

VENABLE LLP

Stephen K. Gallagher (VSB 38085)
1850 Towers Crescent Plaza #400
Tysons, Virginia 22182
Telephone: (703) 760-1600
Facsimile: (703) 821-8949
e-mail: skgallagher@Venable.com

Counsel for Atmos Energy Corporation

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

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In re:	:	Chapter 11
	:	
Enviva, Inc., et al.,	:	Case No. 24-10453 (BFK)
	:	
Debtors.	:	
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**RESPONSE AND LIMITED OBJECTION OF ATMOS ENERGY CORPORATION
TO DEBTORS’ MOTION SEEKING APPROVAL OF ADEQUATE ASSURANCE
OF PAYMENT FOR UTILITY SERVICES**

Atmos Energy Corporation (“Atmos”), for its response and limited objection to the *Motion of Debtors for Entry of Interim and Final Orders (I) Approving Debtors’ Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Services, (III) Approving Debtors’ Proposed Procedures for Resolving Additional Adequate Assurance Requests, and (IV) Granting Related Relief* [Doc. #8] (the “Motion”), states:

1. The Motion was filed on March 13, 2024.
2. On March 14, 2024, the Court entered an Interim Order granting the Motion on an

interim basis [Doc. #91].



3. Pursuant to the Interim Order, the deadline for filing objections to the Motion and to the entry of a Final Order is April 4, 2024 at 5:00 p.m. *Id.* at ¶ 1.

4. Atmos provides gas service to Debtor Enviva Pellets Lucedale at a plant in Mississippi with the following service address: 150 GM Luce Rd., Lucedale, MS 39452.

5. Atmos has a prepetition claim in excess of \$58,179.62, which is the unpaid balance in connection with gas service provided through February 2024 (but does not include the pro-rated balance for March up to the date of filing of these cases). This balance primarily consists of unpaid services for the month of January 2024 (\$48,416.42). Atmos reserves the right to file a proof of claim and to amend the amounts stated here.

6. Atmos is a utility and is entitled to adequate assurance of payment under 11 U.S.C. § 366.

7. Atmos objects to the Motion on the basis that the adequate assurance deposit proposed by the Debtors for Atmos in the amount of \$7,595.16 is inadequate.

8. The Motion and proposed additional “Adequate Assurance Procedures” contemplate utility companies like Atmos making an “Additional Adequate Assurance Request.” However, the proposed procedures require Atmos to summarize the payment history and identify whether any security deposits or surety bonds exist in support of such a request. To the extent the Debtors intend for the Court to rely on such information, Atmos objects as these procedures to the extent they exceed what is required under 11 U.S.C. § 366. In any event, Atmos does not hold a prepetition security deposit for the Enviva Lucedale account.

9. In the ordinary course of its business in the State of Mississippi, Atmos calculates customer deposits based on two times the highest billing for the previous 12 months. The Debtors

are proposing deposits calculated at “half of the Average Monthly Utility Company Cost” for each utility, which on its face is insufficient to cover a single month’s utility charge.

10. The highest monthly bill over the 12-month period from January-December 2023 from Atmos to Enviva Pellets Lucedale was \$17,837.10 issued January 22, 2024. Atmos submits that an appropriate deposit on its behalf is twice the amount of this bill – \$35,674.20.

Accordingly, Atmos requests that the Court deny the Motion or grant Atmos adequate assurance of payment in the form of a deposit in the amount of no less than \$35,674.20 pursuant to 11 U.S.C. § 366, and consistent with the foregoing.

Respectfully Submitted,

/s/ Stephen K. Gallagher

Stephen K. Gallagher (VSB 38085)

VENABLE LLP

1850 Towers Crescent Plaza, Suite 400

Tysons, Virginia 22182

Telephone: (703) 760-1600

Facsimile: (703) 821-8949

e-mail: skgallagher@Venable.com

Attorneys for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 4th day of April, 2024, copies of the foregoing Application, together with supporting declaration and proposed order were sent via ecf to the parties receiving service electronically in this case.

/s/ Stephen K. Gallagher

Stephen K. Gallagher