

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

)	
In re:)	Chapter 11
)	
SOUTHCROSS ENERGY PARTNERS,)	Case No. 19-10702 (MFW)
L.P., <i>et al.</i> ,)	
)	Jointly Administered
Debtors. ¹)	
)	Re: Docket Nos. 908, 909, 910, 911, 912, 913, 914

**FEE EXAMINER’S CONSOLIDATED FINAL REPORT PERTAINING TO
FINAL FEE APPLICATIONS OF CERTAIN RETAINED PROFESSIONALS**

David M. Klauder (the “Fee Examiner”), the Fee Examiner for the bankruptcy estates (the “Bankruptcy Estates”) of Southcross Energy Partners, L.P., *et al.* (the “Debtors”), hereby submits this Final Report (the “Final Report”) pursuant to the Court’s *Order Appointing Fee Examiner and Establishing Related Procedures for the Review of Professional Claims* [D.I. 405] (the “Fee Examiner Order”) in connection with applications for the allowance of compensation and reimbursement of expenses for the final fee period (the “Final Fee Applications”) of certain professionals retained in the above-referenced cases (the “Retained Professionals”) as listed on **Exhibit A**. The Final Fee Applications constitute professional Fee Applications filed by Retained Professionals that are scheduled for hearing on April 6, 2020. In support of this Final Report, the Fee Examiner respectfully represents as follows:

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.



BACKGROUND

1. On April 1, 2019 (the “Petition Date”), the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

2. On August 2, 2019, David M. Klauder was appointed as the Fee Examiner for these cases. As noted and set out in detail in the Fee Examiner Order, the Fee Examiner is tasked with reviewing the various fee applications filed by retained professionals in the case and recommending any reductions in fees or expenses sought in the fee applications. The Fee Examiner Order also sets out in detail the process for the Fee Examiner’s review, including issuance of initial reports, a consultation period with retained professionals, and the filing of this Final Report, which contains the Fee Examiner final recommendations to this Court with respect to the Interim Fee Applications.

3. The Fee Examiner reviewed the Final Fee Applications for compliance with sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Bankruptcy Rules”), the Order Pursuant to Bankruptcy Code Sections 105(a) and 331, Bankruptcy Rule 2016, and Local Bankruptcy Rule 7016-2 Establishing Interim Compensation Procedures [D.I. 162] (the “Interim Compensation Order”), and the Appendix B Guidelines for Reviewing Applications for Compensation & Reimbursement of Expenses filed under United States Code by Attorneys in Large Chapter 11 Cases (78 Fed. Reg. No. 116, page 36248 (June 17, 2013)) (the “UST Guidelines”). In addition, the Fee Examiner reviewed the Final Fee Applications for general compliance with legal precedent established by the District Courts and Bankruptcy Courts for the District of Delaware, the Third Circuit Court of Appeals, and other applicable precedent.

4. Following that review, the Fee Examiner issued interim reports to the Retained Professionals regarding the Final Fee Applications. The interim report set forth the legal and other standards governing the review, and raised questions as to certain designated time entries or expenses. The Retained Professionals were invited to respond to the interim report, and they did so through email exchange and/or discussions with the Fee Examiner. Resolution was then reached between the Fee Examiner and each of the Retained Professionals as described below.

**THE FEE EXAMINER’S RECOMMENDATIONS AS TO THE
FINAL FEE APPLICATIONS**

5. The Fee Examiner makes the following recommendations for the Final Fee Applications. Attached as Exhibit A is the chart summarizing the fees and expenses sought by the Retained Professionals in the Final Fee Applications along with the agreed-upon reductions between the Fee Examiner and the Retained Professionals and the Fee Examiner’s suggested allowances.

Morris, Nichols, Arsht & Tunnell LLP

Tenth Monthly and Final Fee Application

6. Morris, Nichols, Arsht & Tunnell LLP (“MNAT”) is co-counsel to the Debtors. On February 21, 2020, MNAT filed its *Tenth Monthly Application and Final Application of Morris, Nichols, Arsht & Tunnell LLP* [D.I. 914] (the “MNAT Final Fee Application”). In the MNAT Final Fee Application, MNAT requests approval of compensation in the amount of \$1,006,432.00 and reimbursement of expenses in the amount of \$33,967.02 for the period of April 1, 2019 through January 27, 2020.

7. The Fee Examiner reviewed the MNAT Final Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner noted no issues with the MNAT Final Fee Application.

8. As a result, the Fee Examiner has no objection to MNAT's request as set out in the MNAT Final Fee Application.

Davis Polk & Wardwell LLP

Tenth Monthly and Final Fee Application

9. Davis Polk & Wardwell LLP ("Davis Polk") is co-counsel to the Debtors. On February 21, 2020, Davis Polk filed its *Tenth Monthly and Final Application of Davis Polk & Wardwell LLP* [D.I. 911] (the "Davis Polk Final Fee Application"). In the Davis Polk Final Fee Application, Davis Polk requests approval of compensation in the amount of \$11,026,179.75 and reimbursement of expenses in the amount of \$54,458.91 for the period of April 1, 2019 through January 27, 2020.

10. The Fee Examiner reviewed the Davis Polk Final Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner generated an interim report that identified the following general issues with the Davis Polk Final Fee Application:

- (a) Certain questionable time entries and time billers.

11. In response to the Fee Examiner's interim report, Davis Polk and the Fee Examiner engaged in an exchange to address and resolve the issues raised by the interim report.

12. As a result, Davis Polk and the Fee Examiner have agreed that no reductions are necessary. As a result, Davis Polk is requesting allowance of compensation in the amount of **\$11,026,179.75** and **\$54,458.91** in expenses. The Fee Examiner has no objection to Davis Polk's request and to this Court's approval of the Davis Polk Final Fee Application.

Alvarez & Marsal North America, LLC

Tenth Monthly and Final Fee Application

13. Alvarez & Marsal North America, LLC (“A&M”) is the restructuring advisor to the Debtors. On February 21, 2020, A&M filed its *Tenth Monthly and Final Fee Application of Alvarez & Marsal North America, LLC* [D.I. 908] (the “A&M Final Fee Application”). In the A&M Final Fee Application, A&M requests approval of compensation in the amount of \$5,936,855.00 and reimbursement of expenses in the amount of \$229,851.84 for the period of April 1, 2019 through January 27, 2020.

14. The Fee Examiner reviewed the A&M Final Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner generated an interim report that identified the following general issues with the A&M Final Fee Application:

- (a) Certain questionable time entries and time billers; and
- (b) Questions on certain expenses

15. In response to the Fee Examiner’s interim report, A&M and the Fee Examiner engaged in an exchange to address and resolve the issues raised by the interim report.

16. As a result, A&M and the Fee Examiner agreed to a reduction of **\$1,805** in compensation. As a result, A&M is requesting allowance of compensation in the amount of **\$5,935,050.00** and **\$229,851.84** in expenses. The Fee Examiner has no objection to A&M’s request and to this Court’s approval of the A&M Final Fee Application as modified.

Evercore Group L.L.C.

Tenth Monthly and Final Fee Application

17. Evercore Group, L.L.C. (“Evercore”) is the investment banker and financial advisor to the Debtors. On February 21, 2020, Evercore filed its *Tenth Monthly and Final Fee Application of Evercore Group, L.L.C.* [D.I. 910] (the “Evercore Final Fee Application”). In the Evercore Final Fee Application, Evercore requests approval of compensation in the amount of

\$6,684,072.58 and reimbursement of expenses in the amount of \$18,773.90 for the period of April 1, 2019 through June 27, 2020.

18. The Fee Examiner reviewed the Evercore Final Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner noted no issues with the Evercore Final Fee Application.

19. As a result, the Fee Examiner has no objection to Evercore's request as set out in the Final Fee Application.

Deloitte & Touche LLP

Second Interim and Final Fee Application

20. Deloitte & Touche LLP ("Deloitte") is the independent auditor and accounting services provider to the Debtors. On February 21, 2020, Deloitte filed its *Second Interim and Final Fee Application of Deloitte & Touche LLP* [D.I. 909] (the "Deloitte Final Fee Application"). In the Deloitte Final Fee Application, Deloitte requests approval of compensation in the amount of \$300,112.18 and reimbursement of expenses in the amount of \$751.68 for the period of April 1, 2019 through January 31, 2020.

21. The Fee Examiner reviewed the Deloitte Final Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner noted no issues with the Deloitte Final Fee Application.

22. As a result, the Fee Examiner has no objection to Deloitte's request as set out in the Final Fee Application.

PricewaterhouseCoopers LLP

First and Final Fee Application

23. PricewaterhouseCoopers LLP (“PwC”) is the tax provider to the Debtors. On February 21, 2020, PwC filed its *First and Final Fee Application PricewaterhouseCoopers LLP* [D.I. 913] (the “PwC Final Fee Application”). In the PwC Final Fee Application, PwC requests approval of compensation in the amount of \$435,355.83 and reimbursement of expenses in the amount of \$0.00 for the period of April 1, 2019 through January 27, 2020.

24. The Fee Examiner reviewed the PwC Final Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner generated an interim report that identified the following general issues with the PwC Final Fee Application:

(a) Certain questionable time entries and time billers.

25. In response to the Fee Examiner’s interim report, PwC and the Fee Examiner engaged in an exchange to address and resolve the issues raised by the interim report.

26. As a result, PwC and the Fee Examiner agreed to a reduction of **\$3,960** in compensation. As a result, PwC is requesting allowance of compensation in the amount of **\$431,395.83** and **\$0.00** in expenses. The Fee Examiner has no objection to PwC’s request and to this Court’s approval of the PwC Final Fee Application as modified.

Kurtzman Carson Consultants LLC

Second Monthly and Final Fee Application

27. Kurtzman Carson Consultants LLC (“KCC”) is the administrative advisor to the Debtors. On February 21, 2020, KCC filed its *Second Monthly and Final Fee Application of Kurtzman Carson Consultants LLC* [D.I. 912] (the “KCC Final Fee Application”). In the KCC Final Fee Application, KCC requests approval of compensation in the amount of \$76,512.85 and reimbursement of expenses in the amount of \$0.00 for the period of April 1, 2019 through January 31, 2020.

28. The Fee Examiner reviewed the KCC Final Fee Application to ensure compliance with the applicable rules, orders and guidelines. Based on that review, the Fee Examiner generated an interim report that identified the following general issues with the KCC Final Fee Application:

(a) Certain questionable time entries and time billers.

29. In response to the Fee Examiner's interim report, KCC and the Fee Examiner engaged in an exchange to address and resolve the issues raised by the interim report.

30. As a result, KCC and the Fee Examiner agreed to no reduction in compensation is necessary. As a result, KCC is requesting allowance of compensation in the amount of **\$76,512.85** and **\$0.00** in expenses. The Fee Examiner has no objection to KCC's request and to this Court's approval of the KCC Final Fee Application.

CONCLUSION

Accordingly, the Fee Examiner recommends that the compensation and expenses sought by the Retained Professionals in the Final Fee Applications be allowed as modified, and for such other relief that this Court deems just and appropriate.

Respectfully submitted,

Dated: March 31, 2020

/s/ David M. Klauder
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Fee Examiner

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

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

CERTIFICATE OF SERVICE

I, David M. Klauder, Esquire, do certify that on March 31, 2020, I caused a true and correct copy of the *Fee Examiner's Consolidated Final Report Pertaining to Final Fee Applications of Certain Retained Professionals* to be served by via electronic mail upon the parties on the attached Service List.

BIELLI & KLAUDER, LLC

Date: March 31, 2020

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Fee Examiner

Part AService List Served via
Electronic Mail

Description	CreditorName	CreditorNoticeName	Email
Counsel to the Debtors	Davis Polk & Wardwell LLP	Marshall S. Huebner, Darren S. Klein, Steven Z. Szanzer	marshall.huebner@davispolk.com; darren.klein@davispolk.com; steven.szanzer@davispolk.com
Counsel to the Debtors	Morris, Nichols, Arsht & Tunnell LLP	Robert J. Dehney, Andrew R. Remming, Joseph C. Barsalona II, Renae Fusco, and Eric W. Moats	rdehney@mnat.com; aremning@mnat.com; jbarsalona@mnat.com; emoats@mnat.com; RFusco@mnat.com
US Trustee for District of DE	Office of the United States Trustee Delaware	Richard Schepacarter	Richard.schepacarter@usdoj.gov
Counsel to Wells Fargo Bank, N.A., as Agent to the Prepetition Revolving Lenders	Vinson & Elkins LLP	William Wallander, Bradley Foxman, and Matthew Pyeatt	bwallander@velaw.com; bfoxman@velaw.com; mpyeatt@velaw.com
Counsel to the Ad Hoc Lender Group	Willkie Farr & Gallagher LLP	Joseph G. Minias, Paul V. Shalhoub, James H. Burbage and Debra C. McElligot	phsalhoub@willkie.com; jminias@willkie.com; DMcElligott@willkie.com; jburbage@willkie.com
Counsel to the Ad Hoc Lender Group	Young Conaway Stargatt & Taylor, LLP	Edmon L. Morton and Matthew B. Lunn	emorton@ycst.com; mlunn@ycst.com

Exhibit A

SOUTHCROSS ENERGY PARTNERS, L.P., et al.**Case No. 19-10702 (MFW)****Summary of Fees and Expenses Reviewed by Fee Examiner relating to the Final Fee Period**

#	Professional	Docket Entry #	Fee Application	Fees Requested	Fees Agreed Reduction	Fees Recommended	Expenses Requested	Expenses Agreed Reduction	Expenses Recommended
1	Morris, Nichols, Arsht & Tunnell LLP	914	Tenth Monthly and Final	\$ 1,006,432.00	\$ -	\$ 1,006,432.00	\$33,967.02	\$ -	\$ 33,967.02
2	Davis Polk & Wardwell LLP	911	Tenth Monthly and Final	\$ 11,026,179.75	\$ -	\$ 11,026,179.75	\$ 54,458.91	\$ -	\$ 54,458.91
3	Alvarez & Marsal North America, LLC	908	Tenth Monthly and Final	\$ 5,936,855.00	\$ 1,805.00	\$ 5,935,050.00	\$ 229,851.84	\$ -	\$ 229,851.84
4	Evercore Group, L.L.C.	910	Tenth Monthly and Final	\$ 6,684,072.58	\$ -	\$ 6,684,072.58	\$ 18,773.90	\$ -	\$ 18,773.90
5	Deloitte & Touche LLP	909	Second Interim and Final	\$ 300,112.18	\$ -	\$ 300,112.18	\$ 751.68	\$ -	\$ 751.68
6	PricewaterhouseCoopers LLP	913	First and Final	\$ 435,355.83	\$ 3,960.00	\$ 431,395.83	\$ -	\$ -	\$ -
7	Kurtzman Carson Consultants LLC	912	Second Monthly and Final	\$ 76,512.85	\$ -	\$ 76,512.85	\$ -	\$ -	\$ -
	TOTAL			\$ 25,465,520.19	\$ 5,765.00	\$ 25,459,755.19	\$337,803.35	\$ -	\$ 337,803.35