

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
SOUTHCROSS ENERGY PARTNERS, L.P.,)	Case No. 19-10702 (MFW)
<i>et al.</i> ,)	
)	Jointly Administered
Debtors. ¹)	
)	Re: D.I. 6 & 51

**FINAL ORDER (I) PROHIBITING UTILITIES FROM ALTERING,
REFUSING, AND DISCONTINUING SERVICE, (II) DEEMING
UTILITIES ADEQUATELY ASSURED OF FUTURE PERFORMANCE,
AND (III) ESTABLISHING PROCEDURES FOR DETERMINING
REQUESTS FOR ADDITIONAL ADEQUATE ASSURANCE**

Upon the motion (the “**Motion**”)² of Southcross Energy Partners, L.P. (“**Southcross**”), Southcross Energy Partners GP, LLC, and Southcross’s wholly owned direct and indirect subsidiaries, each of which is a debtor and debtor in possession in the Chapter 11 Cases (collectively, the “**Debtors**”), for entry of interim and final orders pursuant to sections 105 and 366 of the Bankruptcy Code, (i) prohibiting the Utilities from altering, refusing, or discontinuing any Utility Service on account of prepetition accounts outstanding or on account of any

¹ The debtors and debtors in possession in these chapter 11 cases, along with the last four digits of their respective Employer Identification Numbers, are as follows: Southcross Energy Partners, L.P. (5230); Southcross Energy Partners GP, LLC (5141); Southcross Energy Finance Corp. (2225); Southcross Energy Operating, LLC (9605); Southcross Energy GP LLC (4246); Southcross Energy LP LLC (4304); Southcross Gathering Ltd. (7233); Southcross CCNG Gathering Ltd. (9553); Southcross CCNG Transmission Ltd. (4531); Southcross Marketing Company Ltd. (3313); Southcross NGL Pipeline Ltd. (3214); Southcross Midstream Services, L.P. (5932); Southcross Mississippi Industrial Gas Sales, L.P. (7519); Southcross Mississippi Pipeline, L.P. (7499); Southcross Gulf Coast Transmission Ltd. (0546); Southcross Mississippi Gathering, L.P. (2994); Southcross Delta Pipeline LLC (6804); Southcross Alabama Pipeline LLC (7180); Southcross Nueces Pipelines LLC (7034); Southcross Processing LLC (0672); FL Rich Gas Services GP, LLC (5172); FL Rich Gas Services, LP (0219); FL Rich Gas Utility GP, LLC (3280); FL Rich Gas Utility, LP (3644); Southcross Transmission, LP (6432); T2 EF Cogeneration Holdings LLC (0613); and T2 EF Cogeneration LLC (4976). The debtors’ mailing address is 1717 Main Street, Suite 5300, Dallas, TX 75201.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.



perceived inadequacy of the Debtors' proposed adequate assurance, (ii) determining that the Debtors' proposed offer of deposits provides Utilities with adequate assurance of payment within the meaning of section 366 of the Bankruptcy Code, and (iii) approving the Adequate Assurance Procedures, as more fully described in the Motion; and the Court having jurisdiction to consider the matters raised in the Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having authority to hear the matters raised in the Motion pursuant to 28 U.S.C. § 157; and the Court having venue pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion and the requested relief being a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b)(2); and due and proper notice of the Motion and opportunity for a hearing on the Motion having been given to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed and considered the Motion and the Howe Declaration; and the Court having held an interim hearing on the Motion; and the Court having granted interim relief on the Motion on April 2, 2019 (D.I. 51);); and the Court having the opportunity to hold a final hearing on the Motion (the "**Final Hearing**"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Final Hearing establish just cause for the relief granted herein; and the Court having found that the relief requested in the Motion being in the best interests of the Debtors, their creditors, their estates and all other parties in interest; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is hereby granted as set forth herein.

2. Absent compliance with the procedures set forth herein, the Debtors' Utilities are prohibited from altering, refusing, or discontinuing Utility Services on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Debtors' proposed adequate assurance.

3. The Adequate Assurance Deposit, if any, in conjunction with the Debtors' cash position and access to the DIP Facility, (a) demonstrates the Debtors' ability to pay for future Utility Services in the ordinary course of business and (b) constitutes adequate assurance to the Utilities (the "**Proposed Adequate Assurance**").

4. The Debtors are authorized, but not directed, to pay on a timely basis, in accordance with their prepetition practices, all undisputed invoices for Utility Services rendered by the Utilities to the Debtors after the Petition Date.

5. The Debtors shall deposit the Adequate Assurance Deposit in the Utility Deposit Account within 20 calendar days of entry of this Order.

6. The portion of the Adequate Assurance Deposit attributable to each Utility shall be returned to the Debtors, without further Court order, on the earlier of (a) the reconciliation and payment by the Debtors of the Utility's final invoice in accordance with applicable nonbankruptcy law following the Debtors' termination of Utility Services from such Utility and (b) the effective date of any chapter 11 plan confirmed in the Chapter 11 Cases, and (c) the closing of a sale for substantially all of the Debtors' assets; *provided, however*, that there are no outstanding disputes related to post-petition payments due.

7. The Debtors' Utilities are prohibited from requiring additional adequate assurance of payment other than in accordance with the following Adequate Assurance Procedures:

(a) If a Utility is not satisfied with the Proposed Adequate Assurance, it must serve a written request (a "**Request**") upon (i) the Debtors, c/o Southcross Energy

Partners, L.P., 1717 Main Street, Suite 5300, Dallas, TX 75201, Attn: Kelly J. Jameson and (ii) proposed counsel to the Debtors, (A) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York, 10017, Attn: Darren S. Klein, Esq., Steven Z. Szanzer, Esq., and Benjamin M. Schak, Esq. and (B) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, Delaware 19899, Attn: Robert J. Dehney, Esq. and Andrew Remming, Esq.; and the Request must set forth (i) the location(s) for which Utility Services are provided, (ii) the account number(s) for such location(s), (iii) the outstanding balance for each account, and (iv) an explanation of why the Utility believes that the Proposed Adequate Assurance is not sufficient adequate assurance of future payment.

(b) If the Debtors determine, in their sole discretion, that a Request or any consensual agreement reached in connection therewith is reasonable, the Debtors, without further order of the Court, may enter into agreements granting additional adequate assurance to the Utility serving such Request and, in connection with such agreements, provide the Utility with additional adequate assurance of payment, including payments on prepetition amounts owing, cash deposits, prepayments, or other forms of security, with notice to the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) and any counsel to any official committee appointed in the Chapter 11 Cases within 15 days.

(c) If the Debtors determine that a Request is unreasonable, then they shall, within 20 calendar days after receipt of such Request, or such longer period as may be agreed to between the Debtors and the Utility, file a motion (a “**Determination Motion**”) pursuant to section 366(c)(3) of the Bankruptcy Code seeking a determination from the Court that the Proposed Adequate Assurance, plus any additional consideration offered by the Debtors, constitutes adequate assurance of payment. Pending notice and a hearing on the Determination Motion, the Utility that is the subject of the unresolved Request may not alter, refuse, or discontinue services to the Debtors.

(d) Absent compliance with the procedures set forth in the Motion and this Order, the Debtors’ Utilities are prohibited from altering, refusing, or discontinuing service on account of any unpaid prepetition charges and are deemed to have received adequate assurance of payment in compliance with section 366 of the Bankruptcy Code.

8. As a condition of accepting an Adequate Assurance Deposit, each Utility shall be deemed to have stipulated that the Adequate Assurance Deposit constitutes adequate assurance of payment to such Utility within the meaning of section 366 of the Bankruptcy Code, absent further order from the Court, and shall be prohibited from challenging or opting out of the Adequate Assurance Procedures, filing a Request, or requesting any additional adequate

assurance of payment of any kind at any time, notwithstanding any attempt by such Utility to reserve a right to seek any such relief.

9. The Utilities have been provided with adequate assurance of payment within the meaning of section 366 of the Bankruptcy Code by virtue of the Proposed Adequate Assurance and the Adequate Assurance Procedures as proposed are hereby approved. As a result, the Utilities are prohibited from altering, refusing, or discontinuing Utility Services on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Adequate Assurance Procedures, and the Debtors are not required to provide any additional adequate assurance beyond what is stated in this Order.

10. Each Utility shall be deemed to have adequate assurance of payment within the meaning of section 366 of the Bankruptcy Code unless and until (a) the Debtors, in their sole discretion, agree to an alternative assurance of payment with the Utility or (b) the Court enters an order requiring that additional adequate assurance of payment be provided.

11. The Debtors are authorized to amend the Utilities List, in their sole discretion, to add any subsequently identified Utility. This Order shall be deemed to apply to any such Utility regardless of when such Utility may be added to the Utilities List by Supplemental Notice. The Debtors shall serve a copy of the Motion on any Utility that is subsequently added to the Utilities List. Such subsequently added Utility that objects to the entry of this Order must file an objection in accordance with the Bankruptcy Rules, the Local Rules, and the Adequate Assurance Procedures.

12. The Debtors shall increase the amount of the Adequate Assurance Deposit in the event an additional Utility is added to the Utilities List by an amount equal to two weeks of

Utility Service provided by such additional Utility, calculated using the historical average for such payments over the past 12 months.

13. The Debtors may terminate any Utility Service and may reduce the Adequate Assurance Deposit by the amount held on account of such terminated Utility Service upon payment of any final bill; *provided, however*, that there are no outstanding disputes related to post-petition payments due. The Debtors may amend the Utilities List to delete a Utility only if it has provided two weeks' advance notice to such Utility, and has not received any objection from such Utility. If an objection is received, the Debtors shall request a hearing before the Court at the next omnibus hearing date, or such other date that the Debtors and the Utility may agree upon.

14. Nothing herein constitutes a finding that any entity is or is not a Utility hereunder or under section 366 of the Bankruptcy Code, whether or not such entity is included in the Utilities List.

15. The Debtors shall (a) serve a copy of this Order upon each of the Utilities identified on the Utilities List by first-class mail and (b) post this Order on the Debtors' case information website located at <http://www.kccllc.net/southcrossenergy>.

16. The Debtors shall (a) file a copy of any Supplemental Notice, (b) serve such notice by first-class mail upon each of the Utilities identified therein, and (c) post any Supplemental Notice on the Debtors' case information website located at <http://www.kccllc.net/southcrossenergy>.

17. Any Utility that does not make a Request or otherwise comply with the Adequate Assurance Procedures shall be prohibited from altering, refusing, or discontinuing Utility Services, including as a result of the Debtors' failure to pay charges for prepetition Utility

Services or to provide adequate assurance of payment in addition to the Proposed Adequate Assurance.

18. Nothing in this Order or any action taken by the Debtors in furtherance of the implementation hereof shall be deemed to constitute an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, and all of the Debtors' rights with respect to such matters are expressly reserved.

19. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall (a) create, nor is it intended to create, any rights in favor of, or enhance the status of any claim held by, any person or entity or (b) be deemed to convert the priority of any claim from a prepetition claim into an administrative expense claim.

20. Nothing in this Order nor the Debtors' payment of claims pursuant to this Order shall be construed as or deemed to constitute (a) an agreement or admission by the Debtors as to the validity of any claim against the Debtors on any grounds, (b) a grant of third-party beneficiary status or bestowal of any additional rights on any third party, (c) a waiver or impairment of the Debtors' rights to dispute any claim on any grounds, (d) a promise by the Debtors to pay any claim, or (e) an implication or admission by the Debtors that such claim is payable pursuant to this Order.

21. Notwithstanding anything to the contrary in this Order, in the event of any inconsistency between the terms of this Order and the terms of any order of this Court approving the debtor-in-possession financing facility and use of cash collateral (the "**DIP Order**"), including, without limitation, any budget in connection therewith, the terms of the DIP Order shall govern.

22. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Order is hereby waived, and the terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

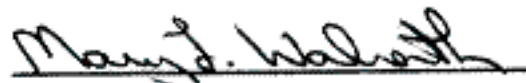
23. The Debtors are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

24. Proper, timely, adequate, and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion or the entry of this Order shall be required.

25. The Court shall retain exclusive jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: April 23rd, 2019
Wilmington, Delaware

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MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE