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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

FILED

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SAN FRANCISCO DIVISION

U.S. BANKRUPTCY COURT
NORTHERN DIST. OF CAL.
SAN FRANCISCO, CA.

In re
PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,

Debtor.

No. 01 30923 DM

Chapter 11 Case

Federal I.D. No. 94-0742640

SECOND AMENDED ORDER ESTABLISHING INTERIM FEE APPLICATION
AND EXPENSE REIMBURSEMENT PROCEDURE
(Revised March, 2002)

Upon the Joint Motion of Debtor and Official Creditors Committee for Order Establishing Procedures for Interim (1) Compensation and Reimbursement of Expenses of Professionals Employed at Expense of Bankruptcy Estate and (2) Reimbursement of Expenses of Committee Members (the "Motion") filed by the Debtor and the Official Committee of Unsecured Creditors ("Committee"), the Memorandum of Points and Authorities and Declaration of Dinyar Mistry in support thereof, the arguments of counsel, and good cause appearing therefor,

IT IS HEREBY ORDERED that the following procedure for awarding interim compensation and reimbursement of expenses to Professionals¹ and reimbursement of expenses to Committee members is adopted:

¹For purposes of this Order, the term "Professionals" shall mean attorneys, accountants and other professional advisors or consultants that will be subject to the Bankruptcy Code provisions relating to the employment and compensation of professionals that are retained by the Debtor or the Committee. It does not apply to those professionals employed by the Debtor pursuant to its Amended Application for Authority to Employ and to Continue the Employment of Special Counsel to Debtor in Possession on Non-bankruptcy Matters filed on June 22, 2001.

1 1. Commencing upon entry of an order approving the Motion, and continuing
2 each month thereafter, each Professional seeking the payment of interim compensation
3 concerning a given calendar month(s) shall file with the Court and serve on the Special
4 Notice List herein, an abbreviated application for interim compensation and reimbursement
5 of expenses (the "Cover Sheet Application"). A proposed form of Cover Sheet Application
6 is attached as Exhibit "A" hereto. The initial such filing by the Professionals shall cover the
7 time period from April 6, 2001 through June 30, 2001 and shall be filed and served no later
8 than July 31, 2001.² Subsequently, the Cover Sheet Applications shall be filed and served
9 within thirty (30) days after the end of the month for which compensation is sought.³

10 2. The Cover Sheet Application shall relate to services rendered and expenses
11 incurred during the given month(s); shall seek payment of interim compensation in an
12 amount equal to ninety percent (90%) of the fees sought⁴ and one hundred percent (100%) of
13 the expenses incurred during the prior month; and shall indicate the amount requested, the
14 total time expended, the names of the professionals who performed the services, and the
15 hourly billing rate for each Professional.

16 3. Each Professional electing to file a Cover Sheet Application shall: (1) file
17 their Cover Sheet Application with the Court; and (2) serve a copy of said Cover Sheet
18 Application on the Special Notice List. The Cover Sheet Applications that are served on
19 counsel for the Committee, counsel for the Debtor and the Office of the United States
20 Trustee shall be served by overnight mail and shall be accompanied by a detailed listing of
21 the time expended by the Professionals who performed the services and the costs incurred
22

23
24 ²Professionals may elect to submit an initial Cover Sheet Application covering a
25 shorter time period, provided that payment may be requested only for the time period
26 actually submitted.

27 ³A Professional may elect not to submit a Cover Sheet Application during a particular
28 month, provided that such Professional shall not be paid for work performed during such
month until a Cover Sheet Application is actually submitted.

⁴The ninety percent (90%) amount shall apply for the period April 6 through July 31,
2001. Thereafter, the monthly amount shall equal eighty-five percent (85%) of the fees
sought.

1 during the month of the Cover Sheet Application period.⁵

2 4. The Committee, the Debtor or the United States Trustee may object to the
3 payment of fees or reimbursement of expenses in a Cover Sheet Application.⁶ Any such
4 objection must be filed with the Court and served on the Special Notice List no later than the
5 fifteenth day of the month following the filing and service of the Cover Sheet Application.
6 If no objection is timely filed and served, the Cover Sheet Application shall be deemed
7 approved on an interim basis, and the Debtor shall be authorized and directed to make the
8 payment requested therein. If an objection is timely filed and served, then the Debtor shall
9 be authorized to make payment as requested in the Cover Sheet Application only of the
10 amounts, if any, that are not in dispute. The disputed amounts, if any, in the Cover Sheet
11 Application shall be heard and resolved by the Court at the next hearing to be held pursuant
12 to Paragraph 7. The failure to file an objection to the Cover Sheet Application shall not
13 prejudice a party's right to object to any fee application subsequently made to the Court.

14 5. On a monthly and interim basis, members of the Committee may seek
15 reimbursement of expenses incurred in connection with their performance of the duties of
16 the Committee, pursuant to Bankruptcy Code Section 503(b)(3)(F). Committee members
17 shall use expense categories similar to those used by professionals seeking compensation
18 under this order. Counsel for the Committee shall prepare a monthly summary of such
19 Committee member cost exhibits, file such summary with the Court, and serve a copy on the
20 Debtor and its counsel and the United States Trustee no later than thirty (30) days after the
21 end of the month for which such reimbursement is sought. The Debtor or the United States
22 Trustee may object to the reimbursement sought. Any such objection must be filed with the
23 Court and served on the Special Notice List no later the fifteenth day of the month following
24 the filing and service of the reimbursement request. If no objection is timely filed and

25 _____
26 ⁵The Professionals shall submit their applications electronically to the United States
Trustee in a format as set forth on Exhibit "B" hereto, unless the Court orders otherwise.

27 ⁶Any other party in interest that has an objection to the payment fees or
28 reimbursement of costs on a Cover Sheet Application shall make such objection at the next
hearing on Interim Applications.

1 served, the Debtor shall be authorized and directed to pay one hundred percent (100%) of the
2 requested expense reimbursement, on an interim basis. If an objection is timely filed and
3 served, then the Debtor shall be authorized to make payment of only those amounts that are
4 not in dispute. The disputed amounts, if any, shall be heard and resolved at the next hearing
5 to be held pursuant to paragraph 7. At the time that the Court holds hearings on interim fee
6 applications of Professionals employed at the expense of the estate, the Court will also hold
7 hearings on final applications of Committee members for allowance and approval of all
8 expense reimbursements. Permissible expenses of Committee members shall not include
9 members' attorneys fees, unless otherwise ordered.

10 6. Notwithstanding the monthly fee request and payment thereof pursuant to
11 Cover Sheet Applications, within forty-five (45) days after the end of the each four-month
12 period, commencing with the period that ends July 31, 2001, (the "Filing Deadline")⁷ each
13 Professional who has elected to file a Cover Sheet Application or otherwise is seeking
14 interim compensation shall file with the Court⁸ an interim fee application with a summary of
15 the activities of the Professional (the "Interim Application"), in accordance with Bankruptcy
16 Code Section 331, Bankruptcy Rule 2016, the Northern District of California Bankruptcy
17 Local Rules and Compensation Guidelines and the Guidelines of the Office of the United
18 States Trustee. The Interim Applications shall seek approval of one hundred percent (100%)
19 of fees requested (including the ten percent (10%) held back from monthly payments of the
20 requested interim compensation⁹) and reimbursement of expenses, including any
21 compensation and reimbursement made pursuant to Cover Sheet Applications, during the
22 prior four-month period. The time records of Applicants shall be filed separate from all
23 other pleadings and shall be accompanied only by a cover sheet indicating "Time Records
24

25 ⁷The First Interim Application Period will include the time from April 6, 2001
26 through July 31, 2001.

27 ⁸The Professionals shall submit their applications in printed form and electronically to
28 the United States Trustee in a format as set forth on Exhibit "B" hereto, unless the Court
orders otherwise.

⁹Fifteen percent (15%) for the second and subsequent Interim Applications.

1 Exhibit for the Period _____ to _____.” Contrary to the practice for other
2 pleadings filed in this case, Applicants shall file only an original and three copies of the
3 Time Records Exhibit. (Applicants must still file an original and six copies of the Interim
4 Applications.)

5 7. Within seven (7) calendar days following the Filing Deadline, the
6 reorganization counsel for Debtor shall file with the Court and serve on the Special Notice
7 List a notice of the hearing on the Interim Applications filed with respect to the subject
8 period that sets forth the total amount of compensation for services rendered and
9 reimbursement of expenses sought in each Interim Application. The notice shall provide
10 information regarding how to access the Interim Applications on the Court’s website, and
11 notify interested parties that they may obtain copies of any Professional’s Interim
12 Application (without time records) by contacting the respective Professional at the address
13 and phone number shown on the Exhibit to the notice. Reorganization counsel for Debtor
14 shall be required to serve such notice forty (40) days prior to the hearing on the Interim
15 Applications.

16 8. Pursuant to the authority granted the Court under Federal Rule of
17 Bankruptcy Procedure 2002(i), the Professionals shall be required to serve the Interim
18 Applications, the pleadings relating to final allowance of fees and expenses in these cases
19 and the time records of the Professionals associated therewith only on the United States
20 Trustee, counsel for the Debtor and counsel for the Committee. The time records can be
21 accessed by the public at BMDS, 246 First Street, Suite 202, San Francisco, California
22 94105. In the event a party desires a copy of the time records, that party should contact
23 BMDS at the address above or telephonically at 415-371-0232 or by facsimile at 415-371-
24 1973.

25 9. The Court shall hold a hearing on Interim Applications for each subsequent
26 four-month period on a date not less than forty (40) days after the date on which
27 reorganization counsel for Debtor shall give notice pursuant to Paragraph 7. At these
28 hearings, any party in interest who has filed a written objection at least twenty (20) days

1 prior to the hearing will be entitled to be heard upon its objection, as will the Professional
2 whose fees or expenses are the subject of the objection. Such Professional may file a reply
3 to the objection no less than seven (7) days prior to the hearing. If an objection is sustained,
4 or the Court otherwise so orders, the applicant shall disgorge any payments it may have
5 received for fees or costs with respect to which such objection is sustained. If an objection is
6 not sustained and the fees or expenses approved, any unpaid amount shall be paid promptly
7 by the Debtor.

8 10. Any Professional who fails to file an Interim Application seeking approval
9 of compensation and expenses previously paid under this Order when due shall (1) be
10 ineligible to receive further monthly payments of fees or expenses as provided herein until
11 further order of the Court and (2) may be required to disgorge any fees paid since retention
12 or the last fee application, whichever is later.

13 IT IS FURTHER ORDERED that the Debtor, Committee and all Professionals
14 are authorized to take all actions required to carry out the terms of this Order.

15
16 DATED: March 18, 2002.

17 DENNIS MONTALI

18

United States Bankruptcy Judge

1 [Name] [State Bar No.]
[Firm]
2 [Address]
[Telephone]
3 [Facsimile]
4 [Relationship to Debtor or Committee]

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

11 In re
12 PACIFIC GAS AND ELECTRIC
13 COMPANY, a California corporation,
14 Debtor.

Case No. 01-30923 DM
Chapter 11 Case
[No Hearing Scheduled]

15 Federal I.D. No. 94-0742640

16 [NAME OF PROFESSIONALS]'S COVER SHEET APPLICATION
17 FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION
AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD [_____]

18 [Name of Professional] (the "Firm") submits its Cover Sheet Application (the
19 "Application") for Allowance and Payment of Interim Compensation and Reimbursement
20 of Expenses for the Period _____ - _____ (the
21 "Application Period"). In support of the Application, the Firm respectfully represents as
22 follows:

23 1. The Firm is _____ to _____, [debtor and debtor-in-
24 possession in the above-referenced bankruptcy case (the "Debtor") or the Official
25 Committee of Unsecured Creditors]. The Firm hereby applies to the Court for allowance
26 and payment of interim compensation for services rendered and reimbursement of expenses
27 incurred during the Application Period.

28 2. The Firm billed a total of \$ _____ in fees and expenses during the

1 Application Period. The Total fees represent _____ hours expended during the
 2 Application Period. These fees and expenses break down as follows:

3	4 Period	Fees	Expenses	Total
5		\$	\$	\$

6 3. Accordingly, the Firm seeks allowance of interim compensation in the total
 7 amount of \$ _____ at this time. This total is comprised as follows:
 8 \$ _____ (90% (85% after July 31) of the fees for services rendered)¹ plus
 9 \$ _____ (100% of the expenses incurred).

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

12 Application Period	Amount Applied For	Description	Amount Paid
13	\$	90% (85% after July	\$
14		31) of fees and 100%	
15		of expenses	
16	\$	90% (85% after July	\$
17		31) of fees and 100%	
18		of Expenses	
19	Total Paid to the	\$	\$
20	Firm to Date		

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

24 Application Period	Amount	Description
25 First (_____ - _____)	\$	10% (15% after July 31) fee
26		holdback and/or portion of

27 ¹Payment of this amount would result in a "holdback" of \$ _____
 28

1			fees objected to.
2	Second (_____ - _____)	\$	10% (15% after July 31) fee
3			holdback and/or portion of
4			fees objected to.
5	Total Owed to Firm to Date		

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

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

16 8. Pursuant to this Court's 'ORDER ESTABLISHING INTERIM FEE
17 APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE' which was entered
18 on or about _____, 2001, the Debtor is authorized to make the payment requested
19 herein without a further hearing or order of this Court unless an objection to this Application
20 is filed with the Court by the Debtor, the Committee or the United States Trustee and served
21 by the fifteenth day of the month following the service of this Application. If such an
22 objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the
23 objection. The Firm is informed and believe that this Cover Sheet Application was mailed
24 by first class mail, postage prepaid, on or about _____, 2001.

25 9. The interim compensation and reimbursement of expenses sought in this
26 Application is on account and is not final. Upon the conclusion of this case, the Firm will
27 seek fees and reimbursement of the expenses incurred for the totality of the services
28

1 rendered in the case. Any interim fees or reimbursement of expenses approved by this Court
2 and received by the Firm (along with the Firm's retainer) will be credited against such final
3 fees and expenses as may be allowed by this Court.

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

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

14 Dated: _____

[FIRM]

15
16 By: _____

[Name]

[Relationship to Debtor or Committee]

**OFFICE OF THE U.S. TRUSTEE
DATA REQUIREMENT - ELECTRONIC TRANSMISSION OF FEE INFORMATION
PACIFIC GAS AND ELECTRIC COMPANY CASE**

The Office of the U.S. Trustee requests that professional firms employed by Pacific Gas and Electric and by the Official Creditors' Committee submit monthly invoices and formal fee applications to the U.S. Trustee electronically. (A hard copy of formal fee applications should be served on our office as well.)

1. Initial "Set-Up" Transmission:

Each firm should provide the Office of the U.S. Trustee with the following initial information for all matters, timekeepers and expense categories:

- Case/matter code
- Case/matter subcode
- Timekeeper ID
- Expense Category ID

2. Monthly Transmissions & Formal Fee Applications:

The professional will transmit the firm's monthly billings and formal fee applications in electronic format in an ASCII bar-delimited text file.

We request one line for each record.

Each record should contain the following 15 output fields, separated by the pipe symbol ("|"):

- Firm ID - federal tax ID
- Case/matter code
- Case matter sub-code (if applicable)
- ABA Task Code, if available
- ABA Activity Code, if available
- Timekeeper ID (if services)
- Expense Category ID (if disbursement)
- Date of service/expense

EXHIBIT B

Hours/Time expended (if services)
Invoice number
Date of invoice
Hourly rate (if services)
Line fee amount (for services)
Line disbursement amount (for disbursements)
Description of services/disbursements

Where a field is not applicable (e.g., hours field does not apply to a disbursement), the field should be left blank and should not be omitted.

Date formats should be MM/DD/YYYY.

Certain fields must match the ID's supplied in the initial transmittal or updates to same. These are Case/matter code, Case/matter sub-code, Timekeeper ID, and Expense Category ID.