UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	)	Chapter 11 Cases
Adelphia Communications Corporation, et al.,	)	Case No. 02-41729 (REG)
Debtors.	)	Jointly Administered

FINAL FEE APPLICATION OF THE GENETELLI CONSULTING GROUP AS STATE AND LOCAL TAX CONSULTANTS FOR DEBTORS AND DEBTORS IN POSSESSION, FOR FINAL ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED FROM DECEMBER 1, 2003 THROUGH FEBRUARY 13, 2007

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

The Genetelli Consulting Group ("GCG"), state and local tax consultants for the above-captioned debtors and debtors in possession in these cases (the "Debtors"), in support of its Final Fee Application relating to all interim periods (the "Final Application") for allowance of compensation for professional services rendered and reimbursement of expenses incurred from December 1, 2003 through February 13, 2007 (the "Final Application Period"), respectfully represents:

PRELIMINARY STATEMENT

1. Pursuant to the Order Pursuant to Sections 105(a), 327(e) and 328 of the Bankruptcy Code Authorizing Debtors-in-Possession to Employ Professionals Utilized in the Ordinary Course of Business, dated June 27, 2002, as subsequently amended from time to time (collectively, the "Ordinary Course Professional Orders"), on November 3, 2003, the Debtors retained GCG to provide the Debtors with consulting services regarding state and local tax planning

and compliance issues. Because as of December 1, 2003, GCG exceeded the fee caps set forth in the Ordinary Course Professional Orders, by this application, GCG seeks this Court's allowance of compensation received by GCG for the period from December 1, 2003 through February 13, 2007.

2. 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"), GCG requests that this Court authorize: (a) final allowance of compensation for professional services GCG rendered to the Debtors during the Final Application Period in the amount of $2,772,135.00; and (b) the reimbursement of actual and necessary expenses GCG incurred in connection with the rendering of such professional services in the amount of $6,743.27.

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 chapter 11 of the Bankruptcy Code and Rule 2016 of the Bankruptcy Rules.

GCG'S FEES AND EXPENSES

4. GCG'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 Final 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 GCG, in discharge of its professional responsibilities, to devote substantial time by its professionals on a daily basis, and often through

night and weekend work.

5. For the Final Application Period, pursuant to the Compensation Order, GCG has received $2,193,878.00 in payments for services rendered. This amount represents 80% payment for services rendered by GCG for the period December 1, 2003 through January 31, 2007. Pursuant to the Compensation Order, 20% of the fees for professional services is subject to a "hold back." By this Final Application, GCG seeks final allowance of compensation in full for services rendered during the Final Application Period.

6. No agreement or understanding exists between GCG 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 Richard W. Genetelli, C.P.A., annexed hereto as Exhibit A.

7. GCG maintains written records of the time expended by the professional 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. Copies of the monthly fee documents issued during all Interim Application periods, which includes the daily time records for the period December 1, 2003 through February 13, 2007, broken down by the name of the professional staff member, his or her title, the date on which the services were performed, the description of the services performed, and the amount of time spent in performing the services, were provided previously pursuant to the Compensation Order.

8. For the convenience of the Court and parties-in-interest, annexed hereto as part of Exhibit B is a list of professional staff members who have worked on matters during the Final Application Period, the aggregate time expended by each individual during the Final Application Period, his or her hourly billing rate during the Final Application Period, and the amount of GCG's

fees attributable to each individual.

9. Pursuant to the administrative order regarding guidelines for fees and disbursements for professionals in bankruptcy cases (the "Administrative Order"), GCG 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 Final Application Period.

SUMMARY OF SERVICES RENDERED

10. Recitation of each and every item of professional services that GCG performed during the Final Application Period would unduly burden the Court. Hence, the following summary highlights the major area to which GCG devoted time and attention during the Final Application Period. The full breadth of GCG's services are reflected in GCG's time records, which were provided previously pursuant to the Compensation Order. Additionally, Exhibit B lists: (a) all professionals who have performed services; and (b) a breakdown of the hours spent and the amount of compensation requested for each professional.

A. New York State Payroll Withholding Tax Issues

11. GCG advised the Debtors with respect to the payroll withholding tax compliance requirements in New York State. Such services required the holding of conference calls and meetings among the Debtors' employees, GCG and other professionals retained by the Debtors to address the relevant issues both for prior years and on a prospective basis. Such calls and meetings helped to confirm and narrow the scope of tasks to be performed. Such calls and meetings also allowed for tasks to be assigned to specific parties to avoid the duplication of efforts among the professionals and management.

12. GCG advised the Debtors of the withholding requirements of employers with nonresident employees that enter New York State to conduct business activities on a limited basis, as well as audit procedures of New York State with respect to employers that fail to withhold for such employees. GCG also provided detailed summaries to the Debtors addressing employer withholding requirements in New York State, including employer's duty to withhold, wages subject to withholding, taxation of deferred compensation, bonus payments and severance payments, determining resident status, permanent place of abode, temporary stay for the accomplishment of a particular purpose, and the substantial part of the year test. In order to prepare such summaries, GCG performed extensive research as to numerous employer withholding issues in New York State.

13. GCG prepared numerous memoranda for the Debtors on a variety of relevant issues, including frequently asked questions as to the treatment of different types of income in New York State, frequently asked questions and answers for income tax and payroll withholding tax in New York State, eligibility for credits for taxes paid to other states, the credit mechanism in Colorado for taxes paid to other states, personal income tax filing requirements for nonresident employees that enter New York State to conduct business activities on a limited basis, and New York State withholding tax compliance under the audit guidelines promulgated by New York State. In order to prepare such memoranda, GCG performed extensive research, which served to aid the Debtors in achieving payroll withholding tax compliance in New York State.

14. GCG handled audit matters for the Debtors on a variety of relevant issues, including the submission of voluntary disclosure applications in New York State, the filing of amended payroll withholding tax returns related thereto, payment and credit reconciliations, the provision of documentation and support for filing positions, and penalty abatement substantiation. In

furtherance of such matters, GCG performed extensive research, computations, negotiations, review of information and preparation of schedules. GCG also held numerous meetings and teleconferences with New York State representatives. All of the aforesaid tasks served to aid the Debtors in achieving payroll withholding tax compliance in New York State.

B. State Tax Issues Relating to Potential Sale of Assets and Intercompany Relationships

15. GCG advised the Debtors with respect to the state corporate tax and sales/use tax implications of certain proposed asset sale alternatives and intercompany relationships. The size and complexity of the Debtors' business operations necessitated a significant amount of communication among the Debtors' management and the professionals employed by the Debtors. As a means of obtaining background information and ongoing input from the Debtors, conference calls and meetings were routinely held among the Debtors' employees, GCG and other professionals retained by the Debtors. During these calls and meetings, potential issues that might affect the Debtors were identified, and necessary updates of information designed to assist all parties in performing their professional services efficiently were provided. Such calls and meetings helped to confirm and narrow the scope of tasks to be performed. Such calls and meetings also allowed for tasks to be assigned to specific parties to avoid the duplication of efforts among the professionals and management.

16. GCG reviewed information regarding the organizational structure, and prepared a summary regarding the state corporate tax implications of the flow of funds among the affiliated entities of the Debtors. GCG further advised the Debtors of the state corporate tax implications of various proposed organizational structures, including potential benefits and exposures of intercompany interest charges, intercompany dividends, and net operating loss availability. GCG

also advised the Debtors of the general state corporate tax implications of the bankruptcy reorganization of the Debtors. All of the aforesaid tasks necessitated extensive research and analysis by GCG, and aided the Debtors in evaluating the state tax consequences of potential restructuring alternatives.

17. GCG prepared and submitted a ruling request to the State of Colorado on behalf of the Debtors (on a no-name basis). GCG also provided detailed analysis to the Debtors regarding the state corporate tax consequences in Colorado of a proposed organizational structure. In order to prepare such analysis, GCG performed extensive research as to the combined and consolidated reporting eligibility requirements in Colorado, as well as the implications of establishing a finance company in Colorado. In addition, GCG prepared a summary for the Debtors evaluating potential candidates to act as a finance company under a proposed organizational structure. GCG also prepared a summary for the debtors of state interpretations of economic substance and business purpose.

18. GCG prepared an extensive summary for the Debtors of the challenge mechanisms to related party interest payments under a proposed organizational structure in the six states where the Debtors maintain the highest effective tax rate. In order to prepare such summary, GCG performed extensive research as to the statutory disallowance, involuntary combination and consolidation, discretionary authority, and expanded nexus provisions in the six states. In addition, GCG prepared a summary for the Debtors of the net operating loss availability after a merger in eleven states. The summary apprised the Debtors of the net operating loss utilization consequences of consummating a potential restructuring alternative.

19. GCG reviewed information regarding the potential restatement of financial information by the Debtors, and prepared various memoranda and schedules regarding the state corporate tax implications related thereto. Among the issues addressed by GCG were implications of the potential restatement on net operating losses, apportionment factors, intercompany interest and other expenses such as management fees, and franchise taxes. GCG also advised the Debtors of potential corporate tax issues in connection with the potential restatement, as well as the impact of effective tax rates. All of the aforesaid tasks necessitated extensive research and analysis by GCG, and aided the Debtors in evaluating the state tax consequences of the potential restatement.

20. GCG reviewed information regarding the potential sale of assets by the Debtors, and prepared various memoranda and schedules regarding the state corporate tax implications related thereto. Among the issues addressed by GCG with respect to the potential asset sale were recognition of income/gain on the asset sale, classification of the proceeds of sale as business or nonbusiness income, how the proceeds would be apportioned/allocated, pro-ration issues, combined/consolidated reporting methodologies, nexus issues, commercial domicile issues, and potential basis adjustments with respect to the assets. GCG also advised the Debtors of potential corporate tax issues in connection with the potential asset sale (including implications in light of the newly enacted commercial activities tax in Ohio, corporate officer and director liabilities, tax liens on the assets being sold, transfer taxes related thereto, estimated tax payment requirements, and excess loss account implications), as well as the impact on reserves. All of the aforesaid tasks necessitated extensive research and analysis by GCG, and aided the Debtors in evaluating the state tax consequences of the potential asset sale.

21. GCG prepared various memoranda and schedules regarding the state sales/use tax consequences related to the potential sale of assets by the Debtors. Among the issues addressed by GCG with respect to the potential asset sale were exemption availability, assignment of asset values and locational issues, bulk sale notification requirements, and implications with respect to leased vehicles. GCG also advised the Debtors of potential sales/use tax liabilities and issues in connection with the potential asset sale, as well as the impact on reserves. All of the aforesaid tasks necessitated extensive research and analysis by GCG, and aided the Debtors in evaluating the state tax consequences of the potential asset sale.

22. GCG reviewed information regarding the potential elimination of intercompany debt by the Debtors, and prepared various memoranda and schedules regarding the state corporate tax implications related thereto. Among the issues addressed by GCG with respect to the potential debt elimination were whether the intercompany interest was bona fide debt, the propriety of the Debtors' cash management system, and debt/equity considerations. GCG also advised the Debtors of potential corporate tax issues in connection with the potential debt elimination (including the impact on net operating losses), as well as the impact on reserves. All of the aforesaid tasks necessitated extensive research and analysis by GCG, and aided the Debtors in evaluating the state tax consequences of the potential debt elimination.

23. GCG reviewed information regarding nexus issues for certain affiliates of the Debtor with potential corporate tax nonfiling issues, and prepared various memoranda and schedules regarding the state corporate tax implications related thereto. GCG advised the Debtors of potential corporate tax implications in connection with certain filing issues, as well as the impact on reserves.

24. GCG reviewed and responded to various information requests from representatives of potential purchasers of the Debtors' assets. Among the issues addressed by GCG with respect to the information requests were the state corporate income, franchise, and sales/use tax implications of the transaction, as well as an analysis of the state tax reserve. All of the aforesaid tasks necessitated extensive research, computations, and review of information by GCG, and aided the Debtors and potential purchasers of the Debtors' assets in clarifying the state tax consequences of the potential asset sale.

25. GCG verified information to source documents in connection with the potential sale of assets by the Debtors. In order to verify such information, GCG was required to review detailed source documents, and perform extensive computations related thereto. Among the issues addressed in connection with the information verification were the basis of tangible assets, the basis of intangible assets, and the amounts of accumulated depreciation. All of the aforesaid tasks aided the Debtors in evaluating the state tax consequences of the potential asset sale.

26. GCG reviewed and responded to various information requests from representatives of creditors of the Debtors in connection with the potential sale of the Debtors' assets. Among the issues addressed by GCG with respect to the information requests were the state corporate income, franchise, and sales/use tax implications of the transaction, estimated tax payment requirements, and an analysis of the state tax reserve. In addition, GCG advised the Debtors and representatives of creditors of the Debtors of the potential state corporate income tax posture of the Debtors after the potential asset sale. All of the aforesaid tasks necessitated extensive research, computations, and review of information by GCG, and aided the Debtors and creditors of the Debtors in clarifying the state tax consequences of the potential asset sale.

C. **Fee Statements/Fee Applications**

27. During the Final Application Period, in accordance with the Compensation Order, GCG has served monthly statements on the relevant service parties. In addition, GCG has worked to comply with the directives of the fee committee (the "Fee Committee") and the requirements of the fee protocol approved by the Court on March 7, 2003, by participating in negotiations with the Fee Committee and providing relevant fee materials so that the Fee Committee may monitor the fees incurred in these areas.

EVALUATING GCG'S SERVICES

28. As highlighted above, during the Final Application Period, GCG provided extensive services to facilitate the Debtors' discharge of their duties as debtors in possession. Moreover, GCG has provided advice to the Debtors with respect state and local tax compliance and planning. All of these services have ensured the efficient administration of the Debtors' chapter 11 cases and compliance with the requirements of the Bankruptcy Code.

29. "[T]he 'lodestar' method of fee calculation developed by the Fifth Circuit, see Lindy Bros. Builders Inc. v. American Radiator & Standard Sanitary Corp., 487 F.2d 161, 167 (3d Cir. 1973), is the method to be used to determine a 'reasonable' attorney [or professional] fee in all the federal courts, including the bankruptcy courts." In re Cena's Fine Furniture, Inc., 109 B.R. 575, 581 (E.D.N.Y. 1990); In re Poseidon Pools of America, Inc., 216 B.R. 98, 100 (E.D.N.Y. 1997). Accord In re Drexel Burnham Lambert Group, Inc., 133 B.R. 13, 22 (Bankr. S.D.N.Y. 1991) ("In determining the 'reasonableness' of the requested compensation under § 330, Bankruptcy Courts now utilize the 'lodestar' method").

30. "The lodestar amount is calculated by multiplying the number of hours reasonably expended by the hourly rate, with the 'strong presumption' that the lodestar product is reasonable under § 330." Drexel, 133 B.R. at 22 (citations omitted). GCG's hourly rates and fees charged are consonant with the market rate for comparable services. The hourly rates and fees charged by GCG are the same as (or less than) those generally charged to, and paid by, GCG's other clients. Indeed, unlike fees paid by most GCG clients, due to the "holdbacks" of fees from prior monthly fee statements and the delays inherent in the fee application process, the present value of the fees paid to GCG by the Debtors is significantly less than fees paid monthly by other GCG clients.

31. The hours expended by GCG were necessary. "[T]he appropriate perspective for determining the necessity of the activity should be prospective: hours for an activity or project should be disallowed *only* where a Court is convinced it is readily apparent that no reasonable attorney [or professional] should have undertaken that activity or project or where the time devoted was excessive." Drexel, 133 B.R. at 23 (emphasis added). Moreover, in passing upon the reasonableness of hours expended, courts should be mindful of the "practical judgments, often within severe time constraints, [professionals make] on matters of staffing, assignments, coverage of meetings, and a wide variety of similar matters." Id. These judgments are presumed to be made in good faith. Id.

GCG'S REQUEST FOR FINAL COMPENSATION

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

> [A] ny 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.

33. 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.

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

35. The services rendered by GCG during the Final Application Period were performed diligently and efficiently. Accordingly, when possible, GCG delegated tasks to lower cost professionals.

36. 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 GCG 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, GCG believes that any duplication of effort was de minimis, and was beneficial to the Debtors in that thorough knowledge of the background and the history of these cases make each successive task more efficient.

37. GCG actively represented the Debtors' interests before the tax authorities and, through negotiation and settlement, substantially furthered the Debtors' tax compliance and planning efforts.

38. During the Final Application Period, GCG encountered certain complex tax issues, often requiring extensive research and drafting. GCG brought to bear its experience and expertise in the state and local tax area. GCG professionals have rendered advice in all of these areas with skill and dispatch.

DISBURSEMENTS

39. GCG 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 Exhibit D. By this Final Application, GCG respectfully requests allowance of such reimbursement in full.

PROCEDURE

40. GCG has provided notice of this Final Application to: (i) the Office of the United States Trustee; (ii) counsel to the agents for the Debtors' prepetition and postpetition bank lenders; (iii) counsel to the Committees; (iv) the Debtors; (v) and the Fee Committee.

41. No previous application for the relief sought herein has been made to this or any other court.

OTHER REPRESENTATIONS

42. The fees of GCG have not been reduced voluntarily, with respect to an Interim Application or otherwise, prior to their submission to or review by the Fee Committee.

43. The fees of GCG have not been reduced at the recommendation of the Fee Committee, with respect to an Interim Application or otherwise.

44. The expenses of GCG have not been reduced voluntarily, with respect to an Interim Application or otherwise, prior to their submission to or review by the Fee Committee.

45. The expenses of GCG have not been reduced at the recommendation of the Fee Committee, with respect to an Interim Application or otherwise.

CONCLUSION

WHEREFORE, GCG respectfully requests that this Court enter an order awarding GCG:

(a) final compensation from the Debtors for services rendered from December 1, 2003 through February 13, 2007, inclusive, in the amount of $2,772,135.00;

(b) reimbursement of actual, necessary expenses incurred in connection with the rendition of such services, in the amount of $6,743.27;

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

Dated: March 26, 2007

THE GENETELLI CONSULTING GROUP

By: ______________________
Richard W. Genetelli

431 Fifth Avenue
New York, New York 10016
(212) 684-4111