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Hearing date:

Objection deadline:

Thomas Petrides, Esq. (Bar No. 117121)
KIRKPATRICK & LOCKHART
PRESTON GATES ELLIS LLP
10100 Santa Monica Blvd., 7th Floor
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

Adelphia Communications Corporation, et. al.,

Case No. 02-41729 (REG)

Debtors.

(Jointly Administered)

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**SUMMARY SHEET FOR FINAL APPLICATION OF
KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD OCTOBER 1, 2003 THROUGH FEBRUARY 13, 2007**

NAME OF APPLICANT: Kirkpatrick & Lockhart Preston Gates Ellis LLP¹,

ROLE IN CASE: Special Counsel to Debtors

DATE OF RETENTION: July 8, 2004²

PERIOD FOR WHICH COMPENSATION
AND REIMBURSEMENT IS SOUGHT: October 1, 2003 through February 13, 2007

¹ The firm changed its name from "Kirkpatrick & Lockhart LLP" to "Kirkpatrick & Lockhart Nicholson Graham LLP" effective January 1, 2005, to reflect its combination with the law firm of "Nicholson Graham & Jones", and then changed its name to "Kirkpatrick & Lockhart Preston Gates Ellis LLP" effective on January 1, 2007, to reflect its combination with the law firm of Preston Gates & Ellis LLP.

² As more fully set forth in paragraphs 14-15 of the attached Final Application, K&L Gates was originally retained by the Debtors on or about June 25, 2002, as an ordinary course professional. K&L Gates reached the maximum fee cap on compensation for ordinary course professionals as of October 1, 2003 and subsequently was retained as Special Counsel by Order of Court dated July 8, 2004.

CURRENT APPLICATION:	Fees Requested:	\$1,469,997.50
	Expenses Requested:	\$44,716.01
PRIOR APPLICATIONS:	Fees Previously Requested:	\$1,469,997.50
	Fee Previously Awarded:	\$0.00
	Expenses Previously Requested:	\$44,716.01
	Expenses Previously Awarded:	\$0.00
This is an:	<input type="checkbox"/> interim	<input checked="" type="checkbox"/> final
		Application.

SUMMARY OF PENDING INTERIM FEE APPLICATIONS

Fee Application /Docket Number	Period Covered	Requested Fees/Expenses	Approved Fees/Expenses by Court Order ³
First Interim Dkt. No. 6635	10/01/03 – 06/30/04	Fees: \$392,010.00 Expenses: \$10,068.68	Fees: \$0.00 Expenses: \$0.00
Second Interim Dkt. No. 7413	07/01/04 – 10/31/04	Fees: \$300,982.00 Expenses: \$4,251.87	Fees: \$0.00 Expenses: \$0.00
Third Interim Dkt. No. 8526	11/01/04 – 02/28/05	Fees: \$225,625.00 Expenses: \$6,717.77	Fees: \$0.00 Expenses: \$0.00
Fourth Interim Dkt. No. 9868	03/01/05 – 08/31/05	Fees: \$192,602.50 Expenses: \$15,855.54	Fees: \$0.00 Expenses: \$0.00
Fifth Interim Dkt. No. 11327	09/01/05 – 02/28/06	Fees: \$227,674.50 Expenses: \$2,454.18	Fees: \$0.00 Expenses: \$0.00
Sixth Interim Dkt. No. 12191	03/01/06 – 08/31/06	Fees: \$105,861.00 Expenses: \$5,117.63	Fees: \$0.00 Expenses: \$0.00
Seventh Interim Dkt. No. TBD	09/01/06 – 02/13/07	Fees: \$25,242.50 Expenses: \$250.34	Fees: \$0.00 Expenses: \$0.00
TOTALS:		Fees: \$1,469,997.50 Expenses: \$44,716.01	Fees: 0.00 Expenses: \$0.00

³ K&L Gates is in the process of responding to the Fee Committee’s Audit Reports and requests for supplemental information and supporting documentation with respect to the Second, Third and Fourth Interim Fee Applications. As of the date of this Final Fee Application, K&L Gates has not yet received the Fee Committee’s Audit Reports for the First, Fifth, Sixth or Seventh Interim Fee Applications.

SUMMARY OF ATTORNEYS AND PARAPROFESSIONALS RENDERING SERVICES
FROM OCTOBER 1, 2003 THROUGH FEBRUARY 13, 2007

Names of Professionals/ Paraprofessionals	Year Admitted to Practice	Total Hours	Hourly Rates	Total Amount
Partners:				
William Bernfeld	1979	1,135.50	\$395 - \$490	\$493,438.00
Eric Bevan	2006	13.40	\$175	\$2,345.00
John Blessington	1986	20.80	\$395 - \$415	\$8,394.00
Thomas Donovan	1974	5.20	\$455	\$2,366.00
Robert Feyder	1987	15.40	\$475	\$7,315.00
Gregory Grimes	1993	1.20	\$235	\$282.00
Bradley Gunning	2006	7.30	\$175	\$1,277.50
Mark Klein	1972	1.00	\$485	\$485.00
Lawrence Lanpher	1975	0.80	\$500	\$400.00
James Lee	2004	6.30	\$500	\$3,150.00
David Marshall	CE & NY: 1980	1.10	\$475	\$522.50
Marc Martin	1991	0.40	\$450	\$180.00
Robert Mora	2000	0.50	\$240	\$120.00
Bruce Nielson	1986	75.20	\$450 - \$475	\$34,000.00
Michael Pavlick	1991	1.60	\$330	\$528.00
Thomas Petrides	1984	868.96	\$400 - \$495	\$370,153.00
Jaime Ramon	1981	262.20	\$390 - \$435	\$110,336.50
Jeffery Rich	1970	0.40	\$600	\$240.00
Pierce Richardson	1986	12.00	\$395	\$4,740.00
David Schack	1982	0.20	\$550	\$110.00
Elizabeth Singer	1993	0.40	\$425	\$170.00
R. Timothy Weston	1972	16.80	\$420 - \$450	\$7,092.00
Of Counsel:				
Henry Goldman	1973	3.20	\$395	\$1,264.00
Associates:				
Kevin Asfour	2003	136.20	\$190 - \$250	\$30,129.00
Angela Ball	MD: 2000 DC: 2001	170.60	\$240 - 320	\$50,189.00
Jonathan Borrowman	2002	0.50	\$265	\$132.50
April Boyer	PA & FL: 1999	1.50	\$250	\$375.00
Rudy Dekermenjian	2003	17.20	\$250 - \$310	\$5,068.00
Daniel Doron	2003	2.90	\$250	\$725.00
Amy Freilich	2003	417.70	\$215	\$89,805.50
B. Hammer	1997	29.60	\$260 - \$330	\$9,327.00
Von Hays	2002	1.90	\$285	\$541.50

Names of Professionals/ Paraprofessionals	Year Admitted to Practice	Total Hours	Hourly Rates	Total Amount
Kia Johnson	2004	19.10	\$240	\$4,584.00
E.R. Kennedy	Law Clerk during Summer 2004	5.40	\$155	\$837.00
Peter Kogan	1997	25.30	\$265	\$6,704.50
Eric Lasry	MA: 2002 NY & CA: 2003	150.30	\$215 - \$275	\$36,726.50
Nicole Lee	2002	5.40	\$190 - \$240	\$1,056.00
Eric Moser	1999	6.60	\$350 - \$385	\$2,331.00
Amy Scott	2001	32.80	\$200 - \$245	\$7,488.50
Jennifer Shugars	1999	3.70	\$210	\$777.00
John Smith	2003	0.60	\$180	\$108.00
Myra Villamor	2004	139.50	\$190 - \$225	\$30,456.50
Jennifer Wayne	2002	142.30	\$190 - \$275	\$37,278.50
Sherry Williams	FL: 1996 NJ: 2001	1.80	\$235	\$423.00
Eileen Zorc	2004	301.80	\$225 - \$280	\$78,393.50
Paraprofessionals:				
Vincent Esparza	N/A	160.90	\$140 - \$195	\$26,292.00
Kasey Hannah	N/A	4.00	\$140 - \$150	\$566.00
John Digilio	N/A	0.30	\$165	\$49.50
R. Blake Williams	N/A	5.00	\$140 - \$150	\$725.00
	Total	4,232.76		\$1,469,997.50

Professionals	Blended Rate	Hours Billed	Compensation
Partners	\$428.19	2,446.66	\$1,047,644.50
Of Counsel	\$395.00	3.20	\$1,264.00
Associates	\$243.97	1,612.70	\$393,456.50
Paraprofessionals	\$162.35	170.20	\$27,632.50
BLENDING RATE	\$347.29	4,232.76	\$1,469,997.50

SUMMARY OF DISBURSEMENTS FOR THE PERIOD
OCTOBER 1, 2003 THROUGH FEBRUARY 13, 2007

Description	Amount
ADR Mediation Charges	\$6,235.00
Arbitration Costs	\$100.00
Conference Room Reservation Charges	\$320.80
Copying Charges	\$10,246.42
Courier Charges	\$1,921.81
Court Reporter Fees	\$5,319.73
Facsimile Charges	\$1,223.75
Filing Fees	\$8,872.66
Investigative Reports, Title Reports	\$1,067.69
Lexis/Westlaw Research	\$4,157.33
Meals	\$7.25
Newspaper Article	\$2.50
Overtime	\$300.00
Postage Charges	\$4.09
Records Retrieval Charges	\$23.94
Research Service Charges	\$282.72
Service of Process	\$1,711.34
Telephone Charges	\$208.77
Telephonic Conference Charges	\$110.00
Travel/Parking/Mileage	\$2,252.39
Word Processing Charges	\$347.82
Total:	\$44,716.01

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**FINAL APPLICATION OF
KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD OCTOBER 1, 2003 THROUGH FEBRUARY 13, 2007**

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

Kirkpatrick & Lockhart Preston Gates Ellis LLP (“K&L Gates” or “Applicant”)⁴,
special counsel to Adelphia Communications Corporation, et. al., (the “Debtors”), hereby
submits this Final Application (the “Final Application”) pursuant to sections 330(a) and 331 of
title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules

⁴ The firm changed its name from “Kirkpatrick & Lockhart LLP” to “Kirkpatrick & Lockhart Nicholson Graham LLP” effective January 1, 2005, to reflect its combination with the law firm of “Nicholson Graham & Jones”, and then changed its name to “Kirkpatrick & Lockhart Preston Gates Ellis LLP” effective on January 1, 2007, to reflect its combination with the law firm of Preston Gates & Ellis LLP.

of Bankruptcy Procedure (the “Bankruptcy Rules”), for a final allowance of compensation for professional services rendered by K&L Gates for the period of October 1, 2003 through February 13, 2007 (the “Compensation Period”), and for reimbursement of its actual and necessary expenses incurred during the Compensation Period, stating as follows:

JURISDICTION

1. The Court has jurisdiction to consider this Final Application pursuant to 28 U.S.C. §§ 157 and 1334. This Final Application constitutes a core proceeding under 28 U.S.C. § 157(b)(2)(A) and (B). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

2. On June 25, 2002 (the “Petition Date”), the Debtors filed their respective voluntary petitions with this Court for relief under chapter 11 of the Bankruptcy Code.

3. On January 5, 2007, this Court entered an order confirming the First Modified Fifth Amended Joint Chapter 11 Plan for Adelphia Communications Corporation and Certain of its Affiliates Debtors, dated as of January 3, 2007 (the “Confirmation Order”).

4. The Effective Date of the Plan occurred on February 13, 2007.

SUMMARY OF PROFESSIONAL COMPENSATION AND REIMBURSEMENT OF EXPENSES REQUESTED

5. This Final Application has been prepared in accordance with (a) the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the “Local Guidelines”); and, (b) the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the

“UST Guidelines” and, together with the Local Guidelines, collectively, the “Guidelines”). A certification of compliance with the Guidelines is annexed hereto as Exhibit B.

6. By means of this Final Application, K&L Gates requests a final allowance of compensation in the amount of \$1,469,997.50 for professional services rendered to the Debtors during the Compensation Period, and reimbursement of \$44,716.01 of actual and necessary expenses incurred in connection with those services.

7. During the Compensation Period, K&L Gates’ partners, associates and paraprofessionals rendered a total of 4,232.76 hours of professional services to the Debtors. At all times, work was assigned to the attorney or paraprofessional with the lowest billing rate possible commensurate with the skill, background, responsibility and expertise needed to do the work efficiently.

8. There is no agreement or understanding between K&L Gates and any other person, other than members of the firm, for the sharing of compensation for services rendered in this case.

9. The fees charged by K&L Gates in this case are billed in accordance with its existing billing rates and procedures in effect during the Compensation Period. The rates K&L Gates charges for the services rendered by its professionals and paraprofessionals in these Chapter 11 cases are the same rates K&L Gates charges for professional and paraprofessional services rendered in comparable non-bankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable non-bankruptcy cases in a competitive national legal market.

10. Pursuant to the UST Guidelines, annexed hereto as Exhibit C is a schedule setting forth all K&L Gates professionals and paraprofessionals who have performed services in this Chapter 11 case during the Compensation Period, the capacities in which each such individual is employed by K&L Gates, the hourly billing rate charged by K&L Gates for services performed by such individual, the aggregate number of hours expended in this matter and fees billed therefore, and the year in which each professional first was licensed to practice law.

11. Attached hereto as Exhibit D is a schedule setting forth the categories of expenses for which K&L Gates is seeking reimbursement and the amounts for each such expense category.

12. K&L Gates maintains detailed written records of the time expended by attorneys and paraprofessionals, which were created contemporaneously with the rendition of the particular services for which K&L Gates seeks compensation.⁵

K&L GATES' RETENTION

13. Kirkpatrick & Lockhart LLP was originally retained by the Debtors, on or about June 25, 2002, as an ordinary course professional under the terms of this Court's 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 amended (the "OCP Order").

⁵ Copies of the daily time records have previously been provided to the Court, the Office of the United States Trustee as exhibits to the Interim Fee Applications. In addition, parties in interest required to be served with K&L Gates' monthly fee summary statements have previously been furnished with such daily time records. Copies of the time records will be made available to other parties in interest upon reasonable request.

14. In October 2003, Kirkpatrick & Lockhart LLP reached the maximum fee cap on compensation available under the OCP Order. Consequently, on June 16, 2004, the Debtors filed a formal Application for an Order Authorizing Employment and Retention of Kirkpatrick & Lockhart LLP as Special Counsel for the Debtors and Debtors in Possession Pursuant to Sections 327(e) and 328 of the Bankruptcy Code, which was approved by Order of Court dated July 8, 2004. A copy of the July 8, 2004 Order approving Kirkpatrick & Lockhart LLP's retention as special counsel to the Debtors is annexed hereto as Exhibit A.

SUMMARY OF SERVICES PROVIDED DURING THE COMPENSATION PERIOD

15. K&L Gates has rendered extensive professional services for or on behalf of the Debtors during the Compensation Period. Rather than burden the Court with an overly detailed or lengthy recitation of each and every matter K&L Gates addressed during the Compensation Period, the following is a summary description of the primary services rendered by K&L Gates during the Compensation Period, which highlights the benefits conferred upon the Debtors, their estates and other parties-in-interest as a result of K&L Gates' efforts. All of the professional services rendered by K&L Gates are set forth in the computerized time records maintained by K&L Gates, and the Court is respectfully referred to those records for the specific details of all of the work performed by K&L Gates.

A. Labor and Employment Matters

16. During the Compensation Period, K&L Gates has represented the Debtors in connection with various labor and employment matters in Southern California and other states. These matters have included negotiations for collective bargaining agreements with unions; defense of unfair labor practice charges filed with the NLRB; handling of grievances and arbitrations arising under collective bargaining agreements; and, representation in connection

with organizing and decertification petitions filed with the NLRB. K&L Gates has also represented the Debtors' interests in connection with numerous discrimination charges filed with the state Department of Fair Employment and Housing and the federal EEOC; defense of numerous wrongful termination and discrimination lawsuits filed in state court; and, defense of wage claims filed with the state Labor Commissioner. Additionally, during a significant portion of the Compensation Period, K&L Gates provided regular and on-going advice, counseling and training to the Debtors on many different labor and employment matters, represented Debtors in OFCCP investigation and compliance issues, and provided advice, guidance and compliance with sweepstakes rules and regulations under federal and various states laws.

B. Real Estate Matters

17. In addition to its representation of the Debtors in connection with labor and employment law matters, K&L Gates has also represented the Debtors in connection with general real estate advice in Southern California and certain real estate matters, including the following:

18. **Lease of Van Nuys Warehouse, Office and Parking Facility.** K&L Gates previously represented the Debtors in connection with an effort to purchase a vacant property in Van Nuys, California for the construction of a warehouse, office and parking facility. K&L Gates assisted the Debtors to address various environmental issues with the property, negotiate a purchase and sale agreement, review title documents and endorsements with a title insurance company, and perform due diligence with respect to certain matters. The parties were ultimately unable to agree upon the form and substance of a final document, and Adelphia did not purchase the property. Nevertheless, the seller later entered into a purchase contract with a third party that resulted in a lease arrangement in favor of Adelphia, which was negotiated by

K&L Gates. In addition, K&L Gates provided advice to Debtors in connection with certain letter of credit issues that arose in connection with the lease, and in particular, the timing and circumstances under which the letter of credit is to be released.

19. **Relocation negotiations regarding Yorba Linda hub-Orangethorpe.**

K&L Gates represented the Debtors in connection with the condemnation by the California Department of Transportation ("Caltrans") of property leased by Adelphia for its Yorba Linda hub, which serves cable subscribers in Yorba Linda and the Eastern part of Anaheim. K&L Gates represented the Debtors regarding these matters in the condemnation proceeding that Caltrans filed in California state court, and K&L Gates represented the Debtors' interests in protecting and preserving the value of this property during this litigation proceeding while pending against the Debtors.

20. **Land disposal and easement negotiations-Alga Road.** K&L Gates also

represented the Debtors in regards to the Highland Carlsbad Operating Subsidiary, whom we are advised was a Regis owned entity, and who owned a parcel of land on a bluff overlooking the ocean in Carlsbad, California. Adelphia has the right to dispose of this property per order of the Bankruptcy Court. The property had originally been obtained by Daniel's Cablevision (who changed its name to Carlsbad Highland Operating Subsidiary) for an antenna site. Adelphia no longer needed the location for its antenna. K&L Gates conducted substantial title reviews, investigation and research and ultimately settled with a developer of adjacent property who had contested Adelphia's right to develop the property with a single family residence. As part of the settlement, the developer agreed that the parcel could be developed with a home, and would permit the parcel to be annexed into the developer's La Costa Ridge project as a custom lot, with full homeowner rights, including access, and full use of all homeowners' facilities and

entitlements. K&L Gates also advised Adelphia concerning an offer for the property, including advice regarding escrow, title and other issues relating to a possible closing.

21. **Panorama Towers Conditions Use Permit.** The Debtors purchased a lease and roof top equipment on the top of a 12 story office building in Van Nuys, California, known as the Panorama Towers. The entity which installed the antenna did so without permit. The property owner was thus cited by the City of Los Angeles, and ordered to obtain, or cause to be obtained, a conditional use permit. A zoning consulting firm initially applied for the C.U.P, which was denied by the zoning administrator, and K&L Gates was retained for the purpose of appealing the denial to the North Valley Area Planning Commission. In the course of prosecuting the appeal, K&L Gates researched, drafted and filed an appeal brief, corresponded with the lessor and various representatives of the area planning commission, and represented the Debtors in connection with an initial hearing on the matter before the planning commission. Following the hearing, K&L Gates also corresponded with representatives of the city attorney's office, a city councilman, the property owner, and the local community in an effort to defuse public opposition to the conditional use permit application.

22. **Purchase of Miraloma Property.** K&L Gates has also represented the Debtors in connection with their acquisition of a tilt-up concrete industrial building in the City of Anaheim, California, including the drafting and negotiation of documentation, performance of certain due diligence, and consultation with a third-party engineer regarding the environmental condition of the property.

23. **Carlsbad Land – Easement Sought by City of Carlsbad.** K&L Gates also represented the Debtors in connection with a request by the City of Carlsbad for an easement on a property owned by the Debtors in order to place a water pumping station thereon.

K&L Gates analyzed and researched the feasibility of granting the easements to the City, and helped the Debtors to determine the impact such a grant would have upon the value and marketability of the property.

24. K&L Gates has rendered substantial professional services to the Debtors and their estates in fulfilling its professional responsibilities during the Compensation Period. These large and complex Chapter 11 cases, and the numerous labor, employment and real estate issues raised during these proceedings, has required thoughtful effort by the partners and associates of K&L Gates. K&L Gates submits that it has addressed these issues in a professional, expeditious and efficient manner.

25. The foregoing professional services performed by K&L Gates were necessary and appropriate to the administration of these Chapter 11 cases. The professional services performed by K&L Gates were in the best interests of the Debtors, their estates, and other parties-in-interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance and nature of the problems, issues or tasks involved.

BILLING PROCEDURES

26. The fees and expenses billed on these matters have been billed in accordance with K&L Gates' normal billing procedures. The rates charged by K&L Gates for services performed by those professionals and paraprofessionals listed in Exhibit C are the same rates charged to non-bankruptcy clients for comparable services. In addition, during the Compensation Period, K&L Gates incurred fees and expenses that have not been charged to the Debtors as a voluntary reduction by K&L Gates. The total amount of fees and expenses that have not been charged by K&L Gates during the Compensation Period is approximately \$45,548.08. A detailed chart setting for these voluntary reductions is attached hereto as Exhibit

E⁶.

The Johnson Factors

27. In *First Colonial Corp.*, 544 F.2d 1291 (5th Cir. 1977) the court ruled that the twelve (12) factors found in *Johnson vs. Georgia Highway Express*, 488 F.2d 714 (5th Cir. 1974) are to be considered when awarding compensation. These factors are set forth below:

- a. The time and labor required.
- b. The novelty and difficulty of the questions presented.
- c. The skill required to perform the legal services.
- d. The preclusion of other employment by attorneys due to acceptance of the case.
- e. The customary fee in the community.
- f. Whether the fee is fixed or contingent.
- g. The time limitations imposed by the client or circumstances.
- h. The amount involved and the result obtained.
- i. The experience, reputation and ability of the attorneys.
- j. The “undesirability” of the case.
- k. The nature and length of the professional relationship with the client.
- l. Awards in similar cases.

28. K&L Gates believes that as applied to its services in this case, the following analysis of the *Johnson* factors is appropriate:

a. The time and labor required. The charge for K&L Gates’ services in this case for the Compensation Period totals One Million Four Hundred Sixty-Nine Thousand Nine Hundred Ninety-Seven and Fifty Hundredths Dollars (\$1,469,997.50) at their normal hourly rates.

b. The novelty and difficulty of the questions presented. The legal and factual issues presented by the labor and employment and real estate matters for which K&L Gates is serving as special counsel are detailed and complex. Many of these issues are novel and have not been the subject of any prior action. Thus, K&L Gates’ representation of the Debtors in these matters requires significant skill, experience and creativity on the part of K&L Gates.

c. The skills required to perform the legal services. The Debtors required knowledgeable attorneys to handle complicated labor, employment and real estate matters. K&L Gates has substantial experience in the labor and employment areas and has an extensive understanding of the Debtors’ businesses. When possible, particular projects have been handled by associates and paraprofessionals with the lowest billing rate possible commensurate with the skill, background, responsibility and expertise needed to do the work efficiently.

⁶ As of the date of filing this Final Application, K&L Gates and the Fee Committee have not yet concluded their discussions regarding additional reductions recommended by the Fee Committee and therefore, the charts at Exhibit E do not include any reductions as a result of recommendations by the Fee Committee.

d. Preclusion of employment due to acceptance of the case. From time to time, the number of employment and labor issues that arose during the Compensation Period required that the firm commit significant resources to it; however this engagement has not resulted in preclusion of employment.

e. The customary fee in the community. K&L Gates believes its customary fees for services are equal to or below those of other firms in the national labor and employment, real estate and general commercial litigation communities.

f. Whether the fee is fixed or contingent. These fees are not on a contingent basis.

g. Time limitation imposed by client or circumstances. Due to the nature of various of the labor and employment matters and several of the real estate matters, it was necessary that certain matters be handled on an expedited basis. This resulted in significant time restrictions and limitations and an increased burden on the attorneys and paraprofessionals involved in trying to meet the time limitations imposed.

h. The amount involved and the result obtained. During the Compensation Period, K&L Gates' arduous and successful defense of the Debtors in a multitude of employment-related claims has allowed the Debtors to avoid certain liabilities that would have otherwise diminished the estate assets available for distribution to creditors. K&L Gates also represented the Debtors in collection bargaining agreement negotiations with unions. Had these negotiations failed, the Debtors may have been faced with work stoppages by the unions which certainly would have had a negative impact on the business operations and the ability of the Debtors to focus on their reorganization. K&L Gates also provided regular and on-going employment advice and counseling during a significant portion of the Compensation Period that greatly benefited the Debtors' ability to conduct their businesses and avoid unnecessary disruptions due to employment-related issues.

In addition, K&L Gates rendered substantial professional services to the Debtors and their estates with respect to various real estate issues in Southern California, including (i) the negotiation of an extremely favorable third party lease arrangement at the Van Nuys Warehouse; (ii) reimbursement for certain relocation costs and property improvements costs incurred by the Debtors with respect to the Yorba Linda hub-Orangethorpe; (iii) the successful development and sale of the Alga Road property; (iv) the appeal of a denial of conditional use permit at the Panorama Towers, including the development and execution of an intense public relations campaign to defuse public opposition to the application; and (v) representation of the Debtors in other real estate ventures resulting in higher value and marketability of certain properties. Throughout its representation of the Debtors in these varied and complex real estate matters, K&L Gates' main focus has been to allow the Debtors to continue to conduct their business operations without interruption, to limit the Debtors' exposure to future litigation (and thus avoiding liabilities which would diminish the value of the estates), and to negotiate the most favorable terms for the Debtors.

i. The experience, reputation and ability of the attorneys. K&L Gates believes and respectfully submits that its attorneys are highly regarded nationally as experts in the areas of labor, employment and real estate. Additionally, the firm is experienced in serving as special

counsel on behalf of debtors in bankruptcy cases and has acted as special counsel for other debtors in cases pending throughout the country.

j. The “undesirability” of the case. No particular factors make this case more undesirable than others.

k. The nature and length of the professional relationship with the client. The firm has represented the Debtors since 2001⁷ in connection with labor, employment and real estate matters. Accordingly, the Debtors’ estates are reaping the benefit of the experience and “learning curve” developed by K&L Gates over the last six years.

l. Awards in similar cases. K&L Gates alleges that an order of compensation on the basis prayed for is consistent with those awarded in similar cases both in the Southern District of New York and nationwide.

The Reasonableness Factors

29. The Fee Committee has established a set of factors to be considered when making a determination of whether compensation for fees and reimbursement of expenses sought in this Final Application are reasonable. These factors are set forth below:

- a. The Applicant’s role, objectives, and accomplishments in the case.
- b. The time billed for the services and the billing rates.
- c. The steps taken by the Applicant to provide services solely within its scope of employment, as proscribed by its retention order.
- d. Coordination of the Applicant’s services with those of other professionals in the case to limit or prevent duplication of work being done.
- e. Whether the services were necessary to the administration of, or beneficial at the time at which the services were rendered.
- f. Whether the services were performed within a reasonable amount of time commensurate with the complexity, importance and nature of the problem, issue or task addressed.
- g. The opposition encountered and the problems that arose.
- h. Compliance with the Fee Committee Memorandum issued on May 16, 2003 (as amended on July 11, 2003) and March 9, 2004 setting forth certain guidelines for retained professionals to follow in formatting their interim fee applications.
- i. Any amounts by which the fees and expenses of the Applicant have been reduced (either voluntarily or at the recommendation of the Fee Committee) with respect to Interim Applications.

⁷ Thomas Petrides, a partner at K&L Gates who represents the Debtors in the majority of the labor and employment matters, has been representing the Debtors since 1999, when the Debtors acquired Century Communications. Since 1993, he has been representing Century Communications with respect to labor matters. In 2001, Mr. Petrides joined K&L Gates and continued representing the Debtors thereafter.

30. K&L Gates believes that as applied to its services in this case, the following analysis of the reasonableness factors is appropriate:

a. The Applicant's role, objectives, and accomplishments in the case. K&L Gates was originally retained as counsel for labor and employment matters 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. Due to the volume of labor matters that arose in the conduct of the Debtors' businesses, the Debtors determined that it was necessary to expand K&L Gates' role and retain K&L Gates as special counsel with respect to various labor and employment, real estate, and litigation matters.

K&L Gates' objective as special counsel to the Debtors has been to provide outstanding representation and advice on all matters for which it has been retained in the most cost-efficient manner possible, thus adding value to the Debtors' estates. As more fully set forth in other sections of this Final Application, the services provided by the Applicant have resulted the avoidance of potential employment liability claims and work stoppages; limited the Debtors' exposure to future litigation and contributed to the Debtors ability to conclude these reorganization proceedings.

b. The time billed for the services and the billing rates. During the Compensation Period, K&L Gates' partners, associates and paraprofessionals rendered a total of 4,232.76 hours of professional services to the Debtors. The total charged for K&L Gates' services in this case is \$1,469,997.50, resulting in the blended hourly rate of \$347.29. Time was billed at the normal hourly rates charged for each timekeeper. K&L Gates believes that its rates are considerably lower than many of the firm retained in these cases.

c. The steps taken by the Applicant to provide services solely within its scope of employment, as proscribed by its retention order. Since 2001, the scope of K&L Gates' representation of the Debtors has been focused primarily on labor and employment issues. In addition, K&L Gates has represented or advised the Debtors in connection with California real estate matters and transactions, compliance with California sweepstakes rules and requirements, and, on occasion, on general business litigation matters. Throughout the Compensation Period K&L Gates has limited its representation of the Debtors to various labor and employment and real estate matters as proscribed by its retention order. Detailed time records supporting this statement have previously been provided to both the Court and the Fee Committee.

d. Coordination of the Applicant's services with those of other professionals in the case to limit or prevent duplication of work being done. K&L Gates served as the Debtors' primary labor and employment counsel as well as their primary real estate counsel in Southern California, and thus there was little or no duplication of work being done.

e. Whether the services were necessary to the administration of, or beneficial at the time at which the services were rendered. As more fully set forth above (*see* The *Johnson* Factors, paragraph 28(h)), the services provided to the Debtors and the results obtained clearly provided a benefit to the Debtors' estates and their creditors. The labor and employment work performed by K&L Gates and the results achieved allowed the Debtors to (i) avoid potential

employment claim liabilities that would have diminished the assets available for distribution to creditors; and, (ii) avoid potential work stoppages which would have had a negative impact on the business operations and the ability of the Debtors to focus on their reorganization.

In addition, K&L Gates' representation of the Debtors with respect to various real estate issues has benefited the Debtors' estates and their creditors by limiting the Debtors' exposure to future real estate-related litigation (and thus avoiding liabilities which would diminish the value of the estates), and negotiating the most favorable terms possible with respect to possible acquisition, sale or transfer of the cable television systems and associated ventures.

f. Whether the services were performed within a reasonable amount of time commensurate with the complexity, importance and nature of the problem, issue or task addressed. When possible, particular projects have been handled by partners, associates and paraprofessionals with the lowest billing rate possible commensurate with the skill, background, responsibility and expertise needed to do the work efficiently. The hourly rates charged by K&L Gates for its partners, associates and paraprofessionals are based on each individual's educational qualifications, number of years of experience and level of expertise, and whether that experience is generalized or in a specialized area of law. K&L Gates assigned case responsibilities based on each individual's level of experience and expertise. By doing so, K&L Gates has tried to eliminate situations where highly specialized or experienced individuals are performing less complex, lower-level tasks. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount of fees requested is fair and reasonable given: (i) the complexity of these cases; (ii) the time expended; (iii) the nature and extent of the services rendered; (iv) the value of such services; and (v) the costs of comparable services other than in a case under the Bankruptcy Code.

g. The opposition encountered and the problems that arose. The employment litigation matters were constantly contested by plaintiffs' counsel seeking large damages on behalf of their clients, including unlimited emotional distress and punitive damages under California law; the union labor issues were heatedly contested by the various unions involved; and, the real estate litigation and transactional matters involved both opposition by the other side and multiple complexities related to the transactions.

h. Compliance with the Fee Committee Memorandum issued on May 16, 2003 (as amended on July 11, 2003) and March 9, 2004 setting forth certain guidelines for retained professionals to follow in formatting their interim fee applications. K&L Gates has made every effort to comply with the Fee Committee Memorandum in preparing its interim fee applications and is in the process of responding to the Fee Committee's Audit Reports and requests for supplemental information and supporting documentation with respect to those interim applications for which Audit Reports have been issued.

i. Any amounts by which the fees and expenses of the Applicant have been reduced (either voluntarily or at the recommendation of the Fee Committee) with respect to Interim Applications. Attached hereto as Exhibit E are charts summarizing the voluntary reductions in fees and expenses taken by K&L Gates prior to submission and review by the Fee Committee, which total, in the aggregate \$45,548.08. In determining voluntary fee reductions, the billing partner used the same criteria as he would for any non-bankruptcy representation (*i.e.*, reductions

for situations where more than one timekeeper billed for attending the same meeting or hearing, and when the amount of time billed for a particular task appeared to be excessive). With limited exceptions, expenses incurred for Word Processing charges, employee overtime and excessive copying charges were voluntarily reduced and/or eliminated.

As of the date of filing this Final Application, K&L Gates and the Fee Committee have not yet concluded their discussions regarding additional reductions recommended by the Fee Committee and therefore, the chart at Exhibit E does not include any reductions as a result of recommendations by the Fee Committee. Applicant fully anticipates that further reductions to its request for compensation for fees and reimbursement of expenses will be issued based on the Fee Committee's recommendations.

BASIS FOR AWARDING FEES

31. Section 331 of the Bankruptcy Code expressly authorizes the interim allowance of compensation for services rendered and reimbursement for expenses incurred, providing, in pertinent part, as follows:

[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.

32. Section 330 of the Bankruptcy Code, in turn, authorizes compensation for services rendered by professionals retained under section 327 of the Bankruptcy Code, providing that the Court may award:

reasonable compensation for actual, necessary services rendered by . . . [a] professional person or attorney, . . . and by any paraprofessional persons employed by such . . . professional person, or attorney, . . . based upon the nature, the extent and the value of such services, the time spent on such services, and the cost of comparable services other than in a case under this title.

11 U.S.C. §330(a).

33. While economy in the administration of bankruptcy estates is a fundamental objective, the strict doctrine of “economy of the estate” in bankruptcy proceedings that had developed under the predecessor Bankruptcy Act has been vitiated under the Bankruptcy Code. As stated during Congressional debates concerning the then new section 330 of the Bankruptcy Code:

Bankruptcy legal services are entitled to command the same competency of counsel as other cases. In that light, the policy of this section is to compensate attorneys serving in a case under Title 11 at the same rate as the attorney . . . would be compensated for comparable services other than in a case under Title 11 . . . Notions of economy of the estate in fixing fees are outdated and have no place in the Bankruptcy Code.

124 Cong. Rec. H 11,089-92 (daily ed. Sept. 28, 1978) (statement of house leader). The goal of Congress was to insure that professionals of high quality would be willing to represent bankruptcy clients, and through their high degree of professional skill, would be able to streamline the reorganization process to the benefit of all concerned. See In re Penn Dixie Indus., Inc., 18 B.R. 834, 838 (Bankr. S.D.N.Y. 1982).

34. In this case, K&L Gates respectfully submits that the quality of services rendered and the results achieved warrant an allowance of compensation in the amount sought.

ACTUAL AND NECESSARY EXPENSES INCURRED

35. In connection with the rendition of services outlined above, K&L Gates also seeks reimbursement of actual and necessary expenses incurred on the Debtors’ behalf during the Compensation Period in the amount \$44,716.01. This sum is composed primarily of costs incurred for: (i) photocopying; (ii) filing fees; (iii) legal research; (iv) court reporters; and (v) ADR mediation-related charges. A detailed listing of the disbursements for which reimbursement is sought is annexed hereto as Exhibit D.

MEMORANDUM OF LAW

36. K&L Gates submits that the relevant legal authorities are set forth herein and that the requirement pursuant to Local Bankruptcy Rule 9013-1 that K&L Gates file a memorandum of law in support of this Final Application is satisfied.

NOTICE

37. K&L Gates has caused notice of this Final Application be provided to: (i) the Office of the United States Trustee; (ii) counsel to the agents for the Debtors' prepetition and post petition lenders; (iii) counsel to the Committees; (iv) the Debtors; and (v) the Fee Committee.

38. No prior request for the relief sought by this Final Application has been made to this or any other court.

CONCLUSION

39. In light of (a) the complexity of this Chapter 11 case, (b) the results achieved, (c) the significant contributions made and time devoted, (d) awards of compensation in similar cases, and (e) other factors pertinent to the allowance of compensation, K&L Gates believes that the compensation sought herein is fair and reasonable and is authorized under the relevant provisions of the Bankruptcy Code.

WHEREFORE, K&L Gates respectfully requests (i) allowance of compensation for professional services performed by K&L Gates for the period from October 1, 2003 through February 13, 2007 in the amount of \$1,469,997.50 for professional services rendered as special counsel, and reimbursement of actual and necessary out-of-pocket expenses in the amount of \$44,716.01; (ii) payment of the holdback amounts for the period from October 1, 2003 through February 13, 2007; (iii) authorization for the Debtors to pay K&L Gates such sums as are awarded but not yet paid; and (iv) such other and further relief as the Court may consider just and proper.

Respectfully submitted,
KIRKPATRICK & LOCKHART PRESTON
GATES ELLIS LLP



Thomas H. Petrides
Thomas H. Petrides (Bar No. 117121)

Dated: March 27, 2007

By:

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