

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
FOCAL COMMUNICATIONS CORPORATION, <u>et al.</u> , ¹)	Case No. 02-13709 (KJC)
)	(Jointly Administered)
Debtors.)	
)	Objection Due By: August 18, 2003 at 4:00 pm.
)	Hearing Date: August 21, 2003 at 3:30 p.m.

FINAL APPLICATION OF PACHULSKI, STANG, ZIEHL, YOUNG, JONES & WEINTRAUB P.C. FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS COUNSEL TO THE DEBTORS FOR THE PERIOD FROM DECEMBER 19, 2002 THROUGH JUNE 30, 2003

Name of Applicant: Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C.

("PSZYJ&W").

Authorized to Provide Professional Services to: The Debtors and Debtors in Possession.

Date of Retention: effective as of December 19, 2002 (petition date).

Period for which Compensation and Reimbursement is Sought: December 19, 2002 through June 30, 2003.

¹ The Debtors are the following entities: Focal Communications Corporation, Focal Communications Corporation of California, Focal Communications Corporation of Colorado, Focal Communications Corporation of Connecticut, Focal Communications Corporation of Florida, Focal Communications Corporation of Georgia, Focal Communications Corporation of Illinois, Focal Communications Corporation of Massachusetts, Focal Communications Corporation of Michigan, Focal Communications Corporation of the Mid-Atlantic, Focal Communications Corporation of Minnesota, Focal Communications Corporation of Missouri, Focal Communications Corporation of New England, Focal Communications Corporation of New Jersey, Focal Communications Corporation of New York, Focal Communications Corporation of Ohio, Focal Communications Corporation of Pennsylvania, Focal Communications Corporation of Texas, Focal Communications Corporation of Virginia, Focal Communications Corporation of Washington, Focal Communications Corporation of Wisconsin, Focal Financial Services, Inc., Focal International Corp., Focal Telecommunications Corporation, Focal Equipment Finance, LLC and Focal Fiber Leasing, LLC

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CORPORATION, et al.,¹)
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Amount of Compensation Sought as Actual, Reasonable and Necessary:

\$2,656,486.75

Amount of Expense Reimbursement Sought as Actual, Reasonable, and

Necessary: \$332,185.79

This is a: monthly interim final application.

Prior Applications Filed:

<u>Date Filed</u>	<u>Period Covered</u>	<u>Requested Fees</u>	<u>Requested Expenses</u>	<u>Approved Fees</u>	<u>Approved Expenses</u>
01/30/03	12/19/02 – 12/31/02	\$290,302.50	\$19,223.32	\$290,302.50	\$19,223.32
03/31/03	01/01/03 – 01/31/03	\$345,554.50	\$65,224.43	\$345,554.50	\$65,224.43
04/28/03	02/01/03 – 02/28/03	\$318,775.50	\$34,831.07	\$318,775.50	\$34,831.07
06/06/03	03/01/03 – 03/31/03	\$306,315.00	\$30,353.76	\$306,315.00	\$30,353.76
06/17/03	04/01/03 – 04/30/03	\$410,524.50	\$41,695.65	\$410,524.50	\$41,695.65
07/09/03	05/01/03 – 05/31/03	\$606,651.50	\$78,121.57	Pending	Pending

The total time expended for preparation of this application is approximately 3

hours and the corresponding compensation requested is approximately \$1,000.00.

This is the Final Application for the period from December 19, 2002 through June 30, 2003.

<u>Name of Professional Individual</u>	<u>Position, year assumed, prior relevant experience, year of obtaining relevant license to practice, area of expertise</u>	<u>Hourly Billing Rate (Including Changes)</u>	<u>Total Hours Billed</u>	<u>Total Compensation</u>
Laura Davis Jones	Shareholder 2000; Joined Firm 2000; Member of DE Bar since 1986	\$560.00 \$550.00	830.80 19.30	\$465,268.00 \$ 10,615.00
James I. Stang	Shareholder 1983; Member of CA Bar since 1980	\$560.00	92.60	\$ 51,856.00
Ira D. Kharasch	Shareholder 1987; Member of CA Bar since 1982	\$495.00	3.30	\$ 1,633.50
Brad R. Godshall	Shareholder 1992; Member of CA Bar since 1982	\$495.00	30.30	\$ 14,998.50

Name of Professional Individual	Position, year assumed, prior relevant experience, year of obtaining relevant license to practice, area of expertise	Hourly Billing Rate (Including Changes)	Total Hours Billed	Total Compensation
Alan J. Kornfeld	Shareholder 1996; Member of the CA Bar since 1987	\$450.00	781.80	\$351,810.00
		\$405.00	4.00	\$ 1,620.00
		\$225.00	86.00	\$ 19,350.00
Linda F. Cantor	Shareholder 1994; Member of the CA Bar since 1991; Member of the Illinois Bar since 1988	\$450.00	881.70	\$396,765.00
David J. Barton	Shareholder 2000; Member of CA Bar since 1981	\$450.00	3.90	\$ 1,755.00
Beth E. Levine	Of Counsel 2002; Member of NY Bar since 1992	\$445.00	7.60	\$ 3,362.00
Kenneth H. Brown	Shareholder 2001; Member of CA Bar since 1981	\$425.00	29.20	\$ 12,410.00
Bruce Grohsgal	Member 2000, Member of PA Bar since 1984; Member of DE Bar since 1981	\$415.00	908.60	\$377,069.00
		\$395.00	45.60	\$ 18,012.00
Steven J. Kahn	Of Counsel 2001; Member of CA Bar since 1977	\$415.00	311.30	\$129,189.50
		\$207.50	25.30	\$ 5,249.75
Scotta E. McFarland	Of Counsel 2000; Member of DE Bar since 2002; Member of CA Bar since 1993	\$415.00	.40	\$ 166.00
Harry D. Hochman	Senior Counsel 1989; Member of CA Bar since 1987	\$400.00	55.20	\$ 22,080.00
David M. Bertenthal	Shareholder 1999; Member of the CA Bar since 1993	\$395.00	288.30	\$113,878.50
		\$350.00	33.40	\$ 11,690.00
		\$197.50	13.20	\$ 2,607.00
Samuel R. Maizel	Of Counsel 1997; Member of PA Bar since 1985	\$390.00	.20	\$ 78.00
Robert M. Saunders	Of Counsel 2001; Member of NY Bar since 1984	\$390.00	47.50	\$ 18,525.00
Jason S. Pomerantz	Of Counsel 2002; Member of CA Bar since 1991	\$385.00	6.10	\$ 2,348.50
William L. Ramseyer	Of Counsel 1989; Member of CA Bar since 1980	\$375.00	51.80	\$ 19,425.00
Werner Disse	Of Counsel 2000; Member of CA Bar since 1988	\$375.00	303.90	\$113,962.50
Harry E. Douglas, IV	Of Counsel 2002; Member of CA Bar since 1988	\$360.00	.20	\$ 72.00
Jeffrey W. Dulberg	Associate 2001; Member of CA Bar since 1995	\$350.00	26.00	\$ 9,100.00
Jeffrey P. Nolan	Of Counsel 2001; Member of CA Bar since 1992	\$345.00	169.50	\$ 40,848.00
Maxim B. Litvak	Associate 2001; Member of TX Bar since 1997	\$325.00	26.30	\$ 8,547.50
Michael R. Seidl	Shareholder 2003; Member of DE Bar since 2000; Member of DC Bar since 1996	\$325.00	14.50	\$ 4,712.50
Rosalie L. Spelman	Of Counsel 2000; Member of DE	\$315.00	1.10	\$ 346.50

Name of Professional Individual	Position, year assumed, prior relevant experience, year of obtaining relevant license to practice, area of expertise	Hourly Billing Rate (Including Changes)	Total Hours Billed	Total Compensation
	Bar since 2001; Member of NY Bar since 1981			
David W. Carickhoff Jr.	Associate 2000; Member of DE Bar since 1998	\$300.00	5.80	\$ 1,740.00
Christopher J. Lhulier	Associate 2000; Member of DE Bar since 1999	\$280.00 \$260.00	503.40 29.00	\$140,952.00 \$ 7,540.00
Alexander T. Lin	Associate 2001; Member of NY Bar since 1998	\$280.00	5.50	\$ 1,540.00
Gina F. Brandt	Of Counsel 2000; Member of CA Bar since 1976	\$255.00	79.20	\$ 20,196.00
Maria A. Bove	Associate 2001; Member of NY Bar since 2001	\$255.00	24.10	\$ 6,145.50
Edward C. Tu	Associate 2002; Member of CA Bar since 2000	\$245.00	.20	\$ 49.00
Elissa A. Chirban	Associate 2002; Member of CA Bar since 2001	\$245.00 \$225.00	517.90 .50	\$126,885.50 \$ 112.50
Denise A. Harris	Paralegal since 1980	\$170.00	2.00	\$ 340.00
Patricia J. Jeffries	Paralegal since 1989	\$150.00 \$140.00	10.30 .40	\$ 1,545.00 \$ 56.00
Kathe F. Finalyson	Paralegal since 1983	\$140.00 \$130.00	343.60 1.00	\$ 48,104.00 \$ 130.00
Laurie A. Gilbert	Paralegal since 1983	\$135.00	37.30	\$ 5,035.50
Louise A. Tuschak	Paralegal since 1993	\$135.00	131.40	\$ 17,739.00
Karina K. Yee	Paralegal since 1996	\$135.00	2.50	\$ 337.50
Cheryl A. Knotts	Paralegal since 2000	\$130.00 \$120.00	.10 8.60	\$ 13.00 \$ 1,032.00
Carla R. Clark	Paralegal since 1988	\$125.00	22.10	\$ 2,762.50
Marlene S. Chappe	Paralegal since 1997	\$125.00 \$115.00	53.60 4.80	\$ 6,700.00 \$ 552.00
Timothy M. O'Brien	Paralegal since 1997	\$120.00	.30	\$ 36.00
Michael A. Matteo	Paralegal since 1998	\$110.00	8.30	\$ 913.00
Fiona P. McKeown	Legal Document Assistant 2001	\$ 95.00	13.40	\$ 1,273.00
Rita M. Olivere	Case Management Assistant 2000	\$ 70.00 \$ 55.00	7.00 2.00	\$ 490.00 \$ 110.00
Sheryle L. Pitman	Case Management Assistant 2001	\$ 65.00	77.40	\$ 5,031.00
Andrea R. Paul	Case Management Assistant 2001	\$ 55.00	47.00	\$ 2,585.00
Christina M. Shaeffer	Case Management Assistant 2001	\$ 55.00	113.70	\$ 6,253.50
Charles J. Bouzoukis	Case Management Assistant 2001	\$ 55.00	2.70	\$ 148.50
Arthur W. Cross	Case Management Assistant 2002	\$ 40.00	21.00	\$ 840.00
Donna N. Morton	Case Management Assistant 2003	\$ 40.00	13.50	\$ 540.00
Kenneth E. Ross	Case Management Assistant 2003	\$ 40.00	33.50	\$ 1,340.00
Karen S. Neil	Case Management Assistant 2003	\$ 40.00	11.00	\$ 440.00

Grand Total \$2,656,486.75
Blended Rate \$ 367.27

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees Requested
Asset Analysis/Recovery	2.40	\$ 959.00
Asset Disposition	134.80	\$ 49,921.50
Appeals	27.40	\$ 9,949.00
Bankruptcy Litigation	2,742.70	\$972,992.50
Case Administration	459.30	\$ 66,932.00
Claims Administrations/Objections	572.10	\$280,385.00
Compensation of Professionals	80.80	\$ 27,837.50
Compensation of Professionals/Others	59.30	\$ 11,640.50
Employee Benefits/Pension	101.10	\$ 46,387.00
Executory Contracts	590.70	\$209,657.00
Financial Filings	119.90	\$ 36,292.50
Financing	24.20	\$ 10,472.50
General Business Advice	9.80	\$ 4,499.50
Litigation (Non-Bankruptcy)	11.00	\$ 4,321.00
Meeting of Creditors	58.30	\$ 28,142.00
Operations	76.20	\$ 31,746.00
Plan and Disclosure Statement	1,880.20	\$857,505.50
Retention of Professionals	2.00	\$ 466.50
Retention of Professionals/Other	127.70	\$ 44,780.00
Stay Litigation	26.40	\$ 8,944.50
Tax Issues	1.70	\$ 734.50
Travel	125.10	\$ 31,921.25
Total	7,233.00	\$2,656,486.75

EXPENSE SUMMARY

Expense Category	Service Provider ² (If Applicable)	Total Expenses
Air Fare		\$ 33,511.00
Conference Call	AT&T	\$ 3,689.12
Delivery/Courier Service	TriState	\$ 19,455.55
Express Mail	DHL	\$ 16,192.09
In-House Attorney Service		\$ 9,818.55
Legal Research	Lexis	\$ 26,703.84
Outgoing Fax Transmittal @ 1.00 per page		\$ 13,555.00
Overtime		\$ 5,355.39
Postage		\$ 13,754.12
Reproduction Expense		\$148,990.87
Working Meals	Johnnie's	\$ 2,280.44
Filing Fee		\$ 740.00
Guest Parking		\$ 15.00
Hotel Expense	Hotel DuPont	\$ 15,685.47
In House Messenger Service		\$ 129.00
Meeting Room Rental		\$ 427.89
Telephone Expense		\$ 1,616.94
Transcript	Palmar	\$ 2,180.43
Travel Expense	Eagle	\$ 9,632.13
Deposition		\$ 6,354.00
Outside Reproduction	Digital Legal Services	\$ 1,979.96
Outside Services		\$ 69.00
Witness Fee		\$ 50.00
Total		\$332,185.79

² PSZYJ&W may use one or more service providers. The service providers identified herein are the primary service providers for the categories described.

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Pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and this Court’s Order Establishing Interim Fee Application and Expense Reimbursement Procedures, entered January 23, 2003 (the “Fee Order”), Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. (“PSZYJ&W”) hereby submits its Final Application of Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. for Allowance and Compensation for Services Rendered and Reimbursement of Expenses as Counsel to the Debtors for the Period from December 19, 2002 through June 30, 2003 (the “Application”). By this Application,

¹ The Debtors are the following entities: Focal Communications Corporation, Focal Communications Corporation of California, Focal Communications Corporation of Colorado, Focal Communications Corporation of Connecticut, Focal Communications Corporation of Florida, Focal Communications Corporation of Georgia, Focal Communications Corporation of Illinois, Focal Communications Corporation of Massachusetts, Focal Communications Corporation of Michigan, Focal Communications Corporation of the Mid-Atlantic, Focal Communications Corporation of Minnesota, Focal Communications Corporation of Missouri, Focal Communications Corporation of New England, Focal Communications Corporation of New Jersey, Focal Communications Corporation of New York, Focal Communications Corporation of Ohio, Focal Communications Corporation of Pennsylvania, Focal Communications Corporation of Texas, Focal Communications Corporation of Virginia, Focal Communications Corporation of Washington, Focal Communications Corporation of Wisconsin, Focal Financial Services, Inc., Focal International Corp., Focal Telecommunications Corporation, Focal Equipment Finance, LLC and Focal Fiber Leasing, LLC

PSZYJ&W seeks a final allowance of compensation in the amount of \$2,656,486.75 and reimbursement of actual and necessary expenses in the amount of \$332,185.79 for a total of \$2,988,672.54 for the period December 19, 2002 through June 30, 2003 (the "Final Period"). In support of this Application, PSZYJ&W respectfully represents as follows:

Preliminary Statement

Focal Communications Corporation and the other captioned Debtors (collectively, "Focal" or the "Debtors") are national communications providers of voice and data services to communications-intensive users in major cities and metropolitan areas in the United States. Focal's customers tend to be the largest, most sophisticated communications users in the United States, including approximately half of the Fortune 100 who currently use Focal's services. Other customers include all branches of the federal government, financial exchanges and financial institutions.

Prior to the initiation of these proceedings, Focal's businesses had suffered as a result of the adverse market conditions affecting the telecommunications industry as well as the general malaise in the economy. As a result, Focal faced an acute liquidity crisis and had defaulted under certain financial covenants of its credit agreements with lenders, including minimum revenue and EBITDA requirements.

These Chapter 11 cases were initiated to accomplish an orderly financial restructuring and reorganization of Focal's business while maintaining continued service to customers, thereby preserving Focal's enterprise value. Focal achieved significant strategic and operational objectives during its Chapter 11 cases. The majority of contested matters were Arduous negotiations resulted and with the support of its creditor body, confirmed a plan of

reorganization which became effective on July 1, 2003, less than seven months after the petition date.

Background

On December 19, 2002 (the "Petition Date"), the Debtors filed separate voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

The Debtors, during the Final Period, operated their businesses and managing their properties as debtors in possession pursuant to Sections 1107 (a) and 1108 of the Bankruptcy Code.

The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

On December 20, 2002, the Court entered its order that Debtors' chapter 11 cases be consolidated for procedural purposes only and administered jointly.

The application for retention of PSZYJ&W as counsel to the Debtors has been filed with, and approved by the Court (the "Employment Application"). Through the Employment Application, PSZYJ&W received authority to be compensated on an hourly basis and to be reimbursed for actual and necessary out-of-pocket expenses as is customary for PSZYJ&W's practice before this Court.

On January 23, 2003, the Court entered the Fee Order establishing procedures for interim compensation and reimbursement of expenses of professionals. Pursuant to the procedures set forth in that Fee Order, professionals may request monthly compensation and reimbursement, and interested parties may object to such requests. If no interested party objects to a professional's request within twenty (20) days, the applicable professional may submit to the

Court a certificate of no objection authorizing the interim compensation and reimbursement of eighty percent (80%) of the fees requested and one hundred percent (100%) of the expenses requested. Beginning with the period ending on February 28, 2003, and at three month intervals or such other intervals convenient to the Court, each professional shall file quarterly fee applications. All interim awards of fees and costs are subject to the filing and approval of interim and final fee applications of the professional.

A Plan of Reorganization ("Plan") was confirmed in these cases, with an effective date of July 1, 2003. The Plan provides that all final professional fee applications are to be filed on or before July 31, 2003.

Monthly Fee Applications Covered Herein

Prior to the filing of this Application, the December 19, 2002 through July 1, 2003 monthly fee applications of PSZYJ&W had been filed with the Court pursuant to the Fee Order. Attached hereto as Exhibits "A" through "G" are copies of the monthly fee applications filed by PSZYJ&W in the Debtors' cases. The Court has approved PSZYJ&W's monthly fee applications covering the time period of December 19, 2002 through February 28, 2003 on an interim basis, pursuant to the Omnibus Order Approving First Quarterly Fee Applications of Professionals For The Period December 19, 2002 Through February 28, 2003, a copy of which is attached hereto as Exhibit "H".

The monthly fee applications covered by this Application contain detailed daily time logs describing the actual and necessary services provided by PSZYJ&W during the Final Period as well as other detailed information required to be included in fee applications.

Requested Relief

By this Application, PSZYJ&W requests that the Court approve the final allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by PSZYJ&W from December 19, 2002 through June 30, 2003. As stated above, the full scope of the services provided and the related expenses incurred for the Final Period are fully described in the monthly fee applications that already have been filed with the Court and are attached hereto as Exhibits A through G. At all relevant times, PSZYJ&W has been a disinterested person as that term is defined in section 101(14) of the Bankruptcy Code and has not represented or held an interest adverse to the interest of the Debtors.

All services for which compensation is requested by PSZYJ&W were performed for or on behalf of the Debtors and not on behalf of any committee, creditor, or other person.

Except for the amounts paid to PSZYJ&W pursuant to previously approved interim applications for compensation and reimbursement, PSZYJ&W has received no payment and no promises for payment from any source other than the Debtors for services rendered or to be rendered in any capacity whatsoever in connection with the Debtors' cases. There is no agreement or understanding between PSZYJ&W and any other person, other than members of the Firm, for the sharing of compensation to be received for services rendered in these cases.

The professional services and related expenses for which PSZYJ&W requests final allowance of compensation and reimbursement of expenses were rendered and incurred in connection with these cases in the discharge of PSZYJ&W's professional responsibilities as

attorneys for the Debtors in their chapter 11 cases. PSZYJ&W's services have been necessary and beneficial to the Debtors and their estates, creditors, and other parties in interest.

PSZYJ&W's Fees and Expenses Are Fair And Reasonable

In accordance with the factors enumerated in section 330 of the Bankruptcy Code, it is respectfully submitted that the amounts requested by PSZYJ&W are fair and reasonable given (a) the complexity of the cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under the Bankruptcy Code. Moreover, PSZYJ&W has reviewed the requirements of the applicable Local Rules and believes that this Application complies therewith and with the applicable legal standards for the approval of professional fees..

Section 330(a) of the Bankruptcy Code provides, in pertinent part, that bankruptcy courts may award "reasonable compensation for actual, necessary services rendered by the trustee, examiner, professional person, or attorney and by any paraprofessional employed by any such person." 11 U.S.C. § 330(a). In recognition of the necessity for the Bankruptcy Court to attract able and experienced counsel to participate in bankruptcy cases, Congress has made clear that professional and paraprofessionals in bankruptcy cases should earn income comparable to that of their non-bankruptcy counterparts. See H.R.REP. NO. 595, 95TH CONG., 1ST SESS. 330 (1977), reprinted in 1978 U.S.C.C.A.N. 5787, 5963, 6286; see also *In re Busy Beaver*, 19 F.3d 833, 851 (3d Cir. 1994) (recognizing that attracting competent bankruptcy practitioners is essential to the efficiency of the bankruptcy process); *In re Drexel Burnham Lambert Group, Inc.*, 133 B.R. 13, 16-17 (Bankr. S.D.N.Y. 1991) (noting that bankruptcy

specialists are invaluable to enabling the bankruptcy process to operate efficiently and expeditiously). Indeed, in drafting § 330, Congress made an express policy choice in favor of securing competitive compensation for professionals over concern for economy of the estate. *Busy Beaver*, 19 F.3d at 850, 851, n. 24 (noting that “notions of economy of the estate in fixing fees are outdated and have no place in the [B]ankruptcy [C]ode”).

It is well-settled that the applicant seeking compensation carries the burden of proving the request is reasonable. See *In re Marvel Entertainment Group, Inc.*, 234 B.R. 21 (Bankr. D. Del. 1999). This burden imposes an affirmative duty upon the applicant to submit fee applications “with enough detail to enable the court to reach an informed decision -- one necessarily grounded in complete, coherent information -- as to whether the requested information is justified.” *Busy Beaver*, 19 F. 3d at 845. This duty does not, however, require applicants to prepare fee applications “the size of a boring Victorian novel.” *In re Hotel Associates Inc.*, 15 B.R. 487, 488 (Bankr. E.D. Pa. 1981); cf. *Busy Beaver*, 19 F.3d at 844 (stating that the reviewing court need not become “enmeshed in a meticulous analysis of every detailed facet of the professional representation”). Rather, the reviewing court requires enough information to enable it to “act as a surrogate to the estate” and scrutinize the fee application much in “the same way a sophisticated non-bankruptcy client would review a professional bill.” *Id.* at 854.

In evaluating a final fee application, the standard is whether the amount requested is, in fact, reasonable given the circumstances in the case. See, e.g., *In the Matter of UDC Homes, Inc., et. al.*, 203 B.R. 218 (Bankr. D. Del. 1996). To determine the reasonableness of a

fee request, the Third Circuit applies the “lodestar” method. See, e.g., *Busy Beaver*, 19 F.3d at 856 (stating that lodestar is undoubtedly the most familiar formula used to calculate attorney’s fee for a fee application). This approach requires the court to multiply the reasonable number of compensable hours expended by the reasonable hourly rate. See generally *id.* at 849.

As set forth in Section 330(a)(3) of the Bankruptcy Code, the determination of “reasonableness” is based upon the (a) nature, (b) extent, (c) value of the services, (d) time spent on the services, and (e) cost of comparable services in non-bankruptcy cases. 11 U.S.C. § 330(a)(3). In *Busy Beaver*, the Third Circuit clarified how four of these five factors should be balanced:

[a]lthough each factor enumerated by § 330(a) retains independent significance, the cost of the comparable services factor has an overarching role to act as a guide to the value of the services rendered given their nature and extent. In combination, these four factors -- with the principal emphasis being on the cost of comparable services (market rates) -- essentially provide the basis for the computing the “reasonable hourly rate” used in the “lodestar” calculation.

Id. at 849.

In accordance with the factors enumerated in Section 330 of the Bankruptcy Code, and in light of the guidance provided in *Busy Beaver*, PSZYJ&W respectfully submits that given the circumstances and the complexity of these cases, the results obtained during the cases, and the confirmation of Debtors’ plan of reorganization in a period of less than seven months, the fees and expenses incurred in the course of rendering professional services were actual, necessary and reasonable, based upon the nature, extent and value of such services, the time spent thereon, and the costs of comparable services in non-bankruptcy cases, so as to best serve the needs of the Debtors and their estates. PSZYJ&W submits further that the legal services performed herein among partners, associates, and paraprofessionals have been executed in

accordance with the principles outlined above, and moreover, in a manner consistent with the overall goal of PSZYJ&W to provide the highest quality of legal representation at a reasonable cost.

A review of this Application and the exhibits annexed hereto (and the Firm's Prior Interim Applications and exhibits thereto) clearly reflects (a) the number of hours of recorded time PSZYJ&W has devoted to the performance of the legal services summarized in this Application; (b) the number of hours worked by each of PSZYJ&W's professionals and paraprofessionals and the hourly rate customarily charged by such persons; (c) a detailed description of the services provided by PSZYJ&W's professionals and paraprofessionals during each of those hours; and (d) the quality and nature of the services provided by each of PSZYJ&W's professionals and paraprofessionals.

The time records annexed to the Prior Interim Applications describe the services rendered and time expended without description of the pressure and constraints under which PSZYJ&W actually rendered these services. The considerable challenges of these cases were attended to and managed by the Firm at all levels, promptly, expertly, and often to the exclusion of other matters in PSZYJ&W's office. PSZYJ&W submits, therefore, that its fees and expenses were actual, necessary, reasonable, and justified, and should be allowed in full.

WHEREFORE, PSZYJ&W respectfully requests that the Court enter an order, substantially in the form attached hereto, providing that for the period of December 19, 2002 through June 30, 2003, a final allowance be made to PSZYJ&W in the sum of \$2,656,486.75 as compensation for reasonable and necessary professional services rendered to the Debtors and in

the sum of \$332,185.79 for reimbursement of actual and necessary costs and expenses incurred, for a total of \$2,988,672.54 ; that the Debtors be authorized and directed to pay to PSZYJ&W the outstanding amount of such fees and expenses in full; and for such other and further relief as this Court deems proper.

Dated: 7/31, 2003

PACHULSKI, STANG, ZIEHL, YOUNG, JONES
& WEINTRAUB P.C.



Laura Davis Jones (Bar No. 2436)
Linda E. Cantor (CA Bar No. 153762)
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Counsel for Focal Communications Corporation, et al,
Debtors and Debtors in Possession

VERIFICATION

STATE OF DELAWARE :
 :
COUNTY OF NEW CASTLE :

Laura Davis Jones, after being duly sworn according to law, deposes and says:

- a) I am a shareholder with the applicant law firm Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C., and have been admitted to appear before this Court.


- b) I have personally performed many of the legal services rendered by Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. as counsel to the Debtors and am thoroughly familiar with the other work performed on behalf of the Debtors by the lawyers and paraprofessionals of PSZYJ&W.

- c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed the Local Bankruptcy Rules for the District of Delaware and the Fee Order, and submit that the Application substantially complies with such rules and order.



Laura Davis Jones

SWORN AND SUBSCRIBED
before me this 31st day of July, 2003.



Notary Public
My Commission Expires: 9-12-06

MARYRITCHIE JOHNSON
NOTARY PUBLIC
STATE OF DELAWARE
My Commission Expires Sept. 12, 2006