

CRAVATH, SWAINE & MOORE LLP

Paul H. Zumbro (*pro hac vice*)  
(pzumbro@cravath.com)

Kevin J. Orsini (*pro hac vice*)  
(korsini@cravath.com)

Omid H. Nasab (*pro hac vice*)  
(onasab@cravath.com)

Worldwide Plaza  
825 Eighth Avenue  
New York, NY 10019  
Tel: 212 474 1000  
Fax: 212 474 3700

KELLER & BENVENUTTI LLP

Tobias S. Keller (#151445)  
(tkeller@kellerbenvenuti.com)

Jane Kim (#298192)  
(jkim@kellerbenvenuti.com)

650 California Street, Suite 1900  
San Francisco, CA 94108  
Tel: 415 496 6723  
Fax: 650 636 9251

*Attorneys for Debtors  
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**

**PG&E CORPORATION,**

**- and -**

**PACIFIC GAS AND ELECTRIC  
COMPANY,**

**Debtors.**

- Affects PG&E Corporation
- Affects Pacific Gas and Electric Company
- Affects both Debtors

*\* All papers shall be filed in the Lead Case,  
No. 19-30088 (DM).*

Bankruptcy Case  
No. 19-30088 (DM)

Chapter 11

(Lead Case)(Jointly Administered)

**APPLICATION PURSUANT TO 11 U.S.C.  
§ 327(a) AND FED. R. BANKR. P. 2014(a)  
AND 2016 FOR AUTHORITY TO RETAIN  
AND EMPLOY COMPASS LEXECON,  
LLC AS ECONOMIC CONSULTANTS TO  
THE DEBTORS *NUNC PRO TUNC* TO  
PETITION DATE**

Date: May 9, 2019

Time: 9:30 a.m. (Pacific Time)

Place: United States Bankruptcy Court,  
Courtroom 17, 16th Floor  
San Francisco, CA 94102

1 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the  
2 “**Utility**”), as debtors and debtors in possession (collectively, “**PG&E**” or the “**Debtors**”) in the  
3 above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this Application (the  
4 “**Application**”), pursuant to section 327(a) of title 11 of the United States Code (the “**Bankruptcy**  
5 **Code**”) and Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the  
6 “**Bankruptcy Rules**”), for authority to retain and employ Compass Lexecon, LLC (“**Compass**”),  
7 through the Debtors’ litigation counsel, Cravath, Swaine & Moore LLP (“**Cravath**”), as economic  
8 consultants for the Debtors effective as of the Petition Date (as defined below) in accordance with  
9 the terms and conditions set forth in the Engagement Letter as amended (as defined below).

10 In support of this Application, the Debtors submit the Declaration of Dr. Adel Turki, a  
11 Senior Managing Director of Compass (the “**Turki Declaration**”), and the Declaration of Paul H.  
12 Zumbro, a partner at Cravath (the “**Zumbro Declaration**”), filed concurrently herewith. A copy  
13 of the Engagement Letter as amended (defined below) is annexed as an exhibit to the Turki  
14 Declaration. A proposed form of order approving the retention and employment of Compass is  
15 annexed hereto as **Exhibit A** (the “**Proposed Order**”).

## MEMORANDUM OF POINTS AND AUTHORITIES

### I. JURISDICTION

The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24, and Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern District of California (the “**Bankruptcy Local Rules**”). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### II. BACKGROUND

On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary cases under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in either of the Chapter 11 Cases. The Debtors’ Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

On February 12, 2019, the United States Trustee (the “**U.S. Trustee**”) appointed an Official Committee of Unsecured Creditors (the “**Creditors Committee**”). On February 15, 2019, the U.S. Trustee appointed an Official Committee of Tort Claimants (the “**Tort Claimants Committee**”) and, together with the Creditors Committee, the “**Committees**”).

Additional information regarding the circumstances leading to the commencement of the Chapter 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket No. 263] (the “**Wells Declaration**”).

1 **III. CRAVATH’S RETENTION OF COMPASS**

2 Cravath is the Debtors’ lead coordinating counsel for all wildfire-related issues involving  
3 PG&E. Prior to the Petition Date, Cravath was lead counsel for PG&E in lawsuits and with respect  
4 to claims related to the 2017 North Bay fires and the 2018 Camp fire. In the Chapter 11 Cases,  
5 Cravath is also engaged to handle all litigation matters for PG&E concerning the 2015 Butte fire  
6 (together with the 2017 North Bay fires and the 2018 Camp fire, the “**Northern California**  
7 **Wildfires**”). With respect to the 2017 Northern California Wildfires, Cravath retained Compass  
8 as its economic consultant on February 24, 2018, and memorialized Compass’ retention in the  
9 March 22, 2018 letter (together with the current 2019 Schedule of Fees and the April 29, 2019  
10 amendment, the “**Engagement Letter**”). The consulting work performed by Compass, and its  
11 communications with Cravath as part of such retention, is subject to the protections of attorney-  
12 client privilege and the attorney work product doctrine. While such protections limit the extent to  
13 which Compass’ work may be disclosed or described, Compass’ work to this point has, as a general  
14 matter, included the evaluation and analysis of potential damages and losses associated with the  
15 Northern California Wildfires.

16 **IV. COMPASS’ QUALIFICATIONS**

17 Compass is a leading economic consulting firm with twenty-one (21) offices and more than  
18 425 employees globally. Compass has considerable experience providing a wide variety of  
19 consulting services, including economic and financial analysis, to businesses in various contexts.  
20 In particular, Compass has expertise evaluating and assessing damages and losses in mass tort  
21 litigation, including in matters pertaining to the BP Deepwater Horizon oil spill and the General  
22 Motors ignition switch recalls.

23 Compass has been employed in numerous chapter 11 cases, including: *In re Aeropostale,*  
24 *Inc.*, Case No. 16-11275 (SHL) (Bankr. S.D.N.Y.); *In re AMR Corp.*, Case No. 11-15463 (SHL)  
25 (Bankr. S.D.N.Y.); *In re GenOn Energy, Inc.*, Case No. 17-33695 (DRJ) (Bankr. S.D. Tex.); *In*  
26 *re Lehman Bros. Holdings Inc., et al.*, 08-01355 (SCC) (Bankr. S.D.N.Y.); *In re Lightsquared Inc.,*  
27 *et al.*, Case No. 12-12080 (SCC) (Bankr. S.D.N.Y.); *In re Motors Liquidation Co.*, Case No. 09-  
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1 50026 (MG) (Bankr. S.D.N.Y.); *In re MPM Silicones, LLC*, Case No. 14-22503 (RDD) (Bankr.  
2 S.D.N.Y.); *In re Nine West Holdings, Inc.*, Case No. 18-10947 (SCC) (Bankr. S.D.N.Y.); *In re*  
3 *Paragon Offshore PLC*, Case No. 16-10386 (CSS) (Bankr. D. Del.); *In re Physiotherapy*  
4 *Holdings, Inc.*, Case No. 13-12965 (KG) (Bankr. D. Del.); *In re Tribune Co.*, Case No. 08-13141  
5 (KJC) (Bankr. D. Del.); and *In re Tronox Inc.*, Case No. 09-10156 (ALG) (Bankr. S.D.N.Y.).

6 As described above, Compass performed a number of services for the Debtors prior to the  
7 Petition Date and as a result, has developed valuable institutional knowledge regarding the subject  
8 matter of its engagement, which will assist it in providing effective and efficient services in the  
9 Chapter 11 Cases. Accordingly, Compass is both well-qualified and uniquely able to provide  
10 certain services during the Chapter 11 Cases in an efficient and timely manner.

#### 11 **V. SCOPE OF SERVICES**

12 Pursuant to the terms and conditions of the Engagement Letter, the Debtors seek to  
13 continue to retain Compass, through Cravath, to serve as economic consultants to assist with  
14 Cravath's representation of Debtors. The Debtors and Cravath contemplate the continuation of  
15 Compass' engagement for a wide variety of services as have been, and may be, requested by  
16 Cravath and/or the Debtors (the "Services"), including (but not limited to) the following:

- 17 • Analyzing the losses and potential damages associated with the Northern California  
18 Wildfires;
- 19 • Assisting the Debtors in any claims estimation process in the Chapter 11 Cases,  
20 including performing economic analysis and data review pertaining to the  
21 estimation of potential liability in connection with the Northern California  
22 Wildfires;
- 23 • Supporting the Debtors with related empirical analyses; and
- 24 • Providing expert testimony in connection with any of the foregoing services.

25 To the extent that the Debtors and Compass later determine that Compass will perform  
26 additional services, deemed appropriate and necessary to benefit the Debtors' estates, and going  
27 beyond those contemplated by the Application or reasonable extensions thereof, Compass and  
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1 the Debtors may enter into additional agreements with respect to such services and will seek  
2 separate retention orders with regard to any such additional agreements.

3 **VI. NO DUPLICATION OF SERVICES**

4 The Debtors intend that the services of Compass will complement or be entirely separate  
5 from, and not duplicate, the services being rendered by other professionals retained by or on behalf  
6 of Debtors in the Chapter 11 Cases. Compass understands that the Debtors have retained and may  
7 retain additional professionals during the term of the engagement. Compass will, working together  
8 with the Debtors and Cravath, use reasonable efforts to avoid the duplication of services being  
9 rendered by Compass and other professionals in the Chapter 11 Cases, and agrees to work  
10 cooperatively with any additional professionals to integrate any respective work conducted by the  
11 professionals on behalf of the Debtors.

12 **VII. COMPASS' DISINTERESTEDNESS**

13 Based upon the Turki Declaration, the Debtors submit that Compass is a “disinterested  
14 person” as that term is defined in section 101(14) of the Bankruptcy Code, as modified by section  
15 1107(b) of the Bankruptcy Code.

16 Compass is not a “creditor” with respect to fees and expenses of any of the Debtors. *See*  
17 11 U.S.C. Sections 101(10) and 101(14)(a). In the ninety (90) days before the Petition Date, the  
18 Debtors paid Compass \$739,321.58 for services rendered. To the extent that there are any invoices  
19 for professional services provided and unpaid by the Debtors as of the Petition Date, Compass  
20 agrees to waive such unpaid prepetition fees or expenses. Accordingly, as of the Petition Date,  
21 Compass does not hold a prepetition claim against the Debtors for amounts owed or services  
22 rendered.

23 Compass and the professionals assigned to these Chapter 11 Cases currently do not serve  
24 and have not served as a director, officer or employee of the Debtors within two years before the  
25 Petition Date. *See* 11 U.S.C. Section 101(14)(b).

26 To the best of the Debtors' knowledge, information, and belief, other than as set forth in  
27 the Turki Declaration and the exhibits thereto, Compass does not hold or represent any interest  
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1 adverse to the estates or any class of creditors or equity security holders. *See* 11 U.S.C. Section  
2 101(14)(c). The Debtors have been informed that Compass will conduct an ongoing review of its  
3 files to ensure that no disqualifying circumstances arise. If any new relevant facts or relationships  
4 are discovered, Compass will supplement its disclosure to the Court.

5 **A. Creditors Committee’s Proposed Retention of FTI**

6 The Debtors do not believe that the Creditors Committee’s proposed retention of FTI  
7 Consulting, Inc. (“FTI”)—which occurred long *after* Debtors retained Compass for purposes of  
8 the 2017 North Bay fires—impacts Compass’ disinterestedness in this matter. While Compass, a  
9 wholly owned subsidiary of FTI, constitutes an “affiliate” of FTI within the meaning of section  
10 101(2) of the Bankruptcy Code, there is nothing in the Bankruptcy Code stating that such  
11 affiliation, in and of itself, serves as a *per se* disqualifier for purposes of determining a  
12 professional’s disinterestedness. The Debtors also do not believe that either the Debtors’ retention  
13 of Compass or the Creditors Committee’s potential retention of FTI create an interest materially  
14 adverse to the interest of the estates pursuant to section 101(14)(c) of the Bankruptcy Code.  
15 Controlling Ninth Circuit precedent teaches that determining whether a party holds an interest that  
16 is materially adverse to the bankruptcy estate, so as not to qualify as disinterested under the  
17 Bankruptcy Code, necessarily requires an “objective and fact-driven inquiry” based on an  
18 examination of “the full panoply of events and elements” or “totality of the circumstances”. *In re*  
19 *AFI Holding, Inc.*, 530 F.3d 832, 848 (9th Cir. 2008) (adopting the First Circuit’s standard for  
20 determining whether a particular conflict is “materially adverse” to the estate sufficient to find a  
21 lack of disinterestedness). Based on all of the facts and circumstances stated below,<sup>1</sup> Debtors do  
22 not believe that FTI’s affiliation with Compass creates any conflict sufficient to taint Compass’  
23 disinterestedness in these Chapter 11 Cases.

24 *First*, Compass, while owned by FTI, operates as a separate and independent corporate  
25 entity from FTI. FTI does not manage, oversee or control any aspect of Compass’ day-to-day

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27 <sup>1</sup> *See also* Turki Declaration and Zumbro Declaration.  
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1 operations. Compass' management, employees and information technology systems are wholly  
2 separate and in no way overlap with FTI's management, employees or information technology  
3 systems.

4 *Second*, specifically as it relates to the work that Compass has been and may be doing for  
5 Cravath and the Debtors related to the Northern California Wildfires, FTI has not had, and will  
6 continue to not have, any supervision or control over any of the work performed by Compass.  
7 Compass' work related to the 2017 North Bay fires and the 2018 Camp fire was performed entirely  
8 by Compass personnel, who, as previously mentioned, share no overlap in any respect with FTI  
9 personnel and staff.

10 *Third*, Compass has confirmed that FTI has no visibility into, or access to, and has not seen  
11 to date, any of the work, or the results thereof, that Compass has undertaken for Cravath and the  
12 Debtors related to the Northern California Wildfires.

13 *Fourth*, FTI and Compass will not be working together, in any way, on any matters as to  
14 which Compass is being retained in the Chapter 11 Cases.

15 The Creditors Committee and FTI have also confirmed and represented to the Debtors that  
16 FTI operates entirely separately and independently from Compass, as an entirely separate  
17 corporate entity with separate management and employees, and that FTI will not be privy to, or  
18 have access to, in any way, the work undertaken by Compass for or on behalf of Debtors.  
19 *Statement of Debtors with Respect to Application of the Official Committee of Unsecured Creditors*  
20 *for Entry of an Order Pursuant to 11 U.S.C. §§328(a) and 1103 and Fed. R. Bankr. P. 2014(a) for*  
21 *Authorization to Retain and Employ FTI Consulting, Inc. as Financial Advisor Nunc Pro Tunc to*  
22 *February 12, 2019* [Docket No. 1560]. The Creditors Committee and FTI have further committed  
23 to protecting the confidentiality of their client information through the use of its "Ethical Wall  
24 procedures". *Declaration of Samuel E. Star in Support of Application of the Official Committee*  
25 *of Unsecured Creditors for Entry of an Order Pursuant to 11 U.S.C. §§328(a) and 1103 and Fed.*  
26 *R. Bankr. P. 2014(a) for Authorization to Retain and Employ FTI Consulting, Inc. as Financial*  
27 *Advisor Nunc Pro Tunc to February 12, 2019* [Docket 1212]. These procedures require, *inter alia*,



1 FTI to set up “electronic internal security walls to ensure that *only* FTI employees involved directly  
2 with or working on the FTI Committee Engagement [(i.e., no Compass professionals)] may have  
3 access to the information, databases, e-mails, schedules or any other information relating to that  
4 engagement”. *Id* (emphasis added). Compass will employ similar procedures to ensure that *only*  
5 Compass employees involved directly with or working on the Debtors’ engagement may have  
6 access to the information, databases, e-mails, schedules or any other information relating to that  
7 engagement.

8         Based on these representations and further subject to the condition that the Creditors  
9 Committee’s retention of FTI would in no way prejudice or preclude, in any way, the Debtors’  
10 ongoing ability to utilize Compass’ services, in any capacity, in the Chapter 11 Cases or any other  
11 context and would not present any conflicts for Compass or for the Debtors’ continuing retention  
12 and use of the services of Compass, the Debtors do not (and did not) object to the Creditors  
13 Committee’s proposed retention of FTI. However, as stated by Debtors’ counsel on the record  
14 before this Court at the hearing held on April 24, 2019, given all the valuable work Compass has  
15 done to date for the Debtors, it would be tremendously damaging to the Debtors and their estates  
16 if the Creditors Committee’s retention of FTI were to adversely impact the Debtors’ ability to  
17 continue to utilize Compass. For this reason and in furtherance of the guidance from the Court,  
18 the Debtors have submitted this Application at this time so that these important matters for the  
19 Debtors, the Creditors Committee and their respective professionals can be reviewed by the Court  
20 on a full record and resolved for all purposes at this time.<sup>2</sup>

21         Based on the foregoing, the Debtors do not believe that Compass has “an interest materially  
22 adverse to the interest of the estate or of any class of creditors” within the meaning of section  
23 101(14)(c) of the Bankruptcy Code. Importantly in the circumstances before the Court, the

24 <sup>2</sup> Debtors had not previously filed a retention application for Compass because Debtors do not  
25 believe that Compass' post-petition work to date falls within the scope of section 327(a) of the  
26 Bankruptcy Code. However, in light of the Creditors Committee’s proposed retention of FTI,  
27 out of an abundance of caution and to preserve the Debtors' right to continue using Compass'  
28 services throughout the Chapter 11 Cases, the Debtors seek this Court's approval to retain  
Compass under section 327(a) of the Bankruptcy Code at this time.

1 Debtors believe this to be true regardless of whether or not the Court approves the Creditor  
2 Committee's separate retention application for FTI. Accordingly, the Debtors submit that  
3 Compass is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy  
4 Code, as modified by section 1107(b) of the Bankruptcy Code.

#### 5 **VIII. PROFESSIONAL COMPENSATION**

6 As set forth in the Turki Declaration, Compass will apply to the Court for allowances of  
7 compensation and reimbursement of expenses in accordance with sections 330 and 331 of the  
8 Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, the *United States*  
9 *Bankruptcy Court Northern District of California Guidelines for Compensation and Expense*  
10 *Reimbursement of Professionals and Trustees*, effective February 19, 2014 (the "**Local**  
11 **Guidelines**"), the *U.S. Trustee Guidelines for Reviewing Applications for Compensation and*  
12 *Reimbursement of Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases*,  
13 effective November 1, 2013 (the "**U.S. Trustee Guidelines**," and together with the Local  
14 Guidelines, the "**Fee Guidelines**"), the *Order Pursuant to 11 U.S.C. §§ 331 and 105(a) and Fed.*  
15 *R. Bankr. P. 2016 for Authority to Establish Procedures for Interim Compensation and*  
16 *Reimbursement of Expenses of Professionals* [Docket No. 701], and any further Orders of the  
17 Court in the Chapter 11 Cases regarding professional compensation and reimbursement of  
18 expenses (the "**Orders**").

19 Subject to the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy  
20 Local Rules, the Fee Guidelines, and the Orders, the Debtors propose to compensate Compass as  
21 contemplated in the Engagement Letter on an hourly basis.

#### 22 **A. Hourly Fee Engagements:**

23 The hourly rates set forth below are Compass' current applicable hourly rates for  
24 the work of its professionals and staff members for certain of the engagements set forth in the  
25 Engagement Letter. These hourly rates reflect Compass' normal and customary billing practices  
26 for engagements of this complexity and magnitude. Compass' hourly rates are subject to periodic  
27 adjustment from time to time in accordance with Compass' established billing practices and  
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1 procedures. Compass will provide reasonable notice of any changes to its hourly rates to the  
2 Debtors and the U.S. Trustee.

<b>Compass Professional</b>	<b>Hourly Fee</b>
Senior Professionals	\$700-975
Professional Staff	\$580-685
Research Staff	\$220-605

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6 **B. Expenses**

7 Additionally, Compass will invoice the Debtors for its reasonable out-of-pocket expenses  
8 charged during the Chapter 11 Cases, which include, among other things, travel expenses and  
9 expenses for purchased data. Such out-of-pocket expenses are charged at actual cost. Compass  
10 will maintain records in support of any actual, necessary costs and expenses incurred in connection  
11 with the rendering of its services in these Chapter 11 Cases.

12 The Debtors respectfully submit that Compass' rates and policies stated in the Turki  
13 Declaration are reasonable, particularly given the nature of the Chapter 11 Cases.

14  
15 **IX. COMPENSATION, REIMBURSEMENT AND EXCULPATION PROVISIONS IN**  
16 **COMPASS' ENGAGEMENT LETTER**

17 By this Application, the Debtors also request that the Court approve the compensation  
18 (subject to the Court's approval of Compass' fee applications), exculpation and related provisions  
19 in the Engagement Letter (as amended by the April 29, 2019 addendum).

20 As described above, the Debtors retained Compass as their economic consultant on  
21 February 24, 2018 and memorialized Compass' retention in the March 22, 2018 letter, using  
22 Compass' standard form retention letter. Compass' standard form retention letter contains a  
23 limitation of liability provision stating that "Compass shall not be liable under this agreement to  
24 [the Debtors], [their] counsel, or [their] respective successors, assigns, or affiliates except where  
25 damages result directly from the gross negligence or willful misconduct of Compass Lexecon or  
26 its employees. In no event shall Compass Lexecon be liable for punitive or consequential damages  
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1 of any kind. The terms of this paragraph shall survive the termination of this agreement and shall  
2 apply to any controlling person, director, officer, employee, subcontractor, independent contractor  
3 or affiliate of Compass Lexecon. In no event, regardless of whether Compass Lexecon has  
4 consented to such disclosure, shall Compass Lexecon assume any responsibility to any third party  
5 to which any advice or report is disclosed or otherwise made available.”

6 In anticipation of the filing of this Application, the Debtors were able to negotiate a  
7 narrower limitation of liability provision in the April 29, 2019 addendum to the March 22, 2018  
8 letter, and carve out from the liability limitation damages caused by negligence. The addendum  
9 provides that “[the Debtors], Cravath and Compass Lexecon agree that the provisions governing  
10 limitation of liability in the [March 22, 2018 letter] are hereby replaced by their entirety by the  
11 following: 'Compass Lexecon shall not be liable under the Retention Letter to the Client, its  
12 counsel, or their respective successors, assigns, or affiliates except where damages result directly  
13 from the negligence, gross negligence or willful misconduct of Compass Lexecon or its  
14 employees.’” Debtors believe this narrower liability limitation is a reasonable and customary  
15 provision in agreements concerning the retention of economic consultants.

16 **X. BASIS FOR RELIEF REQUESTED**

17 The Debtors seek authority to employ and retain Compass, through Cravath, as their  
18 economic consultants under section 327 of the Bankruptcy Code, which provides that a debtor is  
19 authorized to employ professional persons “that do not hold or represent an interest adverse to the  
20 estate, and that are disinterested persons, to represent or assist the [debtors] in carrying out the  
21 [debtors’] duties under this title.” 11 U.S.C. § 327(a). Section 1107(b) of the Bankruptcy Code  
22 elaborates upon sections 101(14) and 327(a) of the Bankruptcy Code in cases under chapter 11 of  
23 the Bankruptcy Code and provides that “a person is not disqualified for employment under section  
24 327 of [the Bankruptcy Code] by a debtor in possession solely because of such person’s  
25 employment by or representation of the debtor before the commencement of the case.” 11 U.S.C.  
26 § 1107(b).

1 **XI. NOTICE**

2 Notice of this Application will be provided to (i) the Office of the U.S. Trustee for Region  
3 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (ii) counsel to the Creditors  
4 Committee; (iii) counsel to Tort Claimants Committee; (iv) the Securities and Exchange  
5 Commission; (v) the Internal Revenue Service; (vi) the Office of the California Attorney General;  
6 (vii) the California Public Utilities Commission; (viii) the Nuclear Regulatory Commission; (ix)  
7 the Federal Energy Regulatory Commission; (x) the Office of the United States Attorney for the  
8 Northern District of California; (xi) counsel for the agent under the Debtors' debtor in possession  
9 financing facility; and (xii) those persons who have formally appeared in the Chapter 11 Cases and  
10 requested service pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that no  
11 further notice is required.

12 No previous request for the relief sought herein has been made by the Debtors to this or  
13 any other Court.

14 WHEREFORE the Debtors respectfully request entry of an order granting (i) the relief  
15 requested herein as a sound exercise of the Debtors' business judgment and in the best interests of  
16 their estates, creditors, shareholders, and all other parties interests, and (ii) such other and further  
17 relief as the Court may deem just and appropriate.

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Dated: April 29, 2019

**CRAVATH, SWAINE & MOORE LLP**  
**KELLER & BENVENUTTI LLP**

By: /s/ Jane Kim  
Jane Kim

*Attorneys for Debtors  
and Debtors in Possession*

Exhibit A  
**[PROPOSED] Order**

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1 CRAVATH, SWAINE & MOORE LLP  
Paul H. Zumbro (*pro hac vice*)  
2 (pzumbro@cravath.com)  
Kevin J. Orsini (*pro hac vice*)  
3 (korsini@cravath.com)  
Omid H. Nasab (*pro hac vice*)  
4 (onasab@cravath.com)  
Worldwide Plaza  
5 825 Eighth Avenue  
New York, NY 10019  
6 Tel: 212 474 1000  
Fax: 212 474 3700

7  
8 KELLER & BENVENUTTI LLP  
Tobias S. Keller (#151445)  
9 (tkeller@kellerbenvenuti.com)  
Jane Kim (#298192)  
10 (jkim@kellerbenvenuti.com)  
650 California Street, Suite 1900  
11 San Francisco, CA 94108  
Tel: 415 496 6723  
12 Fax: 650 636 9251

13 *Attorneys for Debtors*  
14 *and Debtors in Possession*

15 **UNITED STATES BANKRUPTCY COURT**  
16 **NORTHERN DISTRICT OF CALIFORNIA**  
**SAN FRANCISCO DIVISION**

17  
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20 **- and -**

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Bankruptcy Case  
No. 19-30088 (DM)

Chapter 11  
(Lead Case)

(Jointly Administered)

**[PROPOSED] ORDER PURSUANT TO**  
**11 U.S.C. § 327(a) AND FED. R. BANKR. P.**  
**2014(a) AND 2016 FOR AUTHORITY TO**  
**RETAIN AND EMPLOY COMPASS**  
**LEXECON, LLC AS ECONOMIC**  
**CONSULTANTS TO THE DEBTORS *NUNC***  
***PRO TUNC* TO PETITION DATE**



1           Upon the Application, dated April 29, 2019 (the “**Application**”),<sup>1</sup> of PG&E Corporation  
2 (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as debtors and debtors in  
3 possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-captioned chapter 11 cases (the  
4 “**Chapter 11 Cases**”), pursuant to section 327(a) of title 11 of the United States Code (the  
5 “**Bankruptcy Code**”) and Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure  
6 (the “**Bankruptcy Rules**”), for authority to retain and employ Compass Lexecon, LLC  
7 (“**Compass**”) as economic consultants for the Debtors, effective as of the Petition Date, all as more  
8 fully set forth in the Application; and this Court having jurisdiction to consider the Application  
9 and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Order Referring*  
10 *Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 and Rule 5011-1(a)  
11 of the Bankruptcy Local Rules for the United States District Court for the Northern District of  
12 California (the “**Bankruptcy Local Rules**”); and consideration of the Application and the  
13 requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper  
14 before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the  
15 Application having been provided to the parties listed therein, and it appearing that no other or  
16 further notice need be provided; and this Court having reviewed the Application, the Turki  
17 Declaration and the Zumbro Declaration; and upon the record of the Hearing (if any was held) and  
18 all of the proceedings had before the Court; and this Court having found and determined that the  
19 relief sought in the Application is in the best interests of the Debtors, their estates, creditors,  
20 shareholders, and all parties in interest; and that the legal and factual bases set forth in the  
21 Application establish just cause for the relief granted herein; and after due deliberation and  
22 sufficient cause appearing therefor,

23           **IT IS HEREBY ORDERED THAT:**

- 24           1.       The Application is granted as provided herein.
- 25           2.       Pursuant to section 327(a) of the Bankruptcy Code and Bankruptcy Rules 2014(a)
- 26

27 \_\_\_\_\_  
28 <sup>1</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to  
such terms in the Application.

1 and 2016, the Debtors are authorized to employ and retain Compass as economic consultants in  
2 these Chapter 11 Cases in accordance with the terms and conditions set forth in the Engagement  
3 Letter to perform the services as contemplated by the Application, *Nunc Pro Tunc* to the Petition  
4 Date.

5 3. If, during the pendency of these Chapter 11 Cases, the Debtors and Compass enter  
6 into any additional agreements for the provision of additional services by Compass, beyond those  
7 contemplated by the Application or reasonable extensions thereof, Compass and the Debtors will  
8 seek separate retention orders with regard to any such additional agreements.

9 4. Notwithstanding anything to the contrary contained herein or in the Application  
10 and the Engagement Letter, Compass shall file interim and final fee applications for allowance of  
11 compensation and reimbursement of out-of-pocket expenses in accordance with sections 330 and  
12 331 of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, the *United States*  
13 *Bankruptcy Court Northern District of California Guidelines for Compensation and Expense*  
14 *Reimbursement of Professionals and Trustees*, effective February 19, 2014 (the “**Local**  
15 **Guidelines**”), the *U.S. Trustee Guidelines for Reviewing Applications for Compensation and*  
16 *Reimbursement of Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases*,  
17 effective November 1, 2013 (the “**U.S. Trustee Guidelines**,” and together with the Local  
18 Guidelines, the “**Fee Guidelines**”), the *Order Pursuant to 11 U.S.C. §§ 331 and 105(a) and Fed.*  
19 *R. Bankr. P. 2016 for Authority to Establish Procedures for Interim Compensation and*  
20 *Reimbursement of Expenses of Professionals* [Docket No. 701], and any further Orders of the  
21 Court in these Chapter 11 Cases regarding professional compensation and reimbursement of  
22 expenses (the “**Orders**”). For the avoidance of doubt, Compass’ fee applications are subject to  
23 court approval.

24 5. Compass shall provide reasonable notice to the Debtors and the U.S. Trustee of any  
25 increase of the hourly rates listed in the Turki Declaration.

26 6. Compass shall use its best efforts to avoid duplication of services provided by any  
27 of the Debtors’ other retained professionals in these Chapter 11 Cases.

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7. Except as otherwise ordered herein, the compensation, reimbursement, limitation of liability and related provisions set forth in the Engagement Letter are approved.

8. To the extent the Application is inconsistent with this Order, the terms of this Order shall govern.

9. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

**\*\* END OF ORDER \*\***