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

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In re	:	Chapter 11 Case Nos.
	:	
CHOICE ONE	:	04-16433 (RDD)
COMMUNICATIONS INC., <u>et al.</u>	:	
	:	(Jointly Administered)
Debtors.	:	
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**SUMMARY SHEET PURSUANT TO U.S. TRUSTEE GUIDELINES  
FOR REVIEWING APPLICATIONS FOR COMPENSATION AND  
REIMBURSEMENT OF EXPENSES FILED UNDER 11 U.S.C. §§ 330 AND 331**

**FIRST AND FINAL APPLICATION**

**NAME OF APPLICANT:** Weil, Gotshal & Manges LLP

**TIME PERIOD:** October 6, 2004 through November 8, 2004<sup>1</sup>

**ROLE IN THE CASE:** Attorneys for the Debtors and Debtors in Possession

**AMOUNT OF COMPENSATION REQUESTED:**

Total Fees:	\$	487,818.00
Total Expenses:	\$	8,392.20

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<sup>1</sup> A hearing to consider this first and final application is scheduled on January 11, 2005 at 10:00 a.m. Eastern Time.

<b>NAME OF PROFESSIONAL</b>	<b>DEPARTMENT AND YEAR ADMITTED</b>	<b>HOURLY RATE</b>	<b>TOTAL HOURS BILLED</b>	<b>TOTAL COMPENSATION</b>
<b>PARTNERS &amp; OF COUNSELS:</b>				
Waksman, Ted S.	C – 1974	\$760.00	45.80	\$34,808.00
Tanenbaum, Jeffrey L.	BF&R – 1977	\$760.00	115.50	\$87,780.00
Buhle, Warren T.	C – 1977	\$740.00	57.00	\$42,180.00
Gaines, Andrew L.	T – 1987	\$720.00	32.40	\$23,328.00
Basta, Paul M.	BF&R – 1993	\$680.00	16.70	\$11,356.00
Other Partners and Of Counsel (fewer than 5 hours per person )		\$600.00	.20	\$120.00
<b>Total Partners</b>			<b>267.60</b>	<b>\$199,572.00</b>

<b>NAME OF PROFESSIONAL</b>	<b>DEPARTMENT AND YEAR ADMITTED</b>	<b>HOURLY RATE</b>	<b>TOTAL HOURS BILLED</b>	<b>TOTAL COMPENSATION</b>
<b>ASSOCIATES:</b>				
Hirsch, Stuart C.	C – 1998	\$495.00	94.00	\$46,530.00
Soudmand, Kathy	C – 2001	\$450.00	6.00	\$2,700.00
Freeman, Danek A.	C – 1999	\$470.00	74.80	\$35,156.00
Fink, Jessica	BF&R – 2001	\$470.00	139.90	\$65,753.00
Welhoelter, Robert J.	BF&R – 2004	\$395.00	91.20	\$36,024.00
Lee, Christina Y.	T – 2003	\$395.00	30.20	\$11,929.00
Longobardo, John	C - +	\$355.00	25.00	\$8,875.00
Cavior, Samuel S.	BF&R – 2004	\$355.00	120.20	\$42,671.00
Johnson, Junine	C - +	\$295.00	17.80	\$5,251.00
Batchelor, Ann M.	C - +	\$295.00	20.10	\$5,929.50
Other Professionals (fewer than 5 hours per person)		\$295.00-540.00	6.00	\$2,687.00
<b>Total Associates</b>			<b>625.20</b>	<b>\$263,505.50</b>

BF&R – Business Finance & Restructuring, C – Corporate, T – Tax, + -- not yet admitted to the bar

NAME OF PROFESSIONAL	DEPARTMENT	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
<b>PARAPROFESSIONALS:</b>				
Lee, Kathleen	BF&R	\$175.00	70.60	\$12,355.00
Aaronson, Heather	BF&R	\$165.00	10.00	\$1,650.00
Healy, Amanda D.	C	\$145.00	70.90	\$10,280.50
Other Staff (fewer than 5 hours per person)		\$80.00 – 95.00	5.50	\$455.00
<b>Total Paraprofessionals</b>			<b>157.00</b>	<b>\$24,740.50</b>

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**UNITED STATES BANKRUPTCY COURT  
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<b>In re</b>	<b>: Chapter 11 Case Nos.</b>
	<b>:</b>
<b>CHOICE ONE</b>	<b>: 04-16433 (RDD)</b>
<b>COMMUNICATIONS INC., <u>et al.</u></b>	<b>:</b>
	<b>: (Jointly Administered)</b>
<b>Debtors.</b>	<b>:</b>
-----X	

**FIRST AND FINAL APPLICATION OF WEIL, GOTSHAL & MANGES LLP,  
AS ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION,  
FOR ALLOWANCE OF COMPENSATION FOR PROFESSIONAL SERVICES  
RENDERED AND REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES  
INCURRED FROM OCTOBER 6, 2004 THROUGH NOVEMBER 8, 2004**

TO THE HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE:

Weil, Gotshal & Manges LLP (“WG&M”), attorneys for Choice One Communications Inc. (“Choice One”) and its direct and indirect subsidiaries, as debtors and debtors-in-possession, and now reorganized debtors (collectively, the “Debtors”), for its first and final application (the “Application”), pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for allowance of compensation for professional services rendered by WG&M for the period October 6, 2004 through and including November 8, 2004 (the “Compensation Period”), and for reimbursement of

actual and necessary expenses incurred by WG&M during the Compensation Period, respectfully represents:

### **PRELIMINARY STATEMENT**

1. Less than seven weeks elapsed from the commencement of the Debtors' chapter 11 cases through the closing of the Debtors' plan of reorganization. The Debtors' expeditious emergence from chapter 11 was due, in large part, to the experienced and cooperative efforts of the professionals involved in these cases, including WG&M as bankruptcy counsel. The short duration of these pre-packaged chapter 11 cases led to a successful restructuring of the Debtors with absolutely no adverse effect to their business operations, as well as dramatically reduced administrative expenses, including reduced fees and expenses for professionals.

2. As described in further detail herein, WG&M's efforts to advise and represent the Debtors during the Compensation Period have provided substantial benefit to the Debtors' estates. In consideration of the circumstances present here, WG&M's fees for professional services and expenses are reasonable under the applicable standards. Therefore, WG&M requests that the Court grant the Application and allow final compensation for professional services and final reimbursement of expenses as described herein.

### **BACKGROUND**

3. On October 5, 2004 (the "Commencement Date"), the Debtors each commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors continued to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. By order dated

October 7, 2004, the Debtors' chapter 11 cases were consolidated for procedural purposes and are being jointly administered pursuant to Rule 1015(b) of the Bankruptcy Rules.

4. The Debtors are an integrated communications provider offering a broad range of retail and wholesale facilities-based voice and data telecommunications services, primarily to small and medium-sized businesses in 29 second- and third-tier markets in twelve states in the northeastern and midwestern United States. The Debtors' services include local exchange service, long distance service, and value-added telecommunication services such as three-way conference calling, line rollover, call forwarding, call waiting, caller ID, voice mail, call pickup and distinctive ring. In certain markets the Debtors also originate and terminate interexchange calls placed or received by customers at no additional charge to them, and offer free local calling between client locations. The Debtors also offer high-speed data services.

5. As of June 30, 2004, Choice One's books and records reflected assets totaling approximately \$355 million and liabilities totaling approximately \$1.078 billion.<sup>1</sup>

6. On the Commencement Date, the Debtors filed a "prepackaged" plan of reorganization (the "Plan") and related disclosure statement (the "Disclosure Statement") reflecting substantial modifications to their capital structure, including a significant reduction in outstanding indebtedness primarily through the conversion of senior and subordinated debt to equity in the reorganized debtors. The Plan was the result of several months of extensive arm's length negotiations with a steering committee (the

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<sup>1</sup> The amounts in this paragraph are stated on a consolidated basis. The liabilities include the liquidating preference of the 251,588 issued and outstanding shares of preferred stock (\$0.01 par value) in accordance with Generally Accepted Accounting Principles.

“Steering Committee of Senior Lenders”) of holders of the Debtors’ senior debt claims (the “Senior Lenders”) and an ad hoc committee (the “Ad Hoc Committee of Subordinated Noteholders”) of holders of Choice One’s subordinated note claims.

7. As set forth in the certification filed concurrently with the Debtors’ chapter 11 petitions, the proposed Plan was overwhelmingly accepted by the two classes entitled to vote, with affirmative votes of 100% by the holders of both the senior debt claims and the subordinated note claims. The Plan was confirmed by the Court by order dated November 9, 2004, and became effective on November 18, 2004.

8. WG&M has confirmed that the Debtors intend to pay all quarterly fees to the Office of the United States Trustee for the Southern District of New York (the “United States Trustee”), the first of which fees will not be due until January 31, 2005.

#### **Retention of WG&M**

9. By an order of the Court dated October 7, 2004, the Debtors were authorized on an interim basis to retain WG&M as their attorneys to render legal services in connection with the chapter 11 cases. No objections to such retention were filed, and the Court approved the Debtors’ retention of WG&M on a final basis by order dated October 25, 2004.

10. In connection with its retention application, WG&M submitted the Affidavit and Disclosure Statement of Paul M. Basta, Esq. Pursuant to Bankruptcy Code Sections 327, 328(a), 329 and Federal Rules of Bankruptcy Procedure 2014(a) and 2016(b). Subsequently, WG&M submitted the First Supplemental Affidavit of Paul M. Basta, Esq. and Disclosure Statement Pursuant to Bankruptcy Code Sections 327, 328(a), 329 and 504 and Federal Rules of Bankruptcy Procedure 2014(a) and 2016(b), disclosing

additional information concerning revised billing rates and certain of WG&M's former and existing clients that may have been parties in interest in these cases.

**SUMMARY OF PROFESSIONAL COMPENSATION  
AND REIMBURSEMENT OF EXPENSES REQUESTED**

11. WG&M is requesting approval of a final allowance of compensation and reimbursement of expenses in the amounts of \$487,818.00 and \$8,392.20, respectively. WG&M intends to apply its extant retainer of \$440,000 to any amounts so awarded.

12. This final application has been prepared in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the "Local Guidelines"), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the "UST Guidelines") and this Court's Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals dated October 25, 2004 (the "Compensation Order," and collectively with the Local Guidelines and the UST Guidelines, the "Guidelines"). Pursuant to the Local Guidelines, a certification regarding compliance with same is attached hereto as Exhibit A.

13. WG&M seeks allowance of one hundred percent (100%) of the compensation for professional services rendered to the Debtors during the Compensation Period, in the aggregate amount of \$487,818.00. WG&M also seeks reimbursement of one hundred percent (100%) of expenses incurred in connection with the rendition of such services in the aggregate amount of \$8,392.20. During the Compensation Period, WG&M



attorneys and paraprofessionals expended a total of 1,049.8 hours for which compensation is requested.

14. There is no agreement or understanding between WG&M and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

15. The fees charged by WG&M in these cases are billed in accordance with its existing billing rates and procedures in effect during the Compensation Period. The rates WG&M charges for the services rendered by its professionals and paraprofessionals in these chapter 11 cases are the same rates WG&M charges for services rendered in comparable nonbankruptcy related matters. WG&M's fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable nonbankruptcy cases in a competitive national legal market.

16. Due to the very short duration of the chapter 11 cases (34 days) and in anticipation of filing this first and final Application, notwithstanding the procedures set forth in the Compensation Order, WG&M has refrained from providing the Debtors with a monthly fee statement for any portion of the Compensation Period.

17. Pursuant to the UST Guidelines, annexed hereto as Exhibit B is a schedule setting forth all WG&M professionals and paraprofessionals who have performed services in this chapter 11 case during the Compensation Period, the capacities in which each such individual is employed by WG&M, the department in which each individual practices, the year in which each professional was first licensed to practice law in his or her jurisdiction of primary practice, as applicable, the hourly billing rate charged by WG&M for services performed by each such individual, the aggregate number of hours expended in

this case and the fees billed for professional services for which WG&M seeks compensation.

18. Pursuant to Section II.D of the UST Guidelines, annexed hereto as Exhibit C is a summary of WG&M's time records billed during the Compensation Period by project codes as hereinafter described.

19. Annexed hereto as Exhibit D is a summary of the actual and necessary disbursements that WG&M incurred during the Compensation Period in connection with the performance of professional services as attorneys for the Debtors, and for which it seeks reimbursement.

20. WG&M maintains computerized records ("Time and Expense Records") of both the time spent by all WG&M attorneys and paraprofessionals and the actual and necessary expenses incurred in connection with the prosecution of the Debtors' chapter 11 cases . Subject to redaction for attorney-client privilege and sensitive information where necessary to protect the Debtors' estates, copies of these Time and Expense Records have been provided to (i) the Court, (ii) the United States Trustee, (iii) the attorneys for the agent to the Debtors' Senior Lenders, (iv) the attorneys for the Steering Committee of Senior Lenders, and (v) the attorneys for the Ad Hoc Committee of Subordinated Noteholders. All entries itemized in WG&M's Time and Expense Records comply with the requirements set forth in the UST Guidelines.

21. Although WG&M has endeavored to include all fees and expenses incurred during the Compensation Period, it is possible that certain amounts have been inadvertently omitted. To the extent that time or disbursement charges for services rendered or disbursements incurred during the Compensation Period were not processed

prior to the preparation of this Application, WG&M reserves the right to request additional compensation for such services and reimbursement of such expenses in a supplement to this Application (the “Supplement”). In the event a Supplement is necessary, WG&M proposes that it will provide the Court, the Debtors, the attorneys for the Debtors’ lenders, and the United States Trustee, with the Supplement and the Time and Expense Records, prepared in the format specified by the Guidelines, that form the basis for the additional charges in the Supplement. WG&M requests that it be entitled to receive payment for such fees and expenses from the Debtors without further leave or notice of the Court if, within 15 days of the service of such records, no party upon whom such records were served objects to the Supplement. To the extent that a Supplement is necessary, WG&M anticipates that any such amounts would be de minimis.

### **SUMMARY OF SERVICES**

22. During the Compensation Period, WG&M was required to render a substantial amount of professional services in furtherance of the Debtors’ chapter 11 cases. As detailed more fully below, WG&M, among other things, guided the Debtors through the chapter 11 process, handled all motions and hearings involved, and played a substantive role in the implementation of the Plan. These services were sometimes performed under severe time constraints in order to assist the Debtors in reorganizing on an expedited basis.

23. The following is a summary of the significant professional services rendered by WG&M during the Compensation Period. This summary is organized in accordance with WG&M’s internal system of project or work codes.

a. **General Administration (Work Code W201).**

- Drafted, reviewed and revised motions, exhibits, proposed orders and other materials, conferred with parties in interest and otherwise prepared for “first day” hearing on October 6, 2004 and a subsequent hearing on October 25, 2004, at which interim relief was made “final.”
- Conducted “first day” and, if necessary, “final” hearings, obtaining approval of the following motions:
  - Motion for Joint Administration of Chapter 11 Cases Pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure
  - Motion of The Debtors for an Order (i) Authorizing The Debtors In Possession to Enter Into Post-Petition Credit Agreement and Related Agreements Pursuant to Section 364 of The Bankruptcy Code, (ii) Authorizing Use of Cash Collateral Pursuant to Section 363 of The Bankruptcy Code, (iii) Granting Adequate Protection Pursuant to Sections 361, 363 and 364 of The Bankruptcy Code, and (iv) Scheduling Final Hearing Pursuant to Bankruptcy Rule 4001(c)
  - Motion of the Debtors Pursuant to Section 105(a) of the Bankruptcy Code for Authorization to Pay Prepetition Claims of General Unsecured Creditors in the Ordinary Course of Business
  - Motion Pursuant to Sections 105(a) and 366(b) of the Bankruptcy Code for Authorization to Provide Adequate Assurance to Utility Companies
  - Debtors' Motion Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code for Authorization to (i) Pay Prepetition Wages, Salaries, and Other Compensation, (ii) Maintain Employee Benefits Programs and Pay Related Administrative Obligations, and (iii) Authorize Applicable Banks and Other Financial Institutions to Receive, Process, Honor, and Pay All Checks Presented for Payment and to Honor All Fund Transfer Requests
  - Motion of Debtors Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code for Authorization to (i) Continue the Debtors' Workers' Compensation Program, the Liability and Property Insurance Programs, and Agreements Relating Thereto and (ii) Pay All Obligations in Respect Thereof
  - Motion of the Debtors Pursuant to Section 105(a) of the Bankruptcy Code for (i) Authorization to Pay Prepetition Sales/Use Taxes, Other Excise Taxes and Regulatory Fees and

(ii) Directing Financial Institutions to Honor and Process Checks and Transfers Related to Prepetition Sales/Use Taxes, Other Excise Taxes and Regulatory Fees

- Motion of Debtors Pursuant to Section 105(a) of the Bankruptcy Code for Authorization to Honor Certain Prepetition Customer Obligations and to Continue Certain Prepetition Customer Related Practices
- Motion of the Debtors Pursuant to Sections 105(a) and 364 of the Bankruptcy Code for Authorization to (i) Continue Centralized Cash Management System and (ii) Maintain Existing Bank Accounts and Business Forms
- Motion Pursuant to Section 345(b) of the Bankruptcy Code for Authority to Continue Current Investment Policy
- Motion of the Debtors Pursuant to Section 105(a) of the Bankruptcy Code to Waive the Automatic Stay to Permit All Pending Litigation to Proceed
- Motion of the Debtors for an Order Dispensing with Requirement of Filing Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases, Lists of Equity Security Holders and Statements of Financial Affairs
- Motion of the Debtors Pursuant to Sections 105(a), 327, 328, and 330 of the Bankruptcy Code Authorizing the Debtors to Employ Professionals Utilized in the Ordinary Course of Business
- Motion of the Debtors Pursuant to Sections 105(a) and 331 of the Bankruptcy Code to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals
- Motion of the Debtors for an Order (i) Scheduling Hearing to Consider (a) Approval of the Debtors' Disclosure Statement, Solicitation of Votes and Voting Procedures, and Form of Ballots; and (b) Confirmation of the Debtors' Joint Plan of Reorganization, and Approving the Form and Manner of Notice Thereof
- Applications for the Debtors' retention of the following professionals:
  - WG&M as bankruptcy counsel

- Chadbourne & Parke LLP as special regulatory counsel
  - Nixon Peabody LLP as special litigation and conflicts counsel
  - Financial Balloting Group as tabulation agent
  - Bankruptcy Services LLC as noticing agent
- Served or coordinated service of notice with respect to (i) the commencement of the chapter 11 cases, (ii) the hearing to consider approval of disclosure statement and confirmation of plan of reorganization, and (iii) all motions and related interim and final orders.
  - Performed general document review and maintained a project list, case calendar and a case docket of documents filed with the Court.
  - Conducted numerous team meetings and discussions.
  - Participated in numerous meetings and teleconferences with the Debtors' management concerning issues, developments and strategy in the chapter 11 cases.
  - Responded to numerous calls from creditors, shareholders and other parties in interest inquiring about these cases.

b. **General Corporate Issues and Documentation (Work Code W202).**

- Negotiated with parties in interest and prepared papers for final approval of debtor-in-possession credit facility. Prepared for and conducted October 25, 2004 hearing obtaining final authorization to enter into same. Prepared for and achieved closing of debtor-in-possession financing.
- Conducted and reviewed lien searches.
- Conferred with the Debtors' management and reviewed, revised and filed Choice One's Current Reports (Form 8-Ks) and Quarterly Reports (Form 10-Qs) required to be filed with the Securities & Exchange Commission.

c. **General Vendor Issues (Work Code W203).**

- Conducted numerous discussions and negotiations with major vendors, including Verizon, Lucent, Fibertech and Ameritech, with respect to agreements, claims and treatment in the chapter 11 cases.

- Conducted numerous team meetings and teleconferences with the Debtors' management with respect to same.

d. **General Business Operations (Work Code W204).**

- Participated in numerous teleconferences and assisted the Debtors' management with respect to general business operations, including issues related to the Debtors' accounts payable and claims by creditors against the Debtors.
- Participated in teleconferences with the Debtors' prepetition financial advisors to discuss the Debtors' cash position and related issues.

e. **Plan Confirmation and Implementation (Work Code W205).**

- Advised the Debtors regarding confirmation and implementation of the Plan, which required numerous teleconferences with the Debtors' management and counsel for parties in interest regarding the status and process of Plan confirmation, closing and post-confirmation issues.
- Assembled and filed the Debtors' Plan of Reorganization Supplement and addendum thereto.
- Researched various Plan confirmation issues and drafted, reviewed, revised and filed (i) findings of fact, conclusions of law and proposed order confirming the Debtors' Plan; (ii) the memorandum of law in support of confirmation of the Plan; and (iii) Affidavit of Ajay Sabjerwal in support of confirmation of the Plan.
- Reviewed and resolved objections from the U.S. Trustee to the Plan and/or Disclosure Statement. Reviewed and resolved a limited objection from one party in interest to confirmation of the Plan.
- Prepared for and conducted November 8, 2004 hearing obtaining approval of the Disclosure Statement and confirmation of the Plan, as revised by the Court.
- Prepared for emergence from chapter 11, including negotiation, documentation and closing of the Debtors' exit financing credit facility; preparation of an opinion letter regarding exit from chapter 11; amendment of corporate charters, certificates of incorporation and bylaws, review of lien searches and filing of UCC termination statements, and preparation of other closing documentation in connection with the Plan; attention to issuance of new shares and other distributions under the Plan; and attention to FCC regulatory matters.

f. **Real Property / Section 365 Issues (Work Code W206).**

- Advised the Debtors regarding unexpired lease issues, including with respect to assumption and rejection thereof.
- Researched various issues related to rejection of unexpired leases. Drafted, reviewed, revised and filed motions to reject three unexpired leases of nonresidential real property and related agreements. Corresponded with counsel for landlords regarding such rejections and the results stemming therefrom and claims related thereto.
- Drafted, reviewed, revised and filed motion to sell personal property pursuant to section 363 of the Bankruptcy Code.

g. **Retentions / Fee Application: Other Professionals (W207).**

- Advised the Debtors regarding formal retention of certain professionals by court order. Drafted, reviewed and filed an application and affidavit supporting the Debtors' retention of Deloitte & Touche LLP as independent auditors. Also prepared an application retention of KPMG LLP ("KPMG") as valuation consultants.<sup>2</sup>
- Advised the Debtors regarding professionals maintained in the ordinary course of business. Conducted telephone calls with such ordinary course professionals regarding compliance under section 327(e) of the Bankruptcy Code and other retention issues. Reviewed, filed and coordinated service of the ordinary course professionals' retention affidavits and questionnaires. Drafted and filed notice of additional ordinary course professionals.

h. **WG&M Retention / Billing / Fee Applications (Work Code W208).**

- Conducted ongoing review of possible connections to parties in interest for compliance with disclosure requirements, and drafted, reviewed, revised and filed supplemental disclosure affidavit, setting forth revised billing rates and additional information regarding former and existing client that may have been parties in interest in the chapter 11 cases.
- Conducted teleconferences with the Debtors' management with respect to invoicing and payment.
- Reviewed Time Records for compliance with UST Guidelines.

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<sup>2</sup> Although ultimately KPMG was not required to perform any services during the Compensation Period, it was necessary to have a retention application prepared in the event that the Debtors required valuation consultants.



i. **Employee / Retention / Severance (Work Code W209).**

- Advised the Debtors regarding retention of directors and officers.
- Drafted, reviewed and revised employment and severance agreements for various directors and officers.
- Reviewed reporting requirements; drafted and reviewed press release with respect to retention of directors and officers.

24. The foregoing professional services performed by WG&M were necessary and appropriate to the administration of the Debtors' chapter 11 cases. The professional services performed by WG&M were in the best interests of the Debtors and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance, and nature of the problems, issues, or tasks involved. The professional services were performed with expedience and in an efficient manner.

25. A significant amount of the services performed by members and associates of WG&M were rendered by the Business Finance & Restructuring Department. WG&M has a preeminent practice in this area and enjoys a national reputation for its expertise in financial reorganizations and restructurings of troubled entities, with approximately 115 attorneys specializing in this area of law.

26. The professional services performed by WG&M on behalf of the Debtors during the Compensation Period required an aggregate expenditure of 1,049.8 recorded hours by WG&M's members, counsel, associates, and paraprofessionals. Of the aggregate time expended, 267.6 recorded hours were expended by partners and counsel of WG&M, 625.2 recorded hours were expended by associates, and 157.0 recorded hours were expended by paraprofessionals of WG&M.

27. During the Compensation Period, WG&M's hourly billing rates for attorneys ranged from \$260 to \$775 per hour. Allowance of compensation in the amount requested would result in a blended hourly billing rate for attorneys and paraprofessionals of approximately \$464.68 (based on 1,049.8 recorded hours for attorneys and paraprofessionals at WG&M's regular billing rates in effect at the time of the performance of services). Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable bankruptcy cases in a competitive national legal market. As noted, annexed hereto as Exhibit B is a schedule listing each WG&M professional and paraprofessional who performed services in this case during the Compensation Period, the hourly rate charged by WG&M for services performed by each such individual, and the aggregate number of hours and charges by each such individual.

**ACTUAL AND NECESSARY DISBURSEMENTS OF WG&M**

28. As stated, annexed hereto as Exhibit D is a summary of the actual and necessary disbursements incurred by WG&M in connection with its representation of the Debtors. As set forth in Exhibit D, WG&M requests allowance of actual and necessary disbursements incurred by WG&M during the Compensation Period in the aggregate amount of \$8,392.20.

29. With respect to photocopying expenses, WG&M typically charges its clients \$.20 per page but charged the Debtors \$.10 per page pursuant to the United States Trustee's requirements. With respect to facsimile expenses, in compliance with the Guidelines, WG&M does not charge for facsimile transmissions, other than the cost of long distance facsimiles at applicable toll charge rates. Each of these categories of expenses does not exceed the maximum rate set by the Guidelines. These charges are

intended to cover WG&M's direct operating costs, which costs are not incorporated into the WG&M hourly billing rates. Only clients who actually use services of the types set forth in Exhibit D 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. The amount of the standard photocopying charge is intended to allow WG&M to cover the related expenses of its photocopying service. A determination of the actual expenses per page for photocopying, however, is dependent on both the volume of copies and the total expenses attributable to photocopying on an annual basis. All travel is billed at coach fare rates.

30. The time constraints imposed by the circumstances of this case have required WG&M's attorneys and other employees at times to devote time during the evenings and on weekends to the performance of legal services on behalf of the Debtors. While infrequent, these extraordinary services were essential to meet deadlines, timely respond to inquiries on a daily basis from creditors and other parties in interest, and satisfy the demands of the Debtors' business and the administration of their estates. While WG&M has not charged the Debtors for any overtime expenses, consistent with firm policy, attorneys and other employees of WG&M who worked late into the evenings or on weekends were reimbursed for their reasonable meal costs and their cost for transportation from the office to home. WG&M's regular practice is not to include components for those charges in overhead when establishing billing rates and to charge its clients for these and all other out-of-pocket expenses incurred during the regular course of the rendition of services. The reimbursement amounts do not exceed those set forth in the Guidelines.

31. In addition, occasionally overnight delivery of documents and other materials was required as a result of circumstances necessitating the use of such express services. These expenses are not included in WG&M's overhead for the purpose of setting billing rates. WG&M has made every effort to minimize its disbursements in this case. The actual expenses incurred in providing professional services were absolutely necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors, their estates, and their creditors.

**THE REQUESTED COMPENSATION SHOULD BE ALLOWED**

32. Section 330 provides that subject to section 328(a), 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 disbursements." 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 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).

33. In determining the reasonableness of a compensation request, courts generally apply the lodestar method:

The Supreme Court has made it clear that the lodestar method of fee calculation is the method by which federal courts should determine reasonable attorney's fees under federal statutes that provide for such fees.

*Boddy v. United States Bankruptcy Court (In re Boddy)*, 950 F. 2d 334, 337 (6th Cir. 1991).

34. Courts calculate the lodestar amount by multiplying the proven number of hours reasonably expended by the attorney's reasonable hourly rate. *See Shepard v. Honda of America MFG, Inc.*, 160 F. Supp.2d 860, 874 (S.D. Ohio 2001) *citing Hensley v. Eckerhart*, 461 U.S. 424, 433 (1983). In assessing the reasonableness of an attorney's compensation request, there is a "strong presumption" that an attorney is entitled to the attorney's lodestar fee. *Id.* at 875.

35. Here, WG&M was retained pursuant to section 328(a) of the Bankruptcy Code on terms and conditions providing that WG&M shall be compensated in accordance with its normal hourly rates in effect and reimbursed in accordance with its normal reimbursement policies. The reasonableness of these terms was established by virtue of the competitive legal marketplace agreeing to these terms on a daily basis.

36. In the instant case, WG&M computed its requested fees in accordance with its normal hourly rates and reimbursement policies. WG&M further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their estates, and all parties in interest.

37. As the Court is aware, substantial work was performed by WG&M in preparing the chapter 11 cases. Due to the successful conclusion of pre-filing negotiations with key creditor constituencies, the Debtors were able to file a “prepackaged” chapter 11 case, which involved the “first day” filing of a plan of reorganization and disclosure statement providing for significant debt reduction for these chapter 11 debtors. Substantial services were performed by WG&M in advance of the filing which, in turn, was intended to set the stage for an expedited chapter 11 case which would have negligible adverse impact on the sensitive business operations of the Debtors.

38. The Debtors’ chapter 11 cases, and their Plan, met little or no opposition from creditors or equity holders. WG&M was successful not only in maintaining the cases on a “fast track,” with a duration of only 34 days, but in limiting the fees and expenses incurred for a case of this magnitude to a very reasonable level. Most importantly, shortly after confirmation, the Plan went “effective” with the closing of transactions converting substantial debt to equity.

39. As discussed above, WG&M received and currently holds a retainer of \$440,000 from the Debtors for chapter 11 services. Other professionals seeking compensation for services and reimbursement of expenses may also have received and hold retainers. By this Application, WG&M is seeking the authority to apply its retainer in partial satisfaction of the amounts allowed hereunder. As for any remaining outstanding amounts allowed hereunder, WG&M intends to seek payment from the Debtors directly.

#### **MEMORANDUM OF LAW**

40. This Application includes citations to the applicable authorities and does not raise any novel issues of law. Accordingly, WG&M respectfully requests that the

Court waive the requirement contained in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that a separate memorandum of law be submitted.

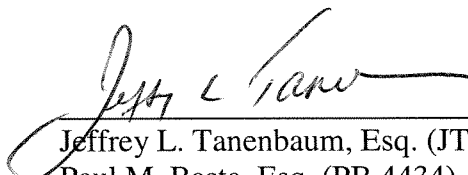
**NOTICE**

41. No trustee, examiner, or statutory creditors' committee has been appointed in the chapter 11 cases. WG&M has served notice of this Application on (i) the United States Trustee, (ii) the attorneys for the agent to the Debtors' Senior Lenders, (iii) the attorneys for the Steering Committee of Senior Lenders, (iv) the attorneys for the Ad Hoc Committee of Subordinated Noteholders, and (v) those parties that have filed a notice of appearance in these cases. In light of the nature of the relief requested, the Debtors submit that no other or further notice need be provided.

## CONCLUSION

WHEREFORE WG&M respectfully requests (i) final allowance of compensation for professional services rendered during the Compensation Period in the amount of \$487,818.00, (ii) reimbursement for actual and necessary disbursements WG&M incurred during the Compensation Period in the amount of \$8,392.20, (iii) the allowance of such compensation for professional services rendered and reimbursement of actual and necessary expenses incurred without prejudice to WG&M's right to seek additional compensation for services performed and expenses incurred during the Compensation Period, which were not processed at the time of this Application, and (iv) such other and further relief as is just.

Dated: New York, New York  
December 17, 2004



Jeffrey L. Tanenbaum, Esq. (JT 9797)  
Paul M. Basta, Esq. (PB 4434)  
WEIL, GOTSHAL & MANGES LLP  
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New York, New York 10153-0119  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007  
Attorneys for Debtors and  
Debtors In Possession



## **EXHIBIT A**

WEIL, GOTSHAL & MANGES LLP  
Attorneys for Debtors and Debtors In Possession  
767 Fifth Avenue  
New York, New York 10153-0119  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007  
Jeffrey L. Tanenbaum, Esq. (JT 9797)  
Paul M. Basta, Esq. (PB 4434)

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

-----X		
<b>In re</b>	<b>:</b>	<b>Chapter 11 Case Nos.</b>
	<b>:</b>	
<b>CHOICE ONE</b>	<b>:</b>	<b>04-16433 (RDD)</b>
<b>COMMUNICATIONS INC., et al.</b>	<b>:</b>	
	<b>:</b>	<b>(Jointly Administered)</b>
<b>Debtors.</b>	<b>:</b>	
-----X		

**CERTIFICATION UNDER GUIDELINES FOR FEES AND  
DISBURSEMENTS FOR PROFESSIONALS IN RESPECT OF  
APPLICATION OF WEIL, GOTSHAL & MANGES LLP  
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES**

I, Jeffrey L. Tanenbaum, hereby certify that:

1. I am a member of the applicant firm, Weil, Gotshal & Manges LLP (“WG&M”), with responsibility for the chapter 11 cases of Choice One Communications Inc. and its direct and indirect subsidiaries (collectively, the “Debtors”). I submit this Certification in compliance with the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (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, adopted on January 30, 1996 (the “UST Guidelines,” and collectively with the Local Guidelines, the “Guidelines”).

2. This certification is made in connection with WG&M's application, dated December 17, 2004 (the "Application"), for compensation and reimbursement of expenses for the period commencing October 6, 2004 through and including November 8, 2004 (the "Compensation Period") in accordance with the Guidelines.

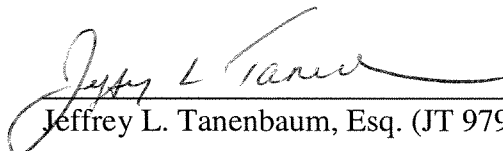
3. Pursuant to section B.1 of the Local Guidelines, I certify that I have read the Application and to the best of my knowledge, information and belief formed after reasonable inquiry:

- a. the fees and disbursements sought fall within the Local Guidelines;
- b. the fees and disbursements sought are billed at rates in accordance with practices customarily employed by WG&M and generally accepted by WG&M's clients; and
- c. in providing a reimbursable service, WG&M does not make a profit on that service, whether the service is performed by WG&M in-house or through a third party.

4. Pursuant to section B.2 of the Local Guidelines, in light of the very short duration of the Debtors' chapter 11 cases and in anticipation of filing the Application, WG&M has not previously submitted a separate statement of fees and disbursements accrued during the Debtors' cases.

5. Pursuant to section B.3 of the Local Guidelines, I certify that the Debtors and the United States Trustee for the Southern District of New York are being provided with a copy of the Application.

Dated: New York, New York  
December 17, 2004

  
Jeffrey L. Tanenbaum, Esq. (JT 9797)

**EXHIBIT B**  
**PROFESSIONAL SERVICES RENDERED**  
**BY WEIL, GOTSHAL & MANGES LLP**  
**ON BEHALF OF THE DEBTORS FOR THE**  
**PERIOD OF OCTOBER 6, 2004 THROUGH NOVEMBER 8, 2004**

<b>NAME OF PROFESSIONAL</b>	<b>DEPARTMENT AND YEAR ADMITTED</b>	<b>HOURLY RATE</b>	<b>TOTAL HOURS BILLED</b>	<b>TOTAL COMPENSATION</b>
<b>PARTNERS &amp; OF COUNSELS:</b>				
Waksman, Ted S.	C – 1974	\$760.00	45.80	\$34,808.00
Tanenbaum, Jeffrey L.	BF&R – 1977	\$760.00	115.50	\$87,780.00
Buhle, Warren T.	C – 1977	\$740.00	57.00	\$42,180.00
Gaines, Andrew L.	T – 1987	\$720.00	32.40	\$23,328.00
Basta, Paul M.	BF&R – 1993	\$680.00	16.70	\$11,356.00
Other Partners and Of Counsel (fewer than 5 hours per person )		\$600.00	.20	\$120.00
<b>Total Partners</b>			<b>267.60</b>	<b>\$199,572.00</b>

<b>NAME OF PROFESSIONAL</b>	<b>DEPARTMENT AND YEAR ADMITTED</b>	<b>HOURLY RATE</b>	<b>TOTAL HOURS BILLED</b>	<b>TOTAL COMPENSATION</b>
<b>ASSOCIATES:</b>				
Hirsch, Stuart C.	C – 1998	\$495.00	94.00	\$46,530.00
Soudmand, Kathy	C – 2001	\$450.00	6.00	\$2,700.00
Freeman, Danek A.	C – 1999	\$470.00	74.80	\$35,156.00
Fink, Jessica	BF&R – 2001	\$470.00	139.90	\$65,753.00
Welhoelter, Robert J.	BF&R – 2004	\$395.00	91.20	\$36,024.00
Lee, Christina Y.	T – 2003	\$395.00	30.20	\$11,929.00
Longobardo, John	C - +	\$355.00	25.00	\$8,875.00
Cavior, Samuel S.	BF&R – 2004	\$355.00	120.20	\$42,671.00
Johnson, Junine	C - +	\$295.00	17.80	\$5,251.00
Batchelor, Ann M.	C - +	\$295.00	20.10	\$5,929.50
Other Professionals (fewer than 5 hours per person)		\$295.00-540.00	6.00	\$2,687.00
<b>Total Associates</b>			<b>625.20</b>	<b>\$263,505.50</b>

BF&R – Business Finance & Restructuring, C – Corporate, T – Tax, + – not yet admitted to the bar

NAME OF PROFESSIONAL	DEPARTMENT	HOURLY RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
<b>PARAPROFESSIONALS:</b>				
Lee, Kathleen	BF&R	\$175.00	70.60	\$12,355.00
Aaronson, Heather	BF&R	\$165.00	10.00	\$1,650.00
Healy, Amanda D.	C	\$145.00	70.90	\$10,280.50
Other Staff (fewer than 5 hours per person)		\$80.00 – 95.00	5.50	\$455.00
<b>Total Paraprofessionals</b>			<b>157.00</b>	<b>\$24,740.50</b>

PROFESSIONALS	BLENDED RATE	TOTAL HOURS BILLED	TOTAL COMPENSATION
<b>TOTALS:</b>			
Partners and Of Counsel	\$745.78	267.60	\$199,572.00
Associates	\$421.47	625.20	\$263,505.50
Paraprofessionals	\$157.58	157.00	\$24,740.50
Totals		1,049.80	\$487,818.00
<b>Blended Attorney Rate</b>	\$518.68		
<b>Total Fees Incurred</b>		<b>1,049.80</b>	<b>\$487,818.00</b>
<b>Total Fees Requested</b>		<b>1,049.80</b>	<b>\$487,818.00</b>

**EXHIBIT C**  
**SUMMARY OF SERVICES BY WORK TASK CODE**  
**FOR SERVICES RENDERED BY WEIL, GOTSHAL & MANGES LLP**  
**ON BEHALF OF THE DEBTORS FOR THE**  
**PERIOD OF OCTOBER 6, 2004 THROUGH NOVEMBER 8, 2004**

<b>TASK CODE</b>	<b>DESCRIPTION</b>	<b>HOURS*</b>	<b>AMOUNT</b>
W201	General Case Administration	211.80	\$83,789.00
W202	General Corporate Issues and Documentation	150.90	\$58,135.50
W203	General Vendor Issues	11.10	\$6,888.00
W204	General Business Operations	1.90	\$1,189.50
W205	Plan Confirmation and Implementation	444.60	\$227,819.00
W206	Real Property/365 Issues	88.70	\$36,798.00
W207	Retention/Fee Applications for Other Professionals	32.60	\$12,527.50
W208	WG&M Retention/Billing/Fee Applications	15.30	\$4,625.00
W209	Employee/Retention/Severance	92.90	\$56,046.50
<b>Grand Totals</b>		<b>1,049.80</b>	<b>\$487,818.00</b>

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\* Includes time billed by partners, associates, paraprofessionals and other staff.

**EXHIBIT D**  
**ACTUAL AND NECESSARY DISBURSEMENTS**  
**INCURRED BY WEIL, GOTSHAL & MANGES LLP**  
**ON BEHALF OF THE DEBTORS FOR THE PERIOD**  
**OF OCTOBER 6, 2004 THROUGH NOVEMBER 8, 2004**

EXPENSES	AMOUNTS
Local Transportation/Taxi Service	\$730.75
Meals – Attorney/Support Staff Over-Time/Business Meals/Domestic Travel Meals	\$178.49
Telecommunications	\$99.15
Duplicating-Internal	\$4,309.37
Postage	\$375.66
Computerized Research	\$1,492.17
Outside Messenger/Courier and Taxi	\$131.47
Court Reporting	\$782.59
Meals Meetings/Conference Cost	\$292.55
<b>Grand Total</b>	<b>\$8,392.20</b>