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Fred Taugher
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FILED
JUL 12 2004
UNITED STATES BANKRUPTCY COURT
SAN FRANCISCO, CA

**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

**EIGHTH INTERIM AND FINAL
APPLICATION OF PUBLIC POLICY
ADVOCATES LLC FOR ALLOWANCE
AND PAYMENT OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES;
DECLARATION OF FRED TAUGHER IN
SUPPORT THEREOF**

Hearing:

Date: September 14, 2004
Time: 1:30 p.m.
Place: 235 Pine Street, 22nd Floor
San Francisco, CA

LA1:#6285628v3

Eighth Interim and Final Application for Allowance and Payment of Compensation

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1 **TO THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTOR, AND**
3 **OTHER PARTIES IN INTEREST:**

4 Public Policy Advocates LLC ("PPA"), the Legislative Activities Consultant to
5 the Official Committee of Unsecured Creditors (the "Committee") appointed in the above-
6 captioned chapter 11 case of Pacific Gas and Electric Company, Debtor and Debtor in
7 Possession ("PG&E" or the "Debtor"), hereby submits its eighth interim and final application for
8 allowance and payment of compensation and reimbursement of costs and expenses (the "Final
9 Application") covering the period from August 1, 2001 through and including April 12, 2004
10 (the "Final Application Period"). Pursuant to the Court's Supplemental Order Re Procedures For
11 Applications For Professional Fees and Expenses entered on March 30, 2004, the eighth interim
12 period covers the period from December 1, 2003 through and including April 12, 2004 (the
13 "Eighth Interim Application Period"). In support of the Final Application, PPA respectfully
14 represents as follows:

15 This is PPA's Final Application for approval of compensation and reimbursement
16 of expenses for services rendered on behalf of the Committee in connection with the case. PPA
17 submits this Final Application in accordance with Bankruptcy Code sections 330 and 331, Rule
18 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Office of the
19 United States Trustee for the Northern District of California Guidelines (the "UST Guidelines"),
20 and the United States Bankruptcy Court Northern District of California Guidelines for
21 Compensation and Expense Reimbursement of Professionals and Trustees (the "Court
22 Guidelines").

23 Pursuant to this Final Application, PPA seeks an order (i) allowing interim
24 compensation of \$26,400.00 in fees accrued for services rendered in connection with the case by
25 PPA on behalf of the Committee during the Eighth Interim Application Period and allowance of
26 \$118.60 in costs and expenses incurred by PPA on behalf of the Committee during that same
27 period; and (ii) approving and allowing final compensation of \$198,400.00 in fees accrued for
28 services rendered in connection with the case by PPA on behalf of the Committee during the

1 Final Application Period and allowance of \$829.55 in costs and expenses incurred by PPA on
2 behalf of the Committee during that same period.

3 PPA to date has received payment of fees in the amount of \$22,440.00 and
4 reimbursement of expenses in the amount of \$118.60 on account of the Monthly Cover Sheet
5 Applications during the Eighth Interim Application Period, leaving a balance due of \$3,960.00.
6 In accordance with PPA's prior fee applications, in total, PPA has received \$194,440.00 in fees
7 and \$829.55 as payment in full of the expenses during the Final Application Period. The
8 services performed and costs and expenses incurred during the Eighth Interim Application Period
9 are summarized below.

10 To grant a request for compensation pursuant to Bankruptcy Code section 330,
11 the Court must find that such request is reasonable. PPA has entered into a contract with the
12 Committee to provide services at a fixed rate of either \$6,000.00 or \$10,000.00 per month.¹
13 PPA's employment under these terms has been approved by the Court. PPA has provided daily
14 monitoring and periodic briefing in order to advise the Committee in the course of this chapter
15 11 case, including the following:

16 (a) PPA has identified, reviewed, summarized, monitored and gathered
17 information on all relevant legislation during both the regular and special legislative sessions.
18 PPA has provided the Committee with regular reports on the status of this legislation, as well as
19 legislative amendments, administrative proposals, legislative meetings and hearings, press
20 conferences, stakeholder meetings and upcoming legislative and administrative events. PPA has
21 provided the Committee with copies of all relevant legislation, legislative amendments, analyses,
22 position papers, administrative data and proposals, and press releases. In particular, during the
23 Eighth Interim Application Period, PPA monitored and provided analyses and updates on SB772
24

25 ¹ PPA generally provides monthly legislative monitoring services at the rate of \$6,000.00
26 per month. However, the application to employ PPA, as approved by this Court on
27 November 6, 2001, provides that the fee may be increased to \$10,000.00 per month for
28 those months wherein the Committee requests PPA to engage in specific legislative
services. Pursuant to the monthly cover sheet applications submitted by PPA, PPA billed
the \$10,000.00 rate for only one month during the Final Application Period - September,
2003.

1 and subsequent amendments, the bill that would have in large part replaced exit financing based
2 on the Regulatory Asset with financing based on a Dedicated Rate Component (the "DRC").
3 The Debtor repeatedly maintained that had the legislation passed in its original form, they would
4 have walked away from the Settlement Agreement.

5 (b) PPA has attended legislative and administrative meetings and hearings,
6 stakeholders meetings, and press conferences for the Committee and has met with a number of
7 legislators, legislative and administrative staff on behalf of the Committee. PPA has developed
8 and maintained ongoing contacts with key legislators, legislative and administrative staff and
9 stakeholders for the Committee.

10 (c) PPA has provided the Committee with political and strategic analyses and
11 evaluations relating to relevant information gathered and presented to the Committee. PPA has
12 given its prognosis on the likelihood of a particular bill's passage and a description of the
13 political forces likely to impact proposed legislation.

14 For the reasons set forth above and pursuant to Bankruptcy Code sections 330 and
15 331, Bankruptcy Rule 2016, the Court Guidelines, the UST Guidelines and the standards adopted
16 by courts in awarding fees and costs, PPA submits that the fees for services rendered and costs
17 and expenses incurred on behalf of the Committee during the Final Application Period in the
18 total amount of \$199,229.55 are reasonable and should be allowed on a final basis and paid in
19 full.

20 No agreement or understanding of any kind or nature exists between PPA and any
21 other person or entity for the sharing, division, or payment of any portion of the compensation
22 awarded to PPA for services rendered or expenses incurred in connection with PPA's
23 representation of the Committee in the bankruptcy case, except as among the partners, associates
24 and employees of PPA.

25 **WHEREFORE**, PPA respectfully requests that this Court enter an order:

- 26 1. Approving this Final Application in its entirety.
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2. Approving an interim award of compensation in the amount of \$26,400.00 for professional services rendered and in the amount of \$118.60 as reimbursement of costs and expenses incurred, for a total award of \$26,518.60 during the Eighth Interim Application Period.


3. Approving final compensation in accordance with the interim applications in the amount of \$198,400.00 for professional services rendered and in the amount of \$829.55 as reimbursement of costs and expenses incurred, for a total award of \$199,229.55 during the Final Application Period.

4. Authorizing and directing PG&E to immediately pay to PPA the allowed amounts, less any such amounts already paid pursuant to the Second Amended Order Establishing Interim Fee Application and Expense Reimbursement Procedure.

5. Granting such other and further relief as the Court deems just and proper.

DATED: July 9, 2004


PUBLIC POLICY ADVOCATES LLC

By: 
Fred Taugher

CERTIFICATION

I, Fred Taugher, am the professional designated by PPA to ensure compliance with the United States Bankruptcy Court Northern District of California Guidelines for Compensation and Expense Reimbursement of Professionals and Trustee ("Court Guidelines"). I certify that (a) I have read the Eighth Interim Application; (b) to the best of my knowledge, information and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in conformity with the Court Guidelines, except as specifically noted in the Application; and (c) the compensation and expense reimbursement requested are billed at rates, in accordance with the firm's practice, no less favorable than those customarily employed by PPA and generally accepted by PPA's clients.

DATED: July 8, 2004


Fred Taugher

1 DECLARATION OF FRED TAUGHER

2
3 I, Fred Taugher, declare:

4 1. I am a member of Public Policy Advocates LLC ("PPA"), the Legislative
5 Activities Consultant to the Official Committee of Unsecured Creditors (the "Committee")
6 appointed in the above-captioned chapter 11 case of Pacific Gas and Electric Company, Debtor
7 and Debtor in Possession ("PG&E" or the "Debtor"). Except as otherwise stated, I have personal
8 knowledge of the facts set forth below, and if called upon, I could and would testify based upon
9 such personal knowledge to the facts set forth herein. I make this declaration in support of the
10 Eighth Interim and Final Application of Public Policy Advocates LLC for Allowance and
11 Payment of Compensation and Reimbursement of Expenses ("Final Application").

12 2. Pursuant to this Final Application, PPA seeks an order (i) allowing interim
13 compensation of \$26,400.00 in fees accrued for services rendered in connection with the case by
14 PPA on behalf of the Committee during the Eighth Interim Application Period and allowance of
15 \$118.60 in costs and expenses incurred by PPA on behalf of the Committee during that same
16 period; and (ii) approving and allowing final compensation of \$198,400.00 in fees accrued for
17 services rendered in connection with the case by PPA on behalf of the committee during the
18 Final Application Period and allowance of \$829.55 in costs and expenses incurred by PPA on
19 behalf of the Committee during that same period.

20 3. PPA to date has received payment of fees in the amount of \$22,440.00 and
21 reimbursement of expenses in the amount of \$118.60 on account of the Monthly Cover Sheet
22 Applications during the Eighth Interim Application Period, leaving a balance due of \$3,960.00.
23 In accordance with PPA's prior fee applications, in total, PPA has received \$194,440.00 in fees
24 and \$829.55 as payment in full of the expenses during the Final Application Period. The
25 services performed and costs and expenses incurred during the Eighth Interim Application Period
26 are summarized below.

27 4. PPA has entered into a contract with the Committee to provide services at
28

1 a fixed rate of either \$6,000.00 or \$10,000.00 per month.² PPA's employment under these terms
2 has been approved by the Court. PPA has provided daily monitoring and periodic briefing in
3 order to advise the Committee in the course of this chapter 11 case, including the following:

4 (a) PPA has identified, reviewed, summarized, monitored and gathered
5 information on all relevant legislation during both the regular and special legislative sessions.
6 PPA has provided the Committee with regular reports on the status of this legislation, as well as
7 legislative amendments, administrative proposals, legislative meetings and hearings, press
8 conferences, stakeholder meetings and upcoming legislative and administrative events. PPA has
9 provided the Committee with copies of all relevant legislation, legislative amendments, analyses,
10 position papers, administrative data and proposals, and press releases. In particular, during the
11 Eighth Interim Application Period, PPA monitored and provided analyses and updates on SB772
12 and subsequent amendments, the bill that would have in large part replaced exit financing based
13 on the Regulatory Asset with financing based on a Dedicated Rate Component (the "DRC").
14 The Debtor repeatedly maintained that had the legislation passed in its original form, they would
15 have walked away from the Settlement Agreement.

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17 stakeholders meetings, and press conferences for the Committee and has met with a number of
18 legislators, legislative and administrative staff on behalf of the Committee. PPA has developed
19 and maintained ongoing contacts with key legislators, legislative and administrative staff and
20 stakeholders for the Committee.

21 (c) PPA has provided the Committee with political and strategic analyses and
22 evaluations relating to relevant information gathered and presented to the Committee. PPA has
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given its prognosis on the likelihood of a particular bill's passage and a description of the political forces likely to impact proposed legislation.

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

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

Executed this 8th day of July, 2004 at Sacramento, California.


FRED TAUGHER