

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

Objection Deadline: Dec. 2, 2019 at 4:00 p.m. (ET)

**SECOND INTERIM FEE APPLICATION REQUEST OF MORRIS, NICHOLS, ARSHT
& TUNNELL LLP, AS DELAWARE BANKRUPTCY
CO-COUNSEL FOR THE DEBTORS AND DEBTORS IN POSSESSION,
FOR ALLOWANCE OF MONTHLY COMPENSATION AND FOR MONTHLY
REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES INCURRED
FOR THE PERIOD JULY 1, 2019 THROUGH AND INCLUDING SEPTEMBER 30, 2019**

In accordance with the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* (D.I. 191) (the “Compensation Order”), Morris, Nichols, Arsht & Tunnell LLP (“Morris Nichols”) hereby submits its **Second Interim Fee Application Request of Morris, Nichols, Arsht & Tunnell LLP, as Delaware Bankruptcy Co-Counsel for the Debtors and Debtors in Possession, for Allowance of**

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.



Monthly Compensation and for Monthly Reimbursement of All Actual and Necessary Expenses Incurred for the Period July 1, 2019 Through and Including September 30, 2019²

(the “Application Period”). Exhibits A, B, and C attached hereto, contain certain schedules pursuant to the Appendix B Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases (the “UST Guidelines”). In addition, Morris Nichols respectfully states as follows to address the questions set forth under paragraph C.5 of the UST Guidelines:

- a. Did you agree to any variations from, or alternatives to, your standard or customary billing rates, fees or terms for services pertaining to this engagement that were provided during the application period? If so, please explain. **No.**
- b. If the fees sought in this fee application as compared to the fees budgeted for the time period covered by this fee application are higher by 10% or more, did you discuss the reasons for the variation with the client? **Not applicable.**
- c. Have any of the professionals included in this fee application varied their hourly rate based on the geographic location of the bankruptcy case? **No.**
- d. Does the fee application include time or fees related to reviewing or revising time records or preparing, reviewing, or revising invoices? (This is limited to work involved in preparing and editing billing records that would not be compensable outside of bankruptcy and does not include reasonable fees for preparing a fee application.). If so, please quantify by hours and fees. **Morris Nichols reserves the right to seek such fees in subsequent applications.**
- e. Does this fee application include time or fees for reviewing time records to redact any privileged or other confidential information? If so, please quantify by hours and fees. **No.**
- f. If the fee application includes any rate increases since retention: (i) Did your client review and approve those rate increases in advance? (ii) Did your client agree when retaining the law firm to accept all future rate increases? If not, did you inform your client that they need not agree to

² Exhibits A and B attached to the monthly applications (D.I. Nos. 457, 535, and 619) contain detailed listings of Morris Nichols’s requested fees and requested expenses for the Application Period.

modified rates or terms in order to have you continue the representation, consistent with ABA Formal Ethics Opinion 11–458? **Not applicable.**

Morris Nichols seeks approval for the following fee applications that were filed in the Application Period:

Fee Application Filing Date, Docket No.	Period Covered By Application	Total Fees Requested	Total Expenses Requested	Certification of No Objection Filing Date, Docket No.	Amount of Fees Allowed (80%)	Amount of Expenses Allowed (100%)	Amount of Holdback Fees Sought
8/30/19 D.I. 457	7/1/19-7/31/19	\$46,173.00	\$542.38	9/16/19 D.I. 482	\$36,938.40	\$542.38	\$9,234.60
10/11/19 D.I. 535	8/1/19-8/31/19	\$73,994.50	\$2,416.38	10/28/19 D.I. 625	\$59,195.60	\$2,416.38	\$14,798.90
10/25/19 D.I. 619	9/1/19-9/30/19	\$92,326.50	\$1,208.04	11/12/19 D.I. 694	\$73,861.20	\$1,208.04	\$18,465.30
TOTAL		\$212,494.00	\$4,166.80		\$169,995.20	\$4,166.80	\$42,498.80

In accordance with the Compensation Order, Morris Nichols seeks interim approval of the full amount of the fees and expenses requested in the above-referenced fee applications and payment by the Debtor of the amounts requested in such fee applications in full.

WHEREFORE, Morris Nichols respectfully requests that the Court approve the full amount of fees and expenses requested in the above-referenced fee applications, payment by the Debtor of the amounts requested in such fee applications in full, and such other and further relief as is just and proper.

November 18, 2019
Wilmington, Delaware

Respectfully submitted,
MORRIS, NICHOLS ARSHT & TUNNELL LLP

/s/ Eric W. Moats

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Counsel to the Debtors and Debtors in Possession

CUMULATIVE COMPENSATION SUMMARY BY PROFESSIONAL

	Position of the Applicant	Hourly Billing Rate (including changes)	Total Billed Hours	Total Compensation
Robert J. Dehney	Partner/Bankruptcy	1,100	15.2	\$16,720.00
Jason Russell	Partner/Corporate	775	10.1	7,827.50
Andrew R. Remming	Partner/Bankruptcy	750	48.9	36,675.00
Daniel Matthews	Partner/Corporate Counseling	750	.2	150.00
Tamara K. Mann	Associate/Bankruptcy	645	18.4	11,868.00
Joseph Barsalona	Associate/Bankruptcy	595	124.3	73,958.50
Eric Moats	Associate/Bankruptcy	495	65.6	32,472.00
Sean Sullivan	Associate/Commercial	495	10.9	5,395.50
Joseph Halsey	Associate/Bankruptcy	425	7.7	3,272.50
Andrew Workman	Associate/Bankruptcy	425	.3	127.50
Glenn Reimann	Paralegal	305	18.6	5,673.00
Renae M. Fusco	Paralegal	305	49.4	15,067.00
Billie Springart	Legal Assistant	305	.7	213.50
Theresa M. Naimoli	Case Clerk	165	.7	115.50
Theresa M. Naimoli	Legal Assistant	305	9.7	2,958.50
Total			380.70	\$212,494.00
GRAND TOTAL: \$212,494.00				

CUMULATIVE COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Case Administration	6.4	\$3,405.50
Asset Dispositions/363 Sales	46.3	27,305.50
Automatic Stay Matters	5.6	2,807.00
Creditor Communications and Meetings	17.9	10,900.50
Fee Applications (MNAT – Filing)	20.2	8,087.50
Fee Applications (Others – Filing)	42.5	21,348.50
Fee Applications (MNAT – Objections)	5.7	3,351.50
Fee Applications (Others – Objections)	9.8	4,731.50
Executory Contracts/Unexpired Leases	8.2	4,735.50
Other Contested Matters	8.1	3,966.50
Employee Matters	.1	75.00
Financing Matters/ Cash Collateral	1.1	716.50
Insurance Matters	.3	194.00
Vendor/Supplier Matters	.1	75.00
Court Hearings	35.0	18,169.00
Claims Objections and Administration	9.0	5,349.50
Plan and Disclosure Statement	17.0	9,276.50
Litigation/Adversary Proceeding	69.1	40,853.50
Professional Retention (MNAT-Filing)	1.2	678.50
Professional Retention (MNAT-Objections)	.5	297.50
Professional Retention (Others-Filing)	11.5	6,238.50
Professional Retention (Others-Objections)	1.7	1,008.00
General Corporate Matters	11.4	8,045.00
General Case Strategy	21.0	12,496.00
Schedules/SOFA/U.S. Trustee Reports	3.2	1,816.00
Acquired Companies	27.8	16,566.00
TOTAL	380.7	\$212,494.00

CUMULATIVE EXPENSE SUMMARY

Expense Category	Service Provider (if applicable)	Total Expenses
Court Costs		\$725.00
Transcripts		53.35
In-House Printing	Black & White	461.60
Messenger Service		75.00
In-House Printing	Color	328.00
Pacer		402.70
In House Duplicating	Black & White	368.30
Computer Research	Westlaw	135.85
Conference Calls		60.00
Courier/Delivery Service		525.22
Legal Assistant Overtime		98.90
Secretarial Overtime		485.20
In House Duplicating	Color	16.80
Meals		430.88
Total Expenses		\$4,166.80

Exhibit A

Customary and Comparable Compensation Disclosures

Morris Nichols's hourly rates for bankruptcy services are comparable to the hourly rates charged in complex chapter 11 cases by comparably skilled bankruptcy attorneys. In addition, Morris Nichols's hourly rates for bankruptcy services are comparable to the rates charged by Morris Nichols, and by comparably skilled practitioners in other firms, for complex corporate and litigation matters, whether in court or otherwise, regardless of whether a fee application is required.

The blended hourly rate for all Morris Nichols timekeepers who worked on these cases is approximately the same as the firm's blended rate for all timekeepers over a Comparable Period (defined below). In particular, the blended hourly rate for all Morris Nichols timekeepers (including both professionals and paraprofessionals) who billed to matters excluding chapter 11 representations (collectively, the "Non-Chapter 11 Matters")¹ during the 12-month period beginning September 30, 2018 and ending on September 30, 2019 (the "Comparable Period") was, in the aggregate, approximately \$618.78.² By comparison, the blended hourly rate for all Morris Nichols timekeepers (including both professionals and paraprofessionals) who worked on this case during the Application Period was, in the aggregate, \$558.20.

The following table shows blended hourly rates by category of professional and paraprofessional (rounded to the nearest dollar):

Position at Morris Nichols	Billed for this Application Period	Billed for Non-Chapter 11 Matters
Partner	\$825.00	\$808.00
Associate	\$560.00	\$477.00
Special Counsel	\$0.00	\$605.00
Paralegal	\$305.00	\$273.00
Litigation Support Specialists	\$0.00	\$301.00
Case Clerk	\$165.00	\$160.00

¹ It is the nature of Morris Nichols's practice that certain non-bankruptcy engagements require the advice and counsel of professionals and paraprofessionals who work primarily within Morris Nichols's Business Reorganization and Restructuring Group. Accordingly, Non-Chapter 11 Matters consist of matters for which Morris Nichols timekeepers represented a client in a matter *other than* court-approved chapter 11 representations. The Non-Chapter 11 Matters include time billed by Morris Nichols timekeepers who work within Morris Nichols's Business Reorganization and Restructuring Group.

² Morris Nichols calculated the blended rate for Non-Chapter 11 Matters by dividing the *total dollar amount* billed by Morris Nichols timekeepers to Non-Chapter 11 Matters during the Comparable Period by the *total number of hours* billed by such Morris Nichols timekeepers to Non-Chapter 11 Matters during the same period.

Exhibit B

Interim Application Summary

Cover Sheet of Fee Application (UST Guidelines Exh. E)

Interim Application Summary	
Name of Applicant	Morris, Nichols, Arsht & Tunnell LLP
Name of Client	Southcross Energy Partners, L.P., <i>et al.</i>
Time period covered by Interim Application	July 1, 2019 through September 30, 2019
Total compensation sought during Application Period	\$212,494.00
Total expenses sought during Application Period	\$4,166.80
Petition Date	April 1, 2019
Retention Date	May 3, 2019 <i>nunc pro tunc</i> to April 1, 2019
Date of order approving employment	May 3, 2019
Total allowed compensation paid to date	\$400,558.00
Total allowed expenses paid to date	\$18,152.77
Total compensation approved by interim order to date	\$400,558.00
Total expenses approved by interim order to date	\$18,152.77
Blended rate in the Interim Application for all partners	\$825.00
Blended rate in the Interim Application for all attorneys	\$625.00
Blended rate in the Interim Application for all timekeepers	\$558.20
Compensation sought in the Interim Application already paid pursuant to a monthly compensation certificate but not yet allowed	\$96,134.00

Expenses sought in the Interim Application already paid pursuant to a monthly compensation certificate but not yet allowed	\$2,958.76
Number of professionals included in Interim Application	14
If applicable, number of professionals in the Interim Application not included in staffing plan approved by client	8
If applicable, difference between fees budgeted and compensation sought for the Application Period	\$7,670 over budget ⁵
Number of professionals billing fewer than 15 hours to the case during the Application Period	7
Are any rates higher than those approved or disclosed at retention	Yes ⁶

⁵ This amount was calculated by subtracting Morris Nichol's actual fees from the mean of the estimated fees in the Budget and Staffing Plan. While Morris Nichols is "over budget" relative to the mean of estimated fees, it is still within the range of estimated fees for the Application Period.

⁶ Due to an accounting error, work performed by Eric W. Moats from January 2019 through June 2019 was incorrectly billed at \$465 per hour. Mr. Moats's correct rate is \$495 per hour and has been since January 2019. Morris Nichols has corrected the rate for this Application Period and future work in these cases. Furthermore, Due to an accounting error, work performed by Theresa M. Naimoli from January 2019 through June 2019 was incorrectly billed at \$165 per hour. Ms. Naimoli's correct rate is \$305 per hour and has been since January 2019. Morris Nichols has corrected the rate for this Application Period and future work in these cases. Morris Nichols is not at this time seeking adjustment of fees previously billed in these cases, but reserves the right to do so.

Exhibit C

Budget and Staffing Plan

**BUDGET BY PROJECT CATEGORY
FOR APRIL 1, 2019 TO JUNE 30, 2019**

Project Category	Estimated Hours	Estimated Fees
Case Administration	10-20	\$5,582.00 - \$11,164.00
Asset Dispositions/363 Sales	40-65	\$23,328.00 - \$36,283.00
Automatic Stay Matters	10-20	\$5,582.00 - \$11,164.00
Creditor Communications and Meetings	10-20	\$5,582.00 - \$11,164.00
Fee Applications (MNAT – Filing)	15-30	\$8,373.00 - \$16,746.00
Fee Applications (Others – Filing)	30-50	\$16,746.00 - \$27,910.00
Fee Applications (MNAT – Objections)	5-10	\$2,791.00 - \$5,582.00
Fee Applications (Others – Objections)	5-10	\$2,791.00 - \$5,582.00
Executory Contracts/Unexpired Leases	10-15	\$5,582.00 - \$8,373.00
Other Contested Matters	20-30	\$11,164.00 - \$16,746.00
Employee Matters	1-5	\$558.00 - \$2,791.00
Financing Matters/ Cash Collateral	5-10	\$2,791.00 - \$5,582.00
Tax Matters	1-5	\$558.00 - \$2,791.00
Insurance Matters	1-5	\$558.00 - \$2,791.00
Utility Matters	1-5	\$558.00 - \$2,791.00
Vendor/Supplier Matters	1-5	\$558.00 - \$2,791.00
Court Hearings	30-50	\$16,746.00 - \$27,910.00
Claims Objections and Administration	10-20	\$5,582.00 - \$11,164.00
Plan and Disclosure Statement	20-30	\$11,164.00 - \$16,746.00
Litigation/Adversary Proceeding	10-20	\$5,582.00 - \$11,164.00
Professional Retention (MNAT-Filing)	1-5	\$558.00 - \$2,791.00
Professional Retention (MNAT-Objections)	1-5	\$558.00 - \$2,791.00
Professional Retention (Others-Filing)	1-5	\$558.00 - \$2,791.00
Professional Retention (Others-Objections)	1-5	\$558.00 - \$2,791.00
General Corporate Matters	5-10	\$2,791.00 - \$5,582.00
General Case Strategy	15-30	\$8,373.00 - \$16,746.00
Schedules/SOFA/U.S. Trustee Reports	1-5	\$558.00 - \$2,791.00
Acquired Companies	0	\$0
TOTAL	638-918	\$146,130.00 - \$263,518.00

Application Period Staffing Plan

Category of Timekeeper	Number of Timekeepers Expected to Perform Work Across Matters During the Budget Period	Number of Timekeepers Actually Performing Work During the Budget Period	Projected Average Hourly Rate	Actual Average Hourly Rate
Partner	2	4	\$862.50	\$844.00
Associate	2	6	\$545.00	\$513.00
Special Counsel	0	0	\$0	\$0.00
Other Professionals	2	4	\$305.00	\$303.76