

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re:

FOCAL COMMUNICATIONS
CORPORATION, *et al.*

Debtors.

Chapter 11

Case No. 02-13709 (KJC)

(Jointly Administered)

**FIRST AND FINAL APPLICATION OF COMMUNICATIONS
TECHNOLOGY ADVISORS LLC, INDUSTRY AND TECHNOLOGY
ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS, FOR FINAL ALLOWANCE OF COMPENSATION
AND FOR REIMBURSEMENT OF EXPENSES FOR
SERVICES RENDERED DURING THE PERIOD
FROM JANUARY 10, 2003 THROUGH JUNE 19, 2003**

Name of Applicant:	Communications Technology Advisors, LLC
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors
Date of Retention:	January 10, 2003
Period for which compensation and reimbursement is sought:	January 10, 2003 through June 19, 2003
Amount of fees to be approved as actual, reasonable and necessary:	\$ 267,150.54
Amount of expenses sought as actual, reasonable and necessary:	\$ 53,918.00
This is a(n):	<input type="checkbox"/> monthly <input type="checkbox"/> interim <input checked="" type="checkbox"/> final application.
Prior Applications:	None

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
)	
FOCAL COMMUNICATIONS)	Case No. 02-13709 (KJC)
CORPORATION, <u>et al.</u>,)	
)	
)	Jointly Administered
)	
Debtors.)	Hearing Date: July 21, 2003 @ 9:30 a.m.
		Objection Deadline: July 14, 2003 @ 4:00 p.m.

**FIRST AND FINAL APPLICATION OF COMMUNICATIONS
TECHNOLOGY ADVISORS LLC, INDUSTRY AND TECHNOLOGY
ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS, FOR FINAL ALLOWANCE OF COMPENSATION
AND FOR REIMBURSEMENT OF EXPENSES FOR
SERVICES RENDERED DURING THE PERIOD
FROM JANUARY 10, 2003 THROUGH JUNE 19, 2003**

**TO: THE HONORABLE KEVIN J. CAREY,
UNITED STATES BANKRUPTCY COURT JUDGE:**

Communications Technology Advisors LLC (“CTA” or “Applicant”), Industry and Technology Advisor to the Official Committee of Unsecured Creditors (the “Committee”) of Focal Communications Corporation, *et al.*, the debtors and debtors-in-possession herein (collectively, the “Debtors”), for its application (the “Application”) pursuant to 11 U.S.C. § 330 for a final allowance of compensation for services rendered and for reimbursement of expenses incurred in connection therewith, respectfully represents:

I. INTRODUCTION

1. By this Application, CTA seeks (i) a final allowance and award of compensation for the professional services rendered by CTA for the period from January 10, 2003 through June 19, 2003 (the “Compensation Period”) in the amount of \$267,150.54; and (ii) reimbursement of actual and necessary expenses incurred by CTA during the Compensation Period in connection with the rendition of such professional services and paraprofessional services in the amount of \$53,918.00.

II. BACKGROUND

2. On December 19, 2002 (the “Petition Date”), the Debtors filed with this Court their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.

3. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are 11 U.S.C. §§ 330 and 331 and Federal Rules of Bankruptcy Procedure 2002(a) and 2016.

4. On January 7, 2003 (the “Committee Formation Date”), pursuant to Section 1102 of the Bankruptcy Code, the United States Trustee appointed the Committee. The Committee currently consists of four members.¹

¹ The Committee is comprised of the following entities: The Bank of New York, as Indenture Trustee; Romulus Holdings; Conseco Capital Management, Inc. and Brian F. Addy.

5. On June 19, 2003, this Court entered an Order Pursuant to Section 1129 of the Bankruptcy Code confirming the Debtors' Second Amended Joint Chapter 11 Plan of Reorganization.

**III. RETENTION OF COMMUNICATIONS
TECHNOLOGY ADVISORS LLC**

6. On May 23, 2003, the Debtors and the Committee filed a Joint Application for an Order Authorizing the Retention of Communications Technology Advisors LLC as Industry and Technology Advisor Pursuant to Sections 328(a) and 1103(a) of the Bankruptcy Code, *nunc pro tunc* to January 10, 2003 (the "CTA Retention Application"). On June 19, 2003, this Court entered an order approving the CTA Retention Application (the "CTA Retention Order"). A copy of the CTA Retention Order is annexed hereto as Exhibit "A". Pursuant to the CTA Retention Order, CTA is entitled to receive, as compensation for services rendered, (1) a monthly fee of \$50,000.00, representing CTA's monthly compensation for services provided, and (2) reimbursement of CTA's reasonable out-of-pocket expenses incurred, *nunc pro tunc* to January 10, 2003.

7. As stated in the Affirmation of Wayne Barr, Jr., annexed hereto as Exhibit "B" all of the services for which final compensation is sought herein were rendered for or on behalf of the Committee in connection with these cases.

IV. SUMMARY OF SERVICES RENDERED

8. Since January 10, 2003, CTA has provided the following services for the Committee:

- (a) analyzing the Debtors' operational and technological capabilities, each as it applies to the Debtors' financial condition, capital expenditure and cash flow requirements, operations, business plan, marketing plan, operating forecasts, management, competitive environment and the prospects for the Debtors' future performance;

- (b) advising the Committee with respect to various industry matters, including regulatory landscape in the context of the Debtors' Proposed Plan, on-going business and potential restructuring efforts;
- (c) assisting and advising the Committee in connection with any analyses, claims or other matters that may be the subject of review during the Chapter 11 Case from the perspective of the Debtors' operations and technology;
- (d) representing the Committee in further negotiations with the Debtors and other parties in interest to the extent requested by the Committee;
- (e) advising the Committee with respect to strategic options that may be available with respect to the Debtors' operations and business;
- (f) Evaluating current contract rejections and contract renegotiations to obtain maximum advantage of the Chapter 11 case;
- (g) Evaluating leased network pricing and network routing to maximize cost savings on transport and switched network costs; and
- (h) providing such other industry assessment and other general assistance to the Committee, as may be reasonably requested by the Committee during the term hereof.

9. The charges and expenses incurred by CTA in this matter are billed in accordance with its existing billing procedures and pursuant to that certain engagement letter dated as of January 10, 2003 (the "Engagement Letter") by and among CTA and the Committee, the material terms of which were approved as modified in the CTA Retention Order. While it is not the general practice of CTA to keep detailed time records similar to those customarily kept by attorneys, CTA, for the benefit of the Court, has recorded a weekly summary of the services performed on behalf of the Committee by CTA's professionals during the Compensation Period, which record is attached hereto as Exhibit "C". Reimbursement is sought for actual and necessary expenses incurred by CTA in accordance with the uniform policies of the firm in furtherance of the engagement.

10. As set forth in the CTA Retention Order, during the Compensation Period, CTA charges a flat fee of \$50,000 per month for the period from January 10, 2003 through the end of the engagement. Accordingly, CTA requests payment from the Debtors in the amount of \$267,150.54, representing 100% of CTA total fees for the Compensation Period (prorated for the months of January and June).

11. Attached hereto as Exhibit "D" is a schedule setting forth a detailed breakdown of the expenses incurred by CTA during the Compensation Period in furtherance of the engagement. As reflected in Exhibit "D", CTA incurred actual and necessary out-of-pocket expenses of \$53,918.00. Accordingly, CTA requests that \$53,918.00 in expenses be paid in satisfaction of its expenses during the Compensation Period.

12. CTA respectfully submits that the professional services that it rendered on behalf of the Committee were necessary and have directly contributed to the effective administration of these cases.

V. ALLOWANCE OF COMPENSATION

13. The professional services rendered by CTA required a high degree of professional competence and expertise so that the numerous issues requiring evaluation and determination by the Committee could be addressed with skill and dispatch and have, therefore, required the expenditure of substantial time and effort. It is respectfully submitted that the services rendered to the Committee were performed efficiently, effectively and economically, and the results obtained to date have benefited not only the members of the Committee, but also the unsecured creditor body as a whole and the Debtors' estates.

14. With respect to the level of compensation, 11 U.S.C. § 330(a)(1) provides, in pertinent part, that the Court may award to a professional person:

reasonable compensation for actual, necessary services rendered ...

Section 330(a)(3)(A), in turn, provides that

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including -

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) 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; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

11 U.S.C. §330(a)(3)(A). The clear Congressional intent and policy expressed in this statute is to provide for adequate compensation in order to continue to attract qualified and competent bankruptcy practitioners to bankruptcy cases.

15. As shown by this application and supporting documents, Applicant spent its time economically and without unnecessary duplication of time. Attached hereto as Exhibit “E” is a brief description of the qualifications of each CTA professional who was involved in this engagement. Attached hereto as Exhibit “D” is a schedule setting forth a detailed breakdown of the expenses incurred by CTA during the Compensation Period in furtherance of the engagement. As reflected in Exhibit “D”, CTA incurred actual and necessary out-of-pocket expenses of \$53,918.00.

16. The disbursements and expenses have been incurred in accordance with CTA's normal practice of charging clients for expenses clearly related to and required by particular matters. CTA has endeavored to minimize these expenses to the fullest extent possible.

17. No agreement or understanding exists between CTA and any other person for the sharing of any compensation to be received for professional services rendered or to be rendered in connection with these cases.

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

WHEREFORE, CTA respectfully requests that this Court enter an order:

(a) approving the final award and allowance of \$267,150.54 for compensation for professional services rendered to the Committee during the period from January 10, 2003 through and including June 19, 2003;

(b) approving the reimbursement of CTA's out-of-pocket expenses incurred in connection with the rendering of such services during the period January 10, 2003 through and including June 19, 2003 in the amount of \$53,918.00; and

(c) granting such other and further relief as this Court may deem just and proper.

Dated: June 27, 2003

**COMMUNICATION TECHNOLOGY
ADVISORS LLC**

By: /s/ Wayne Barr, Jr.

Wayne Barr, Jr.

Senior Vice President and General Counsel

18 Corporate Woods Boulevard

Albany, New York 12211

(518) 462-2632

Industry and Technology Advisor to

the Official Committee of Unsecured Creditors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

IN RE)	
)	CHAPTER 11
FOCAL COMMUNICATIONS CORPORATION, <i>et al.</i>)	Case No. 02-13709 (KJC)
)	
Debtors.)	Jointly Administered
)	

**FIRST AND FINAL ORDER ALLOWING COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR COMMUNICATIONS TECHNOLOGY ADVISORS LLC,
TECHNOLOGY ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS, FOR SERVICES RENDERED DURING THE
PERIOD FROM JANUARY 10, 2003 THROUGH JUNE 19, 2003**

This matter coming before the Court on the First and Final Application of Communications Technology Advisors, LLC for Final Allowance of Compensation and Reimbursement of Expenses for Services Rendered During the Period January 10, 2003 through June 19, 2003 (the "Application") filed by Communications Technology Advisors, LLC ("CTA"), technology advisor to the Official Committee of Unsecured Creditors of the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed with the Court on June 27, 2003; there being no objections filed to the Application; the Court having reviewed the Application; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein:

THE COURT HEREBY FINDS THAT:

- A. Capitalized terms not otherwise defined herein have the meanings given to them in the Application.
- B. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- C. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

D. The Application and the notice thereof comply with the applicable requirements of the Bankruptcy Code, the Bankruptcy Rules, and applicable local rules and administrative orders.

E. CTA's compensation for services rendered in connection with the Debtors' chapter 11 cases, for which it seeks final allowance in the Application, is reasonable and appropriate under sections 328, 330(a)(1)(A) and 331 of the Bankruptcy Code.

F. CTA's expenses incurred in connection with the Debtors' chapter 11 cases, for which it seeks reimbursement in the Application, are actual and necessary expenses under sections 328, 330(a)(1)(B) and 331 of the Bankruptcy Code.

IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED, as set forth herein.
2. The payment of fees to CTA in the amount of Two Hundred Sixty Seven Thousand One Hundred Fifty Dollars and 54/100 (\$267,150.54), together with reimbursement of expenses in the amount of Fifty Three Thousand Nine Hundred Eighteen dollars (\$53,918.00) hereby is, AUTHORIZED AND APPROVED, said amounts being compensation for services rendered and expenses incurred for the period from January 10, 2003 through June 19, 2003.
3. The Debtors are hereby DIRECTED to pay to CTA the sum of Three Hundred Twenty One Thousand Sixty Eight Dollars and 54/100 (\$321,068.54).

Dated: _____, 2003

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE