

Relational Advisors LLC
 11975 El Camino Real, Suite 300
 San Diego, CA 92130
 (858) 704-3300

Financial Advisors to the Debtors

UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK

-----X
 In re :
 :
 ENRON CORP., ET AL., : Chapter 11
 : Case No. 01-16034 (AJG)
 Debtors. : Jointly Administered
 :
 -----X

**SUMMARY COVER SHEET FOR
 EIGHTH AND FINAL APPLICATION OF RELATIONAL ADVISORS LLC,
 FINANCIAL ADVISORS FOR THE DEBTORS, FOR ALLOWANCE
 OF COMPENSATION FOR SERVICES
 RENDERED AND FOR REIMBURSEMENT OF EXPENSES
 FROM MAY 1, 2004 THROUGH JULY 15, 2004**

Name of Applicant: Relational Advisors LLC (Formerly Batchelder & Partners, Inc.)
Role in Case: Financial Advisors to the Debtors

First through Seventh Interim Applications

	Monthly Fees	Divestiture/M&A Fees	Expenses	Total
Previously Requested ⁽¹⁾ :	\$4,100,000.00	\$4,887,482.79	\$857,296.19	\$9,844,778.98
Previously Awarded:	\$4,100,000.00	\$3,688,788.79	\$820,529.62	\$8,609,318.41
Pending Approval:	\$0.00	\$1,198,694.00	\$5,701.54	\$1,204,395.54
Previously Paid:	\$3,690,000.00	\$4,887,482.79	\$826,231.16	\$9,403,713.95
Pending Payment:	\$410,000.00	\$0.00	\$0.00	\$410,000.00

⁽¹⁾ Including amendments, as applicable

Eighth and Final Application

	Monthly Fees	Divestiture/M&A/ Transaction Fees	Expenses	Total
Previously Invoiced:	\$0.00	\$0.00	\$477.67	\$477.67
Previously Paid:	\$0.00	\$967,890.00	\$477.67	\$968,367.67
Amount Requested for Approval:	\$0.00	\$7,200,000.00	\$477.67	\$7,200,477.67
Additional Payment Requested:	\$0.00	\$6,232,110.00	\$0.00	\$6,232,110.00

Final Application Totals:

	Monthly Fees	Divestiture/M&A/ Transaction Fees	Expenses	Total
Amount Requested for Approval:	\$4,100,000.00	\$12,087,482.79 ⁽²⁾	\$826,708.83 ⁽¹⁾	\$17,014,191.62
Previously Paid:	\$3,690,000.00	\$5,855,372.79	\$826,708.83	\$10,372,081.62
Additional Payment Requested:	\$410,000.00	\$6,232,110.00	\$0.00	\$6,642,110.00

(1) Net of previous writeoffs of \$31,065.03

(2) Includes Transaction Fee of \$10 million and M&A Fees of \$2,087,482.79

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In re :
: ENRON CORP., ET AL., : Chapter 11
: : Case No. 01-16034 (AJG)
Debtors. : Jointly Administered
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**EIGHTH AND FINAL APPLICATION OF RELATIONAL ADVISORS LLC,
FINANCIAL ADVISORS FOR THE DEBTORS, FOR ALLOWANCE
OF COMPENSATION FOR SERVICES
RENDERED AND FOR REIMBURSEMENT OF EXPENSES
FROM MAY 1, 2004 THROUGH JULY 15, 2004**

TO THE HONORABLE ARTHUR J. GONZALEZ
CHIEF UNITED STATES BANKRUPTCY JUDGE:

Relational Advisors LLC (“RALLC”), formerly Batchelder & Partners, Inc., Financial Advisors for Enron Corp., et al., (the “Debtors”) appointed in the Chapter 11 case of the Debtors submits this eighth and final application (the “Application”), pursuant to sections 328, 330(a) 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”), for the allowance of compensation for professional services rendered from May 1, 2004 through July 15, 2004 (the “Compensation Period”), and for reimbursement of expenses incurred in connection with such services; allowance of all amounts previously requested but not yet approved, all amounts held back, and final allowance of all fees and expenses and, in support thereof, respectfully represents:

Summary of Application

1. Pursuant to this Application, for the Compensation Period, RALLC seeks
(A) allowance of (a) a \$200,000 M&A fee (as defined in RALLC’s Engagement Letter, as defined below)

for the disposition of the Debtor's ECR assets (as defined in RALLC's Engagement Letter, as defined below), (b) a \$7,000,000.00 Transaction Fee (as defined in RALLC's Engagement Letter, as defined below), and (c) expenses incurred in connection with professional services rendered to the Debtors during the Compensation Period in the amount of \$477.67 and (B) payment of a \$6,232,110.00 Transaction Fee, with such payment conditioned upon the earlier of (a) transfers or sales of certain assets as provided in RALLC's Engagement Letter (see paragraph 4 below), or (b) consummation of the Debtors' Chapter 11 Plan. RALLC is not charging any monthly retainer fees for the Compensation Period. RALLC has previously filed a first interim fee application, which was approved at a hearing on February 6, 2003, a second interim fee application, which was approved at a hearing on May 1, 2003, a third interim fee application, which was approved at a hearing on Feb. 19, 2004, fourth, fifth and sixth interim fee applications, which were approved at a hearing on June 24, 2004, and a seventh interim fee application with a hearing date yet to be determined.

2. RALLC also seeks final approval of this and its seven prior fee applications and release of \$410,000.00 in fees held back from interim distributions. Including fees and expenses sought for the instant Compensation Period, RALLC's total fees and expenses consist of \$4,100,000.00 in monthly fees; \$12,087,482.79 in success fees consisting of \$3 million in Divestiture Fees, \$2,087,482.79 in M&A Fees, and \$7,000,000.00 in Transaction Fees; and \$826,708.83 in expenses.

3. Thus total payments sought in connection with the 8th Application Period consist of \$6,232,110.00 in Transaction Fees, plus \$410,000.00 in holdbacks, for a total of \$6,642,110.00, payable upon the earlier of (a) transfers or sales of certain assets as provided in RALLC's Engagement Letter (see paragraph 4 below), or (b) consummation of Debtors' Chapter 11 Plan.

4. As set forth in RALLC's Engagement Letter, fees earned with respect to certain OpCo Assets (as defined therein) are payable upon the closing of the subject transaction. Payments made to RALLC following any such closings but before the consummation of the Debtors' Chapter 11 Plan shall be deducted from the remaining Transaction Fee sought herein to be paid to RALLC.

5. A summary schedule and detailed descriptions of the expenses for which RALLC is seeking reimbursement during the Compensation Period and the total amount for each such expense category are attached hereto as Exhibit A.

6. In preparing this Application, RALLC has complied with 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"), 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 the Court’s Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals dated January 17, 2002 as supplemented on April 26, 2002 and May 24, 2002, (as supplemented, the “Administrative Order” and, collectively with the Local Guidelines, and the UST Guidelines, the “Guidelines”). RALLC believes that all applicable fee and disbursement charges for the Compensation Period have been included herein.

Jurisdiction and Venue

7. The Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334, and the Standing Order of Referral of Cases to Bankruptcy Court Judges of District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.). Consideration of the Application is a core proceeding pursuant to 28 U.S.C. § 157. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

8. On December 2, 2001, the Debtors filed the first of several voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

9. On December 3, 2001, the Debtors filed an application pursuant to sections 327(a) and 328(a) of the Bankruptcy Code for authorization to employ RALLC as financial advisors. That application incorporated an attached Engagement Letter which defined the scope of work and fee structure, among other things. Pursuant to an agreement between the Debtors, the Unsecured Creditors’ Committee (“Committee”) and RALLC, such parties have agreed that RALLC’s retention shall be subject to the standard of review provided in section 328(a) of the Bankruptcy Code only, except to the extent the Debtors or the Committee has an objection to RALLC’s fees consistent with the standards of section 330 of the Bankruptcy Code.

10. After extensive negotiations as to the scope of services, fee structure and standard of review, the Committee and the U.S. Trustee agreed with RALLC and the Debtors on the terms of RALLC’s retention. RALLC entered into a revised engagement letter with the Debtors dated May 24, 2002. Among other things, the May 24 letter included an Annex C which reflected an agreed upon cap in fees on Divestiture Fees payable for services already performed by RALLC in the amount of \$3 million.

11. On or about July 8, 2002, the Debtors submitted the revised terms of RALLC's retention to the Court. On July 8, 2002, the Court entered its Interim Order Pursuant to 11 U.S.C. § 327(a) and 328(a) Authorizing The Employment And Retention of Batchelder & Partners, Inc. As Financial Advisor For The Debtors And Debtors-In-Possession (the "Interim Order"). The Interim Order approved Applicant's retention on an interim basis; approved the form of a Notice describing the terms of the retention; required Debtors' counsel to serve the Notice; set dates by which objections to the retention were to be filed; and set a time and date for the final hearing on RALLC's retention.

12. The Debtors gave notice pursuant to the Interim Order. Thereafter, two formal objections were filed and the Debtor requested that RALLC provide additional services as set forth in the Merger Services Letter of October 2002. RALLC negotiated revisions to the Interim Order satisfactory to the Debtor, the Committee and the U.S. Trustee.

13. On October 10, 2002, the Court entered its Final Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) Authorizing the Employment and Retention of Batchelder & Partners, Inc. As Financial Advisor For The Debtors And Debtors-In-Possession (the "Final Order"). Debtors duly served Notice as required by the Final Order.

14. No objection, request for reconsideration or notice of appeal was filed with respect to the Final Order. However, in connection with its ongoing cooperation with the Committee and the U.S. Trustee, RALLC agreed by letter dated May 6, 2004 that the \$200,000.00 M&A Fee included in this Application would be in full satisfaction of all remaining M&A projects, except for Mariner Energy LLC and/or its subsidiaries. The Mariner transactions closed after the May 6, 2004 letter, and those M&A fees are included in this Application.

15. This is RALLC's eighth and final application for allowance of compensation for services rendered and for reimbursement of expenses.

16. As set forth more fully in the Debtors' application to employ RALLC at the outset of these cases, RALLC is recognized for its expertise in providing financial advisory services in financially distressed, crisis and other special situations, including advising debtors, creditors and other constituents in Chapter 11 proceedings. RALLC also has extensive experience in providing financial advisory services in the energy industry.

Services Rendered by RALLC

The following paragraphs discuss the various and significant services performed by RALLC throughout the period of its retention. RALLC believes that through its assistance in creating an alternative or

“fallback” stand-alone operating plan, it was able to support management of the Debtors in realizing well over \$1 billion of incremental value for creditors of the Debtors’ estate. As demonstrated below, RALLC developed and assisted in the development of operating business plans and strategies and valuations for the Debtors’ principal assets, which were critical to value preservation and creation.

17. During the Compensation Period, RALLC was not requested by the Debtors to undertake significant services. However, this final fee Application includes compensation due to RALLC which is triggered by the consummation of the Debtors’ Chapter 11 Plan, and which is related to the services performed by RALLC since the Chapter 11 cases of the Debtors were filed.

18. As referenced in RALLC’s first through seventh fee applications, RALLC was instrumental in effecting the following; all of which were designed to maximize the value to the creditors in these Chapter 11 cases:

- Advice and assistance in developing initial cash flow projections for Debtor-In-Possession financing and other needs. RALLC also assisted with the due diligence process by the Unsecured Creditors’ Committee advisors relating to these cash flow projections.
- Assistance in initializing centralized cash management and control. In the days and weeks immediately following the Debtor’s first bankruptcy filing, RALLC assisted the Debtors’ management with moving from a very decentralized cash distribution authority by developing and implementing centralized cash management systems and controls, including preliminary assistance with various flow charts and memoranda designed to maximize compliance with the stated control system.
- Assistance in the review and analysis of structured finance vehicles. RALLC reviewed and provided advice and assistance in analyzing certain structured finance vehicles, as well as determining resultant impacts on related business plans. RALLC concentrated on such vehicles that own or have claim to certain assets that the Debtors believe would be beneficial to any company or companies that might operate the Debtors’ core energy assets.
- Assistance in development of business plans for core business units and the resulting combined enterprise. RALLC provided a significant amount of assistance compiling the stand-alone entity business plan, which culminated in a document of approximately 500

pages detailing the Debtors' plan for its core energy assets. RALLC assisted with all aspects of creating the business plan, including advice with respect to initial business segments, included assets, overall strategy, implementation issues, detailed historical financial statements and projections, industry macroeconomic factors, competitive issues, corporate governance issues, and numerous logistics and coordination efforts regarding publishing of the business plan.

- Assistance in development of detailed historical financial information and projections for a stand-alone operating entity comprised of the Debtor's core energy assets (the "Stand-alone Entity").
- Assistance in a detailed review of corporate overhead for the Stand-alone Entity consisting of assembling projections for the Stand-alone Entity's facilities, insurance, accounting, legal, tax, human resources, marketing, and various other overhead costs.
- Preparation of valuations for the Stand-alone Entity and its constituent parts. RALLC undertook a substantial amount of work hours in developing valuations for the Stand-alone Entity as well as valuations of each of the separate assets comprising the Stand-alone Entity. Such valuation analysis resulted in presentations to the Unsecured Creditors' Committee and the Debtors' board of directors regarding alternatives that would maximize value to the Debtors' estate. The work undertaken by RALLC included valuations based on various methodologies, such as comparisons to peer trading and transaction multiples, discretionary cash flow analysis, liquidation value analysis, and assessing the impact of transfer restrictions, as well as a potential § 363 sales process, on the Stand-alone Entity as a whole and on its constituent parts. In connection with the valuation process, RALLC participated in an extensive due diligence process to understand and assess the operational and financial position of the large assets proposed to be included in the Stand-alone Entity. This process included in-depth reviews and analyses of historical and projected financial information and review of Debtors' presentations on large assets. It also included on-site meetings with the management teams of the assets comprising the majority of revenues and value of the Stand-alone Entity and facility visits to a number of assets. The due diligence process was conducted via review of voluminous information and numerous meetings and teleconferences with the Debtors.

- Assistance in the resolution of valuations attributable to the Stand-alone Entity Assets, and the determination of relative valuations allocable among the Debtors.
- Various other valuation analyses. RALLC performed valuation analyses of certain affiliates of Portland General Electric to, among other things, assist the Debtors in determining the recoverability of intercompany receivables due from these affiliates. In connection with this work, RALLC completed valuations based on various methodologies, including comparisons to peer trading and transaction multiples and discounted cash flow analysis. A summary of the valuation analysis was presented to Portland General Electric management.
- Assistance with developing the Debtors' § 363 sales process. RALLC provided assistance with the strategy and logistics surrounding the § 363 sales process, including development of the overall sales strategy, assembly of time lines for the process, providing input with respect to conforming bid packages, compiling lists of potentially interested acquirers, providing review and input of confidentiality agreements, "teaser" letters and introductory information for buyers, giving advice on data room logistics and assisting with overall coordination efforts. The § 363 sales process was designed with the intent of testing the market for assets contemplated to be included in the Stand-alone Entity and thus providing a basis for comparison of the value of assets within the Stand-alone Entity vs. third party offers. RALLC's participation in this process was instrumental in maximizing the value of the assets to the Debtors' estate.
- Preparation of diminution in value analyses for the Debtor's core assets in chapter 11. RALLC assisted the Debtors in analyzing the effects of declaring and remaining in chapter 11. This analysis provided quantitative and qualitative information demonstrating how the bankruptcy filing impaired specific businesses within the estate and which effects continued to impact the operations of various businesses. This analysis was used by the Debtors to support the § 363 sales process as one alternative to preserve value.
- Assistance in developing corporate governance policies for the Stand-alone Entity. In conjunction with the Debtors' counsel, RALLC developed a summary presentation as well as a 112-page detailed analysis on corporate governance best practices and policies for the Debtors to incorporate as they emerged from bankruptcy or formed new

companies to operate their businesses. These documents were presented to the Debtors' board of directors, and incorporated RALLC's recommendations based on its wealth of knowledge and experience in the corporate governance arena.

- Provision of specialized energy industry expertise to assist in maximizing the value of the Debtors' estate.
- Provision of advice on M&A transactions led by the Enron corporate development team.
- Leading or co-managing execution of select M&A transactions. RALLC designed and managed the process relating to the sale of a significant property of Mariner Energy, LLC, followed by the sale of Mariner in its entirety. This included compiling an extensive potential bidder list, assisting with the structure of the transaction, developing a confidential information memorandum, assisting with the preparation of the data room, contacting all potential bidders, sending summary information to potential bidders, facilitating the execution of confidentiality agreements and access to an electronic data room, coordinating all correspondence and communications with bidders, and presenting updates on the transaction process to Enron management and the Creditors' Committee. As a result of RALLC's efforts, Mariner was able to divest of one of its largest properties at a very attractive price, significantly enhancing the company's liquidity position. In addition, following this property divestiture, Mariner was sold by the estate in its entirety at an attractive valuation. In addition, RALLC designed and assisted with the execution of the portion of the sales process relating to BT Exploration, LLC and Crescendo Energy, LLC. This included compiling an extensive potential bidder list, assisting with the structure of the transaction, developing a confidential information memorandum, assisting with the preparation of the data room, performing valuation analyses, and assisting the Enron Capital Resources group in the preparation and presentation of information to the required bankruptcy committees.
- Analysis regarding maximizing shareholder value for Cross Country Energy and Prisma Energy. RALLC prepared information and analyses, and presented such materials to the Debtors' management team, regarding the best way to maximize value for the shareholders of Cross Country Energy and Prisma Energy upon emergence from bankruptcy. The analyses reviewed such areas for each company as:
 - a. The companies' capital markets strategy

- b. Growth strategy
 - c. Optimal means for distribution of shares to creditors
 - d. Minimizing immediate sell pressure in the equity markets
 - e. Garnering adequate interest from institutional investors and analysts
 - f. Ensuring that valuation determinates were in line with peer companies
 - g. Ensuring that management composition and board structure promote investor confidence
 - h. Achieving, over time, an active liquid trading market with natural shareholders
- As part of this analysis, RALLC reviewed and compiled information on over 30 companies emerging from bankruptcy since 1990 with sales greater than \$1 billion. RALLC also presented information on potential acquisition, merger, or partnering candidates for Prisma Energy, as well as possible strategic and financial investors.

The above enumerated tasks reflect significant planning for one of the largest and most complex bankruptcy cases in history. The complexities of the Debtors business have been well chronicled. RALLC worked closely with the Debtors' other professionals and staff to help achieve an end result which exceeds all reasonable expectations at the beginning of the case.

Indeed, RALLC's assistance was instrumental in the Debtors' ability to develop an alternative, stand-alone operating strategy that obviated the need to liquidate assets at "fire sale" prices. The wisdom of this strategy was demonstrated by the Debtors' conviction that it need not sell its principal assets at the prices offered in late 2002. Rather, armed with the knowledge of the values and stand-alone operating plans for those assets, as developed by RALLC, the Debtors' management correctly elected to defer the sales of its major assets, many of which have subsequently been sold at substantially better prices yielding well over \$1 billion in incremental value for creditors of the estate.

19. Pursuant to RALLC's Engagement Letter, RALLC was paid a portion of the fees due for the work performed in the form of monthly retainer amounts and the interim Divestiture/M&A fees. However RALLC agreed to defer a significant portion of the fees earned during the Chapter 11 cases to, at the latest, the consummation of the Debtors' Chapter 11 Plan.

20. Pursuant to the Engagement Letter, RALLC is due a "Transaction Fee" of \$10,000,000.00. The Transaction Fee included Divestiture Fees and OpCo Fees, which were payable upon the closings of specific Court- approved transactions. As noted above, in connection with Annex C

to the May 24, 2002 Letter, RALLC agreed to cap Divestiture Fees at \$3 million, a reduction of \$784,000.00 from services already performed. That agreed, reduced amount has been paid on an interim basis. RALLC now seeks approval of the remainder of the total Transaction Fee not previously approved of \$7,000,000.00, and payment of the portion of such Transaction Fee which has not been paid of \$6,232,110.00, upon the consummation of the Debtors' Chapter 11 Plan.

21. RALLC also provided M&A services wherein it assisted with the divestiture of certain of the Debtors' Assets. As detailed above, those services were expanded prior to the entry of the Final Order, and the fees were consensually limited in the May 6, 2004 Letter. The total M&A Fees sought herein comply with the Final Order and the subsequent letter agreement.

Expenses

22. RALLC has incurred expenses of \$477.67 in providing professional services during the Compensation Period. In connection with preparation of this Application, RALLC has incurred out-of-pocket expenses and anticipates additional out-of-pocket expenses in connection with the hearings hereon. RALLC will supplement this Application with the detail of such expenses ten days prior to the hearings on the Application. These expenses do not and will not exceed the maximum rates set by the Guidelines. These charges are intended to cover RALLC's direct costs. Only clients who actually use services of the types for which reimbursement is sought are separately charged for such service. The effect of including such expenses as part of a monthly fee would impose that cost upon clients who do not require such services.

23. RALLC respectfully submits that the actual expenses incurred in providing professional services for which reimbursement is sought in this Application were necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors in fulfilling their statutory obligations.

24. Attached hereto as Exhibit A is a summary of reasonable out-of-pocket expenses incurred by RALLC during the Compensation Period in the aggregate amount of \$477.67.

25. As set forth in greater detail above, RALLC respectfully submits that it has satisfied the requirements of section 328 and 330 of the Bankruptcy Code. The terms and conditions of RALLC's engagement are not improvident in light of developments not capable of being anticipated at the time the Debtor retained RALLC. The expenses for which it seeks reimbursement in this Application were necessary for and beneficial to the Debtors. RALLC's request for expense reimbursement is reflective of a reasonable and appropriate amount of costs expended in performing such services commensurate with

the complexity, importance and nature of the problem, issue, or task involved. For all of the foregoing reasons, RALLC respectfully requests that the Court grant this Application.

Statements of RALLC

26. No agreement or understanding prohibited by section 504 of the Bankruptcy Code exists between RALLC and any other person for a sharing of compensation received or to be received for services rendered in or in connection with these Chapter 11 cases, nor shall RALLC share or agree to share the compensation paid or allowed from the Debtors' estate for such services with any other person in contravention of section 504 of the Bankruptcy Code. No agreement or understanding prohibited by 18 U.S.C. § 155 has been made by RALLC.

27. Pursuant to Bankruptcy Rule 2016, RALLC states that no payments have heretofore been made or promised to RALLC for services rendered or to be rendered in any capacity in connection with these Chapter 11 cases other than by the Debtors pursuant to the Engagement Letter.

28. Copies of this Application have been provided to the following: (i) K. Wade Cline of Enron Corp., (ii) Weil, Gotshal & Manges LLP, (iii) the U.S. Trustee, (iv) Milbank, Tweed, Hadley & McCloy LLP, (v) Shearman & Sterling and (vi) Kronish Lieb Wiener and Hellman LLP.

Waiver of Memorandum of Law

29. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented by this Application, RALLC respectfully requests that the Court waive the requirement that RALLC file a memorandum of law in support of this Application.

Notice

30. Copies of this Application have been provided to the notice parties listed in paragraph 2 of the Administrative Order. Pursuant to the Administrative Order, a notice of the hearing, when set by the Court, to consider this and other professionals' applications for final compensation will be served on the notice parties. RALLC submits that this is good and sufficient notice and no other or further notice is necessary.

WHEREFORE, premises considered, RALLC respectfully requests: (i) a final allowance of all fees and expenses of RALLC during the Case, including those incurred during the Compensation Period. Total fees and expenses consist of monthly fees of \$4,100,000.00; Divestiture, M&A and Transaction Fees of \$12,087,482.79; and Expenses of \$826,708.83; and (ii) payment of fees earned and expenses incurred but unpaid during the Compensation Period, and the 10% holdback amounts of RALLC's

monthly retainer amounts retained by the Debtors until the end of these Chapter 11 cases of \$410,000.00 (with payment of such amounts conditioned upon the consummation of the Debtors' Chapter 11 Plan, unless earlier payable as described in paragraphs 1, 3 and 4 hereof); and (iii) such other and further relief as is just.

Dated: San Diego, CA
October 29, 2004

RELATIONAL ADVISORS LLC

BY:



Kathleen D. Scott
Managing Director
11975 El Camino Real, Suite 300
San Diego, CA 92130
(858) 704-3300

Financial Advisor for the Debtor

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 : Case No. 01-16034 (AJG)
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**CERTIFICATION PURSUANT TO GUIDELINES FOR FEES AND
 DISBURSEMENTS FOR PROFESSIONALS IN RESPECT OF THE
 EIGHTH AND FINAL APPLICATION OF RELATIONAL ADVISORS LLC
 FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES**

I, Kathleen D. Scott, hereby certify that:

1. I am a Managing Director at Relational Advisors LLC (formerly Batchelder & Partners, Inc.) (“RALLC”) and the professional designated by RALLC with responsibility for compliance with 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 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”) in the Chapter 11 cases of Enron Corp., et al. (the “Debtors”).
2. This certification is made in respect of RALLC’s eighth and final application, dated October 29, 2004 (the “Application”) including the exhibits annexed thereto, for reimbursement of expenses for the period commencing May 1, 2004 through July 15, 2004 (the “Compensation Period”) in accordance with the Local Guidelines.
3. In respect of Section B. 1 of the Local Guidelines, I certify that:
 - (a) I have read the Application;

- (b) to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Local Guidelines;
- (c) the fees and disbursements sought are charged in accordance with practices customarily employed by RALLC and generally accepted by RALLC's clients; and
- (d) in providing a reimbursable service, RALLC does not make a profit on that service, whether the service is performed by RALLC in-house or through a third party.

4. In respect of section B.2 of the Local Guidelines, I certify that the Debtor, the counsel for the Debtor, the United States Trustee for the Southern District of New York (the "U.S. Trustee") and the counsel for the Unsecured Creditors' Committee ("Committee") have each been provided with a copy of the monthly statements of RALLC's fees and expenses for the Compensation Period in accordance with the Court's Order Pursuant to 11 U.S.C. §§ 105 (a) and 331 Establishing Procedures for Monthly Interim Compensation and Reimbursement of Expenses of Professionals dated January 17, 2002, as supplemented on April 26, 2002 and May 24, 2002 (the "Administrative Order").

5. In respect of section B.3 of the Local Guidelines, I certify that the Debtor, the counsel for the Debtor, the U.S. Trustee and the counsel for the Committee have each been provided with a copy of this Application in accordance with the Administrative Order.

6. By this certification, RALLC does not waive or release any rights or entitlements it has under the order of this Court, approving RALLC's retention as financial advisor to the Debtor *nunc pro tunc* to December 2, 2001, pursuant to RALLC's normal billing and customary reimbursement and disbursement practices.

Dated: San Diego, CA

October 29, 2004



Kathleen D. Scott
Managing Director

EXHIBIT A

Relational Advisors LLC
Summary of Expenses
May 1, 2004 through July 15, 2004

	<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
Miscellaneous Office ⁽¹⁾	\$386.64	\$72.98	\$18.05	\$477.67
Travel Expenses				
-Transportation ⁽²⁾	0.00	0.00	0.00	0.00
-Room	0.00	0.00	0.00	0.00
-Room Tax	0.00	0.00	0.00	0.00
-Meals	0.00	0.00	0.00	0.00
-Other Travel Expenses	0.00	0.00	0.00	0.00
Travel Subtotal	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL	<u>\$386.64</u>	<u>\$72.98</u>	<u>\$18.05</u>	<u>\$477.67</u>

⁽¹⁾Data Processing, Database Services, Communications, Courier Services, etc.

⁽²⁾Airfare expenses limited to full coach fare in instances in which higher fees were incurred.