

1 SAMUEL R. MAIZEL (Bar No. 189301)
samuel.maizel@dentons.com
2 JOHN A. MOE, II (Bar No. 066893)
john.moe@dentons.com
3 TANIA M. MOYRON (Bar No. 235736)
tania.moyron@dentons.com
4 DENTONS US LLP
601 South Figueroa Street, Suite 2500
5 Los Angeles, California 90017-5704
Tel: (213) 623-9300 / Fax: (213) 623-9924

6
7 Proposed Attorneys for the Chapter 11 Debtors and
Debtors In Possession

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

10 In re
11 VERITY HEALTH SYSTEM OF
12 CALIFORNIA, INC., *et al.*,
13 Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:
CASE NO.: 2:18-bk-20162-ER
CASE NO.: 2:18-bk-20163-ER
CASE NO.: 2:18-bk-20164-ER
CASE NO.: 2:18-bk-20165-ER
CASE NO.: 2:18-bk-20167-ER
CASE NO.: 2:18-bk-20168-ER
CASE NO.: 2:18-bk-20169-ER
CASE NO.: 2:18-bk-20171-ER
CASE NO.: 2:18-bk-20172-ER
CASE NO.: 2:18-bk-20173-ER
CASE NO.: 2:18-bk-20175-ER
CASE NO.: 2:18-bk-20176-ER
CASE NO.: 2:18-bk-20178-ER
CASE NO.: 2:18-bk-20179-ER
CASE NO.: 2:18-bk-20180-ER
CASE NO.: 2:18-bk-20171-ER

- 14 Affects All Debtors
15 Affects Verity Health System of California,
Inc.
16 Affects O'Connor
17 Affects Saint Louise Regional Hospital
18 Affects St. Francis Medical Center
19 Affects St. Vincent Medical Center
20 Affects Seton Medical Center
21 Affects O'Connor Hospital Foundation
22 Affects Saint Louise Regional Hospital
Foundation
23 Affects St. Francis Medical Center of Lynwood
Foundation
24 Affects St. Vincent Foundation
25 Affects St. Vincent Dialysis Center, Inc.
26 Affects Seton Medical Center Foundation
27 Affects Verity Business Services
28 Affects Verity Medical Foundation
 Affects Verity Holdings, LLC
 Affects De Paul Ventures, LLC
 Affects De Paul Ventures - San Jose Dialysis,
LLC

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**DEBTORS' EMERGENCY MOTION FOR ORDER
(A) PROHIBITING UTILITIES FROM ALTERING,
REFUSING, OR DISCONTINUING SERVICE AND
(B) DETERMINING ADEQUATE ASSURANCE OF
PAYMENT FOR FUTURE UTILITY SERVICES;
MEMORANDUM OF POINTS AND AUTHORITIES
IN SUPPORT THEREOF**

[Filed Pursuant to LBR 2081-1(a)(9) and 9075-1(a)]

[Declaration of Richard Adcock in Support of Debtors'
First Day Motions filed concurrently herewith]

EMERGENCY HEARING:

Date: September 5, 2018

Time: 10:00 a.m.

Place: Courtroom 1568

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300



TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Page

EMERGENCY MOTION 1

SUMMARY OF REQUESTED RELIEF 3

ADDITIONAL INFORMATION 4

RESERVATION OF RIGHTS 4

PRAYER 5

MEMORANDUM OF POINTS AND AUTHORITIES 6

I. INTRODUCTION 6

II. JURISDICTION AND VENUE 7

III. STATEMENT OF FACTS 7

 A. General Background..... 7

 B. Historical Background. 9

 C. Relevant Facts to Motion. 11

IV. PROPOSED RELIEF 13

V. ARGUMENT 16

VI. CONCLUSION 19

EXHIBIT “A” 21

EXHIBIT “B” 34

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

TABLE OF AUTHORITIES

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Page(s)

Cases

In re Adelpia Business Solutions,
280 B.R. 63 n.127 (Bankr. S.D.N.Y. 2002)18

In re Agrifos Fertilizer, L.P.,
Nos. 01-35220-H2-11, 01-35221-H2-11, 01-35222-H2-11, 01-35223-H2-
11, 01-35224-H2-11, 01-35225-H2-11, 2002 WL 32054779 (Bankr. S.D.
Tex. Nov. 25, 2002)17

In re Best Products Co.,
203 B.R. 51 (Bankr. E.D. Va. 1996)17

Darby v. Time Warner Cable, Inc. (In re Darby),
470 F.3d 573 (5th Cir. 2006).....16

In re Magnesium Corp. of America,
278 B.R. 698 (Bankr. S.D.N.Y. 2002)18

Massachusetts Electric Co. v. Keydata Corp. (In re Keydata Corp.),
12 B.R. 156 (1st Cir. B.A.P. 1981)18

In re Pacific Gas & Elec. Co.,
271 B.R. 626 (N.D. Cal. 2002)17

In re Penn Jersey Corp.,
72 B.R. 981 (Bankr. E.D. Pa. 1987).....17, 18

In re Steinbach,
303 B.R. 634 (Bankr. D. Az. 2004)17

Statutes

11 United States Code

§ 366..... *passim*

§ 366(a)13

§ 366(b)13, 14, 17

§ 366(c)12, 13, 14, 15

§ 366(c)(1)(A)14

§ 366(c)(1)(B)14

§ 366(c)(1)(B)(iii)14

§ 366(c)(2).....14

§ 366(c)(3).....11

§ 366(c)(3)(A)14, 17

§ 366(c)(3)(B)14, 15

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1	28 United States Code	
2	§ 157.....	7
3	§ 157(b)(2)	7
4	§ 1334.....	7
5	§ 1408.....	7
6	§ 1409.....	7
7	California Health & Safety Code	
8	§ 1206(1).....	8
9	Internal Revenue Code	
10	§ 501(c)(3).....	9
11	Other Authorities	
12	H.R. Rep. No. 595, 95th Cong., 1st Sess. 350 (1978), <i>reprinted in 1978</i>	
13	U.S.C.C.A.N. 5963	16

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EMERGENCY MOTION

Pursuant to Rules 2081-1(a)(3) and 9075-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California (the “LBR”), Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and section 366 of title 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”),¹ Verity Health System Of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases (collectively, the “Debtors”), hereby move, on an emergency basis (the “Motion”), for the entry of an order: (i) prohibiting utilities (collectively, the “Utility Companies” and individually, a “Utility Company”) from altering, refusing, or discontinuing service without further order of the Court; and (ii) determining adequate assurance of payment for future utility services. The Debtors receive essential utility services from several Utility Companies. A list of the Utility Companies and the Debtors’ account number with each Utility Company is attached hereto as **Exhibit “A.”**² The Debtors seek a determination that: (i) a deposit made by the Debtors to each Utility Company in an amount equal to the average monthly invoice³ set forth on **Exhibit “B”** for prepetition services provided to the Debtors by such Utility Company (the “Deposit”); (ii) the ability of any Utility Company to obtain an initial hearing on the adequacy of the Deposit; and (iii) the ability of any Utility Company to obtain an expedited hearing regarding further adequate

¹ All references to “§” and “section” herein are to sections of the Bankruptcy Code.

² Although the Debtors believe that the list of Utility Companies set forth in **Exhibit “A”** hereto is complete, the Debtors reserve the right to supplement such list if they determine that any Utility Company has been omitted. The Debtors further reserve all rights to challenge the status of any entity listed in **Exhibit “A”** as a “utility” falling within the scope of section 366. Furthermore, the Debtors have attempted to separate each account for each of the various Debtors with each of the various Utility Companies; however, there are some instances where the Debtors would incur considerable more effort to separate particular accounts held by a particular Utility Company, and have therefor declined to do so for purposes of efficiency of time and resources. In those instances—as set forth in **Exhibit “A”**—the Debtors have listed all account numbers that are grouped together for transparency’s sake.

³ The average monthly invoice amount was determined by averaging the amounts of the twelve most recently received monthly bills from each Utility Company. In those instances where the Debtors grouped multiple accounts together (*see supra* n.2. for explanation), the Debtors calculated the average of all such accounts and not any one single account referenced therein.

1 assurance if the Debtors fail to cure a postpetition payment default within twenty (20) days after
2 written notice of such default, constitute adequate assurance of payment for future utility services.

3 In support of the Motion, the Debtors have separately filed the Declaration of Richard
4 Adcock in Support of Debtors' First Day Motions (the "Adcock Declaration"). The Debtors
5 request that the relief sought herein be granted on an emergency basis because they will suffer
6 immediate and irreparable harm without the relief requested in this Motion.

7 The Debtors filed a voluntary petition under chapter 11 of the Bankruptcy Code on
8 August 31, 2018 (the "Petition Date"). The Debtors continue to operate their businesses, manage
9 their financial affairs, and operate their bankruptcy estate (the "Bankruptcy Estate") as debtors in
10 possession pursuant to sections 1107 and 1108.

11 The Debtors operate as a nonprofit health care system in the state of California employing
12 more than 6,000 staff statewide, with 1,680 inpatient beds, six active emergency rooms, a trauma
13 center, a host of medical specialties including tertiary and quaternary care, and five hospitals—St.
14 Francis Medical Center in Lynwood, St. Vincent Medical Center in Los Angeles, O'Connor
15 Hospital in San Jose, St. Louise Regional Hospital in Gilroy, and Seton Medical Center in Daly
16 City (with Seton Coastside in Moss Beach).

17 As life-saving medical service providers, the Debtors are situated in a vulnerable
18 position—without the continual flow of vital services of Utility Companies, the mission of the
19 Debtors' business would unravel, irreparably harming the Debtors and their patients (the
20 "Patients") who seek medical care in the hospitals, medical centers, and clinics operated by the
21 Debtors. Thus, in order to ensure the timely and proper care of the Patients and maintain ongoing
22 business operations, it is imperative the Debtors are able to rely on a consistent supply of these
23 services.

24 Specifically, uninterrupted electricity, gas, telephone, and similar services are essential to
25 the Debtors' provision of medical services to the Debtors' Patients. Any interruption, however
26 brief, to utility services to the Debtors' business will result in a serious disruption of the Debtors'
27 business operations and dramatically affect Patient care. Therefore, it is critical that the Court
28 prohibit the Utility Companies from altering, refusing or discontinuing service to the Debtors

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 without further order of this Court. The Deposit for each of the Utility Companies, coupled with
2 the streamlined mechanism for requesting further adequate assurance described in the attached
3 Memorandum of Points and Authorities, will provide adequate assurance of payment to the
4 Utility Companies as well as safeguard the Debtors' continuing operations.

5 The Debtors are current on payment to the Utility Companies. Further, the Debtors have
6 sufficient cash to pay their postpetition utility bills as they come due and have specifically
7 budgeted for such payments in the Debtors' operating budget (the "Budget") submitted in
8 connection with the Debtors' motion for authority to use cash collateral and to obtain debtors in
9 possession financing from the Debtors' senior secured lender (the "Cash Collateral Motion")
10 which is supported by the Declaration of Anita M. Chou (the "Chou Declaration") filed
11 concurrently herewith. The Debtors respectfully request that the Court grant the relief requested
12 in the Motion in its entirety.

13 **SUMMARY OF REQUESTED RELIEF**

14 By this Motion, the Debtors seek entry of an order: (i) prohibiting the Utility Companies
15 from altering, refusing, or discontinuing service without further order of the Court; and
16 (ii) determining adequate assurance of payment for future utility services, as already provided for
17 in the Debtors' Budget submitted in connection with the Debtors' Cash Collateral Motion, which
18 is supported by the Chou Declaration filed concurrently herewith.

19 The Debtors respectfully submit that the relief requested herein is necessary and
20 appropriate to ensure a smooth transition into Chapter 11, to normalize and maintain existing
21 relationships with the Debtors' Utility Companies during the turbulent early stages of this
22 bankruptcy case, and to preserve and maximize value for the benefit of the Debtors' creditors.
23 One of the keys to the Debtors' successful reorganization will be maintaining harmonious
24 relationships with their employees, medical services providers, most critical vendors, and
25 customers, and preserving the going-concern value of the Debtors' business. As set forth in the
26
27
28

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 attached Memorandum of Points and Authorities, the relief requested in this Motion is essential to
2 those objectives.

3
4 **ADDITIONAL INFORMATION**

5 This Motion is based upon LBR 2081-1(a)(7) and 9075-1, section 366, the attached
6 Memorandum of Points and Authorities, and Adcock Declaration filed concurrently herewith, the
7 arguments and statements of counsel to be made at the hearing on the Motion, and other
8 admissible evidence properly brought before the Court.

9 Counsel to the Debtors will serve this Motion, the attached Memorandum of Points and
10 Authorities, the Adcock Declaration and the Notice of First Day Motions on: (i) the Office of the
11 United States Trustee; (ii) the Secured Creditors and DIP Lenders; (iii) the fifty (50) largest
12 general unsecured creditors appearing on the consolidated list filed in accordance with
13 Bankruptcy Rule 1007(d); (iv) the United States of America, and the State of California; (v) the
14 Utility Companies; and (vi) parties that file with the Court and serve upon the Debtors requests
15 for notice of all matters in accordance with Bankruptcy Rule 2002(i). To the extent necessary, the
16 Debtors request that the Court waive compliance with LBR 9075-1(a)(6) and approve service (in
17 addition to the means of services set forth in such Local Bankruptcy Rule) by overnight delivery.
18 Among other things, the Notice of Emergency Motions will provide that any opposition or
19 objection to the Motion may be presented at any time before or at the hearing regarding the
20 Motion, but that failure to timely object may be deemed by the Court to constitute consent to the
21 relief requested herein.

22 In the event that the Court grants the relief requested by the Motion, the Debtors shall
23 provide notice of the entry of the order granting such relief upon each of the foregoing parties and
24 any other parties in interest as the Court directs. The Debtors submit that such notice is sufficient
25 and that no other or further notice be given.

26 **RESERVATION OF RIGHTS**

27 Nothing contained herein is intended or shall be construed as: (i) an admission as to the
28 validity of any claim against the Debtors; (ii) a waiver of the Debtors' or any appropriate party in

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors;
2 (iii) a waiver of any claims or causes of action which may exist against any creditor or interest
3 holder; or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease,
4 program, or policy between the Debtors and any third party under § 365. Likewise, if the Court
5 grants the relief sought herein, any payment made pursuant to the Court's order is not intended to
6 be and should not be construed as an admission to the validity of any claim or a waiver of the
7 Debtors' rights to dispute such claim subsequently.

8 **PRAYER**

9 **WHEREFORE**, for all the foregoing reasons and such additional reasons as may be
10 advanced at or prior to the hearing regarding this Motion, the Debtors respectfully request that the
11 Court enter an order providing for the following relief: (i) a determination that (a) a Deposit
12 made by the Debtors to each Utility Company in an amount equal to the average monthly invoice
13 for prepetition services provided to the Debtors by such Utility Company; (b) the ability to obtain
14 an initial hearing regarding the adequacy of the Deposit; and (c) the ability to obtain an expedited
15 hearing regarding additional adequate assurance upon the Debtors' failure to cure a default within
16 twenty (20) days after written notice of such default, together constitute adequate assurance of
17 payment for future utility services as contemplated by §§ 366(b) and (c)(3)(A); (ii) a prohibition
18 barring the Utility Companies from altering, refusing, or discontinuing services to the Debtors
19 without further order of this Court; and (iii) providing the Debtors such other and further relief as
20 the Court deems just and proper.

21 Dated: August 31, 2018

DENTONS US LLP
SAMUEL R. MAIZEL
JOHN A. MOE, II
TANIA M. MOYRON

22
23
24
25 By /s/ Tania M. Moyron
Tania M. Moyron

26 Proposed Attorneys for the Chapter 11 Debtors
27 and Debtors In Possession
28

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Pursuant to Rules 2081-1(a)(3) and 9075-1 of the Local Bankruptcy Rules of the United
4 States Bankruptcy Court for the Central District of California (the “LBR”), Rule 6003 of the
5 Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and section 366 of title 11 of
6 the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”),⁴ Verity
7 Health System Of California, Inc. (“VHS”) and the above-referenced affiliated debtors, the
8 debtors and debtors in possession in the above-captioned chapter 11 bankruptcy cases
9 (collectively, the “Debtors”), hereby move, on an emergency basis (the “Motion”), for the entry
10 of an order: (i) prohibiting utilities (collectively, the “Utility Companies” and individually, a
11 “Utility Company”) from altering, refusing, or discontinuing service without further order of the
12 Court; and (ii) determining adequate assurance of payment for future utility services. The Debtors
13 receive essential utility services from several Utility Companies. A list of the Utility Companies
14 and the Debtors’ account number with each Utility Company is attached hereto as **Exhibit “A.”**⁵
15 The Debtors seek a determination that: (i) a deposit made by the Debtors to each Utility
16 Company in an amount equal to the average monthly invoice⁶ set forth on **Exhibit “B”** for
17 prepetition services provided to the Debtors by such Utility Company (the “Deposit”); (ii) the
18 ability of any Utility Company to obtain an initial hearing on the adequacy of the Deposit; and
19 (iii) the ability of any Utility Company to obtain an expedited hearing regarding further adequate

20 _____
21 ⁴ All references to “§” and “section” herein are to sections of the Bankruptcy Code.

22 ⁵ Although the Debtors believe that the list of Utility Companies set forth in **Exhibit “A”** hereto
23 is complete, the Debtors reserve the right to supplement such list if they determine that any Utility
24 Company has been omitted. The Debtors further reserve all rights to challenge the status of any
25 entity listed in **Exhibit “A”** as a “utility” falling within the scope of section 366. Furthermore, the
26 Debtors have attempted to separate each account for each of the various Debtors with each of the
27 various Utility Companies; however, there are some instances where the Debtors would incur
28 considerable more effort to separate particular accounts held by a particular Utility Company, and
have therefor declined to do so for purposes of efficiency of time and resources. In those
instances—as set forth in **Exhibit “A”**—the Debtors have listed all account numbers that are
grouped together for transparency’s sake.

⁶ The average monthly invoice amount was determined by averaging the amounts of the twelve
most recently received monthly bills from each Utility Company. In those instances where the
Debtors grouped multiple accounts together (*see supra* n2. for explanation), the Debtors
calculated the average of all such accounts and not any one single account referenced therein.

1 assurance if the Debtors fail to cure a postpetition payment default within days after written
2 notice of such default, constitute adequate assurance of payment for future utility services.

3 **II. JURISDICTION AND VENUE**

4 1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
5 This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

6 2. The venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

7 **III. STATEMENT OF FACTS**

8 **A. General Background.**

9 1. On August 31, 2018 (“Petition Date”), the Debtors each filed a voluntary petition
10 for relief under Bankruptcy Code. Since the commencement of their cases, the Debtors have been
11 operating their businesses as debtors in possession pursuant to §§⁷ 1107 and 1108.

12 2. Debtor VHS, a California nonprofit public benefit corporation, is the sole
13 corporate member of the following five Debtor California nonprofit public benefit corporations
14 that operate six acute care hospitals, O’Connor Hospital, Saint Louise Regional Hospital, St.
15 Francis Medical Center, St. Vincent Medical Center, Seton Medical Center, and Seton Medical
16 Center Coastside (collectively, the “Hospitals”) and other facilities in the state of California.
17 Seton Medical Center and Seton Medical Center Coastside operate under one consolidated acute
18 care license.

19 3. VHS, the Hospitals, and their affiliated entities (collectively, “Verity Health
20 System”) operate as a nonprofit health care system, with approximately 1,680 inpatient beds, six
21 active emergency rooms, a trauma center, eleven medical office buildings, and a host of medical
22 specialties, including tertiary and quaternary care.

23 4. The VHS affiliated entities, including the Debtors and non-debtor entities, are as
24 follows:

- 25 • O’Connor Hospital
- 26 • Saint Louise Regional Hospital
- 27 • St. Francis Medical Center

28 ⁷ All references to “§” or “section” herein are to the Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.*,
as amended.

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

- 1 • St. Vincent Medical Center
- 2 • Seton Medical Center, including
- 3 • Seton Medical Center Coastside campus
- 4 • Verity Business Services
- 5 • Marillac Insurance Company, Ltd.
- 6 • O'Connor Hospital Foundation
- 7 • Saint Louise Regional Hospital Foundation
- 8 • St. Francis of Lynwood Medical Center Foundation
- 9 • St. Vincent Medical Center Foundation
- 10 • Seton Medical Center Foundation
- 11 • St. Vincent de Paul Ethics Corporation
- 12 • St. Vincent Dialysis Center
- 13 • De Paul Ventures, LLC
- 14 • De Paul Ventures - San Jose Dialysis, LLC
- 15 • De Paul Ventures - San Jose ASC, LLC
- 16 • Verity Medical Foundation
- 17 • Verity Holdings, LLC

18 5. Verity Medical Foundation (“VMF”), incorporated in 2011, is a medical
19 foundation, exempt from licensure under California Health & Safety Code § 1206(l). VMF
20 contracts with physicians and other healthcare professionals to provide high quality,
21 compassionate, patient-centered care to individuals and families throughout California. With
22 more than 100 primary care and specialty physicians, VMF offers medical, surgical and related
23 healthcare services for people of all ages at community-based, multi-specialty clinics
24 conveniently located in areas served by the Debtor Hospitals. VMF holds long-term professional
25 services agreements with the following medical groups: (a) Verity Medical Group; (b) All Care
26 Medical Group, Inc.; (c) CFL Children’s Medical Associates, Inc.; (d) Hunt Spine Institute, Inc.;
27 (e) San Jose Medical Clinic, Inc., D/B/A San Jose Medical Group; and (f) Sports, Orthopedic and
28 Rehabilitation Associates.

 6. Verity Holdings, LLC (“Holdings”) is a direct subsidiary of its sole member VHS
and was created in 2016 to hold and finance VHS’ interests in four medical office buildings
whose tenants are primarily physicians, medical groups, healthcare providers, and certain of the
VHS Hospitals. Holdings’ real estate portfolio includes more than 15 properties. Holdings is the
borrower on approximately \$66.2 million of non-recourse financing secured by separate deeds of
trust and revenue and accounts pledges, including the rents on each medical office building.

1 7. O'Connor Hospital Foundation, Saint Louise Regional Hospital Foundation, St.
2 Francis of Lynwood Medical Center Foundation, St. Vincent Medical Center Foundation, and
3 Seton Medical Center Foundation handle fundraising and grant-making programs for each of their
4 respective Debtor Hospitals.

5 8. As of August 31, 2018, the Debtors have approximately 7,385 employees, of
6 whom 4,733 are full-time employees. Approximately 74% of these employees are represented by
7 collective bargaining units. A majority of the employees are represented by either the Service
8 Employees International Union (approximately 39% of employees) or California Nurses
9 Associations (approximately 22% of employees).

10 9. Each of the Debtors is exempt from federal income taxation as an organization
11 described in section 501(c)(3) of the Internal Revenue Code of 1986, except for Verity Holdings,
12 LLC, DePaul Ventures, LLC, and DePaul Ventures - San Jose Dialysis, LLC.

13 10. To date, no official committee or examiner has been appointed by the Office of the
14 United States Trustee in these chapter 11 Cases.

15 **B. Historical Background.**

16 1. The Hospitals and VMF were originally owned and operated by the Daughters of
17 Charity of St. Vincent de Paul, Province of the West (the "Daughters of Charity"), to support the
18 mission of the Catholic Church through a commitment to the sick and poor. The Daughters of
19 Charity began their healthcare mission in California in 1858 and they ministered to ill, poverty-
20 stricken individuals for more than 150 years. In March 1995, the Daughters of Charity merged
21 with Catholic Healthcare West ("CHW"). In June 2001, Daughters of Charity Health System
22 ("DCHS") was formed, and in October 2001, the Daughters of Charity withdrew from CHW. In
23 2002, DCHS commenced operations and was the sole corporate member of the Hospitals, which
24 at that time were California nonprofit religious corporations.

25 2. Between 1995 and 2015, the Daughters of Charity and DCHS struggled to find a
26 solution to continuing operating losses, either through a sale of some or all of the hospitals or a
27 merger with a more financially sound partner. All these efforts failed. During these efforts,
28 however, the health system's losses continued to mount, and the health system borrowed more

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 than \$500 million—including through a 2008 bond issuance (the “2008 Bonds”)—to fund
2 operations, acquire assets, fund needed capital improvements and/or refinance existing debt.

3 3. Despite continuous efforts to improve operations, operating losses continued to
4 plague the health system due to, among other things, mounting labor costs, low reimbursement
5 rates and the ever-changing healthcare landscape. In 2013, DCHS actively solicited offers for
6 O’Connor Hospital, St. Louise Regional Hospital, Seton Medical Center and Seton Medical
7 Center Coastsides. In 2013, to avoid failing debt covenants, the Daughters of Charity Foundation,
8 an organization separate and distinct from DCHS, donated \$130 million to DCHS to allow it to
9 retire the 2008 Bonds in the total amount of \$143.7 million.

10 4. In early 2014, DCHS announced that they were beginning a process to evaluate
11 strategic alternatives for the health system. Throughout 2014, DCHS explored offers to sell their
12 hospital system and, in October of 2014, they entered into an agreement with Prime Healthcare
13 Services and Prime Healthcare Foundation (collectively, “Prime”) to sell the health system.
14 However, to keep the hospitals open, DCHS needed to borrow another \$125 million to mitigate
15 immediate cash needs during the sales process; in other words, to allow DCHS to continue to
16 operate until the sale could be consummated. In early 2015, the California Attorney General
17 consented to the sale to Prime, subject to conditions on that sale that were so onerous that Prime
18 terminated the transaction.

19 5. In 2015, DCHS again marketed their health system for sale, and, again, focused on
20 offers that maintained the health system as a whole, and assumed all the obligations. In July
21 2015, the DCHS Board of Directors selected BlueMountain Capital Management LLC
22 (“BlueMountain”), a private investment firm, to recapitalize its operations and transition
23 leadership of the health system to the new Verity Health System (the “BlueMountain
24 Transaction”).

25 6. In connection with the BlueMountain Transaction, BlueMountain agreed to make a
26 capital infusion of \$100 million to the health system, arrange loans for another \$160 million to the
27 health system, and manage operations of the health system, with an option to buy the health
28 system at a future time. In addition, the parties entered into a System Restructuring and Support

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 Agreement (the “Restructuring Agreement”), DCHS’s name was changed to Verity Health
2 System, and Integrity Healthcare, LLC (“Integrity”) was formed to carry out the management
3 services under a new management agreement.

4 7. On December 3, 2015, the California Attorney General approved the
5 BlueMountain Transaction, subject to conditions. Despite BlueMountain’s infusion of cash and
6 retention of various consultants and experts to assist in improving cash flow and operations, the
7 health system did not prosper.

8 8. In July 2017, NantWorks, LLC (“NantWorks”) acquired a controlling stake in
9 Integrity. NantWorks brought in a new CEO, CFO, and COO. NantWorks loaned another \$148
10 million to the Debtors.

11 9. Despite the infusion of capital and new management, it became apparent that the
12 problems facing the Verity Health System were too large to solve without a formal court
13 supervised restructuring. Thus, despite VHS’ great efforts to revitalize its Hospitals and
14 improvements in performance and cash flow, the legacy burden of more than a billion dollars of
15 bond debt and unfunded pension liabilities, an inability to renegotiate collective bargaining
16 agreements or payor contracts, the continuing need for significant capital expenditures for seismic
17 obligations and aging infrastructure, and the general headwinds facing the hospital industry, make
18 success impossible. Losses continue to amount to approximately \$175 million annually on a cash
19 flow basis.

20 10. Additional background facts on the Debtors, including an overview of the Debtors’
21 business, information on the Debtors’ capital structure and additional events leading up to these
22 chapter 11 cases, are contained in the Declaration of Richard G. Adcock.

23
24
25 **C. Relevant Facts to Motion.**

26 As life-saving medical service providers, the Debtors are situated in a vulnerable
27 position—without the continual flow of vital services of utilities (collectively, the “Utility
28 Companies” and individually, a “Utility Company”), the mission of the Debtors’ business would

1 unravel, irreparably harming the Debtors and their patients (the “Patients”) who seek medical care
2 in the hospitals, medical centers, and clinics operated by the Debtors. Thus, in order to ensure the
3 timely and proper care of the Patients and maintain ongoing business operations, it is imperative
4 the Debtors are able to rely on a consistent supply of these services.

5 The Debtors receive essential utility services from many companies. A list of the Utility
6 Companies and the Debtors’ account number with each Utility Company is attached hereto as
7 **Exhibit “A.”**⁸ The Debtors receive essential water, gas, electric, telephone, and other services
8 from the Utility Companies. On any given business day, Patients are undergoing surgical
9 procedures and are receiving medical treatments for which sophisticated, life-sustaining, utility-
10 powered equipment is absolutely essential. While any interruption in utility services would
11 certainly be very detrimental to any debtor’s business, in this Case, any utility interruption, no
12 matter how brief, could be extremely harmful to the Patients at the Debtors’ facilities. The
13 Debtors’ ability to operate their Hospitals depends on maintaining the confidence of the
14 physicians who perform surgical and other medical procedures at their Hospitals and the Patients
15 who are treated there. Both constituencies must be absolutely assured that there will be no
16 interruption of utility services.

17 The Debtors have and will have adequate cash to meet all of their necessary postpetition
18 operating expenses on a current basis, including payments to the Utility Companies. The Debtors
19 have specifically included in the Debtors’ operating budget (the “Budget”)—submitted in
20 connection with the Debtors’ motion for authority to use cash collateral and to obtain debtors in
21 possession financing from the Debtors’ senior secured lender (the “Cash Collateral Motion”)
22 which is supported by the Declaration of Anita M. Chou (the “Chou Declaration”) filed

23 _____
24 ⁸ Although the Debtors believe that the list of Utility Companies set forth in **Exhibit “A”** hereto is
25 complete, the Debtors reserve the right to supplement such list if it is determined that any utility
26 company has been omitted. The Debtors further reserve all rights to challenge the status of any
27 entity listed therein as a “utility” falling within the scope of section 366. Furthermore, the Debtors
28 have attempted to separate each account for each of the various Debtors with each of the various
Utility Companies; however, there are some instances where the Debtors would incur
considerably more effort to separate particular accounts held by a particular Utility Company, and
have therefor declined to do so for purposes of efficiency of time and resources. In those
instances—as set forth in **Exhibit “A”**—the Debtors have listed all account numbers that are
grouped together for transparency’s sake.

1 concurrently herewith—amounts for payments to Utility Companies, including the payment of
2 the Utility Deposits (as defined below).

3 **IV. PROPOSED RELIEF**

4 The Debtors propose to give each of the Utility Companies adequate assurance of
5 payment for their future services in the form of cash deposits (the “Utility Deposits” and each, a
6 “Utility Deposit”) in amounts that are equal to the average monthly invoice for one month of
7 prepetition services provided to the Debtors by each Utility Company. The average monthly
8 invoice amount was determined by averaging the amounts of the twelve (12) most recently
9 received monthly bills from each Utility Company. As so calculated, the average monthly invoice
10 amount⁹ is listed on **Exhibit ”B”** (as shown next to each Utility Company’s name). The Debtors
11 propose to pay the deposits to the Utility Deposits within days after the Court’s entry of an order
12 granting this Motion.
13

14 In addition, the Debtors seek to establish reasonable procedures (the “Procedures”) by
15 which a Utility Company may request further adequate assurance of future payment, in the event
16 that such Utility Company believes that their Utility Deposit does not provide it with satisfactory
17 adequate assurance. Such Procedures would provide that:
18

19 (i) If a Utility Company is not satisfied with the Utility Deposit provided by the
20 Debtors, such Utility Company must serve a written request (the “Request”) upon the Debtors
21 setting forth the location(s) for which Utility Services are provided, the account number(s) for
22 such location(s), the outstanding balance for each account, a summary of the Debtors’ payment
23 history on each account, and an explanation of why the Utility Deposit is inadequate assurance of
24 payment;
25

26 _____
27 ⁹ The average monthly invoice amount was determined by averaging the amounts of the twelve
28 (12) most recently received monthly bills from each Utility Company. In those instances where
the Debtors grouped multiple accounts together (*see supra* n.2. for explanation), the Debtors
calculated the average of all such accounts and not any one single account referenced therein.

1 (ii) The Request must be actually received by the Debtors' counsel, whose name and
2 address are shown on the first page of this Motion, within forty-five (45) days after the entry date
3 of the order (the "Order") granting this Motion (the "Request Deadline");

4 (iii) Without further order of this Court, the Debtors may enter into agreements
5 granting additional adequate assurance to a Utility Company serving a timely Request, if the
6 Debtors, in their discretion, determine that the Request is reasonable;

7 (iv) If the Debtors believe that a Request is unreasonable, they shall, within thirty (30)
8 days after the Request Deadline, file a motion (a "Determination Motion") pursuant to
9 § 366(c)(3), seeking an order that the Utility Deposit, plus any additional consideration offered by
10 the Debtors, if any, constitutes adequate assurance of payment. Pending notice and a hearing on
11 this Motion, the Utility Company that is the subject of the unresolved Request may not alter,
12 refuse, or discontinue services to the Debtors or recover or setoff against a prepetition deposit, if
13 any; and

14 (v) The Utility Deposit shall be deemed adequate assurance of payment for any Utility
15 Company that fails to make a timely Request.

16 The Debtors reserve the right, without further order of the Court, to supplement the list of
17 Utility Companies attached hereto as **Exhibit "A"** if any Utility Company has been omitted. If the
18 Debtors add a Utility Company to the list after the Court enters the proposed Order, the Debtors
19 will serve a copy of this Motion and the signed Order on any Utility Company that is added to the
20 list (the "Supplemental Service"). Concurrent with the Supplemental Service, the Debtors will file
21 with the Court a supplement to **Exhibit "A"** showing the name of the Utility Company that is
22 being added to the list. In addition, the Debtors will provide a Utility Deposit for the added Utility
23 Company within forty-five (45) days of entry of the Order or concurrently with the Supplemental
24 Service, whichever is later. If the Debtors have not received utility services from the added Utility
25 Company for the twelve (12) months prior to the Petition Date, then the utility deposit will be
26 equal to one (1) month of the Debtors' expected monthly invoice amounts for utility consumption
27 from the added Utility Company. If the added Utility Company does not believe that the deposit
28 received from the Debtors is adequate, the added Utility Company shall deliver a Request by the

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 Request Deadline or within thirty (30) days after the service of the Supplemental Service,
2 whichever is later. If such Request is made, the Procedures outlined above shall apply to their
3 consideration and resolution.

4 Additionally, the Debtors propose that if the Debtors default on an obligation to pay a
5 Utility Company for postpetition services, and such default is not cured within twenty (20) days
6 of such Debtors' receipt of written notice of default, then the applicable Utility Company may file
7 a motion requesting that the Debtors furnish further adequate assurance of future payment, and
8 such motion shall be heard on an expedited basis.

9 The Debtors further request that the Order prohibit any Utility Company from altering,
10 refusing, or discontinuing services to the Debtors without further order of this Court.

11 Finally, the Debtors request that the Order provide that Utility Companies must
12 immediately refund any Utility Deposit (without offset for prepetition claims) in the event that the
13 Debtors terminate the services of any Utility Company and after all postpetition invoices owed by
14 the Debtors to that Utility Company have been paid. The Debtors believe that the immediate
15 refund of a Utility Deposit by a Utility Company whose services have been terminated and whose
16 postpetition bills have been paid is fair and appropriate under the circumstances because the
17 Utility Company would no longer require adequate assurances of the Debtors' future
18 performance.

19 Under the circumstances of this Case in which the Debtors have no significant outstanding
20 prepetition utility obligations and have already arranged to maintain current payment for
21 postpetition services, the Debtors believe that the proposed Utility Deposits constitute adequate
22 assurance of payment under § 366(c). The Debtors also propose to further protect the Utility
23 Companies by agreeing to expedited access to this Court by a Utility Company should the
24 Debtors default postpetition and by establishing the Procedures provided for herein, pursuant to
25 which any Utility Company can request additional adequate assurance by demonstrating facts and
26 circumstances with respect to their postpetition services to the Debtors that merit greater
27 protection.

28

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 **V. ARGUMENT**

2 Under § 366(b), utility companies may alter, refuse, or discontinue service to a Debtors if
3 the Debtors have not furnished adequate assurance of payment within twenty (20) days of the
4 Petition Date. 11 U.S.C. § 366(b). The Court, however, has the power to modify the form and
5 amount of the assurance of payment after notice and a hearing. 11 U.S.C. § 366(c)(2), (3)(A). The
6 policy underlying § 366 is to protect the Debtors from utility service cutoffs upon the filing of a
7 bankruptcy case and provide utility companies with adequate assurance that the Debtors will in
8 fact pay for postpetition services. *See* H.R. Rep. No. 595, 95th Cong., 1st Sess. 350 (1978),
9 *reprinted in* 1978 U.S.C.C.A.N. 5963, 6306.

10 “Utility” is not defined in the Bankruptcy Code. However, courts have generally limited
11 this to entities that have a “special relationship” with the Debtors, in that they provide the Debtors
12 with an essential service, for which the Debtors have a need for continued access. *See, e.g., Darby*
13 *v. Time Warner Cable, Inc. (In re Darby)*, 470 F.3d 573 (5th Cir. 2006).

14 Section 366 requires a cash deposit or other enumerated form of security that is
15 “adequate,” but the Bankruptcy Code does not define what is “adequate,” except that
16 administrative priority is not sufficient as a form of adequate assurance of payment. 11 U.S.C. §§
17 366(c)(1)(B), 3(B)(iii).

18 While the *form* of adequate assurance of payment may be limited under § 366(c) to the
19 types of security enumerated in § 366(c)(1)(A), the *amount* of the deposit or other form of
20 security, however, remains fully within the reasonable discretion of the Court, subject only to
21 three specific factors that may not be considered by the Court, as listed in § 366(c)(3)(B). *See* 11
22 U.S.C. § 366(b) (“On request of a party in interest and after notice and a hearing, the court may
23 order reasonable modification of the amount of the deposit or other security necessary to provide
24 adequate assurance of payment.”) and (c)(3)(A) (“On request of a party in interest and after notice
25 and a hearing, the court may order modification of the amount of an assurance of payment under
26 paragraph (2).”), *accord In re Pacific Gas & Elec. Co.*, 271 B.R. 626, 644 (N.D. Cal. 2002) (“The
27 use of the word ‘may’ in the second sentence (of § 366(b)) contemplates that the decision of
28 whether to order security lies within the discretion of the Bankruptcy Court.”); *In re Steinbach*,

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 303 B.R. 634, 641 (Bankr. D. Az. 2004) (“Bankruptcy courts are afforded reasonable discretion
2 in determining what constitutes adequate assurance.”). Under such subsection, when determining
3 “whether an assurance of payment is adequate,” the Court may not consider: (a) whether the
4 Debtors had a prepetition deposit; (b) whether the Debtors paid their utility bills on time
5 prepetition; or (c) the administrative expense priority afforded utilities postpetition. 11 U.S.C.
6 § 366(c)(3)(B). Nothing in § 366(c), however, precludes the Court from considering other factors
7 that could minimize the amount of the deposit, including (without limitation): (a) the right of the
8 utility to terminate service upon nonpayment (*see In re Penn Jersey Corp.*, 72 B.R. 981, 985
9 (Bankr. E.D. Pa. 1987) (“We note, in this regard ... that the Court of Appeals has stated ... that a
10 utility is well-protected, after establishment of adequate assurance, by their remedy “to
11 disconnect service as their remedy for non-payment” without “recourse to the bankruptcy court,”
12 even though ... the debtor is provided with an additional layer of protection arising from any
13 available state utility commission Regulations limiting a utility’s termination rights.”)); (b) the
14 chapter 11 estate’s liquidity (*see In re Agrifos Fertilizer, L.P.*, 2002 WL 32054779, at *5 (Bankr.
15 S.D. Tex. Nov. 25, 2002) (“If a debtor demonstrates ... *evidence of post-petition liquidity*, a
16 deposit may not be necessary.”) (emphasis added)); and (c) the estate’s net worth and ability to
17 pay their postpetition obligations (*see Best Products*, 203 B.R. at 54 (“the court should consider
18 the debtor’s payment history, *the debtor’s net worth*, and *the debtor’s present and future ability*
19 *to pay post-petition obligations*.”) (emphasis added)).

20 For example, the bankruptcy court in *In re Best Products Co.*, 203 B.R. 51, 54 (Bankr.
21 E.D. Va. 1996) took an approach that appears to parallel the requirements of § 366:

22 A question remains, however, as to (the security deposit’s) form and
23 amount in this case. The objecting utilities each have demanded a
24 deposit equal to the debtor’s bill for two months of service. Under
25 section 366, the utilities have a right to the deposit as demanded
26 unless the debtor can show cause to reduce it. Once the debtor
27 proffers a sufficient objection, the court must fix a reasonable
28 security after notice and a hearing. In doing so, the court should
consider the debtor’s payment history, the debtor’s net worth, and
the debtor’s present and future ability to pay post-petition
obligations.

Best Products, 203 B.R. at 54. The court in *Best Products* approved a deposit of *one-half* the

1 average monthly bill for the past 12 months for each of the debtor’s facilities because of factors
2 such as the debtor’s net worth and present and future ability to pay postpetition obligations.¹⁰

3 The amount of the deposit or other security could be even lower than one month’s bill
4 amount.¹¹ By its terms, § 366, as amended, *does not require* that the deposit or other security be
5 more than a nominal amount. Although the Debtors believe that they have a credible argument for
6 a lower deposit, they nevertheless propose to make a cash deposit to each of the Utility
7 Companies equal to one (1) month of the Debtors’ average prepetition monthly invoice amount
8 with the respective Utility Company. The Debtors believe that a one (1) month deposit is more
9 than adequate under the totality of the facts and circumstances. *See In re Adelpia Business*
10 *Solutions*, 280 B.R. 63, 82-83, 86 n.127 (Bankr. S.D.N.Y. 2002) (adequate assurance of payment
11 is a fact-driven analysis based on the totality of the facts and circumstances of the case).

12 As explained in the Adcock Declaration, continued and uninterrupted utility service is
13 critical to the Debtors’ operations and efforts to reorganize because, as mentioned previously, the
14 Debtors’ physicians and Patients must be assured that surgical procedures can be safely
15 performed and other medical services can be provided without interruption at the Debtors’
16 Hospitals. Without such guarantees, no one will take the risk of performing or receiving a surgical
17 procedure or other critical medical treatment at the Debtors’ Hospitals. The well-being of
18 Patients, as well as the Debtors’ business, is literally at stake. Without the revenues generated for

19 _____
20 ¹⁰ *Id.* The *Best Products* court permitted the debtor to apply prepetition deposits and prepayments
21 to the post-petition deposits required by the court’s ruling. *Id.*, at 54 n.2. The Bankruptcy
22 Appellate Panel for the First Circuit approved an apparently one-month deposit that the utility
23 argued would not cover the 13-day period between billing and payment of each month’s
24 rent—“even excluding the administrative expense priority from consideration.” *Massachusetts*
25 *Electric Co. v. Keydata Corp. (In re Keydata Corp.)*, 12 B.R. 156, 158 (1st Cir. B.A.P. 1981)
26 (citation and footnote omitted).

27 ¹¹ Bankruptcy courts should be conservative in providing deposits or other security to utilities to
28 conserve the estate’s scarce financial resources. *See In re Magnesium Corp. of America*, 278 B.R.
698, 714 (Bankr. S.D.N.Y. 2002) (“In deciding what constitutes ‘adequate assurance’ in a given
case, a bankruptcy court must ‘focus upon the need of the utility for assurance, and to require that
the debtor supply *no more than that*, since the debtor almost perforce has a conflicting need to
conserve scarce financial resources.”) (quoting *Virginia Elec. & Power Co. v. Caldor*, 117 F.3d
646, 650 (2d Cir. 1997) (emphasis in original); *Penn Jersey*, 72 B.R. at 985 (“We believe that, in
analysis of what ‘adequate assurance’ is required of any particular debtor to retain utility service,
it is significant to focus upon the need of the utility for assurance, and to require that the debtor
supply no more than that, since the debtor almost perforce has a conflicting need to conserve
scarce financial resources.”)).

1 surgical and other critical medical procedures performed at the Debtors' Hospitals, Patients will
2 simply take their business elsewhere, and will cripple the Debtors' efforts to reorganize.

3 In contrast, the Utility Companies will not be prejudiced by the continuation of their
4 services. *The Debtors are current on payment to the Utility Companies. The Debtors have*
5 *sufficient funds to pay all postpetition charges.* The Utility Companies are further protected by the
6 Utility Deposits and the provisions granting them an expedited hearing if the Debtors fails to cure
7 a payment default within twenty (20) days after written notice of such default. Finally, the rights
8 of the Utility Companies will not be prejudiced should the relief requested in this Motion be
9 granted because the Utility Companies are permitted to come before this Court and seek relief
10 according to the Procedures proposed.

11 **VI. CONCLUSION**

12 Based upon the foregoing, the Debtors respectfully requests that the Court enter an Order
13 providing the following relief to avoid immediate and irreparable harm:

14 (a) A determination that a deposit equal to one (1) month of the Debtors' average
15 monthly prepetition invoice amount prior to the filing of the Case, the ability to obtain an
16 expedited hearing twenty (20) days after the Debtors receives notice of a default and does not
17 cure that default, and the other Procedures outlined in the Motion and this Memorandum
18 constitute adequate assurance of payment for future utility services as contemplated by s§§ 366(b)
19 and (c)(3)(A);

20 (b) Prohibiting each of the Utility Companies from altering, refusing, or discontinuing
21 services to the Debtors without further order of this Court;

22 (c) Requiring any Utility Company whose services are terminated by the Debtors to
23 immediately refund a Utility Deposit (with no offset for prepetition claims) provided that all
24 postpetition invoices have been paid; and

25 (d) Such other and further relief as the Court deems just and proper.
26
27
28

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

1 Dated: August 31, 2018

DENTONS US LLP
SAMUEL R. MAIZEL
JOHN A. MOE, II
TANIA M. MOYRON

2
3
4
5 By /s/ Tania M. Moyron
Tania M. Moyron

6 Proposed Attorneys for the Chapter 11 Debtors
and Debtors In Possession

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

EXHIBIT “A”

Verity Health System Of California, Inc., et al., Debtors and Debtors In Possession.
Utilities Motion

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
AM MESSAGING	American Messaging	PO Box 5749 Carol Stream, IL 60197-5749	L8-547529	Phone	\$964.99	No
AM MESSAGING	American Messaging	PO Box 5749 Carol Stream, IL 60197-5749	M7-116019	Phone	\$117.95	No
AMERICAN TOWER	American Tower Corporation	LOCKBOX 75011 PO Box 7247 Philadelphia, PA 19170	67933	Phone	\$613.95	No
ATT 5019	AT&T	PO Box 5019 Carol Stream, IL 60197	8310006538	Phone	\$89,269.51	No
ATT 5025	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	650991-66992945; 231253-44156904; 650756-38614143; 650911-01597095; 650758-14862441; 239266-70527968; 239251-17655838; 239451-99396143; 236281-11266368; 650992-40009476; 650992-45194166; 250023-15960309; 650755-28331113; 650755-53593017; 408280-59601670; 650728-55216215; 650758-12743643; 650756-27923547; 650994-40883589; 650997-05710758	Phone	\$72,920.23	No
ATT07	AT&T	PO Box 5019 Carol Stream, IL 60197-5019	8002-520-9307; 831-000-7335-469; 831-000-3736-564; 171-791-4344-326; 831-000-2825-464; 831-000-3427-925	Phone/ Data	\$36,855.30	No
ATT01	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	232-589-8506; 234- 344-8443; 310-539-9185; 323-589-8506; 408-279-4284; 408-282-9702;	Phone/ Data	\$26,554.98	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
			408-286-3980; 408-292-4696; 408-297-5959; 408-297-7909; 408-355-2324; 408-923-9501; 408-278-3582; 408-279-4284; 408-297-5959; 415-695-0290; 436-951-5329; 436-951-5532; 436-951-5537; 436-951-6138; 650-992-8500; 650-994-9093; 714-541-0450; 714-978-0308; 949-472-0030; 949-472-0060; 960-736-0417; 960-738-4143			
ATT 5017	AT&T	PO Box 5017 Carol Stream, IL 60197-5017	814969798	Phone	\$3,648.86	No
ATT 5002	AT&T	PO Box 5002 Carol Stream, IL 60197-5002	19970340	Phone	\$2,845.19	No
ATT 5025	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	339341-95585980; 213252-89651578; 960550-69515558	Phone	\$1,385.80	No
ATT08	AT&T	PO Box 5091 Carol Stream, IL 60197-5091	0660218	Phone/ Data	\$1,041.72	No
ATT 5025	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	236281-11266368; 650991-66992945; 231253-44156904; 650758-12743643; 650756-38614143; 650911-01597095; 650758-14862441; 239266-70527968 239251-17655838; 239451-99396143; 650992-40009476; 650992-45194166; 250023-15960309; 650755-28331113; 650755-53593017; 331253-45396036; 437951-27017279;	Phone	\$794.00	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
			323563-00800388; 088024-56353250; 332371-43930179; 333271-30472697; 310900-20006023; 310669-56934032; 310603-69493488; 323567-24601016; 250631-22113920; 310631-13147939; 960449-73805552; 31084238540568; 248134-29292111; 310603-17004379 436951-90909362; 436951-90891479; 436951-90925145; 436951-90915872; 960550-69515558			
ATT 5025	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	2133519821 6710; 650997-05710758	Phone	\$775.72	No
ATT 5019	AT&T	PO Box 5019 Carol Stream, IL 60197	8310006295	Phone	\$307.26	No
ATT 5025	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	9607383600	Phone	\$251.98	No
ATT05	AT&T	PO Box 6463 Carol Stream, IL 60197-6463	287273930210; 829294759	Phone/ Data	\$229.88	No
ATT 660688	AT&T	PO Box 5017 Carol Stream, IL 60197-5017	814969798	Phone	\$171.25	No
ATT06	AT&T	PO Box 9004 Carol Stream, IL 60197-9004	BES02422105	Mobility Services	\$170.05	No
ATT MOBILITY	AT&T	PO Box 6463 Carol Stream, IL 60197-6463	872566102	Phone	\$160.22	No
ATT 5002	AT&T	P.O. Box 5002 Carol Stream, IL 60197-5002	44575865	Phone	\$129.31	No
ATT03	AT&T	PO Box 5017 Carol Stream, IL 60197-5017	861804465; 861265175; 861819391; 861265173; 861265176; 861265178	Phone/ Data	\$118.29	No
ATT 5025	AT&T	PO Box 5025	65063138795406;	Phone	\$115.80	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
		Carol Stream, IL 60197-5025	1000-843-6205			
ATT 5025	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	960738-35995558; 239841-92620860	Phone	\$97.06	No
ATT 5019	AT&T	PO Box 5019 Carol Stream, IL 60197	831-000-6538036; 831-000-6538040	Phone	\$59.32	No
ATT 5025	AT&T	PO Box 5025 Carol Stream, IL 60197-5025	3106031700; 31006311314; 2481342929; 3312534539; 3235630080; 3106036949; 2506312211; 3235672460; 3106695693; 3108423854; 3332713047; 4379512701; 3323714393; 0851909135; 3109002000; 9604497380	Phone	\$54.35	No
CINGULAR64 63	AT&T	PO Box 6463 Carol Stream, IL 60197-6463	872566102	Phone	\$40.12	No
ATT 105068	AT&T	PO Box 105068 Atlanta, GA 30348-5068	0304281735 001	Phone	\$27.30	No
ATT 105107	AT&T	PO Box 105107 Atlanta, GA 30348-5107	4082805960 777	Phone	\$24.96	No
ATT 105068	AT&T	PO Box 105068 Atlanta, GA 30348-5068	0304281735-001	Phone	\$18.29	No
ATT 5017	AT&T	PO Box 5017 Carol Stream, IL 60197-5017	830163214; 860380282; 860163164; 830380359	Phone	\$7.02	No
ATT 5002	AT&T	PO Box 5002 Carol Stream, IL 60197-5002	604008115	Phone	\$6.72	No
ATT 5017	AT&T	PO Box 5017 Carol Stream, IL 60197-5017	810737290; 861402874; 834449531	Phone	\$1.05	No
ATT 5094	AT&T	PO Box 5094 Carol Stream, IL 60197- 5094	1164672650	Phone	\$0.19	No
ATHENS	Athens Services	PO Box 54957	1M0710097	Waste	\$2,239.09	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
		Los Angeles, CA 90054-0957				
CHARTER COMM	Charter Communications	PO Box 60229 Los Angeles, CA 90060-0229	8.20311E+14	Cable	\$103.86	No
CHA02	Charter Communications Inc.	PO Box 60229 Los Angeles, CA 90060-0229	8203110040537100; 8203110040633922; 8203110040537107	Phone/ Data	\$175.73	No
CITY OF DALY CI	City of Daly City	PO Box 840 Daly City, CA 94017-0840	531147516	Water & Power	\$16,984.03	No
CITY OF DALY CI	City of Daly City	PO Box 840 Daly City, CA 94017-0840	0441425023; 6201493016; 0441426024; 0441426522; 0441427012; 0531045033; 0631423039	Water & Power	\$5,856.13	No
CITY OF EL SEG	City of El Segundo	PO Box 101426 Pasadena, CA 91189-1426	220 09705 001	Water	\$52.27	No
CITY OF GILR	City of Gilroy	7351 Rosanna Street Gilroy, CA 95020-6197	42005030-02	Electric	\$13,708.79	No
CIT07	City of Gilroy	7351 Rosanna Street Gilroy, CA 95020-6141	41001790-05	Water & Sewer	\$20.76	No
CIT04	City of Huntington Park	PO Box 844646 Los Angeles, CA 90084-4646	152921418; 154721430; 158121448	Water & Sewer	\$363.26	No
CITY OF HUNTIN	City of Huntington Park	6550 Miles Avenue Room 127 Huntington Park, CA 90255-4302	160521456	Water	\$47.79	No
CITY OF LOS	City Of Los Angeles	Office of Finance PO Box 51112 Los Angeles, CA 90051-5412	6304100000	Water	\$760.50	No
CITY OF LYNWO	City of Lynwood	11330 Bullis Road Lynwood, CA 90262	83-14673-01; 83-15303-01	Water	\$19,672.23	No
CITY OF LYNWOO	City of Lynwood	11330 Bullis Road Lynwood, CA 90262	00090	Water	\$7,638.88	No
CITY OF MORGAN	City of Morgan Hill	17575 Peak Avenue Morgan Hill, CA 95037-4128	022-1610-01	Water	\$1,748.82	No
CITY OF MORGAN	City of Morgan Hill	17575 Peak Avenue Morgan Hill, CA 95037-4128	10270	Water	\$15.42	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
CITY OF MORGAN	City of Morgan Hill	17575 Peak Avenue Morgan Hill, CA 95037-4128	10270	Electric	\$9.83	No
CIT13	City of Santa Clara	1500 Warburton Ave Santa Clara, CA 95050	00036112-04	Electric	\$26.88	No
CITY OF SG	City of South Gate	8650 California Avenue South Gate, CA 90280	00039648-001	Water	\$207.03	No
CIT14	City of South Gate	8650 California Avenue South Gate, CA 90280	00015061	Water & Sewer	\$12.74	No
COMCAST/34 744	Comcast	PO Box 34744 Seattle, WA 98124-1744	8155-20-048-000027	Cable	\$812.10	No
COMCAST/34 744	Comcast	PO Box 34744 Seattle, WA 98124-1744	8155 20 023 1029846	Cable	\$311.66	No
COMCAST/34 744	Comcast	PO Box 34744 Seattle, WA 98124-1744	815520023; 1075575	Cable	\$299.05	No
CONSTELLA TIO	Constellation NewEnergy	PO Box 4640 Carol Stream, IL 60197-4640	1-2CL5WRK	Electric	\$66,801.80	No
CONSTELLA TIO	Constellation NewEnergy	PO Box 4640 Carol Stream, IL 60197-4640	12CL5WQH	Electric	\$44,217.72	No
CONSTELLA TI	Constellation NewEnergy	B of A Lockbox Services 15246 Collection Center Drive Chicago, IL 60693-0001	BG-208679	Electric	\$25,493.39	No
CONSTELLA TI	Constellation NewEnergy	B of A Lockbox Services 15246 Collection Center Drive Chicago, IL 60693-0001	BG219330	Electric	\$18,573.13	No
CONSTELLA TIO	Constellation NewEnergy	PO Box 4640 Carol Stream, IL 60197-4640	1-2CLAEUR	Electric	\$18,125.66	No
CONSTELLA TI	Constellation NewEnergy	B of A Lockbox Services 15246 Collection Center Drive Chicago, IL 60693-0001	BG-208679	Electric	\$16,314.70	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
CONSTELLA TI	Constellation NewEnergy	B of A Lockbox Services 15246 Collection Center Drive Chicago, IL 60693-0001	BG-212626	Electric	\$9,829.64	No
CONSTELLA TIO	Constellation NewEnergy	PO Box 4640 Carol Stream, IL 60197-4640	12CLAEV3	Electric	\$2,207.01	No
CONSTELLA TIO	Constellation NewEnergy	PO Box 4640 Carol Stream, IL 60197-4640	BG-208679	Electric	\$1,443.31	No
CONSTELLA TION	Constellation NewEnergy Gas Div	Gas Division, LLC PO Box 5473 Carol Stream, IL 60197-5473	BG-208679	Gas	\$6,353.03	No
CONSTELLA TION	Constellation NewEnergy Gas Div	Gas Division, LLC PO Box 5473 Carol Stream, IL 60197-5473	BG219330	Gas	\$1,685.88	No
CONSTELLA TION	Constellation NewEnergy Gas Div	Gas Division, LLC PO Box 5473 Carol Stream, IL 60197-5473	1-2CL5WR8; 1-2CL5WQW; 1-2CL5WRW	Gas	\$1,432.34	No
COU03	County of Orange	PO Box 567 Santa Ana, CA 92702-0567	AR1404690	Medical Waste	\$4.17	No
DIRECTV	DIRECTV	PO Box 105249 ATLANTA, GA 30348-5249	68676706	Cable	\$2,671.77	No
DIRECTV	DIRECTV	PO Box 105249 Atlanta, GA 30348-5249	51197254	Cable	\$2,195.63	No
DIRECTV	DIRECTV	PO Box 105249 Atlanta, GA 30348-5249	00 3468366	Cable	\$820.34	No
DIRECTV	DIRECTV	PO Box 105249 Atlanta, GA 30348-5249	28026778	Cable	\$242.56	No
FRONTIER COM	Frontier Communications	PO Box 740407 Cincinnati, OH 45274-0407	6-214-55919	Phone	\$2,375.03	No
FRONTIER COM	Frontier Communications	PO Box 740407 Cincinnati, OH 45274-0407	4087767972- 051600-5	Phone	\$1,616.45	No
FRO01	Frontier Communications	PO Box 740407 Cincinnati, OH 45274-0407	408-776-8040- 092105-5; 408-356-1077- 011718-5; 408-356-0162-	Phone/ Data	\$879.51	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
			032018-5; 408-356-7309- 100102-5; 209-188-3728- 011603-5; 408-842-4448- 031717-5			
FRONTIER COM	Frontier Communications	PO Box 740407 Cincinnati, OH 45274-0407	2091481301011279 55; 4088482000006148 95	Phone	\$660.09	No
GLOBALSTA R	Globalstar	PO Box 30519 Los Angeles, CA 90030-0519	110029079	Phone	\$180.89	No
GLOBALSTA R	Globalstar	PO Box 30519 Los Angeles, CA 90030-0519	1.50475823	Phone	\$97.91	No
GLOBALSTA R	Globalstar	PO Box 30519 Los Angeles, CA 90030-0519	1.5051239	Phone	\$85.78	No
GLOBALSTA R	Globalstar	PO Box 30519 Los Angeles, CA 90030-0519	1.50456105	Phone	\$2.68	No
GRANITE TELE	Granite Telecommunications LLC	Client ID# 311 PO Box 983119 Boston, MA 02298-3119	3789110	Phone	\$17,152.28	No
LEVEL3	Level 3 Communications	PO Box 910182 Denver, CO 80291-0182	5W1KQRGKS	Phone	\$15,352.46	No
LEVEL3	Level 3 Communications	PO Box 910182 Denver, CO 80291-0182	1-8VCO02	Phone	\$872.02	No
LOS ANGELES D	Los Angeles Department of Water and Power	PO Box 30808 Los Angeles, CA 90030-0808	095-060-0000; 295-060-0000; 395-060-0000; 985-060-0000; 885-060-0000; 630-410-0000; 530-410-0000; 830-410-0000; 785-060-0000; 730-410-0000	Water & Power	\$299,821.08	No
LOS ANGELES D	Los Angeles Department of Water and Power	PO Box 30808 Los Angeles, CA 90030-0808	1711685149; 1124100000; 0124100000; 1804100000; 3857788883	Water & Power	\$17,045.48	No
DEPT WATER PO	Los Angeles Department of Water and Power	PO Box 51212 Los Angeles, CA	SAI566	Water	\$63.33	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
		90051-5512				
CA AMERICAN WA	Montara Water and Sanitary District	PO Box 638 8888 Cabrillo Hwy Montara, CA 94037	8353502	Water	\$5,489.48	No
INCONTACT INC	Nice inContact Inc	Lockbox 0268 PO Box 7247 Philadelphia, PA 19170-0268	4596795	Phone	\$1,856.38	No
PACIFICGAS	Pacific Gas & Electric Company	Box 997300 Sacramento, CA 95899-7300	1283623652-6; 3470518859-6; 6108119051-6; 6191452379-2; 6149785715-3; 4887170833-4; 7182063876-6; 9847661468-4; 1436273267-0; 6233119043-9; 3512185523-9; 3593688832-6; 3470518859-6	Gas & Electric	\$132,727.31	No
PACIFICGAS	Pacific Gas & Electric Company	Box 997300 Sacramento, CA 95899-7300	2626779343-3	Gas & Electric	\$91,609.64	No
PACIFICGAS	Pacific Gas & Electric Company	Box 997300 Sacramento, CA 95899-7300	7136543568-6	Gas & Electric	\$47,787.63	No
PACIFICGAS	Pacific Gas & Electric Company	Box 997300 Sacramento, CA 95899-7300	40955063033; 51291412305; 09490241479; 70948769040; 10323574755; 52621749812; 69809238285; 96684048828; 71365435685; 11990241314	Gas & Electric	\$33,158.40	No
PAC03	Pacific Gas & Electric Company	PO Box 997300 Sacramento, CA 95899	0747503824; 1007617729; 1870256986; 2272688251; 3106172044; 4139732527; 5190154256; 5190154258; 5578018479; 6806917015; 8253826357; 9400612247	Gas & Electric	\$24,941.43	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
PACIFICGAS	Pacific Gas & Electric Company	Box 997300 Sacramento, CA 95899-7300	23576769204; 48663375011; 97904730534; 68113336959; 98321397170	Gas & Electric	\$11,670.23	No
PACIFIC GAS & 1	Pacific Gas & Electric Company	Box 52001 San Francisco, CA 94152-0002	3470518859-6	Electric	\$4.79	No
PACIFICGAS	Pacific Gas & Electric Company	Box 997300 Sacramento, CA 95899-7300	71365435685	Gas & Electric	\$4.01	No
REA02	ReadiSuite	649 Mission Street 5th Floor San Francisco, CA 94105	Verity Medical Foundation	Phone/ Data	\$912.50	No
RECOLOGY	Recology of the Coast	PO Box 60648 Los Angeles, CA 90060-0648	1210157651	Waste	\$4,774.97	No
SOUTH VALLEY	Recology of the Coast	1351 Pacheco Pass Hwy Gilroy, CA 95020	A0550029942	Waste	\$3,147.08	No
SOUTH VALLEY	Recology of the Coast	1351 Pacheco Pass Hwy Gilroy, CA 95020	A055000027	Waste	\$421.31	No
ALL02	Republic Services	PO Box 78829 Phoenix, AZ 85062-8829	3-0915-2089571; 3-0915-5015227	Medical Waste	\$1,642.22	No
REPUBLIC SERV	Republic Services	PO Box 78829 Phoenix, AZ 85062-8829	3-0915-0014195	Waste	\$1,438.11	No
REPUBLIC SERV	Republic Services	PO Box 78829 Phoenix, AZ 85062-8829	3-0893-0007179	Waste	\$1,234.04	No
REPUBLIC SERV	Republic Services	PO Box 78829 Phoenix, AZ 85062-8829	3-0915-5034962	Waste	\$273.85	No
SJ WATER	San Jose Water Company	110 W. Taylor Street San Jose, CA 95110-2131	1475410000-7	Water	\$22,584.79	No
SAN04	San Jose Water Company	110 W. Taylor Street San Jose, CA 95110-2131	7288657841-7	Water	\$1,682.06	No
SANTA CLARA	Santa Clara Valley Water Dist	PO Box 20130 San Jose, CA 95160-0131	13775	Water	\$400.04	No
SANTA CLARA	Santa Clara Valley Water Dist	PO Box 20130 San Jose, CA 95160-0130	13775	Water	\$355.56	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
SIMPLIFIED NET	Simplified Networks	202 E. Earll Drive Suite 140 Phoenix, AZ 85012	00000526	Phone	\$1,370.46	No
SO CAL GAS	Southern California Gas Company	PO Box C Monterey Park, CA 91756	06030267535	Gas	\$11,626.55	No
SO CAL GAS	Southern California Gas Company	PO Box C Monterey Park, CA 91756	17400125278	Gas	\$10,645.54	No
SO CAL GAS	Southern California Gas Company	PO Box C Monterey Park, CA 91756	14640261005; 06240267002	Gas	\$1,230.99	No
SO SF SCAV	South San Francisco Scavenger Co Inc	PO Box 348 500 East Jamie Court South San Francisco, CA 94083	024317	Waste	\$157.99	No
SO CA EDISON	Southern California Edison	PO Box 300 Rosemead, CA 91772-0001	2371349747; 2310808977; 2371350471	Electric	\$246,444.51	No
SOU04	Southern California Edison	PO Box 300 Rosemead, CA 91772-0001	2211023429; 2035279801; 2035098615; 2035098599; 2035008615	Electric	\$5,159.20	No
SO CA EDISON	Southern California Edison	PO Box 300 Rosemead, CA 91772-0001	2.24034E+11	Electric	\$335.98	No
THE04	Southern California Gas Company	PO Box C Monterey Park, CA 91756-5111	142 800 5900 8	Gas	\$67.83	No
SPR 01	Sprint	PO Box 4181 Carol Stream, IL 60197-4181	682941864	Phone/ Data	\$452.18	No
STE15	Stericycle, Inc	PO BOX 6578 Carol Stream, IL 60197-6578	6150199; 6145737; 6116699; 6017510; 6018170; 6037919; 6149607; 6145736; 6140715; 6146702; 6148192; 6146859; 6152146; 6146858; 6148195;	Medical Waste	\$18,103.88	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
			6038014; 6150092; 6146857; 6113479			
TIM01	Time Warner Cable	PO Box 60074 City of Industry, CA 91716-0074	8448400011430120	Phone/ Data	\$135.09	No
TEL01	TPx Communications	PO Box 60767 Los Angeles, CA 90060-0767	120739; 216947	Phone/ Data	\$1,022.18	No
TEL04	TPx Communications	PO Box 509013 San Diego, CA 92150-9013	120739	Phone/ Data	\$188.47	No
UNI10	United Pacific Waste	PO Box 514539 Los Angeles, CA 90051	92057	Medical Waste	\$515.66	No
UNI06	UniVoIP Inc.	830 Parkview Drive North El Segundo, CA 90245	11000661	Phone/ Data	\$4,750.89	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	360872681-0001	Phone	\$7,822.19	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	470824945-00001	Phone	\$7,375.11	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	770268800-00001	Phone	\$3,778.76	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	271974600-00001	Phone	\$2,617.63	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	465437251-00001	Phone	\$2,521.34	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	872015169-0003	Phone	\$956.95	No
VEZ02	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	442043665-00001; 572325925-00001	Phone/ Data	\$328.97	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	372081120-00001	Phone	\$150.47	No
VERIZON WIR	Verizon Wireless	PO Box 660108 Dallas, TX 75266-0108	871510499-00001	Phone	\$84.28	No
WASTE RESOURE	Waste Resources Inc	PO Box 2410 Gardena, CA 90247	31020	Waste	\$11,267.47	No

Vendor Code	Vendor Name-Utilities Company	Vendor Address	Account #	Type of Service	Average Monthly Billings	Security or Additional Deposits
WEST COM TV	West-Com & TV Inc	2200 Cordelia Road Fairfield, CA 94534	C484	Cable	\$6,312.32	No
WEST COM TV	West-Com & TV Inc	2200 Cordelia Road Fairfield, CA 94534	C282	Cable	\$408.96	No
WEST COM TV	West-Com & TV Inc	2200 Cordelia Road Fairfield, CA 94534	C237	Cable	\$334.33	No
WIN01	Windstream Holding Inc	4001 Rodney Parham Road Little Rock, AR 72212-2442	5774222	Phone/ Data	\$29,011.82	No
PAETEC	Windstream Holding Inc	PO Box 9001013 Louisville, KY 40290-1013	163428	Phone	\$236.18	No
PAETEC	Windstream Holding Inc	PO Box 9001013 Louisville, KY 40290-1013	163428	Phone	\$143.89	No
WORLD CINEMA	World Cinema Inc	PO Box 733288 Dallas, TX 75373	T2131	Cable	\$4,396.34	No
ZAYO GROUP	Zayo Group	PO Box 952136 Dallas TX 75395-2136	23320	Phone	\$3,717.16	No

EXHIBIT “B”

Utility Company	Account Numbers	Type of Service	Proposed Deposit (in \$)
American Messaging	L8-547529	Phone	\$964.99
American Messaging	M7-116019	Phone	\$117.95
American Tower Corporation	67933	Phone	\$613.95
AT&T	8310006538	Phone	\$89,269.51
AT&T	650991-66992945; 231253-44156904; 650756-38614143; 650911-01597095; 650758-14862441; 239266-70527968; 239251-17655838; 239451-99396143; 236281-11266368; 650992-40009476; 650992-45194166; 250023-15960309; 650755-28331113; 650755-53593017; 408280-59601670; 650728-55216215; 650758-12743643; 650756-27923547; 650994-40883589; 650997-05710758	Phone	\$72,920.23
AT&T	8002-520-9307; 831-000-7335-469; 831-000-3736-564; 171-791-4344-326; 831-000-2825-464; 831-000-3427-925	Phone/ Data	\$36,855.30
AT&T	232-589-8506; 234-344-8443; 310-539-9185; 323-589-8506; 408-279-4284; 408-282-9702; 408-286-3980; 408-292-4696; 408-297-5959; 408-297-7909; 408-355-2324; 408-923-9501; 408-278-3582; 408-279-4284; 408-297-5959; 415-695-0290; 436-951-5329; 436-951-5532;	Phone/ Data	\$26,554.98

	436-951-5537; 436-951-6138; 650-992-8500; 650-994-9093; 714-541-0450; 714-978-0308; 949-472-0030; 949-472-0060; 960-736-0417; 960-738-4143		
AT&T	814969798	Phone	\$3,648.86
AT&T	19970340	Phone	\$2,845.19
AT&T	339341-95585980; 213252-89651578; 960550-69515558	Phone	\$1,385.80
AT&T	0660218	Phone/ Data	\$1,041.72
AT&T	236281-11266368; 650991-66992945; 231253-44156904; 650758-12743643; 650756-38614143; 650911-01597095; 650758-14862441; 239266-70527968; 239251-17655838; 239451-99396143; 650992-40009476; 650992-45194166; 250023-15960309; 650755-28331113; 650755-53593017; 331253-45396036; 437951-27017279; 323563-00800388; 088024-56353250; 332371-43930179; 333271-30472697; 310900-20006023; 310669-56934032; 310603-69493488; 323567-24601016; 250631-22113920; 310631-13147939; 960449-73805552; 310842-38540568; 248134-29292111; 310603-17004379; 436951-90909362; 436951-90891479; 436951-90925145; 436951-90915872; 960550-69515558	Phone	\$794.00
AT&T	2133519821 6710;	Phone	\$775.72

	650997-05710758		
AT&T	8310006295	Phone	\$307.26
AT&T	9607383600	Phone	\$251.98
AT&T	287273930210; 829294759	Phone/ Data	\$229.88
AT&T	814969798	Phone	\$171.25
AT&T	BES02422105	Mobility Services	\$170.05
AT&T	872566102	Phone	\$160.22
AT&T	44575865	Phone	\$129.31
AT&T	861804465; 861265175; 861819391; 861265173; 861265176; 861265178	Phone/ Data	\$118.29
AT&T	65063138795406; 1000-843-6205	Phone	\$115.80
AT&T	960738-35995558; 239841-92620860	Phone	\$97.06
AT&T	831-000-6538036; 831-000-6538040	Phone	\$59.32
AT&T	3106031700; 31006311314; 2481342929; 3312534539; 3235630080; 3106036949; 2506312211; 3235672460; 3106695693; 3108423854; 3332713047; 4379512701; 3323714393; 0851909135; 3109002000; 9604497380	Phone	\$54.35
AT&T	872566102	Phone	\$40.12
AT&T	0304281735 001	Phone	\$27.30
AT&T	4082805960 777	Phone	\$24.96
AT&T	0304281735-001	Phone	\$18.29
AT&T	830163214; 860380282; 860163164; 830380359	Phone	\$7.02
AT&T	604008115	Phone	\$6.72
AT&T	810737290; 861402874; 834449531	Phone	\$1.05
AT&T	1164672650	Phone	\$0.19
Athens Services	1M0710097	Waste	\$2,239.09
Charter Communications	8.20311E+14	Cable	\$103.86

Charter Communications Inc.	8203110040537100; 8203110040633922; 8203110040537107	Phone/ Data	\$175.73
City of Daly City	531147516	Water & Power	\$16,984.03
City of Daly City	0441425023; 6201493016; 0441426024; 0441426522; 0441427012; 0531045033; 0631423039	Water & Power	\$5,856.13
City of El Segundo	220 09705 001	Water	\$52.27
City of Gilroy	42005030-02	Electric	\$13,708.79
City of Gilroy	41001790-05	Water & Sewer	\$20.76
City of Huntington Park	152921418; 154721430; 158121448	Water & Sewer	\$363.26
City of Huntington Park	160521456	Water	\$47.79
City Of Los Angeles	6304100000	Water	\$760.50
City of Lynwood	83-14673-01; 83-15303-01	Water	\$19,672.23
City of Lynwood	00090	Water	\$7,638.88
City of Morgan Hill	022-1610-01	Water	\$1,748.82
City of Morgan Hill	10270	Water	\$15.42
City of Morgan Hill	10270	Electric	\$9.83
City of Santa Clara	00036112-04	Electric	\$26.88
City of South Gate	00039648-001	Water	\$207.03
City of South Gate	00015061	Water & Sewer	\$12.74
Comcast	8155-20-048-000027	Cable	\$812.10
Comcast	8155 20 023 1029846	Cable	\$311.66
Comcast	815520023 1075575	Cable	\$299.05
Constellation NewEnergy	1-2CL5WRK	Electric	\$66,801.80
Constellation NewEnergy	12CL5WQH	Electric	\$44,217.72
Constellation NewEnergy	BG-208679	Electric	\$25,493.39
Constellation NewEnergy	BG219330	Electric	\$18,573.13
Constellation NewEnergy	1-2CLAEUR	Electric	\$18,125.66
Constellation NewEnergy	BG-208679	Electric	\$16,314.70
Constellation NewEnergy	BG-212626	Electric	\$9,829.64
Constellation NewEnergy	12CLAEV3	Electric	\$2,207.01
Constellation NewEnergy	BG-208679	Electric	\$1,443.31
Constellation NewEnergy Gas Div	BG-208679	Gas	\$6,353.03
Constellation NewEnergy Gas Div	BG219330	Gas	\$1,685.88
Constellation NewEnergy Gas Div	1-2CL5WR8; 1-2CL5WQW; 1-2CL5WRW	Gas	\$1,432.34
County of Orange	AR1404690	Medical Waste	\$4.17
DIRECTV	68676706	Cable	\$2,671.77
DIRECTV	51197254	Cable	\$2,195.63
DIRECTV	00 3468366	Cable	\$820.34
DIRECTV	28026778	Cable	\$242.56

Frontier Communications	6-214-55919	Phone	\$2,375.03
Frontier Communications	4087767972-051600-5	Phone	\$1,616.45
Frontier Communications	408-776-8040-092105-5; 408-356-1077-011718-5; 408-356-0162-032018-5; 408-356-7309-100102-5; 209-188-3728-011603-5; 408-842-4448-031717-5	Phone/ Data	\$879.51
Frontier Communications	209148130101127955; 408848200000614895	Phone	\$660.09
Globalstar	110029079	Phone	\$180.89
Globalstar	1.50475823	Phone	\$97.91
Globalstar	1.5051239	Phone	\$85.78
Globalstar	1.50456105	Phone	\$2.68
Granite Telecommunications LLC	3789110	Phone	\$17,152.28
Level 3 Communications	5W1KQRGKS	Phone	\$15,352.46
Level 3 Communications	1-8VCO02	Phone	\$872.02
Los Angeles Department of Water and Power	095-060-0000; 295-060-0000; 395-060-0000; 985-060-0000; 885-060-0000; 630-410-0000; 530-410-0000; 830-410-0000; 785-060-0000; 730-410-0000	Water & Power	\$299,821.08
Los Angeles Department of Water and Power	1711685149; 1124100000; 0124100000; 1804100000; 3857788883	Water & Power	\$17,045.48
Los Angeles Department of Water and Power	SAI566	Water	\$63.33
Montara Water and Sanitary District	8353502	Water	\$5,489.48
Nice inContact Inc	4596795	Phone	\$1,856.38
Pacific Gas & Electric Company	1283623652-6; 3470518859-6; 6108119051-6; 6191452379-2; 6149785715-3; 4887170833-4; 7182063876-6; 9847661468-4; 1436273267-0; 6233119043-9; 3512185523-9; 3593688832-6; 3470518859-6	Gas & Electric	\$132,727.31
Pacific Gas & Electric Company	2626779343-3	Gas & Electric	\$91,609.64

Pacific Gas & Electric Company	7136543568-6	Gas & Electric	\$47,787.63
Pacific Gas & Electric Company	40955063033; 51291412305; 09490241479; 70948769040; 10323574755; 52621749812; 69809238285; 96684048828; 71365435685; 11990241314	Gas & Electric	\$33,158.40
Pacific Gas & Electric Company	0747503824; 1007617729; 1870256986; 2272688251; 3106172044; 4139732527; 5190154256; 5190154258; 5578018479; 6806917015; 8253826357; 9400612247	Gas & Electric	\$24,941.43
Pacific Gas & Electric Company	23576769204; 48663375011; 97904730534; 68113336959; 98321397170	Gas & Electric	\$11,670.23
Pacific Gas & Electric Company	3470518859-6	Electric	\$4.79
Pacific Gas & Electric Company	71365435685	Gas & Electric	\$4.01
ReadiSuite	Verity Medical Foundation	Phone/ Data	\$912.50
Recology of the Coast	1210157651	Waste	\$4,774.97
Recology of the Coast	A0550029942	Waste	\$3,147.08
Recology of the Coast	A055000027	Waste	\$421.31
Republic Services	3-0915-2089571; 3-0915-5015227	Medical Waste	\$1,642.22
Republic Services	3-0915-0014195	Waste	\$1,438.11
Republic Services	3-0893-0007179	Waste	\$1,234.04
Republic Services	3-0915-5034962	Waste	\$273.85
San Jose Water Company	1475410000-7	Water	\$22,584.79
San Jose Water Company	7288657841-7	Water	\$1,682.06
Santa Clara Valley Water Dist	13775	Water	\$400.04
Santa Clara Valley Water Dist	13775	Water	\$355.56
Simplified Networks	00000526	Phone	\$1,370.46
Southern California Gas Company	06030267535	Gas	\$11,626.55
Southern California Gas Company	17400125278	Gas	\$10,645.54

Southern California Gas Company	14640261005; 06240267002	Gas	\$1,230.99
South San Francisco Scavenger Co Inc	024317	Waste	\$157.99
Southern California Edison	2371349747; 2310808977; 2371350471	Electric	\$246,444.51
Southern California Edison	2211023429; 2035279801; 2035098615; 2035098599; 2035008615	Electric	\$5,159.20
Southern California Edison	2.24034E+11	Electric	\$335.98
Southern California Gas Company	142 800 5900 8	Gas	\$67.83
Sprint	682941864	Phone/ Data	\$452.18
Stericycle, Inc	6150199; 6145737; 6116699; 6017510; 6018170; 6037919; 6149607; 6145736; 6140715; 6146702; 6148192; 6146859; 6152146; 6146858; 6148195; 6038014; 6150092; 6146857; 6113479	Medical Waste	\$18,103.88
Time Warner Cable	8448400011430120	Phone/ Data	\$135.09
TPx Communications	120739, 216947	Phone/ Data	\$1,022.18
TPx Communications	120739	Phone/ Data	\$188.47
United Pacific Waste	92057	Medical Waste	\$515.66
UniVoIP Inc.	11000661	Phone/ Data	\$4,750.89
Verizon Wireless	360872681-0001	Phone	\$7,822.19
Verizon Wireless	470824945-00001	Phone	\$7,375.11
Verizon Wireless	770268800-00001	Phone	\$3,778.76
Verizon Wireless	271974600-00001	Phone	\$2,617.63
Verizon Wireless	465437251-00001	Phone	\$2,521.34
Verizon Wireless	872015169-0003	Phone	\$956.95
Verizon Wireless	442043665-00001; 572325925-00001	Phone/ Data	\$328.97
Verizon Wireless	372081120-00001	Phone	\$150.47
Verizon Wireless	871510499-00001	Phone	\$84.28
Waste Resources Inc	31020	Waste	\$11,267.47
West-Com & TV Inc	C484	Cable	\$6,312.32

West-Com & TV Inc	C282	Cable	\$408.96
West-Com & TV Inc	C237	Cable	\$334.33
Windstream Holding Inc	5774222	Phone/ Data	\$29,011.82
Windstream Holding Inc	163428	Phone	\$236.18
Windstream Holding Inc	163428	Phone	\$143.89
World Cinema Inc	T2131	Cable	\$4,396.34
Zayo Group	23320	Phone	\$3,717.16