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**FILED**  
JUL 28 2004  
UNITED STATES BANKRUPTCY COURT  
SAN FRANCISCO, CA

5 Attorneys for Applicant  
6 LECG, LLC

7 UNITED STATES BANKRUPTCY COURT  
8 FOR THE NORTHERN DISTRICT OF CALIFORNIA

9 IN RE: ) No. 01-30923  
10 PACIFIC GAS & ELECTRIC CO., ) CHAPTER 11  
11 Debtor-In-Possession. ) **AMENDED AND RESTATED SIXTH**  
12 ) **AND FINAL APPLICATION FOR**  
13 ) **COMPENSATION AND REIMBURSE-**  
14 ) **MENT OF EXPENSES BY LECG, LLC**  
15 )  
16 ) Date: September 14, 2004  
17 ) Time: 1:30 p.m.  
18 ) Place: 235 Pine Street, 22<sup>nd</sup> Floor  
19 ) San Francisco, CA

17 I.  
18 **INTRODUCTION**

19 This is the Amended and Restated Sixth and Final Application for Compensation and  
20 Reimbursement of Expenses (the "Application") filed by LECG, LLC ("Applicant"). Subsequent  
21 to Applicant filing its Sixth and Final Application for Compensation and Reimbursement of  
22 Expenses, it discovered a minor error regarding (i) the total fees for which it seeks approval (the  
23 prior application overstated the request by \$8,500), and (ii) the amount it received during the last  
24 interim application period (the prior application overstated the amount of fees already paid by  
25 \$839.53). This Application corrects those errors.

26 During the period from Applicant's last fee application through the date of this Application,  
27 Applicant provided claims processing services to Pacific Gas & Electric Co., ("Debtor") in  
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1 connection with its environmental claims and trade payable claims. Applicant's employment for  
2 providing analysis of environmental and trade payable claims was approved by Court order dated  
3 September 20, 2002 (the "September Order"), a copy of which is attached as Exhibit A hereto.

4 This is Applicant's sixth application for compensation, and is also a request for final  
5 allowance for all fees and expenses charged to Debtor. It covers fees and expenses incurred from  
6 November 24, 2003, through April 12, 2004. Through this Application, Applicant seeks final  
7 approval and allowance of \$92,173 in fees accrued and \$1,236.28 in expenses incurred since its last  
8 interim fee application, and a total of \$1,688,920.50 in fees and \$11,592.46 in expenses incurred  
9 during the course of Debtor's bankruptcy proceeding (including the amounts sought since its last  
10 interim fee application). The services and costs incurred since Applicant's last fee application are  
11 described below and detailed in the exhibits filed concurrently herewith. The services and costs  
12 incurred for all other time periods are detailed in Applicant's five previously filed interim fee  
13 applications, which applications are incorporated herein by reference.

14 Under the September Order, Debtor was authorized to pay Applicant its normal hourly  
15 rates, as adjusted from time to time, and be reimbursed for costs on the same terms as generally  
16 applied to work Applicant performs for other (non-bankruptcy) clients, subject to compensation  
17 and reimbursement guidelines ordered by the court. Supplement to Application Filed By Debtor  
18 Pacific Gas and Electric Co. To Employ and Retain LECG, LLC., filed September 13, 2002, p.4,  
19 ll. 20-24; Order, ¶¶ 2, 4. No pre-petition retainer was authorized or received by Applicant.

## 20 II.

### 21 SUMMARY OF DEVELOPMENTS IN THE CASE

22 For the general history and present status of this case, Applicant refers the Court to and  
23 incorporates relevant portions of the final compensation application being filed by Debtor's  
24 counsel, Howard, Rice, Nemerovski, Canady, Falk & Rabkin, a professional corporation.

## 25 III.

### 26 SUMMARY OF SERVICES RENDERED BY LECG

#### 27 A. Trade Payable Claims.

28 Applicant continued to assist Debtor with claims processing and analysis of trades payable

1 proofs of claim and scheduled items. The services included assistance to Debtor in preparing and  
 2 processing stipulations and objections, and follow-up communications with creditors on behalf of  
 3 Debtor. As part of the claims processing and analysis effort, Applicant also maintained a data  
 4 tracking system for the 2,800 trade payable claims and scheduled items that is used to prepare  
 5 various claim analyses, reconciliations and reports for Debtor's use. Applicant continued to assist  
 6 Debtor with updating and maintaining its internal files for trade payable and scheduled items  
 7 supporting trade payable stipulations, objections, and withdrawals.

8 B. Environmental Claims

9 Applicant assisted Debtor with claim and cost analyses related to various environmental-  
 10 related proofs of claim and scheduled items. The services included assistance to Debtor in  
 11 preparing and processing stipulations, objections and claim withdrawals, and follow-up  
 12 communications with creditors on behalf of Debtor. These services also included coordinating  
 13 Debtor's response to certain multi-category claims; providing input on executory contract issues  
 14 for certain claims; and claim status reconciliations.

15 C. Billing Overview

16 Applicant billed its services in the following categories and amounts:

<u>Activity</u>	<u>Fees Requested</u>
1. Claims Processing – Trade Payable	\$4,251.50
2. Assemble Library of Claim/Scheduled Item Folders – Trade Payable	\$23,640.00
3. Claims Processing – Environmental	\$53,548.50
4. Cost Accumulation and Analysis	\$4,195.00
5. Meetings with Debtor / Counsel – Environmental	\$6,538.00
Total	\$92,173.00

23 Applicant requests reimbursement for costs in the amount of \$1,236.28, of which \$41.67  
 24 relates to Federal Express delivery charges, \$87.00 relates to express courier delivery charges,  
 25 \$1,023.50 relates to temporary personnel charges and \$84.11 relates to project supplies.

26 The charge for temporary personnel was incurred at Debtor's direct request in order to  
 27 reduce the total amount of Applicant's fees. Applicant was able to use temporary personnel at a  
 28

1 lower hourly rate than Applicant's employees to provide data entry for the claims tracking system  
 2 and to confirm that claims and schedule folders contained all required information. By supervising  
 3 those tasks performed by temporary personnel rather than performing them directly, Applicant was  
 4 able to reduce the amount it otherwise would have had to charge Debtor for the services performed.  
 5 Applicant did not mark up the cost of the temporary personnel, but rather, merely passed on the  
 6 cost to Debtor. Of the \$1,023.50 expense for temporary personnel services, Debtor paid \$626.75  
 7 pursuant to Applicant's April cover sheet application. Since that cover sheet application was filed,  
 8 an additional \$396.75 charge incurred during the April cover sheet application period has been  
 9 discovered, and allowance of that amount is included in Applicant's overall request for final  
 10 approval of fees and expenses.

11 The following table shows the total hours, the applicable hourly rate, and the corresponding  
 12 fees requested for each person who provided hourly rate services. For most individuals,  
 13 Applicant's fees were computed at Debtor-specific discounted hourly billing rates.

14	15	16	17	18	19	20	21	22	23	24	25
NAME	POSITION <sup>1</sup>	HOURLY RATE	HOURS	FEEES							
Patricia Bershers	Director	\$ 225.00	156.4	\$35,190.00							
Janis Loughlin	Sr. Managing Consultant	\$ 175.00	112.7	\$19,722.50							
Michael Behles	Consultant	\$ 130.00	6.0	\$780.00							
Margaret DiLaura	Associate	\$ 110.00	181.3	\$19,943.00							
David Sovereign	Research Analyst	\$ 75.00	133.5	\$10,012.50							
Pamela Tillery	Research Analyst	\$75.00	67.0	\$5,025.00							
Kevin Prince	Research Analyst	\$75.00	20.0	\$1,500.00							
Total			676.9	\$92,173.00							

26 The blended hourly rate for all of the time shown in the table is \$136.17.

27  
 28 <sup>1</sup> Although Applicant uses the word 'Consultant' in several job titles, each such individual is an employee of Applicant, and not a third party consultant that Applicant may hire from time-to-time.

IV.

DISCUSSION OF PROJECTS

The following is a discussion of each of the projects listed in part III, above. Applicant's detailed time records are being filed concurrently herewith, and are organized by project.

1. **Claims Processing And Analysis - Trade Payable**

Applicant continued to assist Debtor and its Trade Payable Dispute Resolution Team analyze Trade Payable claims and scheduled items. This analysis involved preparing and processing stipulations and objections for specific claims and scheduled items.

Applicant reviewed stipulations and objections to ensure that Debtor correctly recorded information from the Proof of Claim form for each Claimant, including Claimant name and address, claim classification (secured, unsecured, priority, non-priority), claim amount, and other relevant Claimant information, and that appropriate supporting information was included. At Debtor's request, Applicant processed all stipulations within a 24-hour turnaround time, and returned to Debtor the stipulations and the results of Applicant's analysis.

For claims resolved via stipulation, Applicant further assisted Debtor by following up with claimants to resolve any questions or concerns, and ensuring return of the signed materials to Debtor. For claims resolved via objection, no further work was performed by Applicant.

Applicant continued to maintain an electronic claims tracking system to support various analyses and reconciliations, and to report claim information to the Debtor. The system tracks claim information including claim number, claimant name, claim amount, stipulated amount, date reviewed by Applicant, date provided to Debtor, date sent/returned to claimant, dated filed with the Court, claim status and other relevant information fields.

2. **Assemble Library of Claim/Schedule Item Folders Trade Payables**

Applicant continued to update and maintain a library of approximately 2,800 Trade Payable claim and 500 schedule item folders located in Debtor's possession. Applicant created and updated, as necessary, folders for trades payable stipulations, objections, withdrawals, approved as filed claims, expressly amended and superceded claims and disallowed claims. Applicant conducted a review of all files to ensure completeness and to confirm that they contained required

1 documentation. Applicant conducted regular searches on the court's docket to locate current court  
2 filings related to trade payable claims and schedule items and provided the necessary  
3 documentation to the Debtor in order to update the Debtor's library files.

4 **3. Claims Processing - Environmental**

5 Through April 12, 2004, Applicant prepared 30 stipulations and 45 withdrawals for  
6 environmental-related bankruptcy claims. Applicant was required to review the asserted claims,  
7 work with the appropriate personnel within the Debtor's organization to gather information  
8 necessary to evaluate the claims, assess the basis underlying the claims and the payment sought,  
9 and follow up with the other party or parties to the stipulations and/or withdrawals to ensure that  
10 the withdrawals were completed accurately and in a timely manner. The final dollar amount of  
11 stipulations Applicant assisted Debtor process through April 12, 2004, total approximately \$1  
12 million (based on asserted claims of approximately \$33 million). The final dollar amount of  
13 withdrawals of claims Applicant assisted Debtor resolve total approximately \$43 million.  
14 Applicant further assisted Debtor by ensuring that resolved claims were properly linked to  
15 associated scheduled items; working with Debtor's Payment Integrity Team and accounting  
16 personnel to ensure proper recording of and payment of claims; and reviewing reports from the  
17 claims agent's official database to ensure accurate reporting of environmental claim data.

18 During the Application Period, Applicant assisted Debtor pursue resolution of 23 claims:  
19 three California Department of Fish and Game claims (total claim amount of approximately  
20 \$360,000), Chevron (total claim amount of \$31,231,408), two Duke Energy claims (total claim  
21 amount of approximately \$108,000), the U.S. EPA Department of the Interior, two Mirant Energy  
22 claims and 14 claims related to the Dutch Slough Dehydrator site.

23 Applicant also assisted in the preparation and resolution of 15 objections for a total of  
24 approximately \$950 Million. These included individual objections that addressed specific claims,  
25 as well as omnibus objections, including the Environmental Pass-Through Objection. During the  
26 Application Period, Applicant worked with Debtor's counsel on the Environmental Pass-Through  
27 Objection to define the claim population, collect relevant claim information, reconcile  
28

1 discrepancies, prepare exhibits, and assist with objection preparation. This omnibus objection seeks  
2 to resolve approximately 110 claims with a claim value in excess of \$900 Million. The objection  
3 was filed with the court on April 2, 2004. Applicant assisted Debtor with similar activities for the  
4 other objections.

5 Applicant also assisted Debtor with resolution of multi-category claims. These claims  
6 involved more than one dispute resolution team within Debtor, and thus required an effort to  
7 coordinate the various resolutions of each component within a particular claim. Applicant tracked  
8 claim information in an electronic database, reviewed claim component resolution summaries to  
9 ensure consistency and compatibility between claim components, and worked with Debtor and  
10 other outside consultant personnel to ensure complete and accurate resolution of claims.

11 **4. Cost Accumulation and Analysis**

12 Applicant compiled cumulative cost information regarding Debtor's non-owned  
13 manufactured gas plant sites at the request of Debtor's in-house counsel.

14 **5. Meetings with Debtor / Counsel - Environmental**

15 Applicant was required to prepare for and attend various meetings with Debtor personnel,  
16 and personnel from law firms and other consulting firms working at Debtor's direction. These  
17 meetings typically occurred at Debtor's offices, and occasionally occurred at outside counsel's  
18 offices. This category included only actual face-to-face meetings; informal voice and email  
19 communication was included in the substantive task category addressed in the communication.

20 **V.**

21 **PREVIOUS COMPENSATION RECEIVED**

22 Applicant's First Interim Application for Compensation and Reimbursement of Expenses  
23 was granted by order of this Court on October 29, 2002, pursuant to which Applicant was awarded  
24 100% of its requested fees and expenses, or \$713,050.50 and \$9,469.02, respectively. Applicant  
25 later refunded \$8,500 of those fees to Debtor at Debtor's request due to the nature of those fees  
26 (i.e., reimbursement of Applicant's outside counsel for preparation of Applicant's First Interim  
27 Application for Compensation and Reimbursement of Expenses).

28 Applicant's Second Interim Application for Compensation and Reimbursement of Expenses

1 was granted by order of this court on February 28, 2003, pursuant to which Applicant was awarded  
2 100% of its professional fees and expenses related to work performed for Debtor for the period  
3 May 6, 2002 through November 30, 2002 or \$591,115.00 and \$371.09, respectively. Included in  
4 Applicant's Second Interim Application for Compensation and Reimbursement of Expenses were  
5 \$22,020 in professional fees and \$50 in costs for December billings that were, at Debtor's request  
6 withdrawn for inclusion in the Third Interim Application for Compensation and Reimbursement of  
7 Expenses, and Applicant's request for \$12,398.64 in outside counsel fees that Applicant agreed to  
8 withdraw.

9 Applicant's Third Interim Application for Compensation and Reimbursement of Expenses  
10 was granted by order of this court on July 7, 2003, pursuant to which Applicant was awarded 100%  
11 of its professional fees and expenses related to work performed for Debtor for the period December  
12 1, 2002 through March 31, 2003 or \$146,366.50 and \$403.19, respectively.

13 Applicant's Fourth Interim Application for Compensation and Reimbursement of Expenses  
14 was granted by order of this court on November 17, 2003, pursuant to which Applicant was  
15 awarded 100% of its professional fees related to work performed for Debtor for the periods  
16 December 5, 2001 through September 30, 2002, and April 1, 2003 through June 30, 2003, or  
17 \$114,672.

18 Applicant's Fifth Interim Application for Compensation and Reimbursement of Expenses  
19 was granted by order of this court on March 3, 2004, pursuant to which Applicant was awarded  
20 100% of its professional fees and expenses related to work performed for Debtor for the periods  
21 July 1, 2003 through November 22, 2003, or \$40,043.50 and \$112.88, respectively.

22 Applicant has also filed cover sheet fee applications for the periods November 24, 2003  
23 through April 12, 2004. As of the filing of this Application, Applicant has received payment of  
24 \$78,347.05 in fees and reimbursement of \$839.53 in expenses for the cover sheet applications for  
25 November 24, 2003 through April 12, 2004. In addition to the \$839.53 received for reimbursement  
26 of expenses, Applicant is seeking an additional \$396.75 relating to expenses incurred in retaining  
27 temporary personnel to assist with data entry and certain document review that had not been  
28 processed at the time Applicant submitted its cover sheet application for the period April 1, 2004



1 through April 12, 2004.

2 VI.

3 CONCLUSION

4 Applicant requests entry of an order (i) approving its Sixth and Final Fee Application, (ii)  
5 directing Debtor to pay \$92,173 for fees and \$1,236.28 for expenses incurred during the period  
6 November 24, 2003, through April 12, 2004 to Applicant, less any amounts paid pursuant to  
7 approved cover sheet fee applications, (iii) approving as final compensation all amounts previously  
8 approved by this Court's previous orders allowing interim compensation to Applicant, less the  
9 \$8,500 Applicant refunded to Debtor relating to Applicant's First Interim Application for  
10 Compensation and Reimbursement of Expenses, (iv) directing Debtor to pay all amounts  
11 previously withheld from Applicant's cover sheet applications for the period November 24, 2003,  
12 through and including April 12, 2004, in the amount of \$13,825.94, and (v) approving as final  
13 compensation all amounts requested for the period November 24, 2003 through and including April  
14 12, 2004, including the additional \$396.75 of expenses detailed in this Application which was  
15 incurred during the April 1, 2004 to April 12, 2004 period. As of the date of this Application,  
16 Applicant has received \$78,347.05 in payment of its fees and \$839.53 in expenses pursuant to  
17 approved cover sheet fee applications that relate to the period November 24, 2003, through April  
18 12, 2004. A copy of this Application, together with a cover letter in the form attached as Exhibit B  
19 was submitted to Debtor more than 20 days before the date for which a hearing is to be scheduled  
20 on the application. There is no agreement or understanding of any kind or nature existing between  
21 Applicant and any other person or entity for the sharing, division or payment of any portion of the  
22 compensation awarded to Applicant for services rendered or expenses incurred by Applicant,  
23 except as among the partners and associates, consultants and employees of Applicant.

24 DATED: July 28, 2004

SHARTSIS, FRIESE & GINSBURG LLP

25  
26 By 

STEVEN O. GASSER

27  
28 Attorneys for Applicant  
LECG, LLC

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**CERTIFICATION**

The undersigned hereby certifies that:

- (a) He is the Director of Finance of LECG, LLC ("Applicant"),
- (b) He has read the foregoing First Amended Sixth and Final Application for Compensation and Reimbursement of Expenses by LECG, LLC ("Application");
- (c) He is informed and believes that the facts stated in the Application are true;
- (d) A copy of the orders authorizing Applicant's employment and the underlying application and the declarations referred to in the order are all attached to the Application as Exhibit A.
- (e) The time and activity entries included in Applicant's time records filed with Applicant's Sixth and Final Application for Compensation and Reimbursement of Expenses filed on July 8, 2004 are maintained in the ordinary course of Applicant's business and were made substantially contemporaneous with the rendering of the corresponding services, as well as supplemented at a later date to conform with applicable bankruptcy reimbursement guidelines;
- (f) The compensation and cost reimbursement requested in the Application were billed at rates in accordance with practices no less favorable than those customarily employed by Applicant and generally accepted by Applicant's clients;
- (g) To the best of his knowledge, information and belief formed after reasonable inquiry, the compensation and reimbursement sought is, except as is specifically noted in the Application, in conformity with the court's Guidelines for Compensation and Expense Reimbursement of Professionals and Trustees.

Dated: July 1, 2004

LECG, LLC

By: 

Its: Director of Finance