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

-----	x	
In re	:	Chapter 11
	:	
NRG ENERGY, INC., et al.	:	
	:	
Debtors.	:	Case No. 03-13024 (PCB)
	:	
-----	x	(Jointly Administered)

THE THIRD INTERIM FEE APPLICATION APPLIES TO DEBTORS MARKED WITH "x" BELOW:

- | | | | |
|-----|----------------------------------|-----|--------------------------------------|
| ___ | NRG Energy, Inc. | ___ | NRG Power Marketing Inc. |
| ___ | Arthur Kill Power LLC | ___ | NRG Capital LLC |
| ___ | Astoria Gas Turbine Power LLC | ___ | NRG Finance Company I LLC |
| ___ | Berrians I Gas Turbine Power LLC | ___ | NRG Central U.S. LLC |
| ___ | Big Cajun II Unit 4 LLC | ___ | NRG Eastern LLC |
| ___ | Connecticut Jet Power LLC | ___ | NRGenerating Holdings (No. 23) B.V. |
| ___ | Devon Power LLC | ___ | NRG New Roads Holdings LLC |
| ___ | Dunkirk Power LLC | ___ | NRG Northeast Generating LLC |
| ___ | Huntley Power LLC | ___ | NRG South Central Generating LLC |
| ___ | Louisiana Generating LLC | ___ | Oswego Harbor Power LLC |
| ___ | Middletown Power LLC | ___ | Somerset Power LLC |
| ___ | Montville Power LLC | ___ | South Central Generation Holding LLC |
| ___ | Northeast Generation Holding LLC | ___ | Norwalk Power LLC |
| x | NRG Nelson Turbines LLC | x | NRG McClain LLC |
| | | | LSP-Nelson Energy, LLC |

**THIRD INTERIM APPLICATION OF KIRKLAND & ELLIS LLP AS ATTORNEYS FOR DEBTORS
 AND DEBTORS IN POSSESSION LSP-NELSON ENERGY, LLC AND NRG NELSON TURBINES LLC
 FOR ALLOWANCE OF COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR
 REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
FROM NOVEMBER 25, 2003 TO FEBRUARY 29, 2004**

TO THE HONORABLE PRUDENCE CARTER BEATTY,
 UNITED STATES BANKRUPTCY JUDGE:

Kirkland & Ellis LLP ("K&E"), attorneys for the above-captioned debtors and debtors in possession (the "Nelson Debtors"), submits this fee application (the "Nelson Third Interim Application") 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”), General Order M-151, Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases (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 effective January 30, 1996 (the “UST Guidelines”), the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, entered on May 19, 2003 (the “Administrative Order”), and the Order Pursuant to Section 105(a) of the Bankruptcy Code (A) Confirming the Applicability of LSP-Nelson Energy, LLC and NRG Nelson Turbines LLC of Certain Orders in the NRG Debtors’ Chapter 11 Cases and (B) Directing that Certain Other Orders in the NRG Debtors’ Chapter 11 Cases Be Made Applicable to LSP-Nelson Energy, LLC and NRG Nelson Turbines LLC, entered on October 6, 2003 (the “Nelson General Applicability Order” and, collectively with the UST Guidelines and the Local Guidelines, the “Guidelines”), for allowance and approval on an interim basis of compensation for professional services rendered and for reimbursement of actual and necessary expenses incurred in connection with such services from November 26, 2003 through and including February 29, 2004 (the “Nelson Third Interim Compensation Period”). In support of the Nelson Third Interim Application, K&E respectfully represents as follows:

JURISDICTION

1. This Court has jurisdiction to consider the Nelson Third Interim Application pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue of the Nelson Debtors’ chapter 11 cases and the Nelson Third Interim Application is proper under 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure, and the Local Guidelines. Pursuant to the Local Guidelines, a certification regarding compliance with the Local Guidelines is attached hereto as **Exhibit A**.

BACKGROUND

2. On May 14, 2003, NRG Energy, Inc. (“NRG”) and 25 of its affiliated entities filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On November 24, 2003 and November 25, 2003, this Court confirmed both plans of reorganizations filed by NRG and its 25 affiliated entities. All such entities, including NRG, emerged from bankruptcy in December 2003.

3. On June 5, 2003 (the “Nelson Commencement Date”), the Nelson Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Nelson Debtors’ bankruptcy cases are currently pending before this Court. Since the Nelson Commencement Date, the Nelson Debtors have operated their businesses and managed their properties as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Nelson Debtors’ chapter 11 cases.

4. As this Court is aware, the Nelson Debtors have been negotiating with their creditor constituencies in an attempt to sell the Nelson Debtors’ assets and, by so doing, take an important step toward concluding their chapter 11 cases in an expeditious manner. Accordingly, the Nelson Debtors submit that such asset sale, if approved by this Court and consummated thereafter, is in the best interest of the Nelson Debtors’ estate and creditors.

K&E RETENTION

5. The Court authorized K&E’s retention as counsel for the Debtors in NRG’s chapter 11 cases effective *nunc pro tunc* as of May 14, 2003 in its Order Pursuant to 11 U.S.C. § 327(a) and 328(a) Authorizing the Employment and Retention of Kirkland & Ellis as Attorneys for the Debtors, which was entered by this Court on June 2, 2003 (the “Retention Order”). The Retention Order authorized K&E to be retained and employed by the Debtors pursuant to the procedures set forth in the Bankruptcy Code and any further orders entered by this Court. With respect to the Nelson Debtors specifically, K&E’s retention was authorized by this Court in the Nelson General Applicability Order.

6. On October 8, 2003, K&E submitted to this Court the First Interim Fee Application of Kirkland & Ellis LLP as Attorneys for Debtors and Debtors in Possession for Allowance of Interim Compensation for Professional Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from May 14, 2003 through August 31, 2003 (Docket Nos. 746-747) (insofar as related to the Nelson Debtors, the “Nelson First Interim Fee Application”).

7. On January 6, 2004, K&E submitted to this Court the Application of Kirkland & Ellis LLP as (I) Attorneys for Certain Debtors and Debtors in Possession for Final Allowance of Compensation for Professional Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from May 14, 2003 through November 25, 2003; and (II) Attorneys for Debtors and Debtors in Possession LSP-Nelson Energy, LLC, NRG Nelson Turbines LLC and NRG McClain LLC for Second Interim Allowance of Compensation for Professional Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from September 1, 2003 through November 25, 2003 (Docket Nos. 1102-1103) (insofar as related to the Nelson Debtors, the “Nelson Second Interim Fee Application”).

8. The Nelson First Interim Fee Application and the Nelson Second Interim Fee Application were approved on an interim basis by this Court in its Order dated January 30, 2004 (Docket No. 1160) (the “Nelson Interim Fee Approval Order”). Pursuant to the Nelson Interim Fee Approval Order as well as a hearing held before this Court on January 30, 2004, the approximate amount of professional fees incurred by K&E on behalf of the Nelson Debtors prior to the Nelson Third Interim Compensation Period was determined to be \$250,000.00, of which 20%, or \$50,000.00, was held back by the Court.

COMPENSATION REQUESTED

9. The Nelson Third Interim Application has been prepared in accordance with the Guidelines. K&E rendered to the Nelson Debtors and their estate all services for which compensation is sought solely in connection with the Nelson Debtors’ chapter 11 cases.

10. During the Nelson Third Interim Compensation Period, K&E attorneys and paraprofessionals expended a total of 139.10 hours for which compensation is requested. Specifically, K&E seeks allowance of compensation for professional services rendered to the Debtors during the Nelson Third Interim Compensation Period in the aggregate amount of \$54,227.00, and for reimbursement of expenses incurred in connection with the rendition of such services in the aggregate amount of \$232.76. The fees sought by the Nelson Third Interim Application reflect a blended average hourly rate of \$389.84 for both professionals and paraprofessionals. The blended hourly rate for professionals only is \$450.68.

11. Pursuant to the Administrative Order and the Nelson General Applicability Order, K&E has been submitting monthly fee statements to the Nelson Debtors seeking interim compensation and reimbursement of expenses.

12. During the Nelson Third Interim Compensation Period, K&E has received, pursuant to the Administrative Order and the Nelson General Applicability Order, a total of \$43,381.60 for legal services provided to and on behalf of the Nelson Debtors and \$232.76 for out-of-pocket expenses incurred in connection therewith. In accordance with the Administrative Order and the Nelson General Applicability Order, such payments represent approximately eighty percent (80%) of K&E's fees and one hundred percent (100%) of K&E's out-of-pocket expenses incurred during the Nelson Third Interim Compensation Period. Therefore, K&E seeks payment of \$10,845.00 pursuant to the Nelson Third Interim Application, which amount represents K&E's fees for legal services rendered during the Nelson Third Interim Compensation Period and not already paid to K&E pursuant to the Administrative Order and the Nelson General Applicability Order.

13. K&E maintains computerized records of the time expended in the rendition of the professional services required by the Nelson Debtors and their estate. These records are maintained in the ordinary course of K&E's practice. For the convenience of the Court and all parties in interest, attached hereto as **Exhibit B** is a billing summary for the Nelson Third Interim Compensation Period,

setting forth the name of each attorney and paraprofessional for whose work on these chapter 11 cases compensation is sought, each attorney's year of bar admission, office location, the aggregate of the time expended by each attorney and each paraprofessional, the hourly billing rate for each attorney and each paraprofessional at K&E's current billing rates, and an indication of the individual amounts requested as part of the total amount of compensation requested. Also set forth in the billing summary is information indicating whether each attorney is a partner or associate, how many years each attorney has held this position, and each attorney's area of practice concentration. The compensation requested by K&E is based on the customary compensation charged by comparably skilled practitioners in cases other than those under the Bankruptcy Code. There is no agreement or understanding between K&E and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

14. Finally, K&E maintains computerized records of all expenses incurred in connection with the performance of professional services. A summary of the amounts and categories of expenses for which reimbursement is sought, as well as a breakdown of expenses by project category and their detailed description, are attached hereto as Exhibit C.

TIME AND EXPENSE RECORDS

15. As required by the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit A.

16. Annexed hereto as Exhibit B is a detailed schedule enumerating all of the K&E professionals and paraprofessionals who have performed services in the Nelson Debtors' chapter 11 cases during the Nelson Third Interim Compensation Period, the capacities in which each such individual is employed by K&E, the department and office in which each such individual practices, the hourly billing rate charged by K&E for services performed by each such individual, the aggregate number of hours expended in this matter and fees billed therefor, and the year in which each professional was first licensed to practice law, if applicable.

17. Annexed hereto as **Exhibit C** is a schedule applicable to the Nelson Third Interim Compensation Period that summarizes the categories of expenses for which K&E is seeking reimbursement and the total amount for each such expense category.

18. Annexed hereto as **Exhibit D** is a detailed summary of K&E's time records billed during the Final Compensation Period, including detail reflecting time and expenses recorded under various K&E internal matter numbers and project codes.

SUMMARY OF PROFESSIONAL SERVICES RENDERED

19. To provide an orderly and meaningful summary of the services rendered on behalf of the Nelson Debtors and their estate by K&E, K&E has established, in accordance with the Guidelines and its internal billing procedures, the following separate project billing categories in connection with the Nelson Debtors' chapter 11 cases:

2	Adversary Proceedings & Contested Matters
3	Automatic Stay Matters
4	Avoidance Actions
5	Case Administration
6	Cash Management
7	Claims Estimate, Objection & Resolution
8	Corporate & Securities Matters
9	Creditors/Shareholder's Inquiries
10	Disclosure/Plan/Confirmation
11	Employee Issues
12	Employment Advice
13	Executory Contracts
14	File, Docket, Calendar Maintenance
15	Hearings
16	K&E Fee Applications & Monthly Statements
17	Leases, Assumption & Rejection
18	Other Fee Applications
19	Preferences
20	Reclamation
21	Schedules/SoFA
22	Tax Issues
23	Travel
24	Use/Sale/Lease of Property/Abandonment
25	Utilities
26	DIP Financing/Cash Collateral
27	Filing of Petition for Chapter 11
28	Vendor Issues
29	Commercial Transaction Advice
30	Professionals Retention

20. During the Nelson Third Interim Compensation Period, K&E provided valuable professional services to the Nelson Debtors in connection with their chapter 11 cases. These services were often performed under time constraints and were necessary to administer a multitude of critical issues typically faced by large corporate debtors in a comparable chapter 11 case.

21. The following is a summary of the professional services rendered by K&E during the Nelson Third Interim Compensation Period. This summary is organized in accordance with K&E's internal system of matter numbers. Additionally, **Exhibit D** of the Nelson Third Interim Application contains a detailed description of the services rendered by K&E during the Nelson Third Interim Compensation Period. Such description shows that K&E was directly involved in the performance of services for the Nelson Debtors in order to effectively address the needs of the Nelson Debtors in these chapter 11 cases.

a. AUTOMATIC STAY MATTERS (Matter 3)

- Responded to demands of and various attempts undertaken by Dick Corporation to lift or otherwise modify the automatic stay against the Nelson Debtors' estate.

b. CASE ADMINISTRATION (Matter 5)

- Maintained files and monitored case dockets as to the status of the proceedings; coordinated with the staff of this Court to manage ongoing issues in connection with docket scheduling, electronic filing of court documents, and upcoming hearing agenda.
- Prepared for and conducted multiple status conferences with various representatives of the Nelson Debtors and internal K&E working groups to address and resolve issues dealing with numerous scheduling matters, noticing procedures, press releases, court filings, and the overall restructuring process.

c. CLAIMS ESTIMATE, OBJECTION & RESOLUTION (Matter 7)

- Worked with the Nelson Debtors and the claims agent to resolve outstanding claims issues, and reviewed and analyzed underlying proofs of claim asserted against the estate.

d. DISCLOSURE/PLAN/CONFIRMATION (Matter 10)

- Prepared and filed with this court an exclusivity period extension motion with respect to the Nelson Debtors' plan of reorganization.

- e. FILE, DOCKET, CALENDAR MAINTENANCE (MATTER 14)
- Monitored court docket, prepared and distributed filing deadline memoranda, maintained case files, downloaded and circulated various docket entries, and examined various pleadings submitted by all parties in interest to this Court. All services performed under this matter category were rendered by K&E's paraprofessionals.
- f. K&E FEE APPLICATIONS & MONTHLY STATEMENTS (Matter 16)
- Prepared and served K&E's monthly fee statements as applicable to the Nelson Debtors, the Nelson First Interim Fee Application and the Nelson Second Interim Fee Application pursuant to the procedures and standards set forth in the Administrative Order, the Nelson General Applicability Order, the Bankruptcy Code, the Bankruptcy Rules, and the Guidelines.
- g. USE/SALE/LEASE OF PROPERTY/ABANDONMENT (Matter 24)
- Evaluated and rendered advice on a proposed sale of the Nelson Debtors' assets, including the selection and retention of Thomassen Amcot International LLC as the asset disposition agent, negotiations with counsel to Credit Suisse First Boston as the lenders' agent, and considerations of potential settlement alternatives with respect to all outstanding claims against the Nelson Debtors asserted by Dick Corporation and other parties.

REASONABLE AND NECESSARY SERVICES RENDERED BY K&E

22. The foregoing professional services rendered by K&E on behalf of the Nelson Debtors and their estate during the Nelson Third Interim Compensation Period (as described in greater detail in Exhibit D attached hereto) were reasonable, necessary and appropriate to the administration of the Nelson Debtors' chapter 11 cases. The professional services performed by K&E were in the best interests of the Nelson Debtors and their estate, the Nelson Debtors' creditor constituencies, and all other parties in interest. Compensation for the foregoing services as requested is, therefore, commensurate with the complexity and importance of the problems, issues or tasks involved. Additionally, the professional services for which compensation is sought herein were performed expeditiously and in an efficient manner.

23. During the Nelson Third Interim Compensation Period, K&E's hourly billing rates for attorneys ranged from \$345 to \$695. Allowance of compensation in the amount requested would result in a blended hourly billing rate for attorneys of approximately \$450.68 (based on 112.40

recorded attorney hours at K&E's regular billing rates in effect at the time of the performance of services). The fees charged by K&E in these cases are billed in accordance with its existing billing rates and procedures in effect during the Nelson Third Interim Compensation Period. The rates K&E charges for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates K&E charges for professional and paraprofessional services rendered in comparable non-bankruptcy related matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable bankruptcy cases in a competitive national legal market.

ACTUAL AND NECESSARY EXPENSES INCURRED BY K&E

24. As set forth in **Exhibit C** and **Exhibit D** attached hereto, K&E has incurred a total of \$232.76 in expenses on behalf of the Nelson Debtors in providing professional services during the Nelson Third Interim Compensation Period. K&E states as follows regarding these expenses: K&E charges between \$0.10 and \$0.15 per page for internal copying charges; and K&E charges for external copying charges at the provider's cost without markup. The basis for these rates is K&E's calculation of the actual cost of these services. Each of these categories of expenses does not exceed and, in some instances, is well below the maximum rate set by the Guidelines. These charges are intended to cover K&E's direct operating costs, which costs are not incorporated into the K&E hourly billing rates. Only clients who actually use services of the types set forth in **Exhibit C** and **Exhibit D** of the Nelson Third Interim Fee Application are separately charged for such services. The effect of including such expenses as part of the hourly billing rates would impose that cost upon clients who do not require extensive photocopying and other facilities and services. As demonstrated herein, K&E has made every effort to minimize its disbursements in these chapter 11 cases. Accordingly, the actual expenses incurred in providing professional services were necessary, reasonable, and justified under the circumstances to serve the needs of the Nelson Debtors.

K&E’S REQUESTED COMPENSATION AND REIMBURSEMENT SHOULD BE ALLOWED

25. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive standards of section 330 to govern the Court’s award of such compensation. 11 U.S.C. § 331. Section 330 provides that a court may award a professional employed under section 327 of the Bankruptcy Code “reasonable compensation for actual necessary services rendered . . . and reimbursement for actual, necessary expenses.” 11 U.S.C. § 330(a)(1).

Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded, the court should consider the nature, 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).

26. In the instant case, K&E respectfully submits that the services for which it seeks compensation herein were, at the time rendered, believed to be necessary for and beneficial to the Nelson Debtors and their estate, and were rendered in order to protect and preserve the Nelson Debtors’ estate during the pendency of these chapter 11 cases. K&E respectfully submits that the services rendered to the Nelson Debtors were performed economically, effectively and efficiently, and the results obtained to date have benefited not only the Nelson Debtors and their estate, but also the Nelson Debtors’ creditors. Accordingly, K&E submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Nelson Debtors, their estate, and all parties in interest.

27. As demonstrated herein, K&E allocated its time economically and without unnecessary duplication. In addition, the work conducted was carefully assigned to appropriate professionals or paraprofessionals according to the experience and level of expertise required for each particular task.

28. In sum, the services rendered by K&E were necessary and beneficial to the Nelson Debtors and their estate, and were consistently performed in a timely manner commensurate with the complexity and importance of the issues involved. Accordingly, approval of the compensation sought herein is warranted.

MEMORANDUM OF LAW

29. K&E respectfully submits that the relevant legal authorities are set forth herein and that the Nelson Third Interim Application presents no novel issues of law. Thus, K&E respectfully submits that the Nelson Third Interim Application satisfies the requirement set forth in the Southern District of New York Local Bankruptcy Rule 9013-1 that a separate memorandum of law be filed in support thereof.

NOTICE

30. Notice of the Nelson Third Interim Application has been provided to (a) the United States Trustee for the Southern District of New York; and (b) counsel to the administrative agent for the Nelson Debtors' various lenders. K&E submits that no other or further notice is required.

CONCLUSION

WHEREFORE, K&E respectfully requests entry of an order substantially in the form annexed hereto as **Exhibit E** (i) allowing and awarding compensation for professional services rendered during the Nelson Third Interim Compensation Period in the amount of \$55,227.00 and reimbursement of all actual and necessary expenses incurred by K&E during the Nelson Third Interim Compensation Period in the amount of \$232.76; and (ii) granting K&E such other and further relief as is just and proper.

Dated: New York, New York
March 26, 2004

KIRKLAND & ELLIS LLP

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