

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____)	
In re)	Chapter 11 Cases
)	
Adelphia Communications Corp., <u>et al.</u> ,)	Case No. 02-41729 (REG)
)	
Debtors.)	Jointly Administered
_____)	

**FINAL APPLICATION OF BOND & PECARO, INC.,
AS VALUATION CONSULTANTS FOR DEBTORS AND DEBTORS IN
POSSESSION, FOR FINAL ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED FROM
AUGUST 1, 2003 THROUGH FEBRUARY 13, 2007**

TO THE HONORABLE ROBERT E. GERBER,
UNITED STATES BANKRUPTCY JUDGE:

Bond & Pecaro, Inc. (“B&P”), valuation consultants for the above-captioned debtors and debtors in possession in these cases (the “Debtors”), in support of its final application (the “Final Application”) for allowance of compensation for professional services rendered and reimbursement of expenses incurred from August 1, 2003 through February 13, 2007 (the “Application Period”), respectfully represents:

PRELIMINARY STATEMENT

1. By this Final Application and pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), B&P requests that this Court authorize: (a) final allowance of compensation for professional services B&P rendered to the Debtors during the Application Period in the amount of \$1,881,205.65 and (b) the reimbursement of actual and necessary expenses B&P incurred in connection with the rendering of such professional services in the amount of \$12,135.93.

2. This Court has jurisdiction over this Final Application pursuant to 28 U.S.C. §§ 157 and 1334 and the "Standing Order of Referral of Cases to Bankruptcy Judges," dated July 10, 1984, of District Court Judge Robert T. Ward. Venue of these cases and this Final Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are sections 330 and 331 of chapter 11 of the Bankruptcy Code and Rule 2016 of the Bankruptcy Rules

GENERAL BACKGROUND

3. On June 25, 2002 (the "Petition Date"), Adelphia Communications Corporation and certain of its subsidiaries and affiliates commenced cases under chapter 11 of the Bankruptcy Code.

4. The Debtors are continuing in possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. By order dated June 26, 2002, the Debtors' cases, except for CML, were consolidated for procedural purposes only and are being jointly administered.

5. No trustee or examiner has been appointed in these cases.

6. On July 11, 2002, an Official Committee of Unsecured Creditors was appointed in these cases, and on July 31, 2002, an Official Committee of Equity Security Holders was appointed in these cases (together, the "Committees").

B&P'S FEES AND EXPENSES

7. B&P's services in these cases have been substantial, necessary, and beneficial to the Debtors and to their estates, creditors, and other parties in interest. Throughout the Application Period, the variety and complexity of the issues involved in these cases and the need to address those issues on an expedited basis have required B&P, in discharge of its professional responsibilities, to devote substantial time by professionals on a daily basis, and often through night and weekend work.

8. By order, dated December 12, 2003, a copy of which is attached hereto as Exhibit D, this Court added B&P to the Debtor's list of appraisal consultants.

9. B&P has received approval for a request for interim allowance of compensation for professional services rendered to the Debtors from August 1, 2003 through October 31, 2003 (the "First Application Period") in the amount of \$47,035.00 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$297.37.

10. B&P has received approval for a request for interim allowance of compensation for professional services rendered to the Debtors from November 1, 2003 through February 29, 2004 (the "Second Application Period") in the amount of \$173,090.60 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$509.34.

11. B&P has received approval for a request for interim allowance of compensation for professional services rendered to the Debtors from March 1, 2004 through June 30, 2004 (the "Third Application Period") in the amount of \$159,067.10 and the reimbursement of actual

and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$462.65.

12. B&P has received approval for a request for interim allowance of compensation for professional services rendered to the Debtors from July 31, 2004 through October 31, 2004 (the “Fourth Application Period”) in the amount of \$327,510.40 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$4,836.33.

13. B&P has received approval for a request for interim allowance of compensation for professional services rendered to the Debtors from November 1, 2004 through February 28, 2005 (the “Fifth Application Period”) in the amount of \$112,272.80 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$3,373.54.

14. Approval for a request for interim allowance of compensation for professional services rendered to the Debtors from March 1, 2005 through August 31, 2005 (the “Sixth Application Period”) in the amount of \$361,322.75 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$764.02 is still pending.

15. Approval for a request for interim allowance of compensation for professional services rendered to the Debtors from September 1, 2005 through February 28, 2006 (the “Seventh Application Period”) in the amount of \$140,824.20 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$478.82 is still pending.

16. Approval for a request for interim allowance of compensation for professional services rendered to the Debtors from March 1, 2006 through August 31, 2006 (the “Eighth Application Period”) in the amount of \$128,149.05 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$524.27 is still pending.

17. Approval for a request for interim allowance of compensation for professional services rendered to the Debtors from September 1, 2006 through February 13, 2007 (the “Ninth Application Period”) in the amount of \$160,483.75 and the reimbursement of actual and necessary expenses incurred by B&P in connection with the rendering of such professional services in the amount of \$308.79 is still pending.

18. By this Final Application, B&P seeks allowance in full of compensation for services rendered and expenses incurred during the Application Period.

19. No agreement or understanding exists between B&P and any other entity for the sharing of compensation to be received for services rendered in or in connection with this case.

20. B&P maintains computerized records of the time expended by principals, associates, and support staff in rendering professional services to the Debtors. Such time records are made contemporaneously with the rendition of services by each person rendering such services.

21. For the convenience of the Court and parties-in-interest, annexed hereto as part of Exhibit B is a list of the principals and staff members who have worked on those matters during the Application Period, the professional fees charged, his or her hourly billing rate during the Application Period, and the amount of B&P's fees attributable to each individual. Additionally,

annexed hereto as Exhibit A is a list of all the matters for which services were rendered and the aggregate amount of fees and hours expended for each of those matters.

22. B&P also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of professional services. A schedule setting forth the categories of expenses and amounts for which reimbursement is requested is annexed hereto as Exhibit C.

23. Pursuant to the administrative order regarding guidelines for fees and disbursements for professionals in bankruptcy cases (the "Administrative Order"), B&P recorded its services rendered and disbursements incurred on different matters reasonably expected by the Debtors to continue over a period of at least three months and to constitute a substantial portion of the fees sought during the Application Period.

SUMMARY OF SERVICES RENDERED

24. Recitation of each and every item of professional services that B&P performed during the Application Period would unduly burden the Court. Hence, the following summary highlights the major areas to which B&P devoted time and attention during the Application Period. The full breadth of B&P's services is reflected in B&P's annexed fee records. Additionally, Exhibit B lists: (a) all principals and staff members who have performed services in each respective Service Category; and (b) a breakdown of the fees requested for each principal and staff member within each Service Category.

A. **General Property Valuation**

Bond & Pecaro was retained by the Debtor to appraise the 100.0% ownership interest in the assets of certain cable television systems that were purchased in 12 separate acquisitions between October 1, 1999 and December 17, 2001. These properties included the Debtor's merger with Century Communications Corporation, Frontiervision Partners, LP, Cleveland Cablevision, Harron Communications Corporation, Prestige Communications of North Carolina, Inc., GS Communications, Inc., Daniels Cablevision, Inc., TCI of Pennsylvania, Inc and AT&T Broadband of Ohio, LLC, Benchmark Acquisition Fund I, LP, Benchmark Media, Inc., the Debtor's exchange with TCI of Virginia, Inc and TCI Intermedia, and the Debtor's exchange with Comcast Corporation.

Each acquisition comprised numerous cable television systems that were organized into cost centers. In the analysis, values were provided by cost center. The appraisal was prepared for financial reporting purposes. The primary purpose of the analysis was to allocate the purchase price for the Systems to various categories of tangible and intangible assets. Bond & Pecaro, Inc. allocated the purchase price of each acquisition by asset category and by cost center.

B. **FASB 142 Valuations**

Bond & Pecaro, Inc. was retained by the Debtor to assist the company in its FASB Statement 142 compliance activities. FASB 142 addresses the impairment of intangible assets and goodwill. The subject assets at issue in the report are the intangible assets, such as cable television franchise agreements and subscribers, of the Debtor's cable television systems in its Central, Southeast, California, Western, and Northeast regions. Goodwill was also valued at the systems in the Central, Florida, Great Lakes, Los Angeles, New England, Puerto Rico, Southeast, and

Western regions. The effective dates of this analysis are January 1, 2002, July 1, 2002, and July 1, 2003.

C. **Buffalo Sabres Appraisal**

The appraisal of Niagara Frontier Hockey, L.P. (“NFHLP”) as of March 20, 1998 was performed because, according to Adelphia’s auditors, events on this date triggered a requirement for Adelphia to consolidate NFHLP with its own statements for financial reporting purposes, pursuant to Financial Interpretation No. 46 (“FIN 46”). The income, market, and cost approaches were considered in the appraisal of a variety of intangible assets including a professional hockey franchise, arena utilization rights, pre-paid player bonuses, expansion franchise fees, and going concern value.

D. **Six Bank Silos Valuation**

Bond & Pecaro, Inc. was retained by the Debtor to assist the company by conducting Goodwill impairment testing of six of its bank reporting silos. These bank reporting silos are the Century Borrower Group, Century-TCI Borrower Group, UCA Borrower Group, Parnassos Borrower Group, Olympus Borrower Group, and 7A, 7B, 7C Borrower Group. The effective dates of this analysis are January 1, 2002, July 1, 2002, and July 1, 2003.

E. **Starpoint FASB 142 Analysis**

Bond & Pecaro, Inc. was retained by the Debtor to assist the company in its impairment testing activities related to its Starpoint home security business. FASB 142 addresses the impairment of intangible assets and goodwill. The effective dates of this analysis are January 1, 2002, July 1, 2002, and July 1, 2003.

F. **ABIZ FASB 142 Analysis**

Bond & Pecaro, Inc. was retained by the Debtor to assist the company in its impairment testing activities related to its ABIZ competitive local exchange carrier telecommunications business. FASB 142 addresses the impairment of intangible assets and goodwill. The effective dates of this analysis are January 1, 2002, July 1, 2002, and July 1, 2003.

G. **Rigas Partnership Fair Market Valuations**

Bond & Pecaro, Inc. was retained by the Debtor to provide a fair market valuation of five Rigas cable properties. These properties are Highland Prestige Georgia, Hilton Head Communications, Bucktail Broadcasting, Coudersport Television Cable Company, and Highland Video. The effective date of this analysis is July 1, 2003.

H. **Tangible Property Valuation Estimates**

Bond & Pecaro, Inc. was retained by the Debtor to provide tangible property valuation estimates for three cable television groups. These groups are ACC, Rigas, and Olympus. The effective date of this analysis is December 31, 1998.

I. **Century/TCI and Parnasos Valuations**

Bond & Pecaro was retained by the Debtor to assist the company in determining the Goodwill and Enterprise Values of two Adelphia subsidiaries: Century/TCI and Parnasos. The Debtor subsequently determined that this was unnecessary and Bond & Pecaro's actual work on this project was limited to minimal financial statement analysis.

J. **Appraisal of Six Rigas Family Partnerships (“RFPs”)**

Bond & Pecaro was retained by the Debtor to assist the company in its FASB Statement 142 compliance activities. FASB 142 addresses the impairment of intangible assets and goodwill. The subject assets at issue in the report are the intangible assets, such as cable television franchise agreements and subscribers, of the Rigas Family Partnership (“RFP”) cable television system groupings. The Enterprise Values of the cable television systems in each region were also developed to assess whether any Goodwill impairment was evident. The effective dates of this analysis are January 1, 2002, July 1, 2002, July 1, 2003, and July 1, 2004. It was also necessary to apportion the values of the six partnerships to five legal entities.

K. **Rigas Family Partnerships FASB 142 Valuations**

Bond & Pecaro was retained by the Debtor to assist the company in its FASB Statement 142 compliance activities. FASB 142 addresses the impairment of intangible assets and goodwill. The subject assets at issue in the report are the intangible assets, such as cable television franchise agreements and subscribers, of the Rigas Family Partnership (“RFP”) cable television system groupings in five geographic regions. These include the California, Central Remaining, Northeast Remaining, Southeast Remaining, and Western Remaining clusters. The Enterprise Values of the cable television systems in each region were also developed to assess whether any Goodwill impairment was evident. The effective date of this analysis is July 1, 2005.

L. **FASB 142 Valuations as of July 1, 2004**

Bond & Pecaro was retained by the Debtor to assist the company in its FASB Statement 142 compliance activities. FASB 142 addresses the impairment of intangible assets and goodwill. The subject assets at issue in the report are the intangible assets, such as cable television franchise agreements and subscribers, of the Debtor’s cable television systems in its California,

Central Remaining, Cleveland, Colorado Springs, Greater Boston, Northeast Remaining, Northern Virginia, Southeast Remaining, West Palm Beach, Western New York, and Western Remaining regions. The Enterprise Values of the cable television systems in each region were also developed to assess whether any Goodwill impairment was evident. The effective date of this analysis is July 1, 2004. Bond & Pecaro also devoted time to responding to inquiries from auditors and their valuation consultants.

M. **FASB 142 Valuations as of July 1, 2005**

Bond & Pecaro was retained by the Debtor to assist the company in its FASB Statement 142 compliance activities. FASB 142 addresses the impairment of intangible assets and goodwill. The subject assets at issue in the report are the intangible assets, such as cable television franchise agreements and subscribers, of the Debtor's cable television systems in its California, Central Remaining, Cleveland, Colorado Springs, Greater Boston, Northeast Remaining, Northern Virginia, Southeast Remaining, West Palm Beach, Western New York, and Western Remaining regions. The Enterprise Values of the cable television systems in each region were also developed to assess whether any Goodwill impairment was evident. The effective date of this analysis is July 1, 2005. Bond & Pecaro also devoted time to responding to inquiries from auditors and their valuation consultants.

N. **Allocation of Value to Time Warner/Comcast Sale Groupings**

Bond & Pecaro, Inc. was retained by the Debtor to assist in determining the most accurate way to allocate the Fair Value of their combined cable systems in connection with the sale of substantially all of the Adelphia cable systems to Time Warner NY Cable LLC and Comcast Corporation. Adelphia was required to produce financial statements based on the groups of cable

systems purchased by each entity. These carve-out asset groups consist of 5 asset groupings, 4 of which are being purchased by TWC and Comcast. Additionally, Bond and Pecaro was asked to assist in evaluating each of the carve-out entities for impairment for the periods 2002 through 2005 in accordance with FAS 142 and FAS 144.

O. **Allocation of Fair Value between Time Warner and Comcast Asset Entities**

Bond & Pecaro was retained by the Debtor to assist in allocating the fair value of the Debtor's cable television systems in its California, Central Region Remaining, Cleveland, Colorado Springs, Greater Boston, Northeast Remaining, Northern Virginia, Southeast Remaining, West Palm Beach, Western New York, and Western Remaining regions into five carve-out asset groups in association with the sale of substantially all of the Adelphia cable systems to Time Warner NY Cable LLC ("TWC") and Comcast Corporation ("Comcast").

P. **FASB 142 Valuations as of July 1, 2006**

Bond & Pecaro was retained by the Debtor to assist the company in its FASB Statement 142 compliance activities. FASB 142 addresses the impairment of intangible assets and goodwill. The subject assets at issue in the report are the intangible assets, such as cable television franchise agreements and subscribers, of the Debtor's cable television systems in its California, Central Region Remaining, Cleveland, Colorado Springs, Greater Boston, Northeast Remaining, Northern Virginia, Southeast Remaining, West Palm Beach, Western New York, and Western Remaining regions. The Enterprise Values of the cable television systems in each region were also developed to assess whether any Goodwill impairment was evident. Additionally, the fair value of the intangible assets, such as cable television franchise agreements and the Enterprise Values of the Rigas Family Partnership ("RFP") cable television system groupings were determined. The effective date of these analyses is July 1, 2006.

Q. **Fair Market Valuation as of September 30, 2006**

Bond & Pecaro was retained by the Debtor to determine the fair market value of ViacaboTV Brazil, a group of fifteen cable franchises owned by the Debtor spread across the country of Brazil. The subject systems have approximately 55,000 video subscribers. The analysis is prepared to assist the Debtor in determining the potential value of the systems, as they consider proposals for the possible sale of the systems. The effective date of this analysis is September 30, 2006.

R. **Response to Subpoena for Information in Prestige Litigation**

Bond & Pecaro, Inc. devoted time and effort to produce documents in connection with the Prestige Cable litigation. Members of the Bond & Pecaro staff who had worked on this matter were required to analyze their emails and correspondence and provide documents related to the project and their work. Members of the Bond & Pecaro staff participated in conference calls with Adelphia management and Adelphia's legal counsel to respond to inquiries regarding valuation matters related to the Prestige matter.

EVALUATING B&P'S SERVICES

25. As highlighted above, B&P provided extensive services to provide the Debtors with valuation information about their various properties.

26. B&P's hourly rates and fees charged are consonant with the market rate for comparable services. The hourly rates and fees charged by B&P are the same as those generally charged to, and paid by, B&P's other clients.

B&P'S REQUEST FOR COMPENSATION

27. The allowance of compensation for services rendered and reimbursement of expenses incurred in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

[A] debtor's attorney, or any professional person . . . may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered . . . as is provided under section 330 of this title.

11 U.S.C. § 331.

28. Concerning the level of compensation, section 330(a)(1)(A) of the Bankruptcy Code provides, in pertinent part, that the court may award to a professional person:

reasonable compensation for actual, necessary services rendered by the . . . professional person. . . .

11 U.S.C. § 330. The Congressional intent and policy expressed in section 330 of the Bankruptcy Code is to provide for adequate compensation to continue to attract qualified and competent practitioners to bankruptcy cases.

29. B&P submits that its request for allowance of compensation is reasonable. The services rendered by B&P, as highlighted above, required substantial time and effort, much of which occurred under substantial pressure and during nights and weekends.

30. The services rendered by B&P during the Application Period were performed diligently and efficiently. Accordingly, when possible, B&P delegated tasks to lower cost associates or, for discrete matters, to principals or associates with specialized expertise in the particular task at issue. While that approach may have required intra-office conferences or involved individual

principals or associates who spent only a few hours on the matter at hand, the net result was enhanced cost efficiency.

31. During the Application Period, B&P generally assigned discrete projects or tasks to particular principals or associates assigned to the case. These principals or associates would be primarily responsible for interacting with the Debtors and various parties in interest to accomplish particular tasks. The associates would routinely report to principals as to the status of particular matters and related issues. Although duplication of effort has been avoided to the greatest extent possible, some duplication may have occurred as a result of the intensity of the matters in which B&P was engaged, the complexity of the issues that arose during these cases, and the urgent basis upon which some of these services were rendered. However, B&P believes that any duplication of effort was de minimus, is covered by B&P's write-offs in the exercise in billing judgment, and was beneficial to the estates in that thorough knowledge of the background and the history of these engagements makes each successive task more efficient.

32. During the Application Period, B&P encountered certain novel and complex valuation issues, often requiring extensive research and drafting. B&P brought to bear valuation expertise in many areas. B&P principals and staff members have rendered service in all of these areas with skill and dispatch.

DISBURSEMENTS

33. B&P incurred actual and necessary out-of-pocket expenses during the Application Period in connection with the rendition of the professional services described above, in

the amounts set forth in Exhibit C.¹ By this Final Application, B&P respectfully requests allowance of such reimbursement in full.

34. The disbursements for which B&P seeks reimbursement include the following:
 - a. Telecommunications - Long distance calls are billed at actual cost. Outgoing facsimile transmittals are billed at \$2.00 per page, while there is no charge for incoming facsimiles;
 - b. Duplication – Costs for duplication performed by outside duplication services are billed at actual cost;
 - c. Transportation – Transportation costs include airfare, rental cars, and parking, and are billed at actual cost;
 - d. Express Delivery – Express Delivery costs incurred in work performed in conjunction with client work are billed at actual cost;
 - e. Hotel – Costs for hotel stays incurred during work performed at client facilities are billed at actual cost;
 - f. Meals – Meals charges incurred during work performed in conjunction with client work are billed at actual cost.

FEE AND EXPENSE REDUCTIONS

35. In consultation with the Fee Committee, B&P has previously agreed to a reduction in fees of \$59,885.00 from the First, Second, Third, Fourth, and Fifth Application Periods. At the time of this Final Application, the Fee Committee and B&P are in consultation regarding any potential reduction in fees from the Sixth Application. The Seventh, Eighth, and Ninth Applications have not been reviewed by the Fee Committee at the time of this Final Application.

¹ B&P's standard practice is to treat certain expenses as having been incurred when such obligations are recorded and reflected as payable in B&P's accounting system.

36. In consultation with the Fee Committee, B&P has not reduced any expenses from the First, Second, Third, Fourth, or Fifth Application Periods. At the time of this Final Application, the Fee Committee and B&P are in consultation regarding any potential reduction in expenses from the Sixth Application. The Seventh, Eighth, and Ninth Applications have not been reviewed by the Fee Committee at the time of this Final Application.

PROCEDURE

37. B&P has provided notice of this Final Application to: (i) the Office of the United States Trustee; (ii) counsel to the agents for the Debtors' pre-petition and post-petition bank lenders; (iii) counsel to the Committees; and (iv) the Debtors.

CONCLUSION

WHEREFORE, B&P respectfully requests that this Court enter an order awarding B&P:

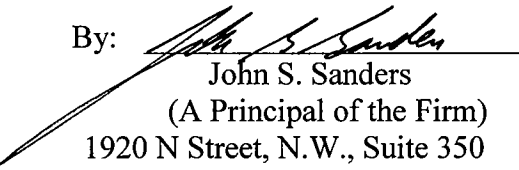
(a) compensation from the Debtors for services rendered from August 1, 2003 through February 13, 2007, inclusive, in the amount of \$1,881,205.65;

(b) reimbursement of actual, necessary expenses incurred in connection with the rendition of such services, in the amount of \$12,135.93;

(c) such other and further relief as may be just.

Dated: March 23, 2007

BOND & PECARO, INC.

By:  _____

John S. Sanders

(A Principal of the Firm)

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