with any non-affiliated person or entity.

WHEREFORE, the Firm respectfully requests that Debtor pay compensation to the Firm as requested herein pursuant to and in accordance with the terms of the Second Amended Order Establishing Interim Fee Application and Expense Reimbursement Procedure.

Dated: August 28, 2003

DELOITTE & TOUCHE LLP

By

Mark A. Edmunds, Partner

Independent Auditor, Accountant, Tax

**Advisor and Consultant to Debtor Pacific Gas
and Electric Company**

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PROOF OF SERVICE

I am over the age of 18, and I am employed at the offices of Deloitte & Touche LLP, located at 50 Fremont Street, San Francisco, California.

On August 28, 2003, I served the foregoing **DELOITTE & TOUCHE LLP'S COVER SHEET APPLICATION FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES (JULY 1, 2003, TO JULY 31, 2003)** by (1) depositing true and correct copies thereof in the United States Mail at San Francisco, California, in sealed envelopes with first class postage thereon fully prepaid, addressed to each party shown on the attached list and (2) by sending true and correct copies via United Parcel Service, for overnight delivery, with charges fully prepaid, to each of the following three addressees⁹:

James L. Lopes
Howard, Rice, Nemerovski, Canady, Falk & Rabkin
Three Embarcadero Center, 7th Floor
San Francisco, CA 94111
[Counsel for Pacific Gas and Electric Company]

Stephen Johnson
Office of the U.S. Trustee
250 Montgomery Street, Suite 1000
San Francisco, CA 94104-3401
[United States Trustee]

Robert J. Moore
Paul S. Aronzon
Milbank, Tweed, Hadley & McCloy LLP
601 South Figueroa Street
Los Angeles, CA 90017
[Counsel for Official Committee of Unsecured Creditors]

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

Dated: August 28, 2003.

Signature

[Print Name]

⁹ Only the copies served on the Office of the United States Trustee, counsel for debtor Pacific Gas and Electric Company, and counsel for the official committee of unsecured creditors included Exhibits 1 and 2; the copies served on other parties did not include the exhibits.