

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**FINAL APPLICATION OF KLEHR, HARRISON, HARVEY, BRANZBURG
& ELLERS LLP AS SPECIAL COUNSEL FOR DEBTORS AND DEBTORS-IN-
POSSESSION FOR FINAL ALLOWANCE OF COMPENSATION FOR
SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED**

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

Klehr, Harrison, Harvey, Branzburg & Ellers, LLP (“Klehr Harrison”), special counsel for Adelphia Communications Corporation (“Adelphia”) and its debtor affiliates in the above-referenced matter (collectively, the “Adelphia Debtors”), in support of its final application (the “Final Application”) for allowance of compensation for professional services rendered and reimbursement of expenses incurred from the Commencement Date through February 13, 2007 (the “Final Application Period”), respectfully represents:

PRELIMINARY STATEMENT

1. By this Final Application and pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Klehr Harrison requests that this Court authorize: (a) the final allowance of compensation for professional services rendered to the Adelphia Debtors in

the amount of \$5,969,223.03¹ and the reimbursement of actual and necessary expenses incurred in connection therewith in the amount of \$651,786.72,¹ for the Final Application Period.

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

KLEHR HARRISON’S FEES AND EXPENSES

A. Background

3. Pursuant to the Order 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 “OCP Orders”), on September 5, 2002, Klehr Harrison was retained by the Adelpia Debtors as an ordinary course professional pursuant to Section 105(a), 327(e) and 328 of the Bankruptcy Code, to represent the Adelpia Debtors’ interest in the Devon Mobile Communications, L.P. (“Devon”) bankruptcy case, which was filed on August 19, 2002 in the United States Bankruptcy Court for the District of Delaware (the “Devon Bankruptcy”).

4. Devon was a Delaware limited partnership that was formed in 1995 to acquire Federal Communication Commission broadband personal communications services (“PCS”) licenses, and to engage in the construction, development, ownership and operation of a cellular network using the PCS licenses. Devon G.P., Inc. (“Devon G.P.”), a Delaware corporation, was, at all times, the sole general partner of Devon, with a 50.1% interest. Adelpia was, at all times,

¹ This number reflects total fees and expenses for ordinary course and estate professional services less disallowances by Fee Committee on Interim Applications.

the sole limited partner of Devon, with a 49.9% interest. All services provided by Klehr Harrison are related to claims arising from Adelpia's ownership interest in and relationship with Devon.

5. In representing the Adelpia Debtors with regard to Devon, Klehr Harrison monitored all aspects of the Devon Bankruptcy, including, but not limited to, participating in the sale of Devon's assets, participating in the Devon Plan confirmation process and analyzing claims the Adelpia Debtors had against Devon and that Devon alleged it had against the Adelpia Debtors.

6. On October 1, 2003, the Delaware Bankruptcy Court issued an Order confirming the First Amended Joint Plan of Liquidation of Devon Mobile Communications, L.P. and the Devon Creditors Committee (the "Devon Plan"). Pursuant to the Devon Plan, the Devon Mobile Communications Liquidating Trust (the "Devon Liquidating Trust") was created. All assets of Devon's estate, including alleged claims and causes of action that Devon may have had against the Adelpia Debtors, were transferred to the Liquidating Trust.

7. The Devon Plan and the Devon Confirmation Order preserved the Adelpia Debtors' rights to assert any and all causes of action they may have had against the Devon Debtors and/or the Liquidating Trust as well as, all defenses, counterclaims and rights of set-off and recoupment.

8. On June 21, 2004, the Liquidating Trust filed a complaint (the "Devon Action") against the Adelpia Debtors seeking more than \$180 million in damages.

9. On June 25, 2004, the Adelpia Debtors filed a motion to retain Klehr Harrison as a Bankruptcy Code Section 327(e) special counsel to continue the defense of the Devon claims. The Adelpia Debtors sought this change in the nature of Klehr Harrison's retention from an

ordinary course professional to a 327(e) professional due to the anticipated increase in work to be performed in defending the Devon Action and prosecuting counterclaims against the Devon Debtors. The order approving Klehr Harrison's retention as a 327(e) professional was entered on August 3, 2004. The Devon Action was successfully defended as more fully described in the Summary of Services Rendered section of this Final Application.

10. In addition to the Devon Action, there were three other claims filed against Adelphia by Devon Creditors as follows:

a) On January 8, 2004, Devon G.P., Inc. ("Devon G.P.") filed a proof of claim in the amount of \$5,370,000 against Adelphia (the "Devon G.P. Claim"). By its claim, Devon G.P. sought payment of benefits Devon G.P. alleged it was entitled to receive under certain purported amendments of the Devon Limited Partnership Agreement with Adelphia. In addition, Lisa-Gaye Shearing Mead, President of Devon and Devon G.P., filed an unsecured priority claim in the amount of \$3,057.51 (the "Mead Claim").

b) On September 9, 2003, Lucent Technologies Inc. ("Lucent") filed a proof of claim in the amount of \$44,721,519.78 against Adelphia (the "Lucent Claim"). Pursuant to the Lucent Claim, Lucent seeks to hold Adelphia liable for debts owed by Devon to Lucent under the General Agreement for Personal Communications Service Systems between Lucent and Devon executed on October 19, 2000 (the "Devon/Lucent General Agreement"). Lucent alleges, among other things, that Adelphia is liable for these debts under three theories: 1) Adelphia is liable under the relevant provisions of the Delaware Limited Partnership Act; 2) alter ego liability; and 3) contract implied in fact, quasi contract and quantum meruit.

c) On March 11, 2003, General Dynamics Government Systems Corp. ("General Dynamics") filed a proof of claim in the amount of \$34,908,731 against Adelphia (the

“General Dynamics Guaranty Claim”). By this claim, General Dynamics seeks to enforce a payment guaranty provided to General Dynamics by Adelphia for all unpaid payment obligations of Devon.

11. Because of Klehr Harrison’s knowledge of Devon and its business, Klehr Harrison assumed responsibility for prosecuting Adelphia’s objections to each of the claims brought by Devon Creditors against Adelphia.

12. Klehr Harrison’s services in these cases have been substantial, necessary, and beneficial to the Adelphia Debtors and to their estates, creditors, and other parties in interest. Moreover, the variety and complexity of the issues involved in these cases and the need to address issues on an expedited basis have required Klehr Harrison, in the discharge of its professional responsibilities, to devote substantial time by professionals from many legal disciplines on a daily basis, and often through night and weekend work.

13. A schedule showing the amounts paid and amounts unpaid with respect to fees and expenses is attached hereto as Exhibit A.² Exhibit A further shows the disallowances by the Fee Committee of fees and/or expenses allocable to Klehr Harrison’s Interim Applications One, Two and Three.

14. By this Final Application, Klehr Harrison seeks final allowance of compensation in full for services rendered and expenses incurred during the Final Application Period and payment of the all amounts that are unpaid.

15. No agreement or understanding exists between Klehr Harrison 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 Joanne B. Wills, Esquire, annexed hereto as Exhibit B.

² This schedule separates Klehr Harrison’s fees and disbursement into the Ordinary Course professional period and estate professional period.

16. Klehr Harrison maintains written records of the time expended by attorneys, law clerks and paraprofessionals in rendering professional services to the Adelpia Debtors. For the convenience of the Court and parties-in-interest, annexed hereto as Exhibits C-1 and C-2 are lists of the attorneys and paraprofessionals 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 Klehr Harrison's fees attributable to each individual.

17. A copy of the daily time records for the each Monthly Fee Statement and Interim Application Period, 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, was previously annexed to Monthly Fee Statements and/or Interim Fee Applications.³ Additionally, annexed hereto as Exhibits D-1 and D-2 is a list of all the matters for which services were rendered during the Final Application Period and the aggregate amount of hours and fees expended for each of those matters. Schedule D-1 reflects matters worked on during the OCP and Schedule D-2 reflects matters worked on during the estate professional period.

18. Klehr Harrison also maintains records of all actual and necessary out-of-pocket expenses incurred in connection with the rendition of professional services. A schedule setting forth the categories of expenses and amounts for which reimbursement is requested for the Final Application Period is annexed hereto as Exhibits E-1 and E-2.

³ Copies of the daily time records for the Interim Applications were provided to the Court and the Office of the United States Trustee. Parties in interest required to be served with Klehr Harrison Monthly Fee Statements pursuant to the Compensation Order 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.

19. In addition to the foregoing, Klehr Harrison provides for the consideration of the Court and the Fee Committee, the following schedules:

a) A schedule of amounts by which the fees of Klehr Harrison have been reduced voluntarily with respect to Monthly Fee Statements or Interim Applications prior to the submission to or review by the Fee Committee is attached hereto as Exhibit F.

b) The amounts by which the fees of Klehr Harrison have been reduced at the recommendation of the Fee Committee with respect to Interim Applications is referenced in Exhibit A.

c) The amounts by which Klehr Harrison has voluntarily reduced expenses with respect to Monthly Fee Statements or Interim Applications prior to their submission for review by the Fee Committee are *de minimus* and not included herein.

d) The amounts by which the expenses of Klehr Harrison have been reduced at the recommendation of the Fee Committee with respect to Interim Applications is referenced in Exhibit A.

20. Pursuant to the administrative order regarding guidelines for fees and disbursements for professionals in bankruptcy cases (the "Administrative Order"), Klehr Harrison recorded its services rendered and disbursements incurred on different matters reasonably expected by the Adelpia 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

21. Recitation of each and every item of professional services that Klehr Harrison performed during the Final Application Period would unduly burden the Court. Hence, the following summary highlights the major areas to which Klehr Harrison devoted time and

attention during the Final Application Period. The full breadth of Klehr Harrison's services is reflected in Klehr Harrison's time records which were already submitted with Klehr Harrison's monthly statements and interim applications. Additionally, Exhibits C-1 and C-2 list: (a) all attorneys and paraprofessionals who have performed services in each respective Service Category; and (b) a breakdown of the hours spent and the amount of compensation requested for each attorney and paraprofessional within each Service Category.

A. The Devon Chapter 11 Bankruptcy Case

22. During the Final Application Period, Klehr Harrison provided the following services related to the Devon chapter 11 bankruptcy case:

- (a) Represented Adelpia's interest in Devon during the Devon Bankruptcy by monitoring all aspects of the Devon Bankruptcy including, but not limited to, participating in the sale of Devon's assets, the Devon Plan confirmation process and the analysis of claims the Adelpia Debtors had against Devon and that Devon alleged it had against the Adelpia Debtors.
- (b) Prepared audit and disclosure letters;
- (c) Provided status updates to Stephen Martin and/or Tom Carlock.

B. Level 3 Communications, LLC

23. During the Final Application Period, Klehr Harrison assisted in the drafting and reviewing of contracts between Adelpia and Level 3 Communications, LLC ("Level 3") for Voice-Over Internet Provider services. In conjunction with these contracts, a dispute involving Adelpia's right to use certain fiber optic cable installed within Level 3's fiber optic communications system in specific geographic areas was resolved, additional present rights to use fiber optic cable in certain other markets were acquired and a framework for acquiring future rights in other markets and segments was established.

C. The Devon Action

24. On June 21, 2004, the Liquidating Trust filed the Devon Action against the Adelphia Debtors for: (i) Count I - turnover of preferential transfers under 11 U.S.C. § 547(b); (ii) Count II - turnover of fraudulent transfers and breach of the Limited Partnership Agreement under 11 U.S.C. §§ 544 and 548; (iii) Count III - turnover of fraudulent transfers and breach of the Services Agreement under 11 U.S.C. §§ 544 and 548; (iv) Count IV - deepening insolvency; (v) Count V - liability for Devon's losses under the "alter ego" theory, and (vi) Count VI - breach of the duty to fund (collectively, the "Devon Claims"). The original demand by the Devon Liquidating Trust was \$180 million.

25. The Adelphia Debtors filed an Answer and Counterclaim seeking damages for the following: (i) Breach of Contract/Unjust Enrichment related to unpaid services fees under a Services Agreement between Devon and Adelphia; (ii) Breach of Contract/Unjust Enrichment for amounts funded to Devon for the build-out of Devon's wireless network; (iii) Breach of Contract/Unjust Enrichment related to a Brokerage Agreement between Devon and Adelphia; (iv) indemnification claims related to Adelphia's guaranty of amounts owed by Devon to General Dynamics; and unpaid charges for telephone services provided to Devon by ACC Telecommunications of VA (collectively, the "Adelphia Counterclaims").

26. The Devon Claims and the Adelphia Counterclaims were consolidated and tried before the Honorable Cecelia Morris as an adversary proceeding in Adelphia's chapter 11 cases. The litigation was contentious, with numerous discovery disputes related to the production of electronically stored data. Judge Morris held numerous conferences related to discovery disputes and issued several written opinions resolving such disputes.

27. Adelpia's document production required review of documents stored in the Data Center in Coudersport, Pennsylvania, as well as thousands of documents stored in various databases related to other litigations. Document review and production literally took months. In addition, over a dozen depositions were taken in the Devon Action, each of which required preparation and analysis.

28. The Adelpia Debtors retained two experts: TMNG Strategies, as wireless industry experts, and BDO Siedman, as accounting/forensic experts. Substantial time was spent by Klehr Harrison working with experts devising litigation strategy and preparing expert reports.

29. The parties filed cross-motions for summary judgment on all claims. After literally hundreds of pages of briefing and oral argument, Judge Morris issued a Memorandum Decision granting the Adelpia Debtors' Motion for Summary Judgment on all counts, except for Count II Fraudulent Conveyance Claims and denying in its entirety the Devon Liquidating Trust's motion for summary judgment. Klehr Harrison also prevailed on limiting the Devon Claims to Adelpia, dismissing all claims against other Adelpia Debtors.

30. On April 17, 2006, trial commenced on the Devon Liquidating Trust's Fraudulent Conveyance Claims and the Adelpia's Debtors Counterclaims. After two days of trial, the Devon Liquidating Trust agreed to settle by dismissing in full all of its remaining claims. Adelpia agreed to dismiss its Counterclaims based upon a certification from the Devon Liquidating Trustee that there was less than \$1 million in cash in the Devon estate, all of which was earmarked to pay for professional fees incurred in the prosecution of the Devon Action. The decision to dismiss the Adelpia Counterclaims was based upon the fact that there would be no distribution to unsecured creditors in Devon's chapter 11 case. During pretrial settlement negotiations, the lowest demand by the Devon Liquidating Trust had been \$35 million.

Accordingly, Klehr Harrison's success in defending against the Devon Claims provided substantial benefit to the estates of the Adelphia Debtors.

D. The Devon G.P. Claim and the Mead Claim

31. After extensive negotiation, settlement was reached with Devon G.P. and Ms. Mead providing for the withdrawal of the Devon G.P. Claim (filed in the amount of \$5,370,000) and the allowance of the Mead Claim as an unsecured priority claim in the amount of \$3,057.51.

32. Klehr Harrison's services with respect to the Devon G.P. Claim and the Mead Claim resulted in the disallowance of approximately \$5 million of claims against Adelphia.

E. The Lucent Claim

33. Lucent filed a proof of claim in the amount of \$44,721,519.78 against Adelphia. Pursuant to the Lucent Claim, Lucent seeks to hold Adelphia liable for debts owed by Devon to Lucent under the Devon/Lucent General Agreement pursuant to which Lucent sold equipment and services to Devon for the build-out of Devon's wireless network. Lucent alleges, among other things, that Adelphia is liable for Devon's debts under three theories: 1) relevant provisions of the Delaware Limited Partnership Act under which a limited partner can be held responsible for the debts of a Delaware limited partnership; 2) alter ego liability; and 3) contract implied in fact, quasi contract and quantum meruit. There is no Adelphia guaranty of Devon's obligations to Lucent.

34. An objection to the Lucent Claim was filed as part of an omnibus books and records objection. Lucent filed a response to Adelphia's objection and the Lucent Claim was transferred to Judge Morris, with Klehr Harrison assuming responsibility for the prosecution of the Adelphia objection.

35. The parties have engaged in extensive discovery, including document production and over a dozen depositions. Fact discovery was completed on January 28, 2007, followed by substantial discovery disputes related to documents Lucent was withholding on grounds of privilege. Klehr Harrison was successful in getting many, if not most, of the alleged privileged documents produced or reviewed by Judge Morris in camera. Based upon the unusual procedural status of the litigation, Judge Morris then ordered Lucent to submit a pre-trial submission outlining its legal theories of liability and providing facts to support a prima facie case for each of those legal theories. Klehr Harrison intends to present its objection to the Lucent Claim by summary judgment which is anticipated to be determined by June or July 2007. If any claims remain after summary judgment, trial is anticipated in September 2007.

36. The following summarizes the services provided by Klehr Harrison with respect to the Lucent Claim:

- (a) Analysis of Lucent Claim;
- (b) Developing and implementing litigation strategy;
- (c) Preparation of discovery requests and supplemental discovery requests – both interrogatories and requests for production of documents;
- (d) Preparation of responses and supplemental responses to Lucent discovery requests and production of documents to Lucent;
- (e) Preparation of witness files for depositions;
- (f) Preparation of deposition examinations;
- (g) Conducting depositions;
- (h) Analyzing privilege issues and prosecuting a motion to compel production of privileged documents;
- (i) Attendance at Court status conferences;
- (j) Preparation and analysis of Adelphia's summary judgment motion.

37. Since the Lucent Claim is in active litigation, any further disclosures regarding strategy or claim assessment would jeopardize litigation strategy. Accordingly, Klehr Harrison's analysis of the validity and/or merits of the Lucent Claim is available on a confidential basis.

F. The General Dynamics Claim

38. General Dynamics filed a claim against Adelphia in the amount of \$34,908,731. General Dynamics provided construction services to Devon for the build-out of Devon's wireless network. By its claim, General Dynamics seeks to enforce a payment guaranty provided to General Dynamics by Adelphia for unpaid payment obligations of Devon. Klehr Harrison provided the following services relating to the General Dynamics Claim:

- (a) Analysis of General Dynamics Claim;
- (b) Developing and implementing litigation strategy;
- (c) Analysis of documents produced by General Dynamics;
- (d) Attendance at Court status conferences.

39. Klehr Harrison is evaluating defenses to the General Dynamics Claim and anticipates that Adelphia's objection to the General Dynamics Claim will be settled without trial. Since the General Dynamics Claim is active litigation, any further disclosures regarding strategy or claim assessment would jeopardize litigation strategy. Accordingly, Klehr Harrison's analysis of the validity and/or merit of the General Dynamics Claim is available on a confidential basis.

G. Taylor Litigation

40. Adelphia was served with a subpoena by the plaintiff in an action to which Devon was a party. Klehr Harrison reviewed the subpoena to ascertain the nature of the litigation and assisted Adelphia in its response.

H. Fee Statements/Fee Applications

41. Klehr Harrison has expended time necessary to compile and serve monthly fee statements and interim applications pursuant to the terms of the Compensation Order, dated August 9, 2002.

42. Klehr Harrison has also provided assistance to TMNG Strategy (“TMNG”), communications industry expert consultants to Adelphia in the Devon Action, to ensure that TMNG complies with orders of this Court regarding its compensation, as well as this District’s local rules and guidelines.

EVALUATING KLEHR HARRISON’S SERVICES

43. As highlighted above, during the Final Application Period, Klehr Harrison provided extensive services to the Adelphia Debtors related to, in substantial part, participating in the Devon Chapter 11 bankruptcy case, defending claims brought by the Devon Liquidating Trust against this Adelphia Debtors and prosecuting objections to claims brought by Devon Creditors against Adelphia. All of these services have ensured the efficient administration of the Adelphia Debtors’ chapter 11 cases and compliance with the requirements of the Bankruptcy Code.

44. “[T]he ‘lodestar’ method of fee calculation developed by the Fourth 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 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”).

45. “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). Klehr Harrison’s hourly rates and fees charged are consonant with the market rate for comparable services. The hourly rates and fees charged by Klehr Harrison are the same as (or less than) those generally charged to, and paid by, Klehr Harrison’s other clients. Indeed, unlike fees paid by most Klehr Harrison 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 Klehr Harrison by the Adelphia Debtors is significantly less than fees paid monthly by other Klehr Harrison clients.

46. The hours expended by Klehr Harrison 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 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 hearings and meetings, and a wide variety of similar matters.” Id. These judgments are presumed to be made in good faith. Id.

KLEHR HARRISON'S REQUEST FOR FINAL COMPENSATION

47. 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] 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.

48. 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, including the debtor's attorney:

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

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.

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

50. The services rendered by Klehr Harrison during the Final Application Period were performed diligently and efficiently. Accordingly, when possible, Klehr Harrison delegated tasks to lower cost junior attorneys or, for discrete matters, to attorneys with specialized expertise in the particular task at issue. While that approach may have required intra-office

conferences or involved individual attorneys who spent only a few hours on the matter at hand, the net result was enhanced cost efficiency.

51. 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 Klehr Harrison was engaged, the complexity of the issues that arose during these cases, and the urgent basis upon which some of these services were rendered.

52. In many instances, Klehr Harrison has been able to successfully resolve disputes without the need to request assistance from the Court. When necessary, however, Klehr Harrison actively represented the Adelpia Debtors' interests before this Court and the United States Bankruptcy Court for the District of Delaware.

53. During the Final Application Period, Klehr Harrison encountered certain novel and complex legal issues, often requiring extensive research and drafting. Klehr Harrison brought to bear legal expertise in many areas, including bankruptcy, litigation, and the laws of corporations and limited partnerships. Klehr Harrison has also been required to analyze issues in the foregoing areas under the laws of several jurisdictions. Klehr Harrison attorneys have rendered advice in all of these areas with skill and dispatch.

DISBURSEMENTS

54. Klehr Harrison 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 E-1 and E-2. By this Final Application, Klehr Harrison respectfully requests allowance of such reimbursement in full.

55. The disbursements for which Klehr Harrison seeks reimbursement include the following:

- a. Photocopying - Charged at \$0.10 per page, based upon the cost of duplicating services. The charge per page includes a charge for maintaining the duplicating facilities;
- b. Telecommunications - Long distance calls are billed at actual cost. Outgoing facsimile transmittals are billed at \$0.15 per page, while there is no charge for incoming facsimiles. This rate is based upon costs incurred by Klehr Harrison for phone charges and equipment maintenance;
- c. Computer Research Charges - Klehr Harrison's practice is to bill clients for LEXIS and Westlaw research at actual cost, which includes vendor payments and phone charges;
- d. Overtime Expenses - Klehr Harrison'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 charge a working meal to the appropriate client. The meal charge is limited to \$20 per person;
- e. Delivery Services - Klehr Harrison's practice is to charge postal, overnight delivery and courier services at actual cost;
- f. Secretarial Overtime - Klehr Harrison's practice is to bill clients for word processing charges and secretarial overtime at actual cost.
- g. Large Duplication, Scanning and Other Projects - For large duplicating, scanning and other projects, Klehr Harrison has requested prior authority from the Fee Committee for such charges.

PROCEDURE

56. Klehr Harrison submits this Final Application in accordance with the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under 11 U.S.C. § 220. See Certification Pursuant to Administrative Order Re: Guidelines For Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases attached hereto as Exhibit G and Summary Sheet Pursuant to United States Trustee Guidelines For Reviewing Applicants Expenses Filed Under 11 U.S.C. § 330 attached here to as Exhibit H. Klehr Harrison has provided notice of this Final Application to: (i) the Office of the United States Trustee; (ii) counsel to the agents for the Adelpia Debtors' prepetition and postpetition bank lenders; (iii) counsel to the Committees; (iv) the Adelpia

Debtors; and (v) the Fee Committee. No previous application for the relief sought herein has been made to this or any other court.

CONCLUSION

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

- (a) Approving Final Compensation of \$5,969,223.03 for services rendered and \$651,786.72 for expenses incurred as an ordinary course professional and as an estate professional during the Final Application Period;
- (b) Approving payment of the unpaid fees as reflected in Exhibit A hereto; and
- (c) such other and further relief as may be just.

Dated: March 29, 2007

KLEHR, HARRISON, HARVEY,
BRANZBURG & ELLERS LLP

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