

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
(Eastern Division)

In Re:)	
)	
)	
Essential.com, Inc.)	Chapter 11
)	Case No. 01-15339-WCH
Debtor)	

FIRST APPLICATION FOR FEE AND EXPENSES OF
ACCOUNTANT FOR THE CREDITORS' COMMITTEE


We, Verdolino & Lowey, P.C., having been employed as ACCOUNTANTS FOR THE CREDITORS' COMMITTEE in the above entitled case, and as such having rendered the services described in the itemized bill annexed hereto and having actually incurred the expenses set forth therein, hereby request that we be allowed the sum of \$29,531.00 plus estimated fees of \$25,000.00 for said services and \$1,683.23 for out-of-pocket expenses plus estimated expenses of \$1,000.00 for a total of \$57,214.23 to be paid from the Debtor's Estate on or about the effective date or as the Court allows.

We hereby state that the compensation, fee and allowance herein claimed belongs wholly to us and will not be divided, shared or pooled, directly or indirectly with any other person or firm.

This application is made under the penalty of perjury.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC I
- SER _____
- OTH How

Dated: December 10, 2001


 Verdolino & Lowey, P.C.
 Craig R. Jalbert, CIRA
 124 Washington Street
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UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
(Western Division)

_____)	
In Re:)	
)	
)	Chapter 11
Essential.com, Inc.)	
)	Case No. 01-15339-WCH
)	
Debtor)	
_____)	

SUMMARY OF SERVICES OF ACCOUNTANTS FOR CREDITORS' COMMITTEE

Acting pursuant to and in accordance with provisions of 11 U.S.C. 330(a) and 503(b)(2), Rule 2016 of the Federal Rules of Bankruptcy Procedure, Craig R. Jalbert, CIRA and Verdolino & Lowey, P.C. (hereinafter referred to collectively as the "Accountants") hereby respectfully represent:

1. Essential.com, Inc. (the "Debtor") filed a voluntary petition for relief under Chapter 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Massachusetts on June 29, 2001.

2. The Creditors' Committee (the "Committee") filed a motion to employ Craig R. Jalbert, CIRA and the firm of Verdolino & Lowey, P.C. ("the Accountants") as Committee's Accountants on August 23, 2001. The Court granted the employment of the Accountants on September 12, 2001. A copy of the Order is attached as Exhibit I.

3. This fee application covers the period from August 15, 2001 through December 7, 2001 and also includes an estimate of fees expected to be incurred through the effective date which should be on or about January 2, 2002.

4. In preparing this fee application, the Accountants categorized the services provided on behalf of the Debtor's Estate into the following four categories: (1) *Case Administration and Other*; (2) *Claims Analysis*; (3) *Tax Preparation and Accounting and Reporting*; (4) *Sale/United System Access, Inc. Issues*; and, (5) *Records Retention, Moving and Storage*. A detail description of the work involved in each category precedes the time analysis included in Exhibit II.

5. The accountants working on this case, for which the Accountants are seeking compensation for, have significant experience in bankruptcy and related matters in the areas in which they performed services for this Estate on behalf of the Committee.

(Remainder of page intentionally left blank.)

6. A summary of the total hours and fees incurred by category is as follows:

<u>Description</u>	<u>Hours</u>	<u>Average Rate</u>	<u>Fees</u>
Case Administration	26.5	\$185.42	\$ 4,913.50
Claims analysis	50.0	101.62	5,081.00
Tax prep. & Accounting	28.9	163.06	4,712.50
Sale/USA Issues	29.0	194.55	5,642.00
Records retention	<u>83.6</u>	105.49	<u>9,182.00</u>
Total	<u>218.0</u>		<u>\$29,531.00</u>

Average hourly rate \$133.80

7. A summary of the total hours and fees by professional is as follows:

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Craig R. Jalbert	1.7	\$235.00	\$ 399.50
Craig R. Jalbert	4.4	210.00	924.00
Donald Swanson	75.4	195.00	14,703.00
Donald Swanson	11.8	170.00	2,006.00
Keith Shelansky	16.5	175.00	2,887.50
Jessica Blanchette	13.6	135.00	1,836.00
Penny Bley	2.4	135.00	324.00
Penny Bley	16.4	115.00	1,886.00
Matthew Flynn	0.3	105.00	31.50
Sarah Attenborough	34.8	65.00	2,262.00
Klodiana Hajdari	3.3	65.00	214.50
Phillip Puleo	23.9	55.00	1,314.50
Leanne Gay	<u>13.5</u>	55.00	<u>742.50</u>
Total hours and fees	<u>218.0</u>		<u>\$29,531.00</u>

8. Exhibit II, attached hereto, sets forth a narrative of

the services rendered followed by a detailed description of the work performed during the period broken down by category.

9. Exhibit III, attached hereto, sets forth a brief biography of the accountants performing the work.

10. Exhibit IV, attached hereto, is a statement of necessary out-of-pocket expenses incurred by the Accountants in performing the services rendered in this case.

11. The Accountants estimate that from December 8, 2001 through the effective date that we will be working extensively on: (1) reviewing proofs of claim and scheduled amounts of all creditors, particularly Verizon (pre- and post-petition) and those creditors whose claims exceeded scheduled amounts by "material amounts"; (2) federal and state income tax preparation for calendar year 2000 which will include several states; (3) preparation of a comprehensive analysis of possible avoidable transactions under Bankruptcy Code Sections 547 and 548, including preparation of ordinary course of business and new value analyses; and, (4) plan, confirmation and transition issues, preparation of this fee application and attendance at the confirmation hearing. Estimated fees associated with such work are expected to be \$25,000.00 between December 7, 2001 and the effective date of approximately January 2, 2002. The Accountants will prepare a schedule of actual time and fees and provide a summary of the actual necessary out-of-pocket expenses incurred between December 7, 2001 and the effective date and distribute it

to the Debtor and the Official Unsecured Creditors Committee (the "Committee"). If neither the Committee nor the Debtor objects to such time, fees and expenses within 5 days, then such fees and expenses will be paid to the Accountants together with any other allowed but unpaid fees and expenses approved by the Court. If there is an unresolved objection, then the Accountants will prepare a supplemental fee application and request a hearing in this Court to resolve the objection. The Accountants are requesting Court approval of fees up to \$25,000 and expenses up to \$1,000 based on the forgoing

12. The Accountants submit that the requested fees and expenses are reasonable and appropriate under the circumstances of this case in view of the results obtained to date and the time expended to achieve such results. The Accountants have not received any payment on account of any services rendered during the Application Period and holds no retainer for services rendered or to be rendered. The Firm adjusts the hourly billing rates charged by all professionals and paraprofessionals, including those listed in paragraph 7 above, on September 1 each year.

13. The compensation requested herein for the services performed by the Accountants is based upon the regular hourly rates in effect during this case, with normal annual increases as stated herein, for the professional and para-professionals qualified to do the services described commensurate with the type

of work which had to be performed in accordance with the authorization granting the Accountants the authority to represent the Creditors' Committee.

WHEREFORE, the Accountants respectfully request that this Court:

1. Enter an order approving this Application and awarding the Accountants fees and necessary out-of-pocket expenses consisting of:

- a. professional fees of \$29,531.00 incurred through the date of this application;
- b. estimated professional fees up to \$25,000.00 for services performed between December 7, 2001 and the Effective Date, most of which will be for services described in paragraph 11, with payment from the Debtor's Estate without further Order of the Court using the procedures as described in paragraph 11;
- c. necessary out-of-pocket expenses of \$1,683.23 incurred through December 7, 2001;
- d. estimated out-of-pocket expenses up to \$1,000 incurred by the Accountants between December 7, 2001 and the Effective Date; and,

2. Granting the Accountants such other and further relief as is just.

Dated: December 10, 2001



Verdolino & Lowey, P.C.
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DOCKETED

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MASSACHUSETTS

In re)
)
ESSENTIAL.COM, INC.)
)
Debtor.)
)

Chapter 11
Case No. 01-15339-WCH

**APPLICATION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
TO RETAIN CRAIG JALBERT OF VERDOLINO & LOWEY AS ACCOUNTANT**

The Official Committee of Unsecured Creditors (the "Committee") of Essential.com, Inc. (the "Debtor"), hereby moves for authority to retain Craig R. Jalbert, CIRA of Verdolino & Lowey, P.C., as accountant to the Committee. In further support the Committee provides as follows:

Background

1. On June 29, 2001, the Debtor filed a voluntary petition for relief under chapter 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Massachusetts (the "Petition Date").
2. The Debtor continues to operate as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.
3. On July 18, 2001, the United States Trustee appointed an Official Committee of Unsecured Creditors consisting of three of the Debtor's unsecured creditors.
4. Prior to the Petition Date, the Debtor was in the business of reselling telecommunications services, including long-distance and local telephone service and internet service. As of the Petition Date the Debtor had approximately 70,000 active subscribers in its

9/12/01
Compensation subject to the last sentence of 11 U.S.C. § 328(a).

William S. Bellone

Bellone S.

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1. Case Administration and Other

This category is for time necessary for the administration of the case but which is not allocated to any of the other categories. The Accountants believe it is a reasonable amount of time and fees considering the size and issues of the case.

A breakdown of the time spent by each accountant in connection with the above described services is as follows:

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Craig R. Jalbert	0.7	\$235.00	\$ 164.50
Craig R. Jalbert	4.4	210.00	924.00
Donald Swanson	16.0	195.00	3,120.00
Donald Swanson	2.6	170.00	442.00
Penny Bley	0.3	135.00	40.50
Penny Bley	1.2	115.00	138.00
Sarah Attenborough	<u>1.3</u>	65.00	<u>84.50</u>
Total hours and fees	<u>26.5</u>		<u>\$ 4,913.50</u>

Statement of Services - Verdolino & Lowey, P.C. as of December 7, 2001

Case Administration and Other

Date	Description	Staff	Time	Rate	Fees
08/15/01	Prepare affidavit and proposed Committee Accountant duties.	Jalbert	0.8000	\$210.00	\$168.00
08/16/01	Meeting with C. Jalbert, A. Rodolakis, and Debtor re: issues of the case and records.	Bley	1.2000	\$115.00	\$138.00
08/16/01	Meeting at Debtor with A. Rodolakis, B. Pallone and P. Bley re: case issues and work to be completed for committee and Debtor, including travel.	Jalbert	3.6000	\$210.00	\$756.00
08/17/01	Meeting with C. Jalbert re: overview of engagement, points of contact, large receivables and other issues to be monitored for creditors committee.	Swanson	0.5000	\$170.00	\$85.00
08/27/01	TCW B. Pallone re: meeting agenda for 8/28/01.	Swanson	0.1000	\$170.00	\$17.00
08/28/01	Meeting with B. Pallone at Debtor re: case issues including transition issues, asset administration, pre- and post-petition claims and avoidance actions, including travel.	Swanson	2.0000	\$170.00	\$340.00
09/07/01	Meet with B. Pallone and A. Mattera regarding transition tasks.	Swanson	1.9000	\$195.00	\$370.50
09/24/01	Review DET requests for wage information for various employees previously terminated.	Swanson	1.4000	\$195.00	\$273.00
09/25/01	TCW M. Crowley at DET re: employment issues.	Swanson	0.5000	\$195.00	\$97.50
09/25/01	TCW Burlington Post Office re: Essential mail forwarding to V&L.	Swanson	0.1000	\$195.00	\$19.50
09/25/01	TCW Mark Meninger at Paychex re: Essential quarterly wage reporting.	Swanson	0.1000	\$195.00	\$19.50
09/25/01	Further research re: DET requests for wage information.	Swanson	0.5000	\$195.00	\$97.50
09/26/01	TCW K. Hawa re: mail forwarding and the Purchase Agreement.	Swanson	0.4000	\$195.00	\$78.00
09/26/01	TCW A. Mattera.	Swanson	0.1000	\$195.00	\$19.50
09/27/01	Review large volume of mail for items and issues that V&L should address.	Swanson	1.7000	\$195.00	\$331.50
10/04/01	Assisted D. Swanson with sorting mail.	Attenborough	1.2000	\$65.00	\$78.00
10/04/01	Review large volume of mail for items and issues that V&L should address.	Swanson	1.9000	\$195.00	\$370.50
10/31/01	Discussion with C. Jalbert re: preference analysis issues.	Swanson	0.9000	\$195.00	\$175.50
11/12/01	Review mail and billing statements for storage and verizon access.	Swanson	0.8000	\$195.00	\$156.00
11/13/01	E-mail to A. Rodolakis re quarterly 401(k) package.	Swanson	0.1000	\$195.00	\$19.50
11/14/01	Correspondence with B. Pallone and A. Rodalakis re: processing of 101 401(k) quarterly statements to participants, and administration of 2001 5500.	Swanson	0.6000	\$195.00	\$117.00
11/16/01	TCW J. Pickels of Verizon re: pre-petition special account billing statement.	Swanson	0.2000	\$195.00	\$39.00
11/20/01	Forward current storage invoice from Guardian to A. Rodolakis for processing.	Swanson	0.1000	\$195.00	\$19.50
11/26/01	Advised staff re: location of certain employee payroll records for preparation of creditor master list.	Swanson	0.4000	\$195.00	\$78.00
11/27/01	Spoke to D. Swanson re: locating keys.	Attenborough	0.1000	\$65.00	\$6.50
11/27/01	Review label file including e-mail to A. Rodolakis for use in service for plan ballots.	Jalbert	0.7000	\$235.00	\$164.50

Statement of Services - Verdolino & Lowey, P.C. as of December 7, 2001

Case Administration and Other

Date	Description	Staff	Time	Rate	Fees
10/01/01	Reviewed incoming deposits from lockboxes.	Swanson	0.2000	\$195.00	\$39.00
10/01/01	TCW A. Brierley from Allen Daniels regarding his role as collections agent for Essential's accounts receivable.	Swanson	0.6000	\$195.00	\$117.00
10/11/01	Conversation with D. Swanson re: customer remittance problems, ADA questions.	Bley	0.2000	\$135.00	\$27.00
10/11/01	TCW A. Brierley of ADA Collections re: remittance advices location and forwarding.	Bley	0.1000	\$135.00	\$13.50
10/11/01	Retrieval of October 9th & 10th lockbox fedex remittance advice & follow up TCW A. Mercier at Silicon Valley Bank re: change of address on lockbox.	Swanson	1.4000	\$195.00	\$273.00
10/19/01	Forward collection agency account data to A. Briely at A. Daniels.	Swanson	0.2000	\$195.00	\$39.00
10/30/01	Review delinquent customer account issues.	Swanson	1.0000	\$195.00	\$195.00
11/01/01	TCW B. Pallone re: lockbox issues.	Swanson	0.1000	\$195.00	\$19.50
11/01/01	Attend to lockbox remittance and collection account issues.	Swanson	0.8000	\$195.00	\$156.00
			<u>26.5000</u>		<u>\$4,913.50</u>

2. Claims Analysis

The Accountants have started preparing an analysis of all claims including those scheduled by the Debtor and proofs of claims filed by creditors asserting a claim. The Accountants are, and will continue to be, working with Counsel and creditors to reconcile differences between the books and records of the Debtor and the proof of claims filed by creditors. Further, the Accountants are preparing this analysis and will be merging it with the preference data such that distribution activity will be coordinated with preference and avoidance action claims filed, if any.

The Accountants believe the time incurred and fees charged are reasonable considering the result, size and issues of the case. A breakdown of the time spent by each accountant in connection with the above described services is as follows:

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Craig R. Jalbert	0.1	\$235.00	\$ 23.50
Donald Swanson	13.7	195.00	2,671.50
Penny Bley	0.3	135.00	40.50
Matthew Flynn	0.3	105.00	31.50
Sarah Attenborough	32.3	65.00	2,099.50
Klodiana Hajdari	<u>3.3</u>	65.00	<u>214.50</u>
Total hours and fees	<u>50.0</u>		<u>\$ 5,081.00</u>

Statement of Services - Verdolino & Lowey, P.C. as of December 7, 2001

Claims Analysis

Date	Description	Staff	Time	Rate	Fees
11/05/01	Begin work on claims including review and data entry of Schedules D, E and F and claims.	Attenborough	4.0000	\$65.00	\$260.00
11/13/01	Continue work on claims including review and data entry of Schedules D, E and F and claims.	Attenborough	7.5000	\$65.00	\$487.50
11/14/01	Continue work on claims including review and data entry of Schedules D, E and F and claims.	Attenborough	4.7000	\$65.00	\$305.50
11/15/01	Continue work on claims including review and data entry of Schedules D, E and F and claims.	Attenborough	4.9000	\$65.00	\$318.50
11/16/01	Preliminary analysis of verizon billings summary file created by K. Hawa.	Swanson	1.2000	\$195.00	\$234.00
11/20/01	Continue work on claims including review and data entry of Schedules D, E and F and claims.	Attenborough	1.1000	\$65.00	\$71.50
11/21/01	Continue work on claims including review and data entry of Schedules D, E and F and claims.	Attenborough	6.8000	\$65.00	\$442.00
11/21/01	Meeting w/ S. Attenborough re: Essential claims questions.	Flynn	0.3000	\$105.00	\$31.50
11/26/01	Spoke to D. Swanson re: claims spreadsheet.	Attenborough	0.1000	\$65.00	\$6.50
11/26/01	Spoke to K. Hajdari re: addresses from claims spreadsheet.	Attenborough	0.2000	\$65.00	\$13.00
11/26/01	Assist K. Hajdari in running mail merge of claims addresses for labels.	Bley	0.3000	\$135.00	\$40.50
11/26/01	Working on Excel claims index spreadsheet to create labels file for use by A. Rodolakis for serving creditors, including an internet search for 4 missing addresses.	Hajdari	3.3000	\$65.00	\$214.50
11/26/01	TCW A. Rodolakis re: Verizon, software licenses and analysis of schedule claims vs. proofs of claims.	Swanson	0.2000	\$195.00	\$39.00
11/27/01	Searched through company payroll files, capitalization schedule and two years of accounts payable vouchers for missing creditor address.	Swanson	1.8000	\$195.00	\$351.00
11/27/01	Searched through backup copies of customer account files on CD and retrieved address of customer owed refund per Schedule F.	Swanson	1.8000	\$195.00	\$351.00
11/28/01	Spoke with D. Swanson re: meeting with Basil.	Attenborough	0.1000	\$65.00	\$6.50
11/28/01	Spoke with D. Swanson about meeting with Basil, the claims, and Essential's background. Gave D. Swanson the Schedules and the Proof of Claims to review.	Attenborough	0.7000	\$65.00	\$45.50
11/28/01	E-mails with A. Rodolakis, B. Pallone, D. Swanson re: claims.	Jalbert	0.1000	\$235.00	\$23.50
11/28/01	Email B. Pallone re: review of claims and schedules.	Swanson	0.1000	\$195.00	\$19.50
11/28/01	Review of master claims list and comments submitted by B. Pallone.	Swanson	1.3000	\$195.00	\$253.50
11/29/01	TCW D. Swanson re: meeting with Basil on Wednesday, December 5, 2001.	Attenborough	0.1000	\$65.00	\$6.50
11/29/01	Discussions with S. Altenburg re: claims data.	Swanson	0.1000	\$195.00	\$19.50
12/04/01	Updating Claims spreadsheet for meeting with Basil on 12/5/01.	Attenborough	0.3000	\$65.00	\$19.50
12/04/01	TCW B. Pallone re: agenda items for meeting at V&L planned 12/5/01.	Swanson	0.1000	\$195.00	\$19.50

Statement of Services - Verdolino & Lowey, P.C. as of December 7, 2001

Claims Analysis

Date	Description	Staff	Time	Rate	Fees
12/05/01	Meeting with B. Pallone. Copies of Claims & Index Summary, conference room prepared, calculated claim amounts.	Attenborough	1.4000	\$65.00	\$91.00
12/05/01	Spoke with B. Pallone and D. Swanson re: meeting to go over Claims and Schedules.	Attenborough	0.4000	\$65.00	\$26.00
12/05/01	Meeting with B. Pallone re: claims detail, operating reports, disputed customers and tax issues.	Swanson	7.1000	\$195.00	\$1,384.50
			<u>50.0000</u>		<u>\$5,081.00</u>

3. Tax Preparation and Accounting and Reporting

During the time covered by this fee application, the Accountants have begun to prepare books and records to prepare and file the 2000 federal tax returns. We are also identifying the appropriate states in which to file tax returns. This category also has time for the preparation of the drafts of August, September and October Monthly Operating Reports. The Accountants believe that the fees incurred in this task are reasonable under the circumstances.

A breakdown of the time spent by each accountant in connection with the above described services is as follows:

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Craig R. Jalbert	0.9	\$235.00	\$ 211.50
Donald Swanson	13.3	195.00	2,593.50
Jessica Blanchette	13.6	135.00	1,836.00
Sarah Attenborough	<u>1.1</u>	65.00	<u>71.50</u>
Total hours and fees	<u>28.9</u>		<u>\$ 4,913.50</u>

Statement of Services - Verdolino & Lowey, P.C. as of December 7, 2001

Tax Preparation and Accounting and Reporting

Date	Description	Staff	Time	Rate	Fees
11/05/01	Review bank statement, Allen Daniel Assoc remittance on collection accounts and interest paid on CD.	Swanson	0.8000	\$195.00	\$156.00
11/26/01	TCW J. Sweeney Internal Revenue Service re: tax payment received without return.	Swanson	0.2000	\$195.00	\$39.00
11/29/01	Search of storage list in database for information pertaining to 2000 tax returns.	Blanchette	1.3000	\$135.00	\$175.50
11/29/01	Conversation with D. Swanson re: tax returns and records required to prepare tax working papers. ice received from IRS.	Blanchette	0.1000	\$135.00	\$13.50
11/29/01	Conversation with S. Pacheco and C. Jalbert about status of tax returns.	Blanchette	0.1000	\$135.00	\$13.50
11/29/01	Review tax return preparation and planning issues.	Jalbert	0.9000	\$235.00	\$211.50
11/29/01	Discussions with J. Blanchette re: IRS form 720.	Swanson	0.1000	\$195.00	\$19.50
11/30/01	Searched through storage for 1999 tax returns.	Attenborough	1.1000	\$65.00	\$71.50
11/30/01	Searched through records in storage for tax informaton.	Blanchette	1.3000	\$135.00	\$175.50
11/30/01	Conversation with M. Rodkey from the IRS re: past corporate tax filings.	Blanchette	0.2000	\$135.00	\$27.00
11/30/01	Begin preparation of the tax workpapers to prepare the 2000 Federal and MA tax returns.	Blanchette	2.0000	\$135.00	\$270.00
11/30/01	Retrieval of bank statements for preparation of operating reports.	Swanson	0.8000	\$195.00	\$156.00
11/30/01	Correspondence with A. Rodolakis & B. Pallone re: operating reports.	Swanson	0.1000	\$195.00	\$19.50
12/03/01	Assembly of bank statements and related data for preparation of August, September & October operating reports.	Swanson	5.8000	\$195.00	\$1,131.00
12/04/01	Continue preparation of the tax workpapers to prepare the 2000 Federal and MA tax returns.	Blanchette	1.2000	\$135.00	\$162.00
12/04/01	Search for additional bank information for use in preparation of operating reports.	Swanson	0.3000	\$195.00	\$58.50
12/04/01	Construction of September receipts and disbursements cash rollforward for operating reports.	Swanson	5.2000	\$195.00	\$1,014.00
12/05/01	Continue preparation of the tax workpapers to prepare the 2000 Federal and MA tax returns.	Blanchette	5.0000	\$135.00	\$675.00
12/05/01	Meeting with D. Swanson and B. Pallone re: tax issues.	Blanchette	0.8000	\$135.00	\$108.00
12/07/01	Continue preparation of the tax workpapers to prepare the 2000 Federal and MA tax returns.	Blanchette	1.6000	\$135.00	\$216.00
			<u>28.9000</u>		<u>\$4,712.50</u>

4. Sale and USA Issues

The Accountants have worked with the Debtor and Committee and Debtor's Counsel to review and investigate issues related to the sale of assets to United Systems Access, Inc. including disputes over assets and customers sold, receivable collections, turnover of cash, etc.

The Accountants believe the time incurred and fees charged are reasonable considering the result, size and issues of the case. A breakdown of the time spent by each accountant in connection with the above described services is as follows:

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Donald Swanson	28.9	\$195.00	\$ 5,635.50
Sarah Attenborough	<u>0.1</u>	65.00	<u>6.50</u>
Total hours and fees	<u>29.0</u>		<u>\$ 5,642.00</u>

Statement of Services - Verdolino & Lowey, P.C. as of December 7, 2001

Sale and USA Issues

Date	Description	Staff	Time	Rate	Fees
09/27/01	Reviewed court order authorizing sale of customer base signed May 9, 2001 and unsigned asset purchase agreement between Essential.com and United Systems Access, Inc. for determining issues which V&L should address.	Swanson	1.8000	\$195.00	\$351.00
09/27/01	Discussed issues related to and requested unbilled customer valuation data from B. Palone.	Swanson	0.1000	\$195.00	\$19.50
10/09/01	TCW J. Moynihan re: dispute between Essential and USA.	Swanson	0.3000	\$195.00	\$58.50
10/09/01	TCW B. Pallone re: review of support data for USA dispute.	Swanson	0.5000	\$195.00	\$97.50
10/10/01	Preparation for and attend meeting at Debtor with B. Pallone and S. Gilbert to resolve dispute regarding collection of Debtors accounts receivable and Purchase Agreement between Essential.com and United Systems, including travel.	Swanson	9.6000	\$195.00	\$1,872.00
10/11/01	Review of dispute settlement notes and e-mails to A. Rodalakis and A. Mattera re: same.	Swanson	1.8000	\$195.00	\$351.00
10/16/01	Search for and retrieval of Verizon billing records dated after 8/10/01 as they relate to the service provided to customers after the purchase agreement.	Swanson	2.4000	\$195.00	\$468.00
11/19/01	TCW B. Pallone re: Verizon dispute, customers sold to USA, customers sent to collections agency and possible erros and/or omissions to these lists.	Swanson	0.3000	\$195.00	\$58.50
11/20/01	TCW B. Pallone re: matching up the telephone numbers sold to USA to Verizon analysis.	Swanson	0.1000	\$195.00	\$19.50
11/26/01	TCW B. Pallone re: accounts sold to United Systems Access.	Swanson	0.1000	\$195.00	\$19.50
12/03/01	Review of USA dispute negotiation notes.	Swanson	0.5000	\$195.00	\$97.50
12/04/01	Spoke with D. Swanson re: software in storage.	Attenborough	0.1000	\$65.00	\$6.50
12/04/01	TCW A. Rodolakis re: Software to retrieve for delivery to USA Telecom.	Swanson	0.1000	\$195.00	\$19.50
12/05/01	Review of customer account database re: Verizon issue.	Swanson	0.5000	\$195.00	\$97.50
12/06/01	Reconciliation of customer accounts sold to USA.	Swanson	3.3000	\$195.00	\$643.50
12/06/01	Reconciliation of alleged non-purchased accounts with sold accounts.	Swanson	4.8000	\$195.00	\$936.00
12/07/01	Review of matched vs. unmatched customer account numbers re: Verizon dispute.	Swanson	2.7000	\$195.00	\$526.50
			<u>29.0000</u>		<u>\$5,642.00</u>

5. Records Retention, Moving and Storage

Upon being selected as the Creditor's Committee Accountants, we immediately began working with Counsel and the Debtor to expedite the orderly closing of the Debtor's facility. The Accountants were charged with: obtaining and moving all records, electronic and paper, that would be required by Counsel and all interested parties in administering the estate, including information related to claims, avoidance actions, tax preparation, etc.; returning equipment; cleaning or erasing hard drives; and, protection of the customer database and intellectual property.

In performing the tasks outlined above, the Accountants performed a cursory review of all electronic and hardcopy records and selected all which were appropriate under the circumstances. As a result, the Accountants boxed, inventoried and moved approximately 200 boxes of records and copied or downloaded hundreds of files from Debtor computers and then deleted all files.

The Accountants believe the time incurred and fees charged are reasonable considering the result, size and issues of the case.

5. Records Retention, Moving and Storage (Continued)

A breakdown of the time spent by each accountant in connection with the above-described services is as follows:

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Donald Swanson	3.5	\$195.00	682.50
Donald Swanson	9.2	170.00	1,564.00
Keith Shelansky	16.5	175.00	2,887.50
Penny Bley	1.8	135.00	243.00
Penny Bley	15.2	115.00	1,748.00
Phillip Puleo	23.9	55.00	1,314.50
Leanne Gay	<u>13.5</u>	55.00	<u>742.50</u>
Total hours and fees	<u>83.6</u>		<u>\$ 9,182.00</u>

Statement of Services - Verdolino & Lowey, P.C. as of December 7, 2001

Records Retention, Moving and Storage

Date	Description	Staff	Time	Rate	Fees
08/16/01	Gather network and server system information including Great Plains (electronic accounting data, etc.) and schedule download and copying, including travel.	Bley	3.4000	\$115.00	\$391.00
08/17/01	TCW J. Bodin re: Schedule for Loading of Backup electronic data.	Bley	0.4000	\$115.00	\$46.00
08/20/01	E-mail to J. Bodin re: Directions and Meeting Time for 8/21/01 Backup of electronic data.	Bley	0.1000	\$115.00	\$11.50
08/21/01	Prepare for backup of electronic records, list equipment to be removed for V&L records retrieval and access, including travel.	Bley	4.9000	\$115.00	\$563.50
08/22/01	Discuss with D. Swanson re: equipment to be retrieved, schedule for records removal.	Bley	0.3000	\$115.00	\$34.50
08/31/01	Retrieve appropriate records from the Debtor including backup of electronic data and work on determining what hard records to keep including packing and inventorying records.	Bley	6.1000	\$115.00	\$701.50
10/31/01	Set Up Essential computer system for Access to data.	Bley	1.8000	\$135.00	\$243.00
08/31/01	Assist in locating and securing appropriate records.	Gay	6.5000	\$55.00	\$357.50
09/07/01	Move records from Debtor to storage.	Gay	7.0000	\$55.00	\$385.00
08/31/01	Assist in locating and securing appropriate records.	Puleo	6.5000	\$55.00	\$357.50
09/07/01	Move records from Debtor to storage.	Puleo	7.8000	\$55.00	\$429.00
09/11/01	Complete inventory of Essential records retrieved to date.	Puleo	4.1000	\$55.00	\$225.50
09/12/01	Retrieve last 25 boxes from the Debtor, inventory each box and enter new inventory into database.	Puleo	5.5000	\$55.00	\$302.50
08/31/01	Assist in locating and securing appropriate records.	Shelansky	8.5000	\$175.00	\$1,487.50
09/07/01	Move records from Debtor to storage.	Shelansky	8.0000	\$175.00	\$1,400.00
08/22/01	Discussions with P. Bley and R. Puleo re: logistics to get computer equipment and company records from Debtor given auction schedule.	Swanson	0.5000	\$170.00	\$85.00
08/22/01	TCW B. Pallone re: required assistance in support of computer system and records retrieval.	Swanson	0.2000	\$170.00	\$34.00
08/31/01	Assist in locating and securing appropriate records.	Swanson	8.5000	\$170.00	\$1,445.00
09/07/01	Move records from Debtor to storage.	Swanson	3.5000	\$195.00	\$682.50
			<u>83.6000</u>		<u>\$9,182.00</u>

Selected Biographical Data of Accountants

Craig R. Jalbert, CIRA - Principal; Verdolino & Lowey, P.C.
Certified Public Accountants

Graduate of Boston College, Bachelor of Science degree in Accountancy with honors. Seventeen years experience in public accounting and taxation. Worked in the Boston office of Arthur Andersen & Co. in the commercial audit division for four years, with a wide variety of client experience including real estate and manufacturing companies. Has been and currently is Principal of Verdolino & Lowey, P.C. (and its predecessors) for 13 years with primary responsibility for all tax and bankruptcy engagements.

Donald Swanson, MBA - Manager; Verdolino & Lowey, P.C., Certified Public Accountants

Donald graduated from Columbia University in 1980 and received his MBA from the University of Hartford in 1987. He has been working in the accounting field since 1983 and for the Firm since December 2000. Prior to working for the Firm, Donald had held various accounting related positions for privately owned manufacturers and worked for the last five years as a controller. He has industry experience and rather extensive experience with various computer systems.

Penny Bley - Information Technology and Accounting Staff;
Verdolino & Lowey P.C., Certified Public Accountants

Penny has worked in the accounting profession since 1979. She worked for Verdolino & Lowey since 1999 doing special projects and information systems. Expertise in all Microsoft products and leads office in all IT and data base management projects.

Selected Biographical Data of Accountants

Jessica Blanchette - Staff Accountant, Verdolino & Lowey, P.C.
Certified Public Accountants

Graduate of Bryant College with Bachelor of Sciences in Accounting. Joined Verdolino & Lowey, P.C. as a staff accountant in June 1998. Jessica has been working on audits, various special projects including investigations of fraud and preference and other avoidance action analyses in Chapter 7 and 11 cases and corporate federal and state tax preparation.

Matthew Flynn - Staff Accountant; Verdolino & Lowey, P.C.
Certified Public Accountants

Matthew joined the firm in June 1999 after graduating from St. Anselms College with a Bachelor of Science in Accounting. Since that time Matt has assisted in many bankruptcy cases including investigations, preference and related analyses and claims analysis.

Sarah E.S. Attenborough - Staff Accountant; Verdolino & Lowey,
P.C., Certified Public Accountants

Sarah joined the firm in July 2001 after graduating from Bryant College in May 2001. Sarah works on various tasks in the bankruptcy and insolvency practice at the firm.

Essential.com, Inc.
Chapter 11
Case No. 01-15339-WCH

Exhibit IV

Detail of Necessary Out-of-Pocket Expenses

Travel to Debtor (7 trips @ .345 per mile)	\$ 183.54
Moving expenses ¹ (Actual reimbursed)	1,042.78
Postage and delivery	159.98
Photocopying (\$.15 per copy)	75.45
Communication and facsimile	<u>221.48</u>
Total necessary out-of-pocket expenses	<u>\$1,683.23</u>

¹ Actual moving related expenses are: labor \$280.00; first month storage fees, \$162.88, truck and gas \$422.02 and boxes and supplies \$177.88.