

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

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In re:	)	Chapter 11
	)	
PEGASUS SATELLITE TELEVISION, INC., et al.,	)	Case No. 04-20878
	)	
Debtors.	)	(Jointly Administered)

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**SECOND INTERIM FEE APPLICATION FOR THE PERIOD  
SEPTEMBER 1, 2004 THROUGH NOVEMBER 30, 2004**

Name of Applicant:	Bernstein, Shur, Sawyer & Nelson
Authorized to Provide Professional Services to:	Debtors
Date of Retention:	June 24, 2004, <i>nunc pro tunc</i> to June 1, 2004
Period for Which Compensation and Reimbursement is Sought:	September 1, 2004 - November 30, 2004
Amount of Compensation	\$32,636.50
Amount of Expense Reimbursement	\$14,259.26
Total Amount Sought:	\$46,895.76
Amount Paid To Date:	\$215,154.13
Remaining Balance for Fees:	\$3,263.65

This is an Interim Application

**Filed Monthly Fee Statements:**

- (a) Monthly Fee Statement for period ending September 1, 2004 filed on October 25, 2004  
[DE # 663]

<b>Month</b>	<b>Fees</b>	<b>Expenses</b>	<b>10% Holdback</b>	<b>Fees Less 10% Holdback</b>	<b>Amount Due on Monthly Fee Statement</b>
September	\$13,105.00	\$13,096.35	\$1,310.50	\$11,794.50	\$24,890.85

- Certificate of No Objection filed on December 2, 2004 [DE # 815].

- (b) Monthly Fee Statement for period ending October 1, 2004 filed on December 14, 2004  
[DE # 835]; and

<b>Month</b>	<b>Fees</b>	<b>Expenses</b>	<b>10% Holdback</b>	<b>Fees Less 10% Holdback</b>	<b>Amount Due on Monthly Fee Statement</b>
October	\$8,783.00	\$625.27	\$878.30	\$7,904.70	\$8,529.97

- Certificate of No Objection filed on January 10, 2005 [DE # 877].

- (c) Monthly Fee Statement for period ending November 30, 2004 filed on January 26, 2005  
[DE # 926]

<b>Month</b>	<b>Fees</b>	<b>Expenses</b>	<b>10% Holdback</b>	<b>Fees Less 10% Holdback</b>	<b>Amount Due on Monthly Fee Statement</b>
November	\$10,748.50	\$537.64	\$1,074.85	\$9,673.65	\$10,211.29

- Certificate of No Objection filed on March 1, 2005 [DE # 1053].

**SUMMARY OF TIME ON INTERIM APPLICATION  
SEPTEMBER 1, 2004 THROUGH NOVEMBER 30, 2004**

<b>Paraprofessional</b>	<b>Initials</b>	<b>Hours</b>	<b>Rate</b>	<b>Total</b>
Leonard M. Gulino	LMG	39.8	\$225.00	\$8,955.00
Robert J. Keach	RJK	32.3	\$350.00	\$11,305.00
Michael A. Fagone	MAF	2.7	\$195.00	\$526.50
Todd Ross	TR	1.5	\$110.00	\$165.00
Sheila R. Dilios	SRD	123	\$95.00	\$11,685.00
<b>TOTALS</b>		199.3		\$32,636.50

UNITED STATES BANKRUPTCY COURT  
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In re: )	Chapter 11
PEGASUS SATELLITE TELEVISION, INC., et al., )	Case No. 04-20878
Debtors. )	(Jointly Administered)
_____ )	

**SECOND INTERIM APPLICATION FOR COMPENSATION AND  
REIMBURSEMENT OF EXPENSES FOR BERNSTEIN, SHUR,  
SAWYER & NELSON AS CO-COUNSEL TO THE DEBTORS  
FOR THE PERIOD BEGINNING JUNE 1, 2004 AND ENDING AUGUST 31, 2004**

Bernstein, Shur, Sawyer & Nelson (“BSSN”), co-counsel to Pegasus Satellite Television, Inc. and its affiliates, the debtors and debtors-in-possession in the above-captioned cases, submits its second interim fee application (the “Fee Application”) for fees and expenses for the period beginning September 1, 2004 and ending November, 2004 (the “Compensation Period”). In support of the Fee Application, BSSN states as follows:

1. On June 2, 2004 (the “Commencement Date”), Pegasus Satellite Communications, Inc. and certain of its affiliates (collectively, the “Debtors”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as amended (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Maine (the “Court”).
2. On June 24, 2004, the Court entered an order granting the employment of BSSN as co-counsel to the Debtors (the “BSSN Retention Order”).
3. On June 24, 2004, the Court entered an order pursuant to sections 105(a) and 331 of the Bankruptcy Code establishing procedures for monthly compensation and reimbursement of expenses for professionals (the “Monthly Fee Order”). Pursuant to the Monthly Fee Order,

the Court authorized a monthly payment for all professionals, subject to a 10% holdback for fees only.

4. The Debtors are continuing in possession of their properties and are operating and maintaining their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner in these cases. On June 10, 2004, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors in these cases pursuant to section 1102 of the Bankruptcy Code (the "Committee").

5. This Fee Application constitutes BSSN's second application to this Court for compensation for services rendered and expenses incurred as counsel to the Debtors. No understanding exists between BSSN and any other person for the sharing of the compensation sought by this Fee Application, except among the partners and associates of BSSN. In addition, no payments have been made or promised to BSSN for services rendered or to be rendered in connection with the Debtors' chapter 11 cases

6. A retainer was paid to BSSN in the amount of \$64,459.00.

7. Pursuant to the Monthly Fee Order, BSSN has filed the following Monthly Fee Statements for interim compensation and reimbursement of expenses: (a) Monthly Fee Statement for period ending September 30, 2004 filed on October 25, 2004 and entered on the Court's docket as # 663 (the "September Fee Statement"); (b) Monthly Fee Statement for period ending October 31, 2004 filed on December 14, 2004 and entered on the Court's docket as # 835 (the "October Fee Statement"); and (c) Monthly Fee Statement for period ending November 30, 2004 filed on January 26, 2005 and entered on the Court's docket as # 926 (the "November Fee Statement").

8. The period for objecting to the fees and expense reimbursement requested in the September, October and November Monthly Fee Statements passed without any objections being filed, whereupon the Applicant filed certificates of no objection with the Court and requested payment from the Debtors.

9. On or about October 19, 2004 BSSN filed its First Interim Application for Allowance and Payment of Compensation for Services and Reimbursement of Expenses (the “First Application”). On November 26, 2004, the Court granted BSSN’s First Application. To date BSSN has been paid \$215,154.13 by the Debtor. There remains a balance on this account in the amount of \$3,263.65. This \$3,263.65 represents the 10% holdback amount from the September Fee Statement (\$1,310.50), the October Fee Statement (\$878.30) and the November Fee Statement (\$1,074.85).

10. During the Application Period, BSSN rendered services to the Debtors in the amounts indicated on (i) the September Fee Statement being \$26,201.35, comprised of (a) \$13,105.00 for services rendered and (b) \$13,096.35 in actual and necessary expenses incurred by BSSN; (ii) the October Fee Statement being \$9,408.27, comprised of (a) \$8,783.00 for services rendered and (b) \$625.27 in actual and necessary expenses incurred by BSSN; and (iii) the November Fee Statement being \$11,286.14, comprised of \$10,748.50 for services rendered and (b) \$537.64 in actual and necessary expenses incurred by BSSN. \$3,263.65 of such fee amounts represents the 10% “holdback” for the Application Period.

#### **DESCRIPTION OF SERVICES**

Pursuant to Me. LBR 2016-1(a)(3)(i), a full breakout and description of services provided to the Debtors by BSSN is set forth below and more specifically on the September Fee Statement [DE # 663]; the October Fee Statement [DE # 835]; and the November Fee Statement [DE # 926].

**02 - Asset Disposition.** BSSN rendered services with respect to: telephone discussions and review of Par Capital reservation of rights; review of offering memorandum for Broadcast Assets; review of motion and filing of motion to withdraw regarding deposit into court registry; review of motion to pay senior secured debt, revolving lenders and junior secured lenders; review of stipulation and order permitting payments to senior secured lenders; attend hearing with respect to payments to senior secured lenders; review of motion of Senior Secured Creditors for leave to file motion in excess of page limit; review of order granting second revised motion to revise briefing schedule; review of motion of Steering Committee for allowance of default interest; review of Wilmington Trust motion for payment of prepayment premium; review of order permitting Committee to file objection to motion of Steering Committee for allowance of default interest; attended status conference with respect to premium motions review of pleadings and deadlines with respect to motion for extension of time to reject contracts; prepare for and attend hearings with respect to contract rejection; review of KB Prime motion; review of motion of Wilmington Trust Company for leave to file brief in excess of page limit; review of various objections regarding overlength brief; review of reply to Committee objection to Wilmington Trust Company motion re immediate payment of prepayment premium under Junior Term Loan Credit Agreement; prepared for and attended hearings with respect to liquidation motion; review of motion to take assignment of certain loans made by Wachovia; review of Felton Street motion to reconsider; various discussions regarding Felton Street motion;

**04 - Case Administration.** In connection with the commencement and continued administration of the Debtors' chapter 11 cases, BSSN has drafted, reviewed and/or filed numerous pleadings and other documents with the Court, including the Debtors' monthly operating reports, review of and filing of notices of agenda with respect to hearings held. In

addition, BSSN interacted with the Debtors with respect to the foregoing, and attended various hearings before the Court, representing the Debtors in connection with all of the foregoing.

**05 - Claims Administration and Objections.** BSSN responded to various inquiries of bondholders and unsecured creditors, calls from claims traders and discussions with co-counsel regarding same; responded to questions regarding bar date; reviewed the order approving and establishing bar date and establishing procedures for filing of proofs of claim; review of motion for protective order on Proof of Claim filed by Gatelinx Corp..

**06 - Employee Benefits/Pensions.** BSSN participated in various telephone calls regarding the key employee supplemental retention program ("KERP") motion; reviewed the supplemental KERP order; reviewed the motion for payment of Mr. Lodge and MGM bonus; review of authorities (1<sup>st</sup> Circuit) regarding CLAM objection; review of CLAM objection regarding supplemental KERP motion; prepared for and attended hearing on retention program regarding Mr. Lodge.

**07 - Fee/Employment Applications.** BSSN reviewed and filed application of the Debtors to retain KPMG; reviewed and filed application for Debtors to employ Garcel, Inc. as liquidation and auction consultant; BSSN filed various monthly fee statements and certificates of no objection for professionals to the Debtors; BSSN filed various first interim applications for compensation and reimbursement of expenses for professional to the Debtors.

**08 - Fee/Employment Objections.** BSSN reviewed various pleadings with respect payment of Committee and professional fees, including monthly statements.

**09 - Financing.** BSSN had discussions with respect to the KB Prime motion; prepared for and attend hearings with respect to the KB Prime motion.

**10 - Litigation.** BSSN reviewed stipulations of dismissal with respect to the adversary proceeding and First Circuit Court of Appeal.

12 - Plan and Disclosure Statement. BSSN participated in conferences with Sidley Austin regarding 3016-2 compliance; reviewed and filed motion to extend exclusivity period; review of objections with respect to exclusivity period; review of Davidson Kemp objection with respect to 1121(d) motion; review of bridge order extending exclusivity period; attended hearing with respect to extension of exclusivity period.

14 - Other. BSSN provided various other services to the Debtors in connection with the Debtor's chapter 11 cases, including, without limitation, the organization of financial information regarding the Debtors, the indexing and organization of pleadings, updating of service lists, docketing of court deadlines, and other administrative tasks necessary to efficiently manage the cases.

WHEREFORE, Applicants pray that the Court allow fees in the amount of \$32,636.50 and expenses in the amount of \$14,259.26 for a total of \$46,895.76, and grant approval for the payment of additional interim compensation in the amount of \$3,263.65, representing 10% of the invoices submitted to the Debtor for the period of September 1, 2004 through November 30, 2004, by BSSN; i.e. the "holdback" required by the June 24, 2004 Order.

Dated: March 2, 2005.

Respectfully submitted,

**BERNSTEIN, SHUR, SAWYER & NELSON,**  
Attorneys for the Debtors and  
Debtors-in-Possession

/s/ Robert J. Keach  
By: Robert J. Keach, Esq.

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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MAINE

In re:	)	
	)	Chapter 11
PEGASUS SATELLITE TELEVISION, INC., et al.,	)	Case No. 04-20878 (Lead Case)
Debtors.	)	Jointly Administered

**CERTIFICATE OF SERVICE**

I, Sheila R. Dilios, being over the age of eighteen and an employee of Bernstein, Shur, Sawyer & Nelson, hereby certify that on March 2, 2005 I caused the pleadings listed below to be served on the parties listed by verifying that such persons(s) are listed on the Electronic Mail Notice List kept by the Clerk’s office and therefore will be served as part of the Electronic Case Filing (“ECF”) system pursuant to the Standing Order Regarding Administrative Procedures for Electronically Filed Cases dated August 12, 2002, and entered in the U.S. Bankruptcy Court for the District of Maine.

Dated: March 2, 2005

/s/ Sheila R. Dilios  
SHEILA R. DILIOS

	<b>Pleading</b>
1.	Second Interim Fee Application for Compensation and Reimbursement of Expenses for BSSN – Fees Requested – \$32,636.50 – Expenses Incurred - \$14,259.26 – TOTAL - \$46,895.76

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