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Financial Advisor and Investment Banker for the Debtor

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, Debtor. Federal I.D. No. 94-0742640	Case No. 01-30923 DM Chapter 11 Case

ROTHSCHILD INC'S COVER SHEET APPLICATION
FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR THE PERIOD July 1, 2002 - July 31, 2002

Rothschild Inc. (the "Firm") submits its Cover Sheet Application (the "Application") for Allowance and Payment of Interim Compensation and Reimbursement of Expenses for the Period July 1, 2002 – July 31, 2002 (the "Application Period"). In support of the Application, the Firm respectfully represents as follows:

1. The Firm is financial advisor and investment banker to Pacific Gas & Electric Company, debtor and debtor-in-possession in the above-referenced bankruptcy case (the "Debtor"). The Firm hereby applies to the Court for allowance and payment of interim compensation for services rendered and reimbursement of expenses incurred during the Application Period.

2. The Firm billed a total of $202,607.71 in fees and expenses during the Application Period. The Firm was engaged by the Debtor pursuant to an executed retention agreement dated July 25, 2001 ("Retention Agreement"). Under the Retention Agreement, the Firm earns monthly cash fees in the amount of (i) $350,000 for each of the first two months, (ii) $300,000 for the third month, (iii)

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$250,000 for the fourth month and (iv) $200,000 for each month thereafter as long as the engagement continues, plus reimbursement of actual out-of-pocket expenses. The total fees for services rendered during the Application Period represent monthly fees for one month of the engagement. These fees and expenses break down as follows:

Period	Fees	Expenses	Total
July 1, 2002 – July 31, 2002	$200,000.00	$2,607.71	$202,607.71

3. Accordingly, the Firm seeks allowance of interim compensation in the total amount of $172,607.71 at this time. This total is comprised as follows:
$170,000.00 for the period July 1, 2002 through and including July 31, 2002 (85% of the fees for services rendered)[1] plus $2,607.71 (100% of the expenses incurred).

[1] Payment of this amount would result in a "holdback" of $30,000.00

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

Application Period	Amount Applied For	Description	Amount Paid
First (July 25, 2001 – August 31, 2001)	$466,178.43	100% of fees and 100% of expenses	$466,178.43
Second (September 1, 2001 – September 30, 2001)	$427,039.50	100% of fees and 100% of expenses	$427,039.50
Third (October 1, 2001 – October 31, 2001)	$317,900.80	100% of fees and 100% of expenses (1)	$303,698.62
Fourth (November 1, 2001 – November 30, 2001)	$239,955.11	100% of fees and 100% of expenses	$239,955.11
Fifth (December 1, 2001 – December 31, 2001)	$184,364.69	85% of fees and 100% of expenses	$184,364.69
Sixth (January 1, 2002 – January 31, 2002)	$171,037.01	85% of fees and 100% of expenses	$171,037.01
Seventh (February 1, 2002 – February 28, 2002)	$177,534.54	85% of fees and 100% of expenses	$177,534.54
Eighth (March 1, 2002 – March 31, 2002)	$171,404.37	85% of fees and 100% of expenses	$171,404.37
Ninth (April 1, 2002 – April 30, 2002)	$176,253.31	85% of fees and 100% of expenses	$176,253.31
Tenth (May 1, 2002 – May 31, 2002)	$197,148.85	85% of fees and 100% of expenses	$197,148.85
Eleventh (June 1, 2002 – June 30, 2002)	$173,467.73	85% of fees and 100% of expenses	$173,467.73
Total Paid to the Firm to Date	$2,702,284.34		$2,688,082.16

(1) Approval of the amount of $14,202.18 sought by Rothschild for reimbursement of attorneys' fees and costs was denied under the first interim fee application due to lack of sufficient documentation for such expenses, without prejudice to Rothschild's ability to seek approval of such amounts in a future application.

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

Application Period	Amount	Description
Third (October 1, 2001 – October 31, 2001)	$14,202.18	Expenses requiring further documentation
Fifth (December 1, 2001 – December 31, 2001)	$30,000.00	15% fee holdback
Sixth (January 1, 2002 – January 31, 2002)	$30,000.00	15% fee holdback
Seventh (February 1, 2002 – February 28, 2002)	$30,000.00	15% fee holdback
Eighth (March 1, 2002 – March 31, 2002)	$30,000.00	15% fee holdback
Ninth (April 1, 2002 – April 30, 2002)	$30,000.00	15% fee holdback
Tenth (May 1, 2002 – May 31, 2002)	$30,000.00	15% fee holdback
Eleventh (June 1, 2002 – June 30, 2002)	$30,000.00	15% fee holdback
Total Owed to Firm to Date	$224,202.18	

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

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

8. Pursuant to this Court's "ORDER ESTABLISHING INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE" which was entered on or about July 26, 2001, the Debtor is authorized to make the payment requested herein without a further hearing or order of this Court unless an objection to this Application is filed with the Court by the Debtor, the Committee or the United States Trustee and served by the fifteenth day of the month following the service of this Application. If such an objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the objection. The Firm is informed and believes that this Cover Sheet Application was mailed by first class mail, postage prepaid, on or about August 31, 2002.

9. The interim compensation and reimbursement of expenses sought in this Application is on account and is not final. Upon the conclusion of this case, the Firm will seek fees and reimbursement of the expenses incurred for the totality of the services rendered in the case. Any interim fees or reimbursement of expenses approved by this Court and received by the Firm (along with the Firm's retainer) will be credited against such final fees and expenses as may be allowed by this Court.

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

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

Dated: 8/23/02

Rothschild Inc.

By: _____
William R. Shaw

Financial Advisor and Investment Banker
for Pacific Gas and Electric