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6 Financial Advisors for Official Committee of
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8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11 In re
12 PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,
13
14 Debtor.

Case No. 01-30923 DM
Chapter 11 Case

15 Federal I.D. No. 94-0742640

16 SAYBROOK CAPITAL, LLC
COVER SHEET APPLICATION
17 FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND
18 REIMBURSEMENT OF EXPENSES FOR DECEMBER 1 THROUGH
19 DECEMBER 31, 2002

20 Saybrook Capital, LLC (the "Firm") submits its Cover Sheet Application (the
21 "Application") for Allowance and Payment of Interim Compensation and Reimbursement of
22 Expenses for the Period December 1, 2002 through December 31, 2002 (the "Application
23 Period"). In support of the Application, the Firm respectfully represents as follows:

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

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1 2. The Firm billed a total of \$213,627.06 in fees and expenses during the
2 Application Period. The Firm entered into an Engagement Agreement covering the
3 Application Period (the "Agreement") with the Official Committee of Unsecured Creditors of
4 Pacific Gas and Electric Company (the "Committee"). The Agreement calls for a monthly
5 fee of \$250,000.00 for the first six (6) months of the Engagement Period and a monthly fee of
6 \$200,000.00 for each month of the engagement after, plus reimbursement of actual out-of-
7 pocket expenses. The total fees incurred December 1 through December 31, 2002 represent 1
8 month of the monthly engagement during the Application Period. These fees and expenses
9 break down as follows:

10	11	12	13	14
	Period	Fees	Expenses	Total
	December 1 – December 31	\$200,000.00	\$13,627.06	\$213,627.06

13 3. Accordingly, the Firm seeks allowance of interim compensation in the total
14 amount of \$183,627.06 at this time. This total is comprised as follows:

15 \$170,000.00 (85% of the fees for services rendered)¹

16 \$ 13,627.06 (100% of the expenses incurred).

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

25 5. The Firm has served a copy of this Application (without Exhibits) on the
26

27 _____
28 ¹Payment of this amount would result in a "holdback" of \$30,000.00

1 Special Notice List in this case.

2 6. Pursuant to this Court's "SECOND AMENDED ORDER ESTABLISHING
3 INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE"
4 which was entered on or about March 18, 2002, the Debtor is authorized to make the payment
5 requested herein without a further hearing or order of this Court unless an objection to this
6 Application is filed with the Court by the Debtor, the Committee or the United States Trustee
7 and served by the fifteenth day of the month following the service of this Application. If such
8 an objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the
9 objection. The Firm is informed and believes that this Cover Sheet Application was mailed
10 by overnight mail on or about January 30, 2003.

11 7. The interim compensation and reimbursement of expenses sought in this
12 Application is on account and is not final. Upon the conclusion of this case, the Firm will
13 seek fees and reimbursement of the expenses incurred for the totality of the services rendered
14 in the case. Any interim fees or reimbursement of expenses approved by this Court and
15 received by the Firm will be credited against such final fees and expenses as may be allowed
16 by this Court.

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