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Special Counsel to Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

**Chapter 11 Case No.
02-41729(REG)**

ADELPHIA COMMUNICATIONS, et al.,

Debtors.

(Jointly Administered)

**FINAL APPLICATION OF DOW LOHNES PLLC,
AS SPECIAL COUNSEL FOR DEBTORS AND DEBTORS IN
POSSESSION, FOR FINAL ALLOWANCE OF COMPENSATION FOR SERVICES
RENDERED AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD AUGUST 1,
2002 THROUGH FEBRUARY 28, 2006 AND PAYMENT OF HOLDBACK AMOUNTS**

Name of Applicant: Dow Lohnes PLLC
Authorized to Provide Services to: Debtors and Debtors-in-Possession
Date of Retention Order: October 30, 2002
Periods for Which Compensation Sought: Aug. 1, 2002 – Feb. 28, 2006

Amount of Compensation Sought as
Actual, Reasonable and Necessary: \$4,247,270.20

Amount of Expense Reimbursement Sought
As Actual, Reasonable and Necessary: \$ 239,767.24

This is an ___ interim ___ X final application.

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

Dow Lohnes PLLC (“DL&A”)¹, as special counsel for the above-captioned debtors and debtors in possession in these cases (the “Debtors”), in support of its final application² (the “Final Application”) for allowance of compensation for professional services rendered and reimbursement of expenses incurred from August 1, 2002 through February 28,

¹ On May 1, 2006, Dow, Lohnes & Albertson PLLC changed its name to Dow Lohnes PLLC – to ensure consistency with prior applications, the firm will still be referred to as “DL&A” herein.

² On June 16, 2006, DL&A filed a combined Tenth Interim and Final Fee Application [Doc 11285]. Counsel for the Fee Committee subsequently indicated that the Fee Committee would treat that application solely as an interim application and requested that DL&A file this final application in accordance with the Final Compensation Procedures.

2006 (the “Final Application Period”) and request for payment of all amounts previously held back from payment, 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”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Final Compensation Procedures Memorandum DL&A requests that this Court authorize, on a final basis: (a) total compensation in the amount of \$4,247,270.20, including authorizing the payment of the total remaining holdback amount of \$456,777.95, for the Final Compensation Period for the reasonable and necessary services DL&A has rendered to the Debtors and Debtors-in-Possession (“Final Requested Compensation”); and (b) total reimbursement of actual, necessary expenses incurred in connection with the rendition of such services, in the amount of \$239,767.24 (“Final Requested Expenses”).³

2. DL&A’s request reflects the requisite time, skill and effort DL&A expended over the Final Application Period towards, inter alia: (a) providing services to the Debtors in connection with various asset reconciliation and global settlement projects; (b) providing services to the Debtors in connection with telecommunications issues; (c) providing services to the Debtors in connection with franchise agreements and regulatory issues; (d) providing services in connection with programming agreements and regulatory issues; (e) providing services in

³ To the extent these total figures may deviate slightly from the figures contained in each of DL&A’s previous interim fee applications, DL&A requests that the Court rely upon the figures contained in this Final Application as they are the product of an overall accounting reconciliation performed in October of 2006 by Adelphia’s Barb McNamee, Brad King and Mark Spiecker along with Sheryl Lepisto, DL&A’s Director of Practice Support. See Exhibit C.

connection with Equity Committee litigation; and (f) providing services in connection with fee statements.

3. 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 the Bankruptcy Code and Rule 2016 of the Bankruptcy Rules.

GENERAL BACKGROUND

4. On July 25, 2002 (the “Commencement Date”), each of the Debtors commenced a case under chapter 11 of title 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. Prior to and during the course of these cases, Adelphia owned and operated an extensive cable television business, located in hundreds of municipalities, which was constructed in part through acquisitions. In each municipality, Adelphia entered into, or inherited, a franchise agreement with the municipality. These franchise agreements set forth the terms under which Adelphia is permitted to operate in that municipality. Adelphia also had extensive relationships with its spun-off subsidiary, Adelphia Business Solutions, n/k/a TelCove.

6. By order dated October 30, 2002, DL&A was retained as special counsel to provide services to the Debtors in connection with their chapter 11 cases. Specifically, DL&A was retained to assist the Debtors with communications and regulatory matters, including representing the Debtors with respect to the review and evaluation of the Debtors' franchise

agreements and related operating documents issued by and/or entered into with local governmental entities in Debtors' service territories; modification and updating of the Debtors' database of franchise documents, the obligations thereunder and the status of those obligations; the renewal of the franchise agreements and Debtors' operating authority in its service territories; advice and services related to programming agreements and to franchise agreements and related federal, state and local regulations and regulators; regulatory advice and services related to any transfer of the cable systems subject to the franchise agreements; federal, state and local regulatory counsel and advice including representation in front of the Federal Communications Commission, state agencies and local franchising authorities; and whatever other services the Debtors may designate that are not central to the Debtors' reorganization (provided there was to be no duplication of efforts between DL&A and other special counsel to the Debtors). On November 1, 2002, Debtors filed the Supplemental Affidavit of Leonard J. Baxt adding to the scope of its retention the handling of various matters on behalf of the Debtors for which WF&G was conflicted. During the Final Application Period, DL&A was called upon to handle various of these matters on behalf of the Debtors.

DL&A'S FINAL APPLICATION PERIOD FEES AND EXPENSES

7. DL&A's services in these cases have been necessary and beneficial to the Debtors and to their estates, creditors, and other parties in interest. Throughout the Final Application Periods, the variety and complexity of the issues involved in these cases and the need to address those issues on an expedited basis have required DL&A, in discharge of its professional responsibilities, to devote substantial time by professionals from several legal disciplines on a regular basis.

8. In accordance with section II (b) of the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, dated May 30, 1995, DL&A makes the following disclosures:

(a) By Order dated October 30, 2002 this Court approved *nunc pro tunc* the Debtors' retention of DL&A as Special Counsel to the Debtors. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

(b) Prior Applications:

First and Second Applications: Summary DL&A's First and Second Applications were resolved with the Fee Committee/Legal Cost Control ("LCC") and approved by the Court with the following results: Following DL&A's negotiations with LCC, DL&A sought, and the Court approved, a total of \$2,253,941.50 in fees and \$141,554.55 in expenses for the First and Second Application Periods. Adelpia has paid a total of \$2,010,239.40 towards approved fees and \$141,554.55 towards approved expenses for the First and Second Application Periods. DL&A has \$243,702.10 remaining in "holdback" for the First and Second Application Periods pursuant to the formula contained in the Court's Order Under Local Rule 2016-1 and 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals and Committee Members, dated August 9, 2002 (the "Interim Compensation Order"). See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

First and Second Applications: Detail (1) On January 14, 2003, this Court approved DL&A's First Application, which requested \$969,254.50 in fees and \$55,263.30 in expenses. To date, Debtors have paid DL&A \$775,403.60 for these fees and \$55,263.30 for these expenses. Fees in the amount of \$193,850.90 from DL&A's First Application were approved, but unpaid pursuant to the Interim Compensation Order's holdback provision; (2) On December 12,

2003, this Court approved DL&A's Second Application. The Second Application initially requested \$1,467,766.00 in fees and \$86,291.25 in expenses. However, following negotiations with LCC, DL&A agreed to a \$183,079.00 fee reduction for DL&A's First and Second Applications. This reduction was to be offset from the release of a portion of DL&A's holdback for these Application Periods following the December 12, 2003 hearing. Accordingly, the Court approved DL&A's Second Application in the amount of \$1,284,687.00 in fees and \$86,291.25 in expenses. Due to the fact that, prior to December 12, 2003, Debtors had already paid DL&A \$1,174,212.80 for these fees and \$86,291.25 for these expenses (based upon the invoice amounts submitted prior to the LCC negotiated reduction) the reduction was subtracted from the released portion of DL&A's holdback. Fees in the amount of \$293,553.20 from DL&A's Second Application were held pursuant to the holdback formula contained in the Interim Compensation Order. When added together with DL&A's holdback from the First Application Period, DL&A's total holdback for the First and Second Application Periods was \$487,404.00 prior to December 12, 2003. On December 12, 2003, the Court approved the release of one half of DL&A's total holdback for the First and Second Application Periods, less the agreed-to \$183,079.00 reduction. This resulted in the release of \$60,623.00 in holdback funds (one half of DL&A's \$487,404.00 holdback for the two Application Periods less the \$183,079.00 agreed-to reduction); the released holdback funds were paid to DL&A on or around December 22, 2003. DL&A thus has resolved its First and Second Applications with \$243,702.10 remaining in holdback for the First and Second Application Periods. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Third Application: On September 4, 2003, DL&A submitted its Third Application, which requested \$844,144.00 in fees and \$68,981.99 in expenses. Pursuant to the

Interim Compensation Order, Debtors paid DL&A \$649,443.50 for these fees and \$68,981.99 for these expenses. Fees in the amount of \$168,820.80 from DL&A's Third Application remained unpaid pursuant to the holdback formula contained in the Interim Compensation Order. DL&A subsequently resolved the Third Application with LCC by agreeing to reduce its fees and expenses by \$89,975.00 for the Third Application Period. The Court then approved \$754,169.00 in fees and \$68,981.99 by Order dated March 2, 2004. The Court also ordered the release on one half of DL&A's fees then in holdback. As DL&A's \$89,975.00 reduction exceeded one-half of the \$168,820.80 then in holdback (\$84,410.40), Debtors made no additional disbursement to DL&A at that time; \$78,845.80 now remains in DL&A's holdback for the Third Period. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Fourth Application: On January 5, 2004, DL&A submitted its Fourth Application, which requested \$341,124.50 in fees and \$15,643.64 in expenses. Pursuant to the Interim Compensation Order, Debtors paid DL&A \$272,899.20 for these fees and \$15,643.64 for these expenses. Fees in the amount of \$68,224.90 from DL&A's Fourth Application remained unpaid pursuant to the holdback formula contained in the Interim Compensation Order. DL&A subsequently resolved the Fourth Application with LCC by agreeing to reduce its fees and expenses by \$27,510.00 for the Fourth Application Period. DL&A also subsequently agreed to further reduce its Fourth Period Fees by an additional \$4,933.00. The Court then approved \$313,614.50.00 in fees and \$15,643.64 in expenses by Order dated May 14, 2004. The Court also ordered the release on one half of DL&A's fees then in holdback. On July 28, 2004 Debtors paid DL&A \$6,602.45; \$32,525.75 now remains in DL&A's holdback for the Fourth Period. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Fifth Application: On July 15, 2004, DL&A submitted its Fifth Application, which requested \$381,379.50 in fees and \$2,713.24 in expenses. Pursuant to the Interim Compensation Order, Debtors have paid DL&A \$305,103.60 for these fees and \$2,713.24 for these expenses. Fees in the amount of \$76,275.90 from DL&A's Fifth Application remained unpaid pursuant to the holdback formula contained in the Interim Compensation Order. DL&A subsequently resolved the Fifth Application with LCC by agreeing to reduce its fees and expenses by \$18,732.55 for the Fifth Application Period. The Court then approved \$362,646.95 in fees and \$2,713.24 in expenses by Order dated November 5, 2004. The Court also ordered the release on one half of DL&A's fees then in holdback. On November 16, 2004 Debtors paid DL&A \$19,405.40; \$38,137.95 now remains in DL&A's holdback for the Fifth Period. Debtors also subsequently paid DL&A \$3,854.15 for additional Fifth Period expenses. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Sixth Application: On December 9, 2004 DL&A Submitted its Sixth Interim Fee Application, which requested \$356,620.00 in fees and \$3,285.90 for expenses. Pursuant to the Interim Compensation Order, Debtors have paid DL&A \$285,296.00 for these fees and \$3,285.90 for these expenses. Fees in the amount of \$71,324.00 from DL&A's Sixth Application remained unpaid pursuant to the holdback formula contained in the Interim Compensation Order. DL&A subsequently resolved the Sixth Application with LCC by agreeing to reduce its fees and expenses by \$15,191.95 for the Sixth Application Period. The Court then approved \$341,428.05 in fees and \$3,285.90 in expenses by Order dated April 29, 2005. The Court also ordered the release of one-half of DL&A's fees then in holdback. On May 31, 2005 Debtors paid DL&A \$20,470.05; \$35,662.00 now remains in DL&A's holdback for the Sixth Period. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Seventh Application: On May 4, 2005 DL&A submitted its Seventh Interim Fee Application requesting \$134,604.00 in fees, and \$1,118.72 for expenses. Pursuant to the Interim Compensation Order, Debtors have paid DL&A \$107,683.20 for these fees and \$1,118.72 for expenses. As of September 19, 2005, Fees in the amount of \$26,920.80 from DL&A's Seventh Application remained unpaid pursuant to the holdback formula contained in the Interim Compensation Order. DL&A subsequently resolved the Seventh Application with LCC by agreeing to reduce its fees and expenses by \$1,958.11 for the Seventh Application Period. The Court then approved \$132,645.89 in fees and \$1,118.72 in expenses by Order dated November 16, 2005. The Court also ordered the release of one-half of DL&A's fees then in holdback. Debtors subsequently paid DL&A \$11,502.29; \$13,460.40 now remains in DL&A's holdback for the Seventh Period. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Eighth Application: On September 20, 2005 DL&A submitted its Eighth Interim Fee Application requesting \$51,982.50 in fees, and \$1,567.57 for expenses. Pursuant to the Interim Compensation Order, Debtors have paid DL&A \$41,586.00 of the \$51,982.50 in fees sought by DL&A's Eighth Application, and \$1,567.57 of the \$1,567.57 for expenses sought by DL&A's Eighth Application. As of February 24, 2006, fees in the amount of \$10,396.50 from DL&A's Eighth Application remained unpaid pursuant to the holdback formula contained in the Interim Compensation Order. DL&A subsequently resolved the Eighth Application with LCC by agreeing to reduce its fees and expenses by \$2,413.25 for the Eighth Application Period. The Court then approved \$49,569.25 in fees and \$1,118.72 in expenses by Order dated April 5, 2006. The Court also ordered the release of one-half of DL&A's fees then in holdback. Debtors subsequently paid DL&A \$2,785.00; \$5,198.25 now remains in DL&A's holdback for the Eighth Period. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Ninth Application: On February 27, 2006 DL&A submitted its Ninth Interim Fee Application requesting \$31,450.00 in fees, and \$618.55 for expenses. Pursuant to the Interim Compensation Order, Debtors have paid DL&A \$25,160.00 of the \$31,450.00 in fees sought by DL&A's Ninth Application, and \$618.55 of the \$618.55 for expenses sought by DL&A's Ninth Application. As of June 14, 2006, fees in the amount of \$6,890.00 from DL&A's Ninth Application remain unpaid pursuant to the holdback formula contained in the Interim Compensation Order. As with previous Application Period holdback figures, however, this figure may change following the conclusion of negotiations with LCC regarding DL&A's Ninth Application and subsequent Court approval. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

Tenth Application: Pursuant to the Interim Compensation Order, Debtors have paid DL&A \$9,422.80 of the \$11,778.50 in fees sought by DL&A's Tenth Application, and \$365.70 of the \$ 365.70 for expenses sought by DL&A's Tenth Application. As of June 14, 2006, fees in the amount of \$2,355.70 from DL&A's Tenth Application remain unpaid pursuant to the holdback formula contained in the Interim Compensation Order. As with previous Application Period holdback figures, however, this figure may change following the conclusion of negotiations with LCC regarding DL&A's Tenth Application and subsequent Court approval. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

(c) Fee Committee Holdback Reconciliation: On July 12, 2006, Kim Musselman (On Behalf of the Fee Committee) contacted Sheryl Lepisto (DL&A's Director of Practice Support) regarding the Adelphia accounting department's holdback reconciliation for Dow Lohnes. The parties subsequently engaged in accounting comparisons and on October 10, 2006 arrived at a final holdback amount of \$456,777.95. To the extent this holdback figure may

deviate slightly from the figures contained in each of DL&A's previous interim fee applications, DL&A requests that the Court rely upon the figures contained in this Final Application as they are the product of the overall accounting reconciliation between the Fee Committee and DL&A. See emails and spreadsheet attached at Exhibit C; Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

(d) Final Application Period: Pursuant to the Interim Compensation Order, Debtors have paid DL&A \$3,790,492.30 of the \$4,247,270.20 in fees sought by DL&A's Final Application, and \$239,767.24 of the \$239,767.24 for expenses sought by DL&A's Final Application. As of March 22, 2007, total fees in the amount of \$456,777.95 from DL&A's Final Application remain unpaid pursuant to the holdback formula contained in the Interim Compensation Order (the "Total Holdback Amount"), representing the remainder of the Final Requested Compensation as rendered throughout the Final Application Period. As of March 29, 2007, no expenses sought by DL&A's Final Application remain unpaid. See Exhibits C, D; Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

(e) No agreement or understanding exists between DL&A and any other entity for the sharing of compensation to be received for services rendered in or in connection with this case. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

(f) DL&A has no retainer from Debtors for its services. See Affidavit of Peter D. Coffman, Esq., annexed hereto as Exhibit A.

9. DL&A maintains written records of the time expended by attorneys and paraprofessionals in the rendition of professional services to the Debtors. Such time records are made contemporaneously with the rendition of services by the person rendering such services. Copies of DL&A's daily time records, broken down by matter and listing the name of the attorney

or paraprofessional, the date on which the services were performed, and the amount of time spent in performing the services, were attached as Exhibit B to each of DL&A's Ten Interim Fee Applications. When all of the Ten Interim Exhibits B are considered together, the Court now has before it a complete set of such records for the Final Application Period.

10. Attached as Exhibit C to each of DL&A's Ten Interim Fee Applications are lists of the attorneys and paraprofessionals who have worked on the covered matters during each of the Ten Interim Fee Application Periods, the aggregate time expended by each individual during the Tenth Application Period, his or her hourly billing rate during each of the Ten Interim Fee Application Periods, and the amount of DL&A's fees attributable to each individual. Additionally, annexed as part of Exhibit B to each of DL&A's Ten Interim Fee Applications is a list of all the matters for which services were rendered and the aggregate amount of hours and fees expended for each of those matters. When all Exhibits B and C to each of DL&A's Ten Interim Fee Applications are considered together, the Court now has before it a complete set of such records for the Final Application Period.

11. DL&A also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of professional services. Schedules setting forth the categories of expenses and amounts for which reimbursement is requested follow the billing summary for professional services included for each discrete matter in the records annexed to each of DL&A's Ten Interim Fee Applications as Exhibit B. When all Exhibits B to each of DL&A's Ten Interim Fee Applications are considered together, the Court now has before it a complete set of such records for the Final Application Period.

12. Pursuant to the Administrative Order Regarding Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases dated June 20, 1991, and the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, dated April 19, 1995 (collectively, the “Administrative Orders”), DL&A recorded its services rendered and disbursements incurred on two different matters reasonably expected to continue over a period of at least three months and to constitute a substantial portion of the fees sought during an interim period.

DISCUSSION OF REASONABLENESS FACTORS FOR FEES AND EXPENSES

13. Pursuant to Paragraph 2.5 of the Final Compensation Procedures, DL&A submits the following narrative discussion of the reasonableness factors set forth in Paragraph 2.4 of the Final Compensation procedures.

The nature, scope, complexity and value of DL&A's work in connection with these cases

(Factors 1, 3, 4, 5, 7 & 13).

DL&A's work in the Adelpia Cases focused on three major projects: (1) Franchise and Programming Agreement Review and Database Construction; (2) Telecom/Asset Reconciliation Matters; and (3) Settlement Agreement Matters.

Franchise and Programming Agreement Review and Database Construction (August 2002 – January 2004). DL&A provided substantial legal services with respect to review of the Debtors' franchise agreements and related operating documents issued by and/or entered into with local governments in Debtors' service; the renewal of the franchise agreements and the Debtors' operating authority in its service territories; and the modification and updating the Debtors' database of franchise documents, the obligations thereunder and the status of those obligations.

These databases provided Adelphia with a necessary ability to perform universal electronic searches of its most critical franchise and programming information.

Because of client requirements for this project, DL&A attorneys were required to travel to Debtors' Coudersport office for lengthy periods, generally in 1 to 2 week shifts. The project involved numerous DL&A attorneys (approximately 26 different attorneys), although generally only 6-8 DL&A attorney's were in Coudersport at any one time. Once there, the attorneys generally would review Debtors' cable television franchises and related documents and then summarize such franchise documents in a detailed database that changed several times over the course of the project.

When the initial review of a particular franchise occurred, the DL&A attorney would need to: (i) locate and then sort through and organize one or more files related to the franchise area; (ii) identify the material franchise documents in the files and then summarize the documents in the database; (iii) identify and catalogue missing franchise documents that were not available in Coudersport but that needed to be included in the summary to make it complete and needed to be collected at the local level; (iv) reconcile the information and documents reviewed with multiple franchise lists; and (v) prepare an itemized list of missing documents and identify any deficiencies and inconsistencies with Debtors' internal lists, including lists that were being submitted on a monthly basis to various committees involved in this bankruptcy proceeding. This project encompassed approximately 2,959 separate and comprehensive database records for communities served by Debtors' cable systems; which systems serve approximately 5,181,948 subscribers according to Debtors' internal lists.

DL&A attorneys were additionally required by Debtors to incorporate into the database new franchise renewal documents as well as documents that had been previously identified as

missing and had been located by Debtors' local personnel. Additionally, Debtors' modifications to the database format required further updating of information by DL&A attorneys.

DL&A provided similar legal services with respect to review of the Debtors' programming agreements and related operating documents involving various cable operators; and the creation, modification and updating of the Debtors' database of programming documents.

Telecom/Asset Reconciliation Matters (March 2003 – February 2005):

DL&A was also called upon to handle on the Debtors' behalf various telecommunications matters, including substantial matters involving asset reconciliation projects, asset separation agreements, TelCove proposals and operational agreements that cover the assets involved in prior asset sales to Adelphia in continuing telecom markets. This project involved, *inter alia*, the identification and analysis of agreements entered into by Adelphia Business Systems (now TelCove) in connection with its business of providing service as a competitive local exchange carrier (a "CLEC") in markets where Adelphia Communications ("ACC") intended to continue to provide local telephone service or in markets previously sold by TelCove to ACC. This analysis was part of the reconciliation process between ACC and TelCove. It was necessary because ACC had to determine which contracts it wished to assume and which contracts it wished to have TelCove reject as part of TelCove's bankruptcy. Moreover, because the purchase agreements between TelCove and Adelphia did not include appropriate schedules and exhibits identifying the relevant assets being assigned to Adelphia, including contracts, the parties needed to finalize such schedules and exhibits, especially in the CLEC markets in which Adelphia intended to continue to provide local telephone service.

As part of this project, DL&A attorneys reviewed, categorized and prioritized substantial numbers of unorganized contracts and other documents provided by TelCove to Adelphia, and

then determined what documents were missing from the lists Adelphia and its outside consultants had developed. Oftentimes the actual documents did not match up with the descriptions that were provided by TelCove and Adelphia. Reconciling them was necessary because ACC had to determine which contracts it wished to assume and which contracts it wished to have TelCove reject as part of TelCove's bankruptcy. There was a large amount of work required to understand the dealings between these two companies and then to reconstruct their prior transactions and the assets involved.

DL&A members were involved in identifying agreements that should be analyzed, working with ACC personnel to set up an appropriate work plan to meet ACC requirements, designing the template for the analysis, analysis of numerous complex agreements, supervision of the associates who performed most of the analysis and review and editing of the analyses. DL&A associates performed most of the analysis of the key terms of the agreements, providing the data necessary for ACC personnel to determine whether each relevant contract should be assumed or rejected. Overall, several hundred contracts were reviewed. Following the review and summary process, DL&A attorneys were involved in various conference calls with Adelphia personnel to discuss various aspects of the contracts and to assist such personnel in performing a "cure analysis" to determine what the potential exposure is upon assuming the particular contracts.

The next stage of the asset reconciliation process between Adelphia and TelCove, involved the drafting, preparation and negotiation of multiple separate agreements, including schedules and exhibits (collectively, the "Asset Separation Documents"), to reconcile the ownership and future use of assets that have been commonly used and shared by the parties. As part of the asset separation, Adelphia also requested DL&A to analyze and prepare a memorandum discussing the federal, state, and local regulatory issues and contractual

requirements arising from the various agreements implementing the asset reconciliation and settlement between Adelphia and TelCove. More specifically, Adelphia asked DL&A to analyze the regulatory issues arising from the execution and performance by Adelphia and TelCove of the Asset Separation Documents as they pertain to franchises, public and private right-of-way (“ROW”) permits, pole attachment agreements, infeasible right-of-use (“IRU”) agreements, and easements for cable television and telecommunications facilities and equipment located in Vermont, Pennsylvania, Virginia, and Florida. This project necessitated a review of the statutes, regulations and judicial and administrative decisions in each of these states. This review was primarily performed by younger associates and supervised by more senior attorneys.

In connection with the preparation of the Asset Separation Documents, Adelphia also asked DL&A to review and identify discrepancies with its initial draft of exhibits summarizing the various network segments that are included in the asset separation between the parties. DL&A reviewed over 750 draft exhibits and prepared a comprehensive chart summarizing the deficiencies in the network segment descriptions as well as identifying missing information that needed to be included to make the segment description complete and accurate. Analysis of the draft exhibits by a DL&A member was necessary because of (i) the highly specialized information contained in the exhibits; (ii) the knowledge of the types of assets, including contracts, that could be expected with cable and telecommunications operations; and (iii) the short time frame given by Adelphia to complete the project. Adelphia sent this chart to field personnel to assist them in preparing more comprehensive and accurate exhibits.

Settlement Agreement Matters between Debtors and TelCove (November 2003 – October 2004).

DL&A was also called upon to handle on the Debtors’ behalf various contractual and regulatory matters involving the implementation and closing of the Global Settlement Agreement

(“GSA”) and the Master Reciprocal Settlement Agreement (“MRSA”) between the Debtors and TelCove.

As background on these agreements, the MRSA deals primarily with the separation of ownership and future use of common assets and the relationship of the parties and their affiliates going forward after the asset reconciliation and separation occurred. It validates, memorializes and otherwise resolves the ownership of various operational assets, including long-haul and metro fiber-optic cable assets, real property interests, equipment, strands and network infrastructure between ACC and TelCove and third-party contracts related thereto. The MRSA includes six annex agreements, two of which implemented the asset reconciliation between the parties and four of which established the relationship between the parties, their affiliates and their lawful assigns over the next 20 years with respect to use, operation and maintenance of shared assets.⁴

In connection with the MRSA and the six annex agreements, the parties were required to identify and catalog with specificity the numerous fiber cable segments and related physical plant and assets located in six states (Florida, New York, Ohio, Pennsylvania, Vermont and Virginia), the parties relationships to each segment and the ongoing obligations of each party with respect to these assets.

⁴ The MRSA annex agreements consisted of: (i) a Reciprocal Asset Reconciliation Agreement confirming the ownership of particular assets by one party or the other at closing; (ii) a Reciprocal Conveyance Agreement authorizing the transfer and assignment of assets between the parties at closing; (iii) a Reciprocal IRU Agreement reflecting the grant of IRUs (exclusive irrevocable/indefeasible rights of use) at closing by one party or its affiliate to the other party or its affiliate; (iv) a Reciprocal Sheathing and Overlash Agreement establishing certain rights and obligations for a party or its affiliate that owns individual fibers within a sheath or owns a complete fiber cable that was overlashed to the other party's fiber or coaxial cables; (v) a Reciprocal Maintenance Agreement governing the maintenance obligations and rights of the parties with respect to the IRUs, individual fiber ownership and overlashed cables covered by items (iii) and (iv) above; and (vi) a Reciprocal Collocation Agreement in which one of the
continued...

Notwithstanding the MRSA, TelCove and ACC and their applicable Affiliates continued to have numerous remaining unresolved claims, defenses and counterclaims against each other. The GSA deals primarily with the settlement of certain claims, defenses and counterclaims that TelCove and ACC and their applicable Affiliates had against each other that were not covered by the MRSA, as well as the settlement of unasserted claims that each party or their affiliates had or thought they had against the other party or its affiliates. Both parties had asserted significant claims against the other in their respective bankruptcy proceedings. Additionally there were third-party claims against each party in their bankruptcy proceedings that generated cross claims and counterclaims between the parties. The GSA, which contained 11 annex agreements, reflected the desire of TelCove and ACC and their applicable Affiliates to enter into a full and complete settlement with each other, which, together with the Master Agreement and upon the fulfillment of certain conditions precedent, resulted in the full and final release and waiver of all claims and counterclaims between the parties, as well as any other unasserted or potential claims (except for any claims that were expressly excluded from such release in accordance with the terms of the Mutual Release that comprises Annex I to the GSA).⁵

...continued

parties grant rights to the other party or its affiliates to use and collocate certain equipment on or at the party's technical facilities or premises.

⁵ Under the GSA and its 11 annex agreements, upon TelCove's emergence from bankruptcy and subject to the terms of the GSA, ACC and its Affiliates made a monetary payment to TelCove. Additionally, ACC and TelCove (and their applicable Affiliates) entered into (i) a Mutual Release Agreement; (ii) a Commercial Services Agreement wherein the parties thereto agreed to certain business commitments for a five-year period; (iii) an IP Transport Agreement wherein ACC agreed to provide certain capacity on its network to TelCove; (iv) an IT License Exchange Agreement wherein ACC transferred certain license agreements specified therein to TelCove and TelCove assumed certain liabilities related thereto, and TelCove transferred certain license agreements specified therein to ACC and ACC assumed certain liabilities related thereto; (v) an Assignment and Assumption Agreement wherein TelCove transferred certain agreements specified therein to ACC and ACC assumed certain liabilities related thereto; (vi) an Amendment

continued...

DL&A was asked by the Debtors to assist Debtors' field personnel in implementing the GSA and related annex agreements, respond to operational and interpretational questions from field personnel concerning Debtors obligations and rights under the GSA and related annex agreements.

This project involved, *inter alia*, the drafting, preparation and negotiation of extensive, detailed and highly technical contract schedules, regulatory applications to federal and state authorities, amendments to the master and annex agreements and generally assisting the Debtors' field personnel and legal staff in collecting and assembling the necessary information to complete the contract schedules and regulatory applications.

The MRSA involved the settlement of certain contested issues between the parties and the establishment of operating agreements and protocols to govern the parties' future operational relationship through the execution of six Reciprocal Annex Agreements, the forms of which were attached to the MRSA. Those six annex agreements were finalized and executed by the parties on July 20, 2004. The closing under the MRSA relating to assets and contracts located in Virginia occurred on August 11, 2004, and the closing under the MRSA relating to assets and contracts located in Florida, Vermont, Pennsylvania, Ohio and New York occurred on October 4, 2004.

...continued

to the MRSA wherein the parties agreed to modify certain terms of the MRSA; (vii) an Asset Conveyance Agreement by which certain CLEC market assets and associated specified rights and obligations were transferred from ACC to TelCove; (viii) a non-executory IRU Agreement wherein ACC granted to TelCove an indefeasible right to use certain fiber-optic cable assets; (ix) a Maintenance Agreement wherein the parties thereto agreed to prospective rights and obligations related to the repair and maintenance of various assets which are co-located or for which one party holds a right of use; (x) a Collocation Agreement wherein the parties thereto granted each other the right to collocate communications equipment at various sites and (xi) a Master Management Agreement.

The CLEC closings under the GSA occurred on August 21, 2004. DL&A was also asked by the Debtors to handle various post-closing matters arising from the MRSA, and the transfer of four active competitive local exchange carrier (“CLEC”) markets to TelCove and the settlement of all remaining disputes pursuant to the GSA.

As highlighted above, DL&A provided necessary and valuable services to the Debtors in connection with certain issues relating to cable franchise agreements and Debtors’ database for those agreements; certain issues relating to Debtors’ programming agreements and related operating documents; regulatory issues involving federal, state, and local authorities; Equity Committee litigation; and various telecommunications matters. All of these services have assisted in the efficient administration of the Debtors’ chapter 11 cases and compliance with the requirements of the Bankruptcy Code.

Telecom/Asset Reconciliation and Settlement Agreement Matters (March - October 2004).

DL&A was called upon to handle on the Debtors’ behalf various contractual and regulatory matters involving the implementation and closing of the Global Settlement Agreement (“GSA”) and the Master Reciprocal Settlement Agreement (“MRSA”) between the Debtors and TelCove. These projects involved, *inter alia*, the drafting, preparation and negotiation of extensive, detailed and highly technical contract schedules, regulatory applications to federal and state authorities, amendments to the master and annex agreements and generally assisting the Debtors’ field personnel and legal staff in collecting and assembling the necessary information to complete the contract schedules and regulatory applications.

DL&A was also asked by the Debtors to handle various contractual and regulatory matters involving the two-stage closing of the MRSA dated December 3, 2003, and amended April 7, 2004, between the Debtors and TelCove, and the closings relating to the four active competitive

local exchange carrier (“CLEC”) markets transferred to TelCove pursuant to the GSA. As described above, the MRSA contemplated the finalization and execution of six Reciprocal Annex Agreements, the forms of which were attached to the MRSA. Those six annex agreements were finalized and executed by the parties on July 20, 2004. The closing under the MRSA relating to assets and contracts located in Virginia occurred on August 11, 2004, and the closing under the MRSA relating to assets and contracts located in Florida, Vermont, Pennsylvania, Ohio and New York occurred on October 4, 2004. The CLEC closings under the GSA occurred on August 21, 2004.

Related projects handled by DL&A involved, *inter alia*, (i) drafting and negotiating amendments to the MRSA and certain MRSA annex agreements; (ii) drafting and negotiating the extensive, detailed and highly technical schedules attached to the MRSA annex agreements, and collecting and assembling from Debtors’ field personnel the necessary information to complete these schedules; (iii) drafting and negotiating closing documents; (iv) coordinating the completion of pre-closing tasks; (v) collecting and assembling the necessary information to complete applications and notification filings submitted to federal and state regulatory authorities; (vi) responding orally or in writing to regulatory authorities’ inquiries and requests for additional information concerning the MRSA and GSA transactions and/or ongoing operational matters; (vii) monitoring the status of applications and other required filings submitted to federal and state regulatory authorities whose approval was required under applicable law to finalize the MRSA and related annex agreements; (viii) assisting Debtors corporate and field personnel in negotiating and obtaining required contractual assignments and consents from third parties who had business relationships with the Debtors and/or TelCove, and in some instances, negotiating modified contractual arrangements with third parties; and (ix) providing advice and generally assisting the

Debtors' field personnel and legal staff in interpreting contractual and operational obligations and requirements under the GSA, MRSA and related annex agreements, as well as Debtors' federal and state regulatory obligations in connection with ongoing operations and transferred operations.

Additional Matters:

As described above, DL&A's representation was clustered in several core projects. Because the tasks performed by DL&A attorneys were somewhat discreet in nature, DL&A did not encounter situations in which exceeding the scope of employment became an issue. Early on in DL&A's representation, Debtors sought to retain DL&A to act as special counsel for matters in which the Debtors' primary bankruptcy counsel, Willkie, Farr & Gallagher, has a conflict. One of these matters involved a dispute with Global Crossing Ltd. for payment of administrative expenses for the use of certain telecommunications circuits. It was also anticipated that future disputes in which Willkie, Farr & Gallagher has a conflict would similarly involve negotiations or disputes with third parties concerning the provision of goods and services related to cable, internet or telecommunications services. On November 1, 2002, Debtors filed the Supplemental Affidavit of Leonard J. Baxt adding such matters to the scope of its retention. Debtors also called upon DL&A to provide counsel as to certain employment agreements and directors and officers indemnification agreements.

In keeping with DL&A's retention, DL&A coordinated its efforts through WF&G in order to minimize any duplication of professional services rendered to debtors in connection with these cases, with particular attention to those services provided by Fleishman & Walsh regarding telecommunications and regulatory matters.

DL&A's time and billing rates (Factors 2 & 6)

As shown in the chart at Exhibit D, DL&A billed the estate for 16,783.9 hours of professional time throughout its engagement. This time was spread across various tasks, with the lion's share concentrated in the project areas described above (for example, 68% of DL&A's total hours were billed in connection with Cable Franchise and Programming Agreement Matters, and 24% of DL&A's total hours were billed in connection ACC/TelCove Matters).

These rates are the Applicant's standard hourly rates as would have been charged to the Debtors prior to the filing of their Petition and are comparable to the customary compensation charged by comparably skilled practitioners in Washington, D.C. in cases other than cases under Title 11. DL&A's blended rate history is also shown at Exhibit D. DL&A's overall blended rate for the entire engagement was \$273.25/hour.

Wherever possible, personnel with lower billing rates were used in order to lower the cost of services provided to the estate. However, due to the complexity of the issues and questions raised by the Debtors in this case, along with the regular requirement of Debtors senior management to have immediate answers to issues and questions, more senior attorneys were often required to perform the necessary legal services due to their more extensive substantive knowledge, as well as their background knowledge concerning the Debtors' operations, structure and business.

For example, on the expansive franchise database project the franchise review was performed by more junior attorneys; however, because there were numerous issues arising daily in the course of the project concerning interpretation and construction of various franchise provisions and documents, it was necessary to have an experienced communications attorney present to supervise the younger attorneys and to coordinate and deal with Debtors' legal staff.

The more experienced attorneys generally summarized the more difficult franchise areas, as well as reviewed the work product of the more junior attorneys to assure consistency and accuracy in interpretations and presentation of the franchise summaries. Additionally, the more experienced attorneys generally reviewed, edited and updated the various lists to eliminate entries that could be explained based on experience or knowledge of the operations.

Compliance with the Fee Committee Memorandum (Factor 8)

DL&A at all times strove to comply with the Fee Committee memorandum. By working closely with LCC and Adelpia as matters arose, DL&A was able to resolve any issues in a timely and efficient manner. See, e.g., Exhibit C. Indeed, on numerous occasions, LCC advised DL&A that it was an easy professional to handle.

DL&A's Fee and Expense Reductions (Factors 9 – 12)

The chart at Exhibit D shows \$437,959.86 in pre-submission voluntary fee and expense reductions by DL&A, largely in connection with travel time, fee application preparation, and learning curve discounts from the early stages of the engagement for junior associates as well as DL&A's acceptance of \$338,859.86 in voluntary fee and expense reductions at the recommendation of the Fee Committee, largely in connection with duplication of effort and fee application preparation.

DL&A has further voluntarily reduced its Tenth and Final Application Period fees and expenses by writing off all professional time and expenses incurred in connection with the preparation and filing of both its Tenth Interim Application and this Final Application.

DL&A'S REQUEST FOR COMPENSATION

15. The allowance of compensation for services rendered and reimbursement of expenses incurred in bankruptcy cases is expressly provided for in section 330 of the Bankruptcy

Code which provides, in pertinent part, that the court may award to a professional person, including the debtor's counsel, as follows:

(A) reasonable compensation for actual, necessary services rendered by the . . . professional person, or attorney and by any paraprofessional person employed by such person; and (B) reimbursement for actual, necessary expenses.

16. 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.

17. DL&A submits that its request for final allowance of compensation is reasonable. The services rendered by DL&A, as highlighted above, required significant time and effort.

18. The services rendered by DL&A during the Final Application Period, were performed diligently and efficiently. Accordingly, when possible DL&A delegated tasks to lower cost junior attorneys or, for discrete matters, to attorneys with specialized expertise in the particular task at issue.

19. During the Final Application Period, DL&A encountered certain novel and complex legal and factual issues, often requiring extensive research and effort to resolve. DL&A brought to bear legal expertise in many areas, but primarily regarding asset reconciliation issues. DL&A attorneys have rendered advice in these areas with skill and dispatch.

20. The services rendered to the Debtors by DL&A during the Final Application Period required an aggregate expenditure of 16,783.9 recorded hours of the time of attorneys and paraprofessionals. Exhibits B and C to DL&A's First through Tenth Interim Fee Applications sets forth a list of such individuals, the aggregate amount of time expended by each and the hourly billing rate for each. The fair and reasonable value of the services rendered and recorded

by DL&A to the Debtors during the Final Application Period is set forth in those Exhibits B and summarized above.

DISBURSEMENTS

21. DL&A incurred actual and necessary out-of-pocket expenses during the Final Application Period in connection with the rendition of the professional services described above, in the amounts set forth in Exhibits B to DL&A's First through Tenth Interim Fee Applications.⁶ By Final Application, DL&A respectfully requests allowance of such reimbursements in full.

22. The disbursements for which DL&A seeks reimbursement include the following:

- a. Duplicating - Charged at \$0.10 per page, based upon the cost of supplies. The charge per page includes a charge for maintaining the duplicating facilities;
- b. Telecommunications - Long distance calls are billed at actual cost. Outgoing domestic facsimile transmittals are billed at no more than \$1.25 per page, while there is no charge for incoming facsimiles. This rate is based upon costs incurred by DL&A for machine maintenance, phone line rental and supplies used in operating the fax machine;
- c. Computer Research Charges - DL&A's practice is to bill clients for LEXIS and Westlaw research at actual cost, which does not include amortization for maintenance and equipment;
- d. Overtime Expenses - DL&A's practice is to allow any attorney working later than 8:00 p.m. and any legal assistants working later than 7:30 p.m. to

⁶ DL&A's standard practice is to treat certain expenses as having been incurred when such obligations are recorded and reflected as payable in DL&A's accounting system.

charge a working meal to the appropriate client. The meal charge is limited to \$20 per person;

- e. Local Car Service – DL&A’s practice is to allow attorneys, legal assistants and secretaries to charge car service to the appropriate client after 8:00 p.m.; and
- f. Delivery Services – DL&A’s practice is to charge postal, overnight delivery and courier services at actual cost.

PROCEDURE

25. The Debtors have provided notice of this Final Application to the Court, and to the Service Parties - including the Office of the United States Trustee, the Debtors, counsel to the Debtors, the Fee Committee, Legal Cost Control, counsel to the Unsecured Creditors’ Committee, counsel to the Equity Committee, counsel for the Debtors’ pre-petition lenders, and counsel for the Debtors’ post-petition lenders.

CERTIFICATION

26. Attached hereto as Exhibit B is DL&A’s Certifying Professional’s Certification pursuant to the Administrative Orders for DL&A’s Final Application.

CONCLUSION

WHEREFORE, DL&A respectfully requests that this Court enter an order:

- (a) authorizing final compensation from the Debtors for services rendered from August 2002 through February 2006, inclusive, in the amount of \$ 4,247,270.20;
- (b) authorizing final reimbursement of actual, necessary expenses incurred in connection with the rendition of such services, in the amount of \$239,767.24;

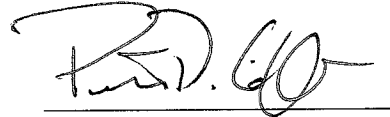
(c) directing Debtors to pay DL&A the outstanding balance of all fees remaining in holdback, totaling \$456,777.95; and

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

DATED: March 29, 2007

DOW LOHNES PLLC

By:



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