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Financial Advisors for Official Committee of
Unsecured Creditors

**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

**FIRST INTERIM APPLICATION OF
SAYBROOK CAPITAL, LLC FOR
ALLOWANCE AND PAYMENT OF
COMPENSATION AND
REIMBURSEMENT OF EXPENSES
(APRIL 16, 2001 THROUGH JULY 31,
2001); DECLARATION OF JONATHAN
ROSENTHAL IN SUPPORT THEREOF**

Hearing:

Date: October 11, 2001

Time: 10:00 AM

Place: 235 Pine Street, 22nd Floor
San Francisco, CA

Appl Add: Kids Oper Mail Center

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 Saybrook Capital, LLC ("Saybrook"), financial advisor to the Official Committee
5 of Unsecured Creditors ("Committee" or "OCC") in the Pacific Gas and Electric ("PG&E" or
6 "Company") bankruptcy case, hereby submits its first interim application for allowance and
7 payment of compensation and reimbursement of costs and expenses (the "First Interim
8 Application") covering the period from April 16, 2001 through July 31, 2001 (the "First
9 Application Period"). In support of the First Interim Application, Saybrook respectfully
10 represents as follows:

11 **I.**

12 **INTRODUCTION**

13
14 This is Saybrook's first long-form interim application for approval of
15 compensation and reimbursement of related expenses for services rendered on behalf of the
16 Committee during PG&E's chapter 11 case. Saybrook submits this First Interim Application in
17 accordance with Bankruptcy Code sections 328, 330 and 331, Rule 2016 of the Federal Rules of
18 Bankruptcy Procedure (the "Bankruptcy Rules"), the Office of the United States Trustee for the
19 Northern District of California Guidelines (the "UST Guidelines") and the United States
20 Bankruptcy Court Northern District of California Guidelines for Compensation and Expense
21 Reimbursement of Professionals and Trustee ("Court Guidelines"). Through this First Interim
22 Application, Saybrook seeks interim approval and allowance of \$875,000 in fees accrued and
23 \$19,471.71 in expenses incurred for services rendered by Saybrook on behalf of the Committee
24 during the period April 16, 2001 through and including July 31, 2001.

25
26 During the First Application Period, Saybrook professionals rendered services to
27 the Committee in connection with the PG&E's bankruptcy case at the agreed upon monthly fee
28 of \$250,000. Saybrook also incurred \$19,471.71 in costs and expenses in connection with those

1 services, for which Saybrook is requesting reimbursement. Accordingly, Saybrook seeks
2 allowance and payment of a total of \$875,000 for services rendered and reimbursement of costs
3 and expenses incurred during the First Application Period. Saybrook has received payment of
4 fees in the amount of \$787,500 and expenses in the amount of \$19,471.71 on account of the
5 Monthly Cover Sheet Application for the period of April 16, 2001 through July 31, 2001.
6 Saybrook is seeking the balance due for services provided during the First Application Period of
7 \$87,500. The services and costs for the First Application Period are described below and are
8 detailed in the exhibits filed concurrently herewith.

9 II.

10 SUMMARY OF DEVELOPMENTS IN THE CASE

11
12 Saybrook has been working on a daily basis with the Committee and its other
13 professionals to understand and evaluate a myriad of issues that have confronted the Company
14 since our engagement on April 16, 2001. In order to manage and absorb the flow of information,
15 the Committee has established several sub-committees focused on particular aspects of the case.
16 Committee members with relevant expertise have volunteered to serve on these sub-committees.
17 Each sub-committee is supported by the Committee's professionals with at least one
18 representative each from Saybrook, Milbank and PricewaterhouseCoopers ("PWC") servicing
19 each sub-committee.

20
21 The sub-committees include a litigation sub-committee, a legislative/regulatory
22 sub-committee and a finance sub-committee. These sub-committees generally meet or talk via
23 conference call once a week to consider relevant issues. The sub-committees are expected to vet
24 information, report back to the Committee and make recommendations when appropriate.

25
26 The Committee has established a meaningful working relationship with the
27 Company. To foster this interaction, the Committee has established a Plan working group
28 consisting of five Committee Members (the "Plan Working Group") and the Committee's

1 professionals that focuses on the Plan itself. The Plan Working Group generally meets several
2 times each month with and without the Company. The Plan Working Group has been intimately
3 involved with the Company on Plan design and strategies for Plan implementation. The
4 Company and its professionals have been forthcoming and cooperative in providing data and
5 explanations necessary to the Committee's analysis. The Committee has made material
6 suggestions affecting the Company's Plan of Reorganization (the "Plan") and in some instances,
7 the Company has incorporated those suggestions into the Plan design.

8
9 In addition, Saybrook interacts with the Company's financial advisor on a daily
10 basis. This working dialogue has resulted in overcoming difficult and sometimes divisive issues.
11 Saybrook, on behalf of the Committee, is expected to be intimately involved in all facets of the
12 Company's efforts to confirm and implement the Plan.

13 Finally, on behalf of the Committee, Saybrook had ongoing interaction with
14 members of the State legislature and their staffs, the Governor's office and the and the State
15 Treasurer's office regarding the various iterations of the SCE bailout legislation.

16 17 **III.**

18 **SUMMARY OF SERVICES RENDERED BY SAYBROOK**

19 During the First Application Period, Saybrook represented and advised the
20 Committee with respect to a wide range of issues and challenges. Due to the comprehensive
21 nature of the services rendered by Saybrook during the First Application Period, no attempt is
22 made herein to detail the totality of such services. The full scope of the services rendered by
23 Saybrook is set forth in detail in Exhibit 1 of the Cover Sheet Applications for the Period
24 April 16, 2001 to June 30, 2001 and from July 1, 2001 to July 31, 2001" (the "Billing Reports").
25 However, in order to assist the Court, the United States Trustee, PG&E and other parties in
26 interest in reviewing this First Interim Application, a brief summary of Saybrook's billing
27 procedures and the services rendered by Saybrook during the First Application Period with
28 regard to each activity code category, including certain undertakings within each category, is set

1 forth below.

2 **A. Summary Of Saybrook's Billing Procedures.**

3
4 It is Saybrook's normal business practice to charge its clients in full for services
5 rendered and all actual and necessary out-of-pocket costs and expenses incurred by Saybrook in
6 providing those services.

7
8 In the ordinary course of its practice, Saybrook assigns the proper personnel
9 necessary to complete the scope of work outlined at the beginning of the engagement. Saybrook
10 will typically assign Partners, Managing Directors, a Vice Presidents and/or Associates to a
11 project to advise the client on any financing issues and strategic options related to the financing
12 and to participate in the daily management process of a reorganization plan. Other Saybrook
13 staff members will also assist with the administrative duties for the engagement. Records are
14 made substantially contemporaneously with the rendition of these professional services and are
15 prepared by the Saybrook staff members who have rendered the services.

16 Due to the size and complexity of this case, the assistance of various Saybrook
17 professionals has been called upon. As a full service investment bank, Saybrook has been able to
18 advise the Committee efficiently on a variety of financing issues without assistance from outside
19 firms. This capacity saves Saybrook's clients, including the Committee, substantial sums and
20 provides the highest quality integrated representation possible in the most efficient manner.

21 As is the case with most investment banking firms, Saybrook's resources are
22 dedicated on a monthly basis and are not organized around hourly fees. In this case, Saybrook
23 has expended considerably more resources than initially reflected in its professionals' declaration
24 in the Saybrook's approved Employment Application. This is due in part to the unprecedented
25 scope and complexity of the Plan, the diversity of the Committee and the Company's receptivity
26 to the Committee's participation in the Plan process.

1 **B. Summary Of Exhibits Regarding Services Rendered By Saybrook.**

2 Attached as Exhibit "1" to the Declaration of Jonathan Rosenthal ("Rosenthal
3 Declaration") is a summary of the services rendered by Saybrook professionals, as well as a
4 categorical summary of expenses incurred during the First Application Period.

5
6 Pursuant to its normal practice when representing committees, Saybrook has
7 broken down its services rendered into the separate and distinct activity code categories. Each
8 category provides an overview of the topics addressed during the First Application Period.

9 The summary of services reports set forth a chronological, detailed description of
10 the services rendered by Saybrook professionals on behalf of the Committee during the First
11 Application Period for each of the activity code categories described below.

12
13 Attached as Exhibit "2" of the Rosenthal Declaration is a summary setting forth
14 the name of each professional who expended time on this case and an approximation of his/her
15 total working time expended in this matter on a weekly basis during the First Application Period.

16 **C. Narrative Summary Of Services Provided By Saybrook.**

17
18 **1. Reorganization Plan Analysis (Category 01)**

19
20 Services rendered by Saybrook professionals in this category included:

- 21 a) Met with representatives of PG & E and its financial advisors to discuss
22 various high level parameters for PG & E's proposed Plan of
23 Reorganization.
24
25 b) Dealt with several major issues dealing with the Plan, risk factors
26 associated with the Plan and confidentiality.
27
28

- 1 c) Played an integral role in helping the OCC and the Plan Working Group
2 form a point of view with respect to the proposed Reorganization Plan.
3
4 d) Met with PG & E's professionals to further understand the details of PG &
5 E's Plan.
6
7 e) Participated in conference calls with professionals from the OCC and PG
8 & E to discuss the tax issues associated with the proposed Plan.
9
10 g) Analyzed PG&E real estate assets.
11

12 **2. Committee and Subcommittee Meetings (Category 02)**
13

14 Services rendered by Saybrook professionals in this category included:
15

- 16 a) Meetings and conference calls with committees and subcommittees to
17 consider the financial impacts of the Qualified Facility (the "QF")
18 contracts on the estate and to decide on whether to support the debtor's
19 position to suspend, reject or assume the QF contracts.
20
21 b) Meetings with the OCC and PG & E, describing PG & E's dealings with
22 the State, including the discussions on whether or not the State bond deal
23 diverts existing rates to debt service of those bonds at the expense of the
24 creditors.
25
26 c) Meetings with several OCC members in interviews of public relations
27 firms for the Committee.
28

- 1 d) Meetings with committee co-chairs to strategize regarding evaluation of a
2 Plan.
3
4 e) Discussions with members of the OCC, the Plan Working Group or the
5 legislative/regulatory subcommittee regarding SB78xx (Polanco), AB82xx
6 (Keeley) and AB83xx (Wright) and the various alternatives outlined in
7 those bills.
8
9 f) Weekly meetings with PG & E officials Peter Darby, Kent Harvey, Kent
10 Buckfire and several others PG&E executives, along with PWC, Milbank
11 and several Committee members to discuss strategies and to set up another
12 working group session.
13
14 g) Analyzed the upcoming legislation about the "DWR Bond Set-Aside" that
15 would form the basis of debt service for the AB1x bonds.
16

17 **3. Procurement of Energy (Category 03)**
18

19 Services rendered by Saybrook professionals in this category included:
20

- 21 a) Analyzed issues surrounding CDWR procurement of energy as mandated
22 by AB 1x.
23
24 b) Reviewed the determination of PG&E costs for transmission, distribution
25 and generation.
26
27 c) Participated in conference calls hosted by the State Treasurer and the
28 Department of Finance on the status of the AB1x bond deal. Spoke with

1 bankers at JP Morgan regarding the same.
2
3

4 **4. Legislative Matters (Category 04)**

5 Services rendered by Saybrook professionals in this category included:
6

- 7 a) Analyzed all legislative matters as they pertain to OCC issues in the
8 bankruptcy, including the twenty plus energy related bills that have been
9 introduced since December 2000.
10
11 b) Meetings with representatives of the Governor's office and discuss their
12 analysis of the SCE MOU.
13
14 c) Discussed QF issues with members of the legislature, trying to understand
15 the impact this may have on the supply of electricity and to credit issues
16 related to the bankruptcy estate.
17
18 d) Discussed with members of the legislature and/or their staffs the status of
19 prospective legislative deliberations on the SCE MOU.
20
21 e) Meetings with the Governor's financial advisers to further understand the
22 SCE MOU and the supplemental financial information provided to the
23 marketplace supporting the transaction.
24
25 f) Meetings with members of the legislature and their staffs on the issue of
26 the various "Plan B" alternatives to the SCE MOU's that were under
27 consideration in Sacramento. Evaluated and anticipated the various "Plan
28

1 B” proposals and relayed those evaluations to the legislative/regulatory
2 subcommittee.

3
4 g) Reviewed the “GOP Ratepayer Protection Plan” in detail and relayed our
5 analysis to members of the legislative/regulatory subcommittee.

6
7 h) Gave input to various legislators and/or their staffs concerning what
8 elements of any SCE bailout bill would work best for PG&E’s creditors if
9 the bailout language was ultimately used as a template for PG & E.

10
11 i) Attended ISO hearing of the bankruptcy court and had the opportunity to
12 discuss the ISO issue with counsel to the ISO.

13
14 j) Reviewed issues involving the FERC.

15
16 k) Monitored meetings convened by Speaker Hertzberg of stakeholders in
17 proposed SCE bailout legislation (e.g., California Chamber of Commerce,
18 California Manufacturers and Technology Association, California
19 Retailers Association, California Large Energy Consumers Association,
20 Independent Energy Producers Association, Silicon Valley Manufacturing
21 Group, TURN, etc.).

22
23 l) Monitored discussions amongst the State Treasurer, the Governor and the
24 Speaker on the direct access issue.

25
26 m) Spoke with members of the legislature and the State Treasurer’s office
27 about OCC opposition to the DWR siphoning off so much of the recent
28 three cent rate increase that there wouldn’t be enough left over to cover

debt service on IOU bonds to be issued to pay off creditor claims.

- n) Gave input to legislative staff on the OCC's perspective of SB78xx, AB 82xx and AB83xx.
- o) Reviewed the amended version of SB 18xx, which established the "DWR Bond Set-Aside" and "DWR Bond Repayment Fund," which together form the core of the AB1x debt service mechanism. Saybrook reviewed this bill and re-registered the concerns expressed above concerning DWR eating up too much of the rate increase.

5. Financial Issue Analysis (Category 05)

Services rendered by Saybrook professionals in this category included:

- a) Discussions with Nathan Brostrom of JP Morgan (the lead banker for the State bond deal) on the status of the state bond deal, the steps necessary to issue the bonds and the hurdles that needed to be overcome to come to market.
- b) Meetings with representatives from S&P to discuss the State's bond deal and the various credit structures that might be considered investment grade.
- d) Led a series of meetings and conference calls with Lehman Brothers to describe the exit financing associated with the Plan. Lehman discussed its view of the depth of the market for California utility debt and the impact

of gating restrictions and other trade-offs.

- e) Interacted on a daily basis with Rothschild to craft treatment of Creditors prior to Plan Effective Date.
- f) Worked with Rothschild and Lehman to design a package of consideration that is beneficial to Creditors and feasible.
- g) Worked with Rothschild and Lehman to understand and analyze the financial and capital market issues related to the Plan.
- h) Worked with the OCC financial subcommittee to analyze the Debtor's operating and financial assumptions related to the Plan.
- i) Analyzed the State/General Fund financial position from a liquidity perspective to assess timing of the DWR bond deal.
- j) Monitored the financial and capital market consequences of the SCE MOU and the potential impact on PG&E creditors of a similar strategy for the Debtor.

6. Public Relations (Category 06)

Services rendered by Saybrook professionals in this category included:

- a) Participated in interviews of Public Relations firms which culminated in the selection of Rogers & Associates.
- b) Meetings with members of Milbank and representatives from Rogers & Associates to bring the latter up to speed on the electricity business and the bankruptcy and began formulating an initial PR strategy for the

Committee. Notwithstanding the Committee's belief in the need for services provided by Rogers & Associates, the court later denied the Rogers & Associates Employment Application by the Committee.

7. Southern California Edison Issue Analysis (Category 07)

Services rendered by Saybrook professionals in this category included:

- a) Reviewed the SCE MOU and pre-bankruptcy negotiations between PG&E and the State.
- b) Participated on the SCE/Edison International investor conference calls and web casts to gain a better understanding of their financial situation.
- c) Participated on conference calls hosted by the Governor's advisers on the State's role in crafting the MOU's with SCE and SDG&E.
- d) Various meetings and phone calls with the Governor's office, the legislature and their staffs and the State Treasurer's office concerning the SCE Bailout legislation.

8. P G & E Business Issue Analysis (Category 08)

Services rendered by Saybrook professionals in this category included:

- a) Met with the Debtor and its legal counsel to discuss DWR Revenue Requirement and other CPUC related issues.

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- b) Monitored all aspects of state bond issue due to its potential impact on the trust estate and modeled the debt service piece of the DWR revenue requirement.
- c) Analyzed actions of PG& E regarding irrigation districts, property taxes and the Kern County Facility.
- d) Analyzed payment of critical vendors and compensation for senior PG&E management.
- e) Met with representatives of PG & E and covered a variety of issues, including pre-payment of critical vendors, counter parties and professionals, employee merit pay and bonuses for 2000.

9. Fee Application (Category 09)

Services rendered by Saybrook professionals listed in this category included:

- a) Drafting the Saybrook employment application and obtaining an order thereon in accordance with the requirements established by the United States Bankruptcy Code, the Court and the U.S. Trustee.
- b) Drafting the Saybrook monthly cover sheet applications and First Interim Application in accordance with the requirements established by the United States Bankruptcy Code, the Court and the U.S. Trustee.
- c) Delivered a revised declaration to the court related to Saybrook's fee

1 application.

2 **10. Non-Working Travel (Category 10)**

3 Services rendered by Saybrook professionals listed in this category included:

- 4
- 5 a) Travel to and from San Francisco for meetings with Committee members,
- 6 PG&E and its counsel, other PG&E professionals, PWC and for Court
- 7 appearances.
- 8
- 9 b) Travel to and from Sacramento for meetings with the Governor's office,
- 10 members of the legislature and their staffs and the State Treasurer's office
- 11 concerning the SCE Bailout legislation.

12 **IV.**

13 **SUMMARY OF ACTUAL AND NECESSARY EXPENSES INCURRED BY SAYBROOK**

14

15 Saybrook maintains detailed records of all actual and necessary out-of-pocket

16 expenses incurred and typically charged in connection with rendering professional services to its

17 clients in the ordinary course of its business practice. A brief explanation of certain costs

18 incurred and charged to the estate is set forth below:

19 (a) Saybrook does not charge its clients for photocopying done in-house;

20 copying done by outside services is charged at cost;

21

22 (b) Saybrook charges its clients for document retrieval services and

23 specialized searches and services, such as messengers and conference calling, at cost;

24 (c) Saybrook charges its clients for mileage (\$0.325 per mile, if sought) and

25 parking costs incurred by its Partners, Managing Directors, Vice Presidents and Associates in

26 connection with services rendered at cost;

27

28 (d) Saybrook charges its clients for cab fares or other transportation costs

1 incurred by its Partners, Managing Directors, Vice Presidents and Associates when working on
2 specific client matters, at cost;

3 (e) Saybrook does not charge its clients for word processing services rendered
4 by a specialized operator and by the secretary assigned to each Partner. Saybrook does not
5 charge for the use of its computer system based on the amount of time utilized to prepare
6 documents. In order to comply with the UST Guidelines and the Court Guidelines, no such
7 charges are included in this First Interim Application;

8
9 (f) Saybrook does not charge its clients for the cost of overtime and weekend
10 meals when pressing client matters require the banker to work during the meal; however, in
11 accordance with the UST Guidelines and the Court Guidelines, no such charges are included in
12 this First Interim Application;

13 (g) In accordance with the UST Guidelines and the Court Guidelines,
14 Saybrook is seeking reimbursement for long distance telephone calls at cost.

15 16 V.

17 **COMPENSATION REQUESTED AND RELEVANT LEGAL STANDARD**

18 To grant a request for compensation pursuant to Bankruptcy Code sections 328,
19 330 and 331, the Court must find that such request is reasonable.

20
21 Saybrook's fees are reasonable given the size and complexity of the bankruptcy
22 case and are commensurate with the fees that Saybrook has been awarded in comparable chapter
23 11 cases and that financial advisors of comparable experience and expertise charge on a regular
24 basis to represent creditor committees in comparable chapter 11 cases. Saybrook's fee structure
25 was disclosed in the original employment application.

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VI.
CONCLUSION

For the reasons set forth above and pursuant to Bankruptcy Code sections 328, 330 and 331, Bankruptcy Rule 2016, the Court Guidelines, the UST Guidelines and the standards adopted by courts in awarding investment banker's fees and costs, Saybrook submits that the fees for services rendered and costs and expenses incurred on behalf of the Committee during the First Application Period in the total amount of \$894,471.71 are reasonable and should be allowed on an interim basis and paid in full.

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

WHEREFORE Saybrook respectfully requests that this Court enter an order:

1. Approving this First Interim Application in its entirety;
2. Approving an interim award of compensation in the amount of \$875,000 for professional services rendered and reimbursement of costs and expenses incurred in the amount of \$19,471.71, for a total amount of \$894,471.71;
3. Authorizing and directing PG&E to immediately pay to Saybrook the allowed amounts, less any such amounts already paid pursuant to the Order Establishing Interim Fee Application and Expense Reimbursement Procedure; and
4. Granting such other and further relief as the Court deems just and proper.

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DATED: September 14, 2001

Respectfully submitted.

SAYBROOK CAPITAL, LLC

By: _____

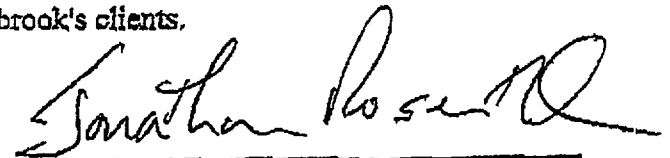
Jonathan Rosenthal
Jon P. Schotz
Jonathan Y. Thomas
Jeffrey M. Wilson

Financial Advisor to Official Committee of Unsecured
Creditors

CERTIFICATION

I, Jonathan Rosenthal, am the professional designated by Saybrook 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 First 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 practices, no less favorable than those customarily employed by Saybrook and generally accepted by Saybrook's clients.

DATED: 9-14-01


Jonathan Rosenthal

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1 5. Saybrook has submitted monthly fee notices in accordance with the
2 interim fee procedures that were established by the Court. Specifically, on July 31, 2001 and
3 August 31, 2001, Saybrook filed and served its "Cover Sheet Application For Allowance and
4 Payment of Interim Compensation and Reimbursement of Expenses for April 16, 2001 through
5 June 30, 2001 and July 1, 2001 through July 31, 2001 ("Monthly Cover Sheet"). Saybrook has
6 received a payment totaling \$806,971.71 in connection with the Monthly Cover Sheet
7 Applications, comprised of \$787,500 in fees and \$19,471.71 in costs.

8 6. No agreement or understanding of any kind or nature exists between
9 Saybrook and any other person or entity for the sharing, division, or payment of any portion of
10 the compensation awarded to Saybrook for services rendered or expenses incurred in connection
11 with Saybrook's representation of the Committee in this chapter 11 proceeding, except as among
12 the partners, associates and employees of Saybrook.

13 7. I am one of the designated professionals responsible for overseeing the
14 billing in this matter and for assuring compliance with the Guidelines of the Office of the United
15 States Trustee for the Northern District of California relating to billing (the "Guidelines").
16 Based upon my review of the First Interim Application submitted by Saybrook for the First
17 Application Period, I believe that the First Interim Application complies with the Court
18 Guidelines and the UST Guidelines.

19 8. Attached hereto as Exhibit "1" is a summary of the weekly activities for
20 Saybrook Capital, LLC, as well as a categorized summary of expenses incurred, during the First
21 Application Period.

22 9. Attached hereto as Exhibit "2" is a summary setting forth the name of
23 each professional who expended time on this case and an approximation of the percentage of
24 his/her total working time expended in this matter on a weekly basis during the First Application
25 Period.
26
27
28

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

3 Executed this 14 day of September, 2001 at Los Angeles, California.
4

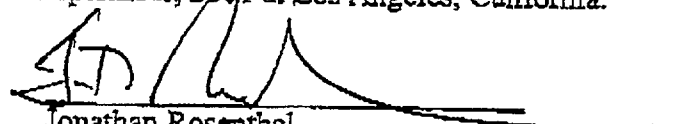
5 
6 Jonathan Rosenthal

EXHIBIT 1

UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF CALIFORNIA SAN FRANCISCO DIVISION

**In re: PACIFIC GAS AND ELECTRIC COMPANY, a California Corporation
Debtor.**

SUMMARY OF WEEKLY ACTIVITY FOR SAYBROOK CAPITAL, LLC DURING THE FIRST INTERIM APPLICATION PERIOD

The following describes Saybrook's weekly activities in connection with the PG&E bankruptcy. It should be noted that throughout this time, there were many hours of discussions internally at Saybrook and between members of Saybrook, members of the Official Creditors Committee (OCC), other OCC advisors, members of and advisors to the California State Legislature, the California State Treasurer's office and the California State Governor's office. These discussions, which have largely been omitted from the narrative in the interest of brevity and confidentiality were both informative and strategic and served to prepare the events and decisions that unfolded during each of the weeks in question. In the interest of clarity and brevity, we consolidated the activities of three Managing Partners, two Managing Directors, and an Associate.

Week of April 16, 2001

This week was spent getting up to speed on the many facets of the bankruptcy and surrounding issues. This included reviewing all available information on PG&E (securities filings, etc.) and on relevant State legislation (AB 1x, most notably). On Monday, meetings were held with representatives of the debtor and covered a variety of issues, including pre-payment of critical vendors, counter parties and professionals, employee merit pay and bonuses for 2000, actions of PG&E regarding irrigation districts, property taxes, the Kern Facility, litigation on the TURN accounting case, ISO liabilities and DWR payments, QF actions and various financial and operating issues. The professionals met on Thursday to frame a number of the critical issues, which included issues surrounding CDWR procurement of energy as mandated by AB 1x, the CPA, regulatory accounting questions, the filed rate doctrine, possible liquidation of PG&E assets, the determination of PG&E costs for transmission, distribution and generation, the SCE MOU and pre-bankruptcy negotiations between PG&E and the State. The committee and sub-committee met throughout the week with OCC professionals by conference call to consider the financial impacts of the QF contracts on the estate and to decide on whether to support the debtor's position to suspend, reject or assume the QF contracts.

Because of the depth of Saybrook's relationships in Sacramento, we have taken the lead in dealing with all legislative matters as they pertain to OCC issues in the bankruptcy. We met

with members of the State legislature and their staffs and members of the Governor's staff regarding background legislative issues.

We reviewed the cash collateral stipulation. We also began fielding some inquiries by various creditors trying to establish their own creditors committees and approaching the Court in that regard. Lastly, we began our due-diligence on the Saybrook fee application during the week.

Week of April 23, 2001

The OCC met with the Company again, getting further updates on its proposed courses of action for the immediate future. The Debtor described its dealings with the State, including the theme that would be preeminent going forward: would the State bond deal divert existing rates to debt service at the expense of the creditors? The Company explained its intention to move to a reorganization plan quickly, about the Company's Cash Forecasts and more about the filed rate doctrine, the PUC 3 cents rate adjustment, the TURN accounting action and the QF contracts. We then met with representatives of the Governor's office and heard their analysis of the SCE MOU.

At the end of the week, we met with Speaker Bob Hertzberg. We had a very healthy dialogue regarding background legislative issues. Following a detailed discussion of the energy crisis, the OCC resolved to keep in close touch as things played out over the coming weeks.

We discussed and analyzed the Southern California Edison MOU. Also during that week, we continued to spend time on the QF issues, trying to understand the impact this may have on the supply of electricity and to credit issues related to the bankruptcy estate.

Week of April 30, 2001

Following on the Hertzberg meeting, Saybrook had discussions with a number of members of the legislature and/or their staffs on the status of prospective legislative deliberations on the SCE MOU. We also spoke with Nathan Brostrom of JP Morgan (the lead banker for the State bond deal) on the status of that deal. This discussion was to be the first of many on this subject.

Saybrook had meetings in Sacramento with the Governor's financial advisers to further understand the SCE MOU and the supplemental financial information provided to the marketplace supporting the transaction.

There were a number of discussions between Saybrook, members of the Committee and other professionals regarding responsibilities and timetables. At the end of the week, Saybrook participated with several OCC members in interviews of public relations firms for the Committee.

The professionals met with Clara Strand and Ken Smith to discuss how we were going to organize our efforts to evaluate a plan. A good deal of time was spent discussing who was

going to focus on various strategies. In particular, because of our in-house real estate expertise, Saybrook agreed to lead the OCC's efforts to valuing PG&E's real estate portfolio. We also spent time drafting the employment application for the court and drafting declarations.

Week of May 7, 2001

Following a conference call of the full Committee, Saybrook met with members of Milbank and representatives from Rogers & Associates to bring the latter up to speed on the electricity business and the bankruptcy. In that meeting, we began formulating initial PR strategy for the Committee.

On the legislative front, Saybrook spent a considerable amount of time talking with members of the legislature and their staffs on the issue of the various "Plan B" alternatives to the SCE MOU's that were under consideration in Sacramento. We evaluated and anticipated the various "Plan B" proposals.

Week of May 14, 2001

This week, Saybrook spent a lot of time evaluating and analyzing all of the twenty some odd energy-related bills that had been introduced since December 2000. Each of these bills impacted the overall energy situation in the State and thus the bankruptcy. On the 17th, State Senator Polanco introduced SB 78xx, the legislative version of the SCE MOU. We paid special attention to that bill and had many discussions with members of the OCC, other professionals and parties in Sacramento concerning its various provisions. The consensus was that the bill was dead on arrival, but that there were a number of elements that would be culled as alternatives were devised to take its place. Saybrook met with reps from S&P to discuss the State's bond deal, the various credit structures that might be considered investment grade.

Saybrook continued to spend a significant amount of time discussing the SCE MOU and held a full OCC meeting this week.

Week of May 21, 2001

By this week, the OCC had been organized into three working subcommittees: litigation, finance and legislative/regulatory. Saybrook professionals staffed each of the subcommittees and participated in substantive and organizational calls throughout the week. Our most significant role is on the finance and legislative/regulatory sub-committees and we serve in a supporting role on the litigation sub-committee.

We held further discussions with Speaker Hertzberg's office.

As the SCE MOU rumbled its way through the legislature in the form of SB 78xx, the Assembly Republican Caucus introduced its own alternative in the form of the "GOP

Ratepayer Protection Plan.” Saybrook reviewed it in detail and relayed our analysis to members of the legislative/regulatory subcommittee.

There was also rumor of a bill to be introduced by Senator Burton that would compete with SB 78xx. Saybrook spent time running down the possible components of that bill.

Saybrook participated in a full Committee call in which we considered, among other things, the issue of compensation for senior PG&E management and a plan devised by Saybrook to pay creditors.

Week of May 28, 2001

We spent considerable time this week dealing with the offices of Speaker Hertzberg and President Pro Tem Keeley on background regarding various Plans. As before, Saybrook gave input from the standpoint of what would work best for PG&E’s creditors.

Since the inception of Saybrook’s work for the OCC, we have been attempting to engage in direct dialogue with PG&E regarding the Plan of Reorganization. Saybrook spent time talking with Kent Harvey and some of the other PG&E senior executives about how we might productively interact with them on a working basis. This process took a significant leap forward at meeting on June 1st in San Francisco with Peter Darby, Kent Harvey, Kent Buckfire and several others PG&E executives. PWC, Saybrook, Milbank and several Committee members participated in the meeting. The group spent a good deal of time in advance of that meeting discussing strategies. We agreed to follow up a week from the following Monday to set up another working group session. On Monday the 4th, there was a full Committee meeting in San Francisco that we attended. Saybrook spent significant time preparing for that meeting so that we could provide the OCC members with an overview of our activities and progress. The company then addressed the OCC. On Tuesday morning we attended the ISO hearing of the bankruptcy court and had the opportunity to discuss the ISO issue with counsel to the ISO. Saybrook also had the opportunity on Tuesday to meet with MBIA after the hearing on the status of the state bond issue. Saybrook spent quite a bit of time talking with the Committee members that did not have a chance to attend the hearing or the meeting.

Week of June 4, 2001

This week Saybrook had further discussions with JP Morgan on the status of the State bond deal. In these conversations, we discussed the steps that had to be taken to make the bond deal happen and the hurdles that had developed that had to be overcome.

We attended the Committee meeting on Monday, at which we heard the latest from the Company on their various filings and strategies. Saybrook also participated in a meeting of the legislative/regulatory subcommittee, which reviewed both the developments in Sacramento and a number of issues involving FERC.

Week of June 11, 2001

Most of the week was spent following up with inquiries from the members of the financial sub-committee and preparing for a meeting with Kent Harvey, the CFO of the Company. To accomplish this, Saybrook and others had daily conference calls with sub-committees of the OCC and with professionals of the OCC to work through confidentiality issues in order to establish working sessions with the Company. Saybrook also discussed the status of a "Plan Working Group" made up of several OCC members, several OCC professionals and the Company. Saybrook also delivered a revised declaration to the court related to our fee application. Saybrook participated in strategy sessions in San Francisco with OCC Co-Chairs in preparation for meeting with Company. The group met with management the next day.

This week also marked the last in a series of meetings convened by Speaker Hertzberg amongst a number of stakeholders in any proposed legislation concerning SCE (e.g., California Chamber of Commerce, California Manufacturers and Technology Association, California Retailers Association, California Large Energy Consumers Association, Independent Energy Producers Association, Silicon Valley Manufacturing Group, TURN, etc.). Through sources in those meetings, Saybrook carefully monitored the topics under discussion and the conclusions reached. These meetings were held largely to inform the developing Hertzberg/Keeley plan referenced above.

Also of concern, the State Treasurer came out against direct access in a letter aimed to stop the Hertzberg/Keeley plan in its tracks. Saybrook monitored that situation carefully, as the situation stood to have a potential major impact on the Hertzberg/Keeley plan.

We participated in a number of financial and legislative/regulatory subcommittee conference calls on various topics. Prior to this week, a small group made up of members of the OCC and professionals had formed a "Plan Working Group" that met with senior members of the Company to discuss issues relating to the plan of reorganization.

Week of June 18, 2001

This week involved a full OCC conference call reviewing the status of all litigation, financial and legislative/regulatory developments, as well as a number of financial and legislative/regulatory subcommittee calls. The issue of the CDWR revenue requirements (or lack thereof) was an issue of growing concern.

On the legislative front, Saybrook continued to monitor the developing rift between the State Treasurer and the Speaker on the direct access question and to give input on the various legislative provisions under consideration.

Week of June 25, 2001

Saybrook met with Assemblyman Dario Frommer to obtain background regarding legislative alternatives being considered and with respect to the Governor's office (Assemblyman Frommer formerly worked in the Governor's office). Saybrook relayed the suggestions arising from that meeting to members of the legislative/regulatory subcommittee.

Saybrook participated in a number of subcommittee calls, most of which centered on giving input to the Plan Working Group as it continued its discussions with the Company.

Since April 16th, Saybrook has participated on virtually all of the Southern California Edison/Edison International investor conference calls and web casts to gain a better understanding of their financial situation. Additionally, we have participated on conference calls hosted by the California State Treasurer and the Department of Finance on the status of the AB1X energy bond deal as well as conference calls hosted by the Governor's advisers on the State's role in crafting the MOU's with SCE and SDG&E. In total, there have been over 30 conference calls where we have participated in some manner.

Week of July 2

Saybrook met with the Debtor and its legal counsel to discuss DWR Revenue Requirement and other CPUC related issues. We discussed in detail issues such as the OCC's position with respect to the State's proposed bond financing. We continued to monitor all aspects of this financing due to its potential impact on the trust estate and modeled the debt service piece of the DWR revenue requirement.

Saybrook talked with members of the legislature and their staff concerning the progress of the Plan B alternatives and debriefed members of the OCC on same.

Week of July 9

Saybrook met with the Debtor and its financial advisors to discuss various high level parameters for the Debtor's proposed Plan of Reorganization. This meeting precipitated the need for smaller working groups from the OCC and the Debtor to discuss the elements of the proposed Plan in detail. These discussions continued throughout the month. This included numerous conference calls with Committee members, Saybrook and other professionals without the Debtor.

This week marked considerable discussion of upcoming legislation about the "DWR Bond Set-Aside" that would form the basis of debt service for the AB1x bonds. Saybrook expressed concern to the legislature and the State Treasurer's office on behalf of the OCC that the DWR not siphon off so much of the Spring three cent rate increase that there wouldn't be enough left over to cover debt service on IOU bonds to be issued to pay off creditor claims. This message would become a common theme in later weeks.

Also this week, Assemblymember Keeley and others introduced AB 82xx, the heavily anticipated counter to SB 78xx. Saybrook analyzed this bill and gave input to Mr. Keeley's staff and other legislative staff on the OCC's perspective.

Week of July 16

Saybrook dealt with several major issues dealing with the Plan, risk factors associated with the Plan and confidentiality. The Debtor also requested an extension of the Period of Exclusivity which led to a number of conference calls and meetings in which Saybrook was a key participant. There were in addition several meetings and conference calls with the Debtor to describe various aspects of its proposed Plan. Saybrook was integral to helping the OCC and the Plan Working Group form a point of view with respect to the proposed Plan. Saybrook also met with the Debtor's professionals to further understand the details of the Debtor's Plan.

On Monday, Senator Burton introduced an amended SB 18xx, a gutted version of the same bill originally introduced on May 17, 2001. This amended version establishes the "DWR Bond Set-Aside" and "DWR Bond Repayment Fund," which together form the core of the AB1x debt service mechanism. Saybrook reviewed this bill and re-registered the concerns expressed above concerning DWR eating up too much of the rate increase.

Also on Monday, Senator Polanco introduced an amended version of SB 78xx, which significantly departed from the original SCE MOU. Saybrook analyzed the amendment and provided comment to legislative staff.

On Tuesday, Assemblymember Wright introduced AB 83xx, a second Assembly alternative besides AB 82xx to SB 78xx. Saybrook analyzed that bill, which we found far preferable from the OCC's perspective to either SB 78xx or AB 82xx. We passed along that view to the legislature and recommended that that bill be the preferred Assembly alternative.

On Wednesday, Saybrook monitored the hearing on AB 82xx. It was clear from discussion that day that 82xx would end up at the end of the day as the alternative that Assembly leadership would support to send to the Senate.

Week of July 23

Saybrook led a series of meetings and conference calls with Lehman Brothers to describe the exit financing associated with the Plan. Lehman discussed its view of the depth of the market for California utility debt. The impact of gating restrictions and other trade-offs were discussed. Saybrook expressed the OCC's point of view in detail. Other structural features of the debt were discussed along with other credit issues. This led a series of meeting and conference call with the OCC to communicate our findings.

Saybrook had extensive discussions with legislative staff and selected Assemblymembers on the deliberations concerning AB 82xx and 83xx. We briefed the members of the Plan Working Group and legislative/regulatory subcommittee on those discussions.

July 30-31

Saybrook participated in conference calls with professionals from the OCC and the Debtor to discuss the tax issues associated with the proposed Plan. There was also a full OCC conference call to update members about the progress of the Plan Working Group, the Commodities Trading Order and the DWR revenue requirements.

Throughout the month, Saybrook continued to participate on any of the Southern California Edison/Edison International investor conference calls and web casts or conference calls hosted by the State Treasurer and the Department of Finance on the status of the AB1x bond deal.

SUMMARY OF EXPENSES

Travel

Trx Date	Trans Description	Amount
4/29/01	American Express - 4/26/01 - Campton Place, San Francisco	296.40
4/29/01	American Express - 4/25/01 - LAX valet parking	43.90
4/29/01	American Express - 4/26/01 - LAX valet parking	4.00
4/29/01	American Express - 4/26/01 - Campton Place Hotel	334.36
4/29/01	American Express - 4/25/01 - LAX Airport Parking	39.00
4/29/01	American Express - 4/16/01 - Campton Place Hotel - San Francisco	85.07
4/29/01	American Express - 4/16/01 - Oakland Airport -	9.18
4/29/01	American Express - 4/16/01 - LAX Parking	24.00
5/1/01	Jeffrey M. Wilson - 4/24/01 - Parking, PG&E Official Unsec. Creditors Advisers Meeting	15.00
5/1/01	Jeffrey M. Wilson - 4/25/01 - Parking, Advisers breakfast meeting with Milbank	6.00
5/1/01	Jeffrey M. Wilson - 4/25/01 - Parking - PG&E Official Unsec Creditors Committee Meeting	15.00
5/1/01	Jeffrey M. Wilson - 5/1/01 - Parking - Meeting with Joe Fichera in Sacramento	15.00
5/1/01	Jeffrey M. Wilson - 5/4/01 - Taxi - OUCC Advisor meeting at Milbank in L.A.	25.00
5/1/01	Jeffrey M. Wilson - 5/14/01 - Parking - PG&E Unsec Creditors Committee Advisers Meeting	15.00
5/1/01	Jeffrey M. Wilson - 5/15/01 - Parking - PG&E Official Unsec Creditors Committee Meeting	15.00
5/1/01	Diners Club - 5/9/01 - Southwest Airlines - LA to Oakland	197.50
5/1/01	Diners Club - 5/10/01 - Altour International - Travel Agency Fee	20.00
5/1/01	Diners Club - 5/10/01 - Altour International - Travel Agency Fee	20.00
5/1/01	Diners Club - 5/10/01 - Southwest Airlines - LA to Oakland	197.50
5/1/01	Diners Club - 5/14/01 - Southwest Airlines - LA to Oakland	197.50
5/1/01	Diners Club - 5/16/01 - Argent Hotel San Francisco	325.73
5/1/01	Diners Club - 5/19/01 - Southwest Airlines - LA to Oakland	197.50
5/1/01	Jeffrey M. Wilson - 4/15/01 - Parking, PG&E Official Unsec. Creditors Committee Meeting	15.00
5/3/01	American Express - 4/17/01 - Southwest Airlines - LA to SF	197.50
5/3/01	American Express - 4/17/01 - Southwest Airlines - LA to SF	197.50
5/7/01	Diners Club - 4-17-01 - American Airlines - LA to SF	350.50
5/14/01	American Express - 5/9/01 - Southwest Airlines, Dallas Tx - Refund of Ticket #5262756313075	-197.50
5/14/01	American Express - 4/17/01 - United Airlines - LA to Oakland -Ticket #0162167121322	129.00
5/14/01	American Express - 4/23/01 - Southwest Airlines - LA to Oakland - Ticket #5262754619300	197.50
5/14/01	American Express - 4/23/01 - Southwest Airlines - LA to Oakland - Ticket #5262754619620	197.50
5/14/01	American Express - 4/23/01 - Southwest Airlines - LA to SF	197.50
5/14/01	American Express - 4/26/01 - Best Coachman Car Service	50.00
5/14/01	American Express - 4/26/01 - Best Coachman Car Service	50.00
5/14/01	American Express - 4/26/01 - Campton Place Hotel	319.63

Trx Date	Trans Description	Amount
5/14/01	American Express - 5/7/01 - Southwest Airlines - LA to SF	197.50
5/14/01	American Express - 5/7/01 - Travel Agency Service	20.00
5/14/01	American Express - 5/7/01 - Tavel Agency Service	20.00
5/14/01	American Express - 5/14/01 - Best Coachman Car Service - Fremont CA - to PG&E meeting	50.00
5/14/01	American Express - 5/14/01 - Best Coachman Car Service, Fremont CA - from PG&E meeting	50.00
5/14/01	American Express - 4/16/01 - Best Coachman Car Service	52.00
5/14/01	American Express - 4/16/01 - Yellow Cab of San Francisco	48.50
5/14/01	American Express - 4/16/01 - LA Airport Parking	24.00
5/29/01	American Express - 5/23/01 - American Airlines	11.50
5/29/01	American Express - 5/24/01 - Airport Valet Parking	63.85
5/29/01	American Express - 5/25/01 - Airport Valet Parking	6.00
5/29/01	American Express - A & C Car Service - San Francisco	65.00
6/13/01	American Express - 5/16/01 - Argent Hotel - PG&E Meeting	333.55
6/13/01	American Express - 5/17/01 - Best Coachman Car Service in San Francisco - PG&E Meeting	100.00
6/13/01	American Express - 5/16/01 - Tavel Agency Service - Agency Fees	20.00
6/13/01	American Express - 5/16/01 - United Airlines LA to Oakland to LA, PG&E Meeting	197.50
6/13/01	American Express - 5/17/01 - Southwest Airlines - LA to Oakland to LA	197.50
6/13/01	American Express - 5/17/01 - Travel Agency Fee - Change Fee -PG&E Meetings	22.00
6/13/01	American Express - 5/17/01 - American Airlines - Oakland to Los Angeles, PG&E Meetings	98.75
6/13/01	American Express - 5/17/2001 - LA Parking PG&E	24.00
6/13/01	American Express - 5/21/01 - Travel Agency Fees - Agency Fee - PG&E Meetings	20.00
6/13/01	American Express - 5/21/01 - Travel Agency Fees - Booking Fee - PG&E	20.00
6/13/01	American Express - 5/21/01 - United Airlines -	305.50
6/13/01	American Express - 5/23/01 - Best Coachman Car Service	90.00
6/13/01	American Express - 5/22/01 - United Airlines - San Francisco to Los Angeles - Jon Rosenthal - PG&E Meetings	173.75
6/13/01	American Express - 5/22/01 - LA Airport Parking - JR	20.00
6/13/01	American Express - 5/31/01 - Travel Agency Service Fee	20.00
6/13/01	American Express - 5/31/01 - United Airlines for Jon Rosenthal LA to San Francisco to LA, PG&E Meetings	368.50
6/13/01	American Express - 6/1/01 - Travel Agency Fee - PG&E Flight	20.00
6/13/01	American Express - 6/1/01 - Travel Agency Fee - PG&E Meeting	20.00
6/13/01	American Express - 6/1/01 - Travel Agency Fee - PG&E Meeting	20.00
6/13/01	American Express - 6/1/01 - United Airlines - LA to San Francisco to LA, PG&E Meeting	368.50
6/13/01	American Express - 6/1/01 - United Airlines - LA to San Francisco to LA, PG&E Meeting	368.50
6/13/01	American Express - 6/1/01 - United Airlines - LA to San Francisco to LA, PG&E Meetings	368.50
6/13/01	American Express - 6/1/01 - LA Airport Parking	17.00
6/13/01	American Express - 6/4/01 - Guide Car Service - San Francisco, PG&E	57.00

Trx Date	Trans Description	Amount
6/13/01	American Express - 6/4/01 - Guide Car Service - San Francisco, PG&E Meetings	57.00
6/13/01	American Express - 6/4/01 - Guide Car Service - San Francisco, PG&E Meetings	126.00
6/13/01	American Express - 6/5/01 - United Airlines San Francisco, PG&E Meetings	125.00
6/13/01	American Express - 6/6/01 - Campton Place Hotel, San Francisco - PG&E	348.19
6/13/01	American Express - 6/6/01 - Campton Place Hotel, San Francisco PG&E	296.40
6/13/01	American Express - 6/7/01 - United Airlines San Francisco to LA	100.00
6/20/01	Jeffrey M. Wilson - 6/4/01 - Parking PG&E Creditor Committee Meeting at PWC	15.00
6/20/01	Jeffrey M. Wilson - 6/5/01 - Parking PG&E Creditors Committee Meeting at PWC	25.00
6/20/01	Jeffrey M. Wilson - 6/15/01 - Parking PG&E Creditors Committee Advisors Meeting at PG&E	13.00
7/1/01	American Express - 6/4/01 - LA Airport Parking	24.00
7/1/01	American Express - 6/4/01 - LA Airport Parking	24.00
7/14/01	American Express - 6/14/01 Travel Agency Fee for Airline Ticket Booking	20.00
7/14/01	American Express - 6/14/01 - United Airlines - Airline ticket from Los Angeles to San Francisco	368.50
7/14/01	American Express - 6/14/01 - Campton Place Hotel - San Francisco, CA	11.11
7/14/01	American Express - 6/14/01 Campton Place Hotel in San Francisco	390.34
7/14/01	American Express - 6/14/01 - Guide Taxi to Committe Meeting	57.00
7/14/01	American Express - 6/14/01 - Guide Taxi back to Hotel	57.00
7/14/01	American Express - 6/15/01 - Guide Taxi to Airport	69.00
7/14/01	American Express - 6/29/01 - Travel Agency Fees	20.00
7/14/01	American Express - 7/1/01 - United Airlines, Los Angeles to San Francisco	378.50
7/14/01	American Express - 7/2/01 - Excalibur Taxi from Santa Monica to Airport	15.00
7/14/01	American Express - 7/11/01 - Travel Agency Fees	20.00
7/14/01	American Express - 7/11/01 - United Airlines to Dulles Airport DC to San Francisco to Boston MA	2,440.75
7/14/01	American Express - 7/12/01 - United Airlines, San Francisco	250.00
7/14/01	American Express - 7/12/01 - Campton Place Hotel San Francisco, CA	256.50
7/24/01	Jonathan Rosenthal - 7/11/01 - Cabfare from PG&G meeting to SFX	50.00
7/24/01	Jonathan Rosenthal - 7/11/01 - Cabfare from Portland Maine to Boston	335.00
7/24/01	Jonathan Rosenthal - 7/18/01 - Parking during meeting with Merrill - Michael Lurie	20.00
7/24/01	Jonathan Rosenthal - 7/21/01 - Cabfare from NYC to Newark Airport	50.00
7/25/01	Diners Club - 6/4/01 - American Airlines Flight from San Francisco to Los Angeles	182.75
7/25/01	Diners Club - 6/4/01 - United Airlines Ticket from San Francisco to Los Angeles	182.75
7/25/01	Diners Club - 6/4/01 - Altour International Inc. Ticket Fee	20.00
7/25/01	Diners Club - 6/6/01 - American Airlines to Los Angeles	-182.75
7/25/01	Diners Club - 6/6/01 - Altour International Inc	-20.00
7/27/01	David Rodriguez - 6/5/01 - BART	7.50
7/27/01	David Rodriguez - 6/5/01 - LAX Parking	19.66
7/27/01	David Rodriguez - 6/11/01 - BART	9.50
7/27/01	David Rodriguez - 6/11/01 - LAX Parking	18.56
7/27/01	David Rodriguez - 7/6/01 - LAX Parking	35.11
7/27/01	David Rodriguez - 7/6/01 - Taxi	42.60
7/27/01	David Rodriguez - 7/17/01 - Airport Express	2.75

Trx Date	Trans Description	Amount
7/27/01	David Rodriguez - 7/17/01 - Taxi	28.00
7/27/01	David Rodriguez - 7/18/01 - LAX Parking	36.11
7/27/01	David Rodriguez - 7/17/01 - 7/18/01 Bart and other Misc. Expenses	21.00
7/27/01	David Rodriguez - 6/5/01 - Airfare - LA to Oakland	201.50
7/27/01	David Rodriguez - 6/11/01 - Airfare - LA to Oakland	201.50
7/27/01	David Rodriguez - 7/6/01 - Airfare - LA to Oakland	201.50
7/27/01	David Rodriguez - 7/17/01 - Airfare - LA to Oakland	201.50
7/27/01	David Rodriguez - 7/17/01 - Lodging - Holiday Inn - Chinatown	232.29
	Travel Subtotal	15,064.79

Meals

Trx Date	Trans Description	Amount
4/29/01	American Express - 4/24/01 - Host International	9.81
4/29/01	American Express - 4/25/01 - Concession Oakland	10.09
5/14/01	American Express - 4/24/01 - Host International - Food & Beverage	2.69
5/14/01	American Express - 4/24/01 - Host International - Food & Beverage	17.36
6/13/01	American Express - 5/17/01 - Host International - Food & Beverage while in route from Oakland to LA, PG&E Meetings	5.83
6/13/01	American Express - 5/17/01 - Concessions Air 1100 Oakland, PG&E Meetings	5.70
6/13/01	American Express - 5/22/01 - Host International Inc. - PG&E Meetings	3.13
6/13/01	American Express - 6/1/01 - Host International, PG&E	3.13
6/13/01	American Express - 6/4/01 - Postrio Restaurant, San Francisco, PG&E	287.59
7/14/01	American Express - 7/12/01 - Host International Food and Beverage	2.66
7/14/01	American Express - 7/12/01 - Layover in D.C on the way to San Francisco	10.44
7/27/01	David Rodriguez - 6/5/01 - Juice at LAX (HMSHost)	5.39
7/27/01	David Rodriguez - 6/5/01 - Airport Expenses - snacks	2.87
7/27/01	David Rodriguez - 6/5/01 - Lunch	4.43
7/27/01	David Rodriguez - 6/5/01 - Dinner	46.00
7/27/01	David Rodriguez - 6/11/01 - Dinner	46.25
7/27/01	David Rodriguez - 7/6/01 - Dinner	28.65
7/27/01	David Rodriguez - 7/6/01 - Juice (HMSHost)	6.46
7/27/01	David Rodriguez - 7/17/01 - Dinner	37.55
7/27/01	David Rodriguez - 7/18/01 - Dinner	36.39
	Meals Subtotal	572.42

Miscellaneous

Trx Date	Trans Description	Amount
4/29/01	American Express - 4/18/01 - PR Newswire	475.00
5/14/01	American Express - 5/9/01 - AWHFY L.P. El Paso Tx. 2001 Bankruptcy Code / Rules books	155.00
6/1/01	Leagal Research Network, Inc. - Legal Research memo "Standards for Employment & Compensation of Investment Banker by a Creditors Committee in Chapter 11 Bankrup	2,000.00

Trx Date	Trans Description	Amount
6/13/01	American Express - 5/16/01 - Axxis #T Business CE - San Francisco - Stationary Supplies - PG&E Meeting	24.24
6/13/01	American Express - 6/12/01 - Internet Services - Blackberry	44.95
6/18/01	Department of Water Resources - 6/18/01 - Long Term Energy Contracts for Jeff Wilson	60.00
7/1/01	California Equipment Leasing - 6/15/01 - Flight to San Francisco for Committee Meeting for PG&E - Jonathan Rosenthal	360.00
7/3/01	Department of Water Resources - Unredacted Version of Long Term Energy Contracts	60.00
7/9/01	Department of Water Resources - Amount to cover Three Additional Contracts to the Unredacted Contracts ordered July 3, 2001	10.00
7/17/01	Airborne Express - 7/9/01 - Saybrook J. Wilson to Department of Water Resources - Unredacted Contracts	10.76
7/27/01	David Rodriguez - 7/19/01 - Photo Development - Photo Development	29.54
7/27/01	David Rodriguez - 7/21/01 - Photo Development - Site Visits	25.07
	Miscellaneous Subtotal	3,254.56

Long Distance

Trx Date	Trans Description	Amount
5/1/01	Jeffrey M. Wilson - 5/1/01 - Toll Meeting with Joe Fichera in Sacramento	2.00
5/1/01	Jeffrey M. Wilson - 5/1/01 - Toll Meeting with Joe Fichera in Sacramento	2.00
5/30/01	AT&T - April 2001 Long Distance Phone Calls	1.31
5/30/01	AT&T - April 2001 Long Distance Phone Calls	36.21
5/31/01	Citizens Conferencing - 5/31/01 - Conference Call - PG&E, Jonathan Rosenthal: Leader 569minutes, 12 Participants	142.25
6/4/01	AT&T - 6/4/01 - PG&E Official Unsecured, Calls for May 2001	56.26
6/13/01	American Express - 5/17/01 - AT&T Airone Phone call from flight to 310-260-2706	7.62
7/1/01	Citizens Conferencing - 6/20/01 - Conference Call For PG&E - Jonathan Rosenthal	14.50
7/4/01	AT&T - June 2001 - PG&E Official Unsecured phone calls	59.01
	Long Distance Subtotal	321.16

Messenger & Overnight Charges

Trx Date	Trans Description	Amount
5/7/01	Five Star Messenger Svc - 5/3/01 - Saybrook to Bank of America Downtown - PG&E	23.25
5/7/01	Five Star Messenger Svc - 5/3/01 - Bank of America - Delta Power Co. - PG&E	78.75
5/7/01	Five Star Messenger Svc - 5/3/01 - Delta Power - Milbank Tweed Hadley - PG&E	90.00
6/9/01	Sterling Messenger Services - 6/7/01 - Saybrook to Milbank, Tweed & Hadley	22.00
6/20/01	Airborne Express - 5/16/01 - Saybrook to Jeff Wilson	5.42
7/11/01	Airborne Express - 6/8/01 - Rodriguez to Miracle Hotel	5.42
7/11/01	Airborne Express - 6/18/01 - Wilson to Dept of Water Resources	9.76

Trx Date	Trans Description	Amount
7/11/01	Airborne Express - 6/20/01 - Saybrook to Saybrook III	14.82
7/11/01	Airborne Express - 7/3/01 - Saybrook to Department of Water Resources - Bullentins & Reports - Contracts	9.36
	Messenger Subtotal	258.78
Total Quarterly Expenses		19,471.71

EXHIBIT 2

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

**In re: PACIFIC GAS AND ELECTRIC COMPANY, a California Corporation
Debtor.**

**SUMMARY OF PROFESSIONALS WHO EXPENDED TIME ON THIS CASE AND
THE PERCENTAGE OF TOTAL WORKING TIME SPENT ON THIS CASE
DURING THE FIRST INTERIM APPLICATION PERIOD**

Saybrook Fees are not paid based only upon time expended, but are compensated based upon a variety of factors including the skills required, the time expended by professionals, the value added, the relationships brought to achieve a result, and other intangibles. The following schedule breaks down the amount of total working time spent by Saybrook Capital, LLC personnel during the First Interim Application Period:

<u>Name</u>	<u>Position</u>	<u>Percentage of Total Time Expended</u>
Jonathan Rosenthal	Partner	95%
Jon Schotz	Partner	85%
Jonathan Thomas	Partner	80%
Jeff Wilson	Managing Director	85%
Joel Shine	Managing Director	10%
Dave Rodriguez	Associate	15%
John Derby	Controller	5%
Joan Gutierrez	Staff Accountant	5%
Sharon Yuloff	Office Manager	5%

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SUPPLEMENTAL DECLARATION OF JONATHAN ROSENTHAL

I, Jonathan Rosenthal, declare:

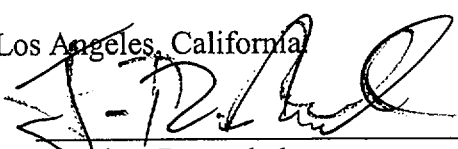
1. I am over eighteen years of age and, if called upon, I could and would testify competently to the matters set forth herein. I am a partner in the investment banking firm of Saybrook Capital, LLC ("Saybrook"), financial advisor for the Official Committee of Unsecured Creditors ("Committee") in the Pacific Gas and Electric Company ("PG&E") bankruptcy case, and I am the lead partner responsible for Saybrook's representation of the Committee in PG&E's chapter 11 case. In preparing this declaration, I have relied on my personal knowledge and on my review of the files maintained by Saybrook in the ordinary course of business and made by Saybrook's staff substantially contemporaneously with that person's performance of services or incurrence of costs on behalf of the Committee.

2. This declaration is submitted in support of the "First Application of Saybrook Capital, LLC For Allowance and Payment of Compensation And Reimbursement of Expenses (April 16, 2001 Through July 31, 2001)" (the "First Interim Application"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the First Interim Application. This First Interim Application covers the period from April 16, 2001 through and including July 31, 2001 (the "First Application Period"). I have read the First Interim Application and reviewed the exhibits thereto, and each of the facts contained therein is true and correct.

3. Attached hereto as a Supplemental Exhibit is the cover letter delivered with the First Interim Application to the co-chairpersons of the Committee.

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

Executed this 14 day of September, 2001 at Los Angeles, California


Jonathan Rosenthal

September 14, 2001

Clara Yang Strand
Managing Director
Bank of America, N.A.
CA 9-706-11-21
555 South Flower Street, 11th Floor
Los Angeles, CA 90071-2385

Kenneth Smith
Senior Asset Manager
Delta Power Company, LLC
2100 Santiago Drive
Newport Beach, CA 92660

Re: Pacific Gas & Electric Company

Dear Clara and Ken:

Enclosed for your review is the (i) First Interim Application of Saybrook Capital, LLC for Allowance and Payment of Compensation and Reimbursement of Expenses (April 16, 2001 through July 31, 2001); (ii) Declaration of Jonathan Rosenthal in support thereof; (iii) Saybrook Capital, LLC's detailed Summary of Weekly Activity During the First Interim Application Period and Summary of Expenses; and (iv) Summary of Professionals Who Expended Time on This Case.

The Court's Guidelines for Compensation and Expense Reimbursement of Professionals and Trustees provide that a debtor in possession, a trustee or an official committee must exercise reasonable business judgment in monitoring fees and expenses of the estate's professionals. We invite you to discuss any objections, concerns or questions you may have with us. The Office of the United States Trustee will also accept your comments. The Court will consider timely filed objections by any party in interest at the time of the hearing.

Very Truly Yours,



Jonathan Rosenthal
Partner

cc: Paul Aronzon
Robert Moore