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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

Case No. 01-30923 DM

PACIFIC GAS AND ELECTRIC
COMPANY, a California corporation,
Debtor.

Chapter 11 Case

Federal I.D. No. 94-0742640

SAYBROOK CAPITAL, LLC
COVER SHEET APPLICATION
FOR ALLOWANCE AND PAYMENT OF INTERIM COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR JANUARY 1 THROUGH
JANUARY 31, 2004

Saybrook Capital, LLC (the "Firm") submits its Cover Sheet Application (the "Application") for Allowance and Payment of Interim Compensation and Reimbursement of Expenses for the Period January 1, 2004 through January 31, 2004 (the "Application Period"). In support of the Application, the Firm respectfully represents as follows:

1. The Firm is a financial advisor to the unsecured creditors of Pacific Gas and 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.

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2. The Firm billed a total of \$125,234.65 in fees and expenses during the Application Period. The Firm was engaged by the Official Committee of Unsecured Creditors of Pacific Gas and Electric Company (the "Committee") pursuant to an executed Engagement Agreement dated April 20, 2001 (the "Agreement"). The Agreement calls for a monthly fee of \$250,000.00 for the first six (6) months of the Engagement Period and a monthly fee of \$200,000.00 for each month thereafter as long as the case continues, plus reimbursement of actual out-of-pocket expenses. The Firm has voluntarily agreed to reduce its monthly fee to \$125,000.00 per month, commencing June 1, 2003, and continue in effect thereafter on a month-to-month basis. The Firm and the Committee shall negotiate in good faith for any appropriate future adjustments to the Monthly Fee, provided that in no event will the Monthly Fee be increased above the rate approved by the Retention Order. 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
January 1 – January 31	\$125,000.00	\$234.65	\$125,234.65

3. Accordingly, the Firm seeks allowance of interim compensation in the total amount of \$106,484.65 at this time. This total is comprised as follows:

\$106,250.00 (85% of the fees for services rendered)¹

\$ 234.65 (100% of the expenses incurred).

4. 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 work of each professional; and (b) attached as Exhibit 2 are the detailed expense statements for the

¹Payment of this amount would result in a "holdback" of \$18,750.00

1 Application Period that comply with all Northern District of California Bankruptcy Local
2 Rules and Compensation Guidelines and the Guidelines of the Office of the United States
3 Trustee.

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

6 6. Pursuant to this Court's "SECOND AMENDED ORDER ESTABLISHING
7 INTERIM FEE APPLICATION AND EXPENSE REIMBURSEMENT PROCEDURE"
8 which was entered on or about March 18, 2002, the Debtor is authorized to make the payment

9 requested herein without a further hearing or order of this Court unless an objection to this
10 Application is filed with the Court by the Debtor, the Committee or the United States Trustee
11 and served by the fifteenth day of the month following the service of this Application. If such
12 an objection is filed, Debtor is authorized to pay the amounts, if any, not subject to the
13 objection. The Firm is informed and believes that this Cover Sheet Application was mailed
14 by overnight mail on or about February 26, 2004.

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

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

