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Attorneys for Enron Corp. and its Affiliated  
Debtor Entities, as Debtor in Possession

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

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<b>In re</b>	:	<b>X</b>
	:	<b>Chapter 11</b>
	:	<b>Case No. 01-16034 (AJG)</b>
<b>ENRON CORP., et al.,</b>	:	<b>Jointly Administered</b>
	:	
<b>Debtors.</b>	:	
	:	
	:	
	:	
	:	<b>X</b>

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**FINAL APPLICATION OF TONKON TORP LLP FOR ALLOWANCE OF  
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD  
FROM DECEMBER 2, 2001 THROUGH JULY 15, 2004**

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

Tonkon Torp LLP ("TT"), special counsel to Enron Corp., hereby makes this final application (the "Application") pursuant to Sections 330 and 331 of Title 11 of the United States Code (the "Bankruptcy Code") for the allowance of compensation for professional services rendered, and reimbursement of actual and necessary expenses incurred, for the period from December 2, 2001 through July 15, 2004 (the "Compensation Period"). In support of the Application, TT respectfully represents as follows:

**BACKGROUND**

1. Debtor filed its Voluntary Petition under Chapter 11 of the Bankruptcy Code on December 2, 2001 (the "Petition Date").

2. Since the Petition Date, Debtor has continued to operate its business and manage its properties as debtor-in-possession pursuant to Section 1107(a) of the Bankruptcy Code.

3. By Order dated February 22, 2002, TT was employed as an Ordinary Course Professional utilized by Debtor in the ordinary course of its business. The employment of TT was effective as of the Petition Date. A copy of the February 22, 2002 Order Pursuant to Section 327 of the Bankruptcy Code Authorizing *Nunc Pro Tunc* Employment of Professionals Utilized in the Ordinary Course of Business (the "Employment Order") is annexed hereto as Exhibit A.

4. Pursuant to the Employment Order, TT was employed by Debtor as special counsel for the purpose of representing Debtor in regulatory and related matters before the Oregon Public Utility Commission and the Washington Utilities and Transportation Commission.

5. Pursuant to paragraph 6 of the Employment Order, TT filed an Affidavit of Tonkon Torp LLP in Support of Ordinary Course Retention on or about March 8, 2002. On or about April 9, 2002, TT filed a Supplemental and Restated Affidavit Under Section 327(e) in Support of Ordinary Course Retention of Tonkon Torp LLP.

6. Pursuant to the terms of the Employment Order, TT delivered to Debtor monthly invoices for services rendered and expenses incurred. The invoices contained reasonably detailed descriptions of the services rendered and the invoiced amount was calculated in accordance with TT's standard billing practices.

7. Pursuant to the terms of the Employment Order, TT was paid a total of \$500,000.15 for services rendered and expenses incurred between the Petition Date and March of 2004. From and after March of 2004, TT continued to provide Debtor with monthly statements for services rendered and expenses incurred, but TT did not apply for or obtain any compensation or reimbursement of expenses after payment of the amount allowed under the Employment Order.

8. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### **RELIEF REQUESTED**

9. By this Application, TT seeks final allowance of compensation for professional services rendered by TT as attorneys for Debtor during the Compensation Period in the aggregate amount of \$807,208, representing 3,129.90 hours of professional and paraprofessional services; and reimbursement of actual and necessary costs and expenses incurred by TT during the Compensation Period in the amount of \$11,906.33.

10. Annexed hereto as Exhibit B are summaries of the partners, associates and paraprofessionals who performed services on behalf of Debtor during the Compensation Period, the hours of services performed by each such person, the rate charged by TT for the services of each such person, the total value of the services performed by each such person, and the total value of the services performed by TT during the Compensation Period. Also included as part of Exhibit B are summaries of the total hours and total fees for each matter upon which TT was engaged on behalf of Debtor.

11. The hourly rates for the attorneys and paraprofessionals performing services for Debtor during the Compensation Period are TT's standard hourly rates as customarily charged from time to time during the Compensation Period.

12. A summary of the actual out-of-pocket costs and expenses incurred by TT in connection with its representation of Debtor is annexed hereto as Exhibit C. These costs and expenses have been incurred in accordance with TT's customary practice of charging clients for those out-of-pocket disbursement charges and expenses clearly related to and required by particular matters.

13. Annexed hereto as Exhibit D is a detailed itemization of the services performed, time spent and expenses incurred in connection with TT's representation of Debtor during the Compensation Period.

14. Such itemization is made and derived from records made contemporaneously with the rendition of services by the person rendering such services in the ordinary course of TT's billing practices.

15. All services performed and expenses incurred by TT for which compensation or reimbursement is requested herein were performed or incurred for and on behalf of Debtor and were not for any other person or entity.

#### **SUMMARY DESCRIPTION OF SERVICES PERFORMED**

16. The following is a summary of the services provided by TT to Debtor. TT respectfully submits that the professional services rendered by it for and on behalf of Debtor were necessary and have contributed to the effective administration of Debtor's case.

17. Sale of Portland General Electric ("PGE") to Northwest Natural (Matter No. 9697-3). TT represented Debtor before regulatory bodies in connection with the potential acquisition of PGE by Northwest Natural. The potential sale was pending on the Petition Date. TT's statements for services rendered and expenses incurred were rendered under the matter name "Project Twist." TT represented Debtor in the review by the Oregon Public Utility Commission of the application of Northwest Natural to acquire PGE. In connection with that review, TT represented Debtor in extensive discovery, including responses to discovery requests and production of documents. TT represented Debtor in preparing for and presentations at several settlement conferences and status conferences in front of the Oregon Public Utility Commission or its staff. TT represented Debtor at public hearings and in research on and preparation of submissions to the Oregon Public Utility Commission. TT also assisted Debtor in negotiating and documenting the termination agreement with Northwest Natural.

18. Ownership Restructuring (Matter No. 9697-6). The Northwest Natural sale was terminated in late May of 2002. Debtor's interests in PGE remained for sale. From June of 2002 through January of 2004, TT assisted Debtor in analyzing alternative ownership structures for PGE. Such services were billed to PGE under the matter name "OpCo Energy Company." During this period of time, TT assisted Debtor in analyzing alternative ownerships

structures. In particular, TT assisted Debtor in its negotiations with the City of Portland relating to the potential purchase or condemnation of PGE by the City of Portland. Such representation included extensive negotiations of a confidentiality agreement with the City of Portland and significant research with respect to the enforceability of such a confidentiality agreement. TT also assisted Debtor in the negotiation of a tax allocation agreement with PGE and the analysis of the regulatory implications of the tax allocation agreement. TT advised Debtor with respect to the restructuring of PGE's trading operations to limit the possibility that Debtor would be declared a public utility holding company. TT also assisted Debtor in analyzing the regulatory implications of the restructuring of PGE's trading operations.

19. General (Matter No. 9697-8). Two hours have been billed during the Compensation Period to matter No. 9697-8, entitled "General." Such time relates to discrete inquiries.

20. Corporate (Matter No. 9697-9). During 2004, as Debtor was finalizing its plan of reorganization and considering alternatives with respect to the disposition of PGE, TT assisted Debtor in analyzing the implications under Oregon corporate law of various alternatives relating to the distribution of PGE stock.

21. SEC (Matter No. 9697-10). A total of 2.20 hours was billed to Matter No. 9697-10 relating to specific inquiries concerning SEC matters.

22. FERC Matters (Matter No. 9697-11). A total of 1.10 hours was billed to Matter No. 9697-11 relating to the review of a FERC application for the Texas Pacific sale.

23. Sale of PGE to TPG (Matter No. 9697-12). Starting in February of 2004, TT represented Debtor in relation to obtaining regulatory approval of the proposed sale of PGE to TPG. TT has represented Debtor in connection with six rounds of testimony before the Oregon Public Utility Commission, more than 10 settlement conferences with the staff of the Oregon Public Utility Commission, at least 10 status conferences before the Oregon Public Utility Commission, and a three-day hearing before the Oregon Public Utility Commission. TT also assisted Debtor with the preparation and discovery that related to the foregoing.

24. Distribution of PGE Stock in Enron Bankruptcy (Matter No. 9697-13).

TT assisted Debtor in preparation of applications before FERC and the SEC relating to the divestiture by Enron of its stock in PGE.

25. Restructuring of PGE for PUHCA (Matter No. 9697-14). One of the alternatives considered by Debtor with respect to the distribution of Debtor's interest in PGE related to the distribution of PGE equity to a trust. TT assisted Debtor in analyzing that alternative and drafting an application to the Oregon Public Utility Commission for approval of such distribution.

26. PGE Trust (Matter No. 9697-15). This matter relates to the matters billed under 9697-13 and 9697-14. TT assisted Debtor in analyzing tax issues and issues relating to the Public Utility Holding Company Act arising from the potential creation of and distribution to the PGE Trust. TT analyzed issues concerning Oregon Public Utility Commission approval of the PGE trust and the proposed distribution to the PGE Trust. TT prepared an application to the Oregon Public Utility Commission and assisted in the preparation of applications to FERC and to the SEC.

27. Preparation of Fee Application (Matter No. 9697-16). After TT's fees exceeded the \$500,000 limit established by the Employment Order, TT reviewed the orders, rules and procedures entered or approved in the bankruptcy case concerning fee applications for professionals. TT also reviewed the Local Rules and General Orders concerning fee applications.

28. TT's representation of Debtor in the foregoing matters involved novel issues in a politically charged atmosphere. The intersection of corporate, bankruptcy and regulatory law involved in the matters on which TT was engaged are unique. The representation of Debtor in the public forum of the Oregon Public Utility Commission was highly political. The representation of Debtor in negotiations with the City of Portland concerning acquisition or condemnation was extremely sensitive. TT respectfully submits that it has represented Debtor in an effective, expeditious and efficient manner.

29. The foregoing professional services performed by TT were necessary and appropriate to the administration of Debtor's bankruptcy case. TT's professional services were in the best interests of Debtor and its estate. Compensation for the foregoing services as requested is commensurate with the complexity, importance and nature of the problems and issues involved. The professional services were performed in an efficient manner.

30. TT has attempted to minimize disbursements and expenses sought herein to the fullest extent possible. TT's flat rate for in-house photocopying is \$.05 per page. TT has only charged Debtor actual line charges incurred in connection with facsimile transmissions. TT has not charged Debtor for computerized research services.

31. TT respectfully submits that the services rendered and expenses incurred for the Compensation Period clearly satisfy the standards of reasonableness set forth in *In re First Colonial Corporation of America*, 544 F.2d 1291 (5th Cir.), *reh'g. denied*, 547 F.2d 573, *cert. denied*, 431 U.S. 904 (1977):

a. Time and Labor Required. TT expended 3,129.90 hours of professional and paraprofessional time on behalf of Debtor during the Compensation Period. TT has afforded the highest priority to the services being performed on behalf of Debtor, and the services required by Debtor have in many cases imposed significant time demands on TT's attorneys.

b. Novelty and Difficulty of Questions and Matters Resolved. As previously noted, the matters on which TT was engaged have been novel and unique. In addition, the milieu in which TT has represented Debtor was extremely politically charged. TT believes that its expertise in the areas in which it has been engaged has greatly contributed to the progress in this bankruptcy case.

c. The Reputation and Skill of the Attorneys Providing the Services. TT has one of the most prominent regulatory practices in the Pacific Northwest. TT's regulatory and energy lawyers possess levels of professional skills and expertise that equal or exceed those

of anyone else in the State of Oregon. TT has drawn upon the skill of its most experienced attorneys in the applicable areas of expertise in rendering its services to Debtor.

d. Preclusion of Other Employment. Given the relatively small market in which TT practices, the representation of Debtor has, in fact, precluded TT from employment by other potential clients. In addition, TT's engagement has required considerable time commitments from TT's regulatory attorneys.

e. The Customary Fee. TT respectfully submits that the fees sought herein are customary and based on the usual criteria in matters of this type, and are commensurate with the fees TT has been awarded in other comparable representations and the fees charged by comparable law firms in Portland, Oregon.

f. Whether the Fee is Fixed or Contingent. All fees sought by professionals under Sections 330 and 331 of the Bankruptcy Code are contingent prior to their approval by the Court.

g. Nature and Length of Professional Relationship. TT has represented Debtor in Oregon regulatory matters since Debtor acquired PGE.

h. The Results Obtained. Although the Oregon Public Utility Commission has not yet approved the sale of PGE to TPG, TT respectfully submits that continued progress has been made in the sale and that TT's services in connection with representation before the Oregon Public Utility Commission have been rendered in a competent and efficient manner, and have contributed to the likelihood that the sale will be approved.

32. In rendering services to and on behalf of Debtor, TT has taken every care to provide legal services as efficiently as possible and to avoid duplication of services, both internally and in connection with other law firms providing services.

33. TT has not shared or agreed to share compensation or reimbursement to be awarded in this matter with any other person.

34. No prior application has been made to this or any other Court for the relief requested herein for the Compensation Period.



35. TT submits that the relevant legal authorities are set forth herein and that the requirement pursuant to Local Rule Bankruptcy Rule 9013-1 that the Debtor file a memorandum of law in support of this Application is satisfied.

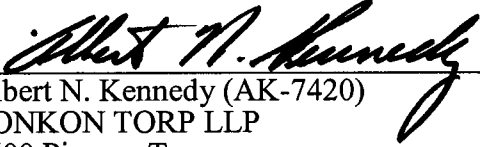
36. Notice of this Application has been provided to the United States Trustee, Reorganized Enron, Milbank Tweed Hadley & McCloy, LLP, and Weil Gotschal & Manges, LLP.

WHEREFORE, Tonkon Torp LLP respectfully requests:

(1) Final approval of compensation for professional services rendered from December 2, 2001 through July 15, 2004 in the amount of \$807,208.00, and reimbursement for actual and necessary expenses incurred during the Compensation Period in the amount of \$11,906.33; and

(2) Immediate payment of \$319,114.18, the unpaid balance owing to Tonkon Torp LLP.

DATED: October 28, 2004  
Portland, Oregon

By   
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