

F. Wayne Elggren, C.P.A.  
Neilson Elggren Durkin & Co.,  
A Unit of Arthur Andersen LLP  
15 West South Temple, Suite 700  
Salt Lake City, Utah 84101  
(801) 533-0820

FILED  
MAY 14 1999  
BANKRUPTCY COURT  
OAKLAND, CALIFORNIA

ORIGINAL

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

In re ) Chapter 11  
)  
KENETECH WINDPOWER, INC., fka ) Case No. 96 44426 T  
U.S. WINDPOWER, INC. )  
) EIGHTH AND FINAL APPLICATION  
) (UNSEALED PORTION) FOR FEES  
) AND REIMBURSEMENT OF COSTS  
) FOR ACCOUNTANTS TO THE  
) UNSECURED CREDITORS'  
DEBTOR-IN-POSSESSION. ) COMMITTEE FOR THE PERIOD OF  
) OCTOBER 1, 1998, THROUGH  
) APRIL 7, 1999  
)  
) Date:  
) Time: 10:00 a. m.  
) Ctrm: 201  
) 1300 Clay Street  
) Oakland, CA 94612

TO THE HONORABLE LESLIE TCHAIKOVSKY, UNITED STATES BANKRUPTCY  
JUDGE, AND TO ALL PARTIES IN INTEREST:

Neilson Elggren Durkin & Company, A Unit of Arthur Andersen  
LLP, the duly appointed Accountants for the Official Committee of  
Unsecured Creditors' ("Applicant") herein, respectfully represents:

Fees

- 1) 271,814.50
- 2) 241,858.50
- 3) 328,992.50
- 4) 270,016.00
- 5) 136,446.00
- 6) 58,468.50
- 7) 37,435.00
- 8) 84,618.50

1,429,649.50

Introduction

I.

EXP

- 1) 1,180.77
- 2) 1,591.97
- 3) 806.00
- 4) 942.80
- 5) 645.00
- 6) 759.00
- 7) 19,635.76
- 8) 9,476.77

35,038.07

2490

A. Sums Requested

1. Applicant was appointed as accountants for the Official Committee of Unsecured Creditors' ("Committee") for the estate of Kenetech Windpower, Inc. ("the Debtor") on or about September 30, 1996. Pursuant to 11 U.S.C. § 330, 331, 503(b), and 507(a)(1), Applicant respectfully applies for final allowance and approval of: (1) fees and costs previously approved and paid; 2) current fees and costs (for the period October 1, 1998 through April 7, 1999); and (3) estimated fees and costs for the services relating to preparation of the final fee application and appearance at the hearing.

2. Applicant has previously sought interim compensation and reimbursement of costs for the period July 12, 1996, through September 30, 1996, for the first interim reporting period in the amount of \$271,814.50 and \$1,180.77, respectively.

3. Applicant has previously sought interim compensation and reimbursement of costs for the period October 1, 1996, through January 31, 1997, for the second interim reporting period in the amount of \$241,858.50 and \$1,591.97, respectively.

4. Applicant has previously sought interim compensation and reimbursement of costs for the period February 1, 1997, through May 31, 1997, for the third interim reporting period in the amount of \$328,992.50 and \$806.00, respectively.

5. Applicant has previously sought interim compensation and reimbursement of costs for the period June 1, 1997, through September 30, 1997, for the fourth interim reporting period in the amount of \$270,016.00 and \$942.80, respectively.

6. Applicant has previously sought interim compensation and reimbursement of costs for the period October 1, 1997, through January 31, 1998, for the fifth interim reporting period in the amount of \$136,446.00 and \$645.00, respectively.

7. Applicant has previously sought interim compensation and reimbursement of costs for the period February 1, 1998, through May 31, 1998, for the sixth unsealed interim reporting period in the amount of \$58,468.50 and \$759.00, respectively.

8. Applicant has previously sought interim compensation and reimbursement of costs for the period June 1, 1998, through September 30, 1998, for the seventh unsealed interim reporting period in the amount of \$37,435.00 and \$19,635.76, respectively.

9. Pursuant to the Protective Order Regarding Disclosure of Professionals' Time Sheets Relating to Claims, fees incurred and work performed related to certain claims and actions are being filed under seal. As a result, the Eighth And Final Application is being filed in two parts, sealed and unsealed. This application covers the unsealed portion for the period October 1, 1998, through April 7, 1999 ("Eighth and Final Reporting Period"), during which time Applicant, rendered no less than 570.7 hours of services

valued at \$77,578.50, based on the standard cost for such services. (In excess of \$15,000.00 in normally compensable travel time and expenses have been absorbed by NED/AA for the Eighth and Final Reporting Period.)

10. In addition, Applicant advanced costs for which it seeks reimbursement in the amount of \$9,476.77.

11. Applicant has estimated fees of \$7,040.00 for preparation of the eight and final fee application and appearance at the hearing.

*gth* 12. Therefore, Applicant seeks final approval of a cumulative total of \$84,618.50 and reimbursement of costs in the amount of \$9,476.77 by way of this application.

13. Pursuant to the Order Authorizing Employment of Accountants and Valuation Advisors for the Official Unsecured Creditors' Committee, Morton Associates ("Morton"), the engineering management consultant for the Committee, is associated with NED/AA and Morton's fees are included in this application.

B. Exhibits to this Application

1. The time, nature, and extent of Applicant's services during the Reporting Period are described in subsequent paragraphs and in the following exhibits to this application:

Exhibit "A" is a schedule in which Applicant has identified the time and fees for services rendered into various categories in

order that the cost of the services could be ascertained relative to the benefits provided to the estate.

Exhibit "B" contains the detailed monthly time summaries of the hours Applicant's professionals and paraprofessionals expended and the fees incurred during the Eight and Final Reporting Period, a summary of the various costs for which Applicant seeks reimbursement, and an overall summary of the hours worked and fees computed at standard hourly rates.

Exhibit "C" contains resumes which describe the education and qualifications of Applicant's professionals and paraprofessionals assisting in this case.

Exhibit "D" is a summary showing the total number of hours Applicant's professionals and paraprofessionals who assisted in performing services have expended in this case and the standard hourly rates for those services in accordance with the U.S. Trustee's Guidelines for applications for compensation.

Exhibit "E" is a copy of the Order Authorizing Employment of Accountants And Valuation Advisors for the Official Unsecured Creditors' Committee.

#### Background/Description of Services Provided

##### A. Background

1. This case was commenced on or about May 29, 1996, upon the filing of a voluntary petition for an order for relief under

Chapter 11 of the Bankruptcy Code. The debtor has been a debtor-in-possession since the filing date.

2. A committee of creditors was appointed by the United State Trustee's Office ("KWICC" or the "Committee"). The Committee determined the appropriateness of appointed counsel for the Committee and further determined to retain valuation advisors and accountants.

3. After interviewing several candidates, the KWICC selected Neilson Elggren Durkin & Company, A Unit of Arthur Andersen LLP, certified public accountants ("NED") as their valuation and accounting advisors. Part of the team that NED presented to the KWICC, and the Committee retained, was a wind power engineering expert, Tom Morton of Morton Associates. This application includes the time and costs of Morton Associates.

4. NED has met with the KWICC on several occasions, has received directions from the Committee, subcommittees and working groups appointed by the KWICC to accomplish numerous tasks identified in this application. Such tasks were beneficial to the creditors and Debtor as more specifically described below.

B. Services Provided

1. The services performed by Applicant during the Eighth Interim Reporting Period (unsealed portion) are summarized in Exhibit "A" and "B" attached hereto. The categories of services include, without limitation:

2. Category 110 Applicant expended 24.6 hours for fees totaling \$2,699.00 in analysis of dissolution, merger and consolidation of KWI subsidiaries to assist in windup of estate.
3. Category 205 Applicant expended 29.5 hours for fees totaling \$8,134.00 in preparation and participation in creditors' committee meetings.
4. Category 208 Applicant expended 2.7 hours for fees totaling \$810.00 in meetings and discussions with counsel to creditors' committee on various matters.
5. Category 211 Applicant expended 5.7 hours for fees totaling \$1,137.00 in preparation and review of creditor committee correspondence.
6. Category 220 Applicant expended 9.5 hours for fees totaling \$2,080.50 in meetings with the management of the Debtor on claims and various operational and administrative issues.
7. Category 230 Applicant expended 18.4 hours for fees totaling \$4,093.50 in preparation for and participation in court hearings on various matters.
8. Category 300 Applicant expended .7 hours for fees totaling \$87.00 in preparing the format for post-confirmation quarterly reports.
9. Category 320 Applicant expended 6.9 hours for fees totaling \$1,027.00 in review and analysis of the monthly operating

reports prepared by the Debtor and filed with the Court as requested by the Committee.

10. Category 369 Applicant expended 10.4 hours for fees totaling \$1,044.50 analyzing employee claims and Debtor's proposal related to treatment of those claims.

11. Category 370 Applicant expended 11.1 hours for fees totaling \$2,906.00 analyzing trade creditor claims (over \$22 million filed) and working with Debtor's counsel and employees to determine basis for allowance of claims. Applicant also met with larger trade creditors to effect settlements of claims.

12. Category 425 Applicant expended 5.2 hours for fees totaling \$728.00 in engineering consultants review of inventory sale issues and status.

14. Category 432 Applicant expended .8 hours for fees totaling \$92.00 in regard to inter-company billings.

15. Category 451 Applicant expended 5.1 hours for fees totaling \$714.00 in regard to Altamont repowering issues.

16. Category 900 Applicant expended 3.8 hours for fees totaling \$958.50 in regard to tax issues affecting the Debtor. Such analysis included evaluating trust tax issues and addressing matters regarding retention of records for tax purposes.

17. Category 960 Applicant expended 121.0 hours for fees totaling \$14,069.50 in researching and categorizing the Debtor's files and the claim files to obtain taxpayer identification numbers

and identify claimant withholding status for all allowed claimants in order to comply with various taxing authorities. Applicant also prepared multiple reports used to analyze, track, and forecast the initial distribution to creditors.

18. Category 961 Applicant expended 136.2 hours for fees totaling \$14,982.00 to contact allowed creditors to obtain federal Form W-9 and assist in its completion. This form is required prior to any distributions to creditors to comply with federal withholding and informational return requirements.

19. Category 962 Applicant expended 126.6 hours for fees totaling \$14,630.50 to contact allowed creditors in order to obtain California Form 587 or Form 590 and to assist in their completion. This form is required pursuant to California Revenue and Taxation Code 18662 prior to any distributions to creditors.

20. Category 963 Applicant expended 52.5 hours for fees totaling \$7,385.50 to research and analyze withholding and informational return requirements on claims distributions to foreign corporations, partnerships, and former employees/independent contractors.

21. Based on the above, Applicant is informed and believes that payment of requested fees is justified when weighed against the benefit of services conferred upon the estate.

III.

Conclusion

1. No agreement exists between Applicant and any other person for the sharing of such compensation as is received in connection with this case, except for the understanding concerning compensation among partners at Neilson Elggren Durkin & Company, a Unit of Arthur Andersen LLP and the agreement approved in the Order Authorizing Employment of Accounts and Valuation Advisors for the Official Unsecured Creditors' Committee.

2. All compensation and reimbursement sought is without prejudice to the right of this Court to reconsider amounts allowed and awarded pursuant to 11 U.S.C. § 502(j).

3. Notice of this fee application has been given to creditors and parties in interest.

4. Pursuant to Region 17 United States Trustee Program Guidelines 2.2.2, attached as Exhibit F is the statement signed by George W. Basinger, the chairman of the Unsecured Creditors' Committee.

WHEREFORE, Applicant respectfully requests that it be allowed final compensation for all interim fees and expenses requested in the previous seven fee applications; that it be allowed final compensation for all fees for the Eighth and Final application in the amount of \$84,618.50 and reimbursement of costs in the amount of \$9,476.77; and for such other and further relief as the Court deems just and proper.