

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION**

IN RE:)	CHAPTER 11
)	
REGIONAL HOUSING & COMMUNITY SERVICES CORP., et al.,)	PROPOSED
)	Jointly Administered Under
Debtors.)	CASE NO. 21-41034-pwb
)	
)	

**DEBTORS’ EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS
(A) PROHIBITING UTILITIES FROM ALTERING, REFUSING, OR DISCONTINUING SERVICE ON ACCOUNT OF PREPETITION INVOICES, (B) DEEMING UTILITIES ADEQUATELY ASSURED OF FUTURE PERFORMANCE, AND (C) ESTABLISHING PROCEDURES FOR DETERMINING ADEQUATE ASSURANCE OF PAYMENT**

COME NOW the above-captioned debtors and debtors and debtors-in-possession (collectively, the “**Debtors**”)¹ in the above-styled proposed jointly administered case (the “**Case**”)² by and through the undersigned counsel, and make and file this Motion, respectfully showing the Court as follows:

¹ The Debtors in these Chapter 11 cases include: Regional Housing & Community Services Corporation, RHCSC Columbus AL Holdings LLC, RHCSC Columbus Health Holdings LLC, RHCSC Douglas AL Holdings LLC, RHCSC Douglas Health Holdings LLC, RHCSC Gainesville AL Holdings LLC, RHCSC Gainesville Health Holdings LLC, RHCSC Montgomery I AL Holdings LLC, RHCSC Montgomery I Health Holdings LLC, RHCSC Montgomery II AL Holdings LLC, RHCSC Montgomery II Health Holdings LLC, RHCSC Rome AL Holdings LLC, RHCSC Rome Health Holdings LLC, RHCSC Savannah AL Holdings LLC, RHCSC Savannah Health Holdings LLC, RHCSC Social Circle AL Holdings LLC, and RHCSC Social Circle Health Holdings LLC.

² The Debtors have requested joint administration of their cases. In contemplation of joint administration, the Debtors are filing all first day motions (other than the joint administration motion) solely in the main case styled above.



JURISDICTION AND VENUE

1.

This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of this proceeding is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2.

The statutory predicate for the relief requested herein is Section 366 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”).

BACKGROUND

3.

On August 26, 2021, (the “**Petition Date**”), the Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

4.

No request has been made for the appointment of a trustee or examiner, and no committee has been appointed in this Case.

5.

Eight of the Debtors (each a “**Property Company**” and collectively, the “**Property Companies**”) own a senior living facility (each a “**Facility**” collectively, the “**Facilities**”). Eight separate Debtors (each an “**Operating Company**” and collectively the “**Operating Companies**”) lease a Facility from the Property Companies. Debtor Regional Housing & Community Services Corp. (“**Regional**”) is the 100% owner and single member of each of the Property Companies and the Operating Companies. The Operating Companies have each entered into a Management

Agreement (the “**Management Agreements**”) with ALG Senior, LLC (“**ALG**”) to manage the operations of the Facility that each Operating Company leases from a Property Company. Each Facility is a senior care facility located in a rural city or town in Georgia or Alabama. The Facilities, collectively, house approximately 218 senior residents. ALG and the Debtors take their obligations to care for the residents at the facilities seriously. More information regarding the Debtors and their operations can be found in the *Declaration of Katie S. Goodman in Support of First Day Applications and Motions* (the “**Goodman Declaration**”), filed of even date herewith.

THE UTILITY PROVIDERS

6.

Utility services are essential to the Debtors’ ability to sustain their operations while these Chapter 11 cases are pending. In the normal conduct of their businesses, the Debtors have direct relationships with over 20 utility companies (collectively, the “**Utility Companies**”) for the provision of electric, water, gas, telephone, internet, and other services (the “**Utility Services**”). A list identifying the Utility Companies is attached hereto as Exhibit A (the “**Utilities Service List**”).³

7.

At all relevant times, the Debtors have attempted to remain current with regard to their utility bills. Furthermore, to the best of the Debtors’ knowledge, the Debtors are current on all amounts owing to the Utility Companies, other than payment interruptions that may be caused by

³ The listing of any entity on Exhibit A is not an admission that such entity is a utility within the meaning of Section 366. The Debtors reserve all rights to further address the characterization of any particular entity listed on Exhibit A as a utility company subject to Section 366(a). The Debtors further reserve the right to terminate the services of any Utility Company at any time and to seek an immediate refund of any utility deposit without effect to any right of setoff or claim asserted by such Utility Company against the Debtors. This Motion does not seek assumption or rejection of any executory contract under Section 365 of the Bankruptcy Code, and the Debtors reserve the right to claim that any contract with the Utility Companies is or is not an executory contract, as the facts may dictate. The relief requested herein is with respect to all Utility Companies and is not limited only to those listed on Exhibit A.

the commencement of these Chapter 11 cases. Most of the monthly obligations of each Facility to any one Utility Company are relatively small, with the separate monthly obligations to the vast majority of the Utility Company being less than \$4,000.

8.

Continued and uninterrupted Utility Service is vital to the Debtors' ability to sustain their operations during the Case and care for the residents at the various Facilities. Because of the nature of the Debtors' operations, termination or interruption of the Debtors' Utility Services would dramatically impair the Debtors' ability to conduct business and would cause considerable inconvenience to the Debtors' residents and employees. If Utility Companies are permitted to terminate or disrupt service to the Debtors, the Debtors' primary revenue source would be threatened and the residents would be endangered.

RELIEF REQUESTED

9.

By this Motion, the Debtors respectfully request the entry of an interim and final order (the "**Interim Order**" and the "**Final Order**", respectively), pursuant to Section 366 of the Bankruptcy Code: (a) prohibiting the Utility Companies from altering, refusing, or discontinuing service on account of prepetition invoices, (b) deeming utilities adequately assured of future performance, and (c) establishing the Determination Procedures for determining adequate assurance of payment.

10.

Also, the Debtors request that the Court schedule a final hearing on this Motion (the "**Final Hearing**") at its convenience on a date in advance of the expiration of thirty (30) days following the Petition Date in order to, as discussed below: (a) address any outstanding objections to the

Motion and (b) resolve any disputes regarding adequate assurance of payment prior to the expiration of the thirty (30) day period set forth in Section 366(c)(2) of the Bankruptcy Code.

A. The Proposed Adequate Assurance

11.

The Debtors intend to pay all post-petition obligations owed to the Utility Companies in a timely manner and expect that they will have funds sufficient to pay all post-petition utility obligations.

12.

Nevertheless, to provide adequate assurance of payment for future services, the Debtors propose to deposit into a newly-created, segregated, interest-bearing bank account (the “**Adequate Assurance Account**”) a sum equal to the cost of two weeks’ worth of the average utility cost for all the Utility Companies over all the Facilities (collectively, the “**Adequate Assurance Deposit**”). As of the Petition Date, the Debtors estimate that over an average 4-week period, the total utility costs over all the Facilities totals approximately \$106,000. Accordingly, the Debtors propose that the Adequate Assurance Deposit total approximately \$53,000.⁴

13.

Although the Adequate Assurance Deposit will be placed into a single bank account, two weeks’ worth of estimated utility costs will be separately allocated for, and payable to, each Utility Company. Specifically, if the Debtors fail to pay a utility bill when due (including the passage of any cure period), the relevant Utility Company shall provide notice of such default to (i) counsel

⁴ Concurrently herewith, the Debtors are filing a motion to utilize cash collateral and a motion to obtain DIP financing. In connection with both motions, the Debtors are proposing a budget (the “**Budget**”) for their various operating expenses. To avoid any potential issues with the Budget, the Adequate Assurance Deposit (and any additions or subtractions therefrom) will not be subject to the Budget.

for the Debtors: Ashley R. Ray, Scroggins & Williamson, P.C. 4401 Northside Parkway, Suite 450, Atlanta, GA 30327; and (ii) counsel to the DIP lender: Shane J. Moses, Foley & Lardner LLP, 555 California Street, Suite 1700 San Francisco, CA 94104-1520. If within five (5) business days of the Debtors' receipt of such notice, the bill is not paid, the Utility Company may file an application with the Court certifying that payment has not been made and requesting the amount due up to an aggregate maximum equal to the Adequate Assurance Deposit allocable to such Utility Company.

14.

The Debtors submit that the Adequate Assurance Deposit, in conjunction with the Debtors' ability to pay for future utility services in the ordinary course of business (collectively, the "**Proposed Adequate Assurance**"), constitute sufficient adequate assurance to the Utility Companies. If any Utility Company believes additional assurance is required, they may request such assurance pursuant to the procedures described below.

B. The Proposed Determination Procedures

15.

To address the rights of a Utility Company under Section 366(c)(2) of the Bankruptcy Code and in light of the severe consequences to the Debtors of any interruption in services by the Utility Companies, the Debtors propose the following procedures (the "**Determination Procedures**") for approval and adoption:

- A. Absent compliance with the Determination Procedures, a Utility Company may not alter, refuse or discontinue service to or otherwise discriminate against the Debtors on account of the commencement of the Case or any unpaid prepetition charges or request payment of a deposit or receipt of other security in connection with any unpaid prepetition charges.
- B. Within three (3) business days after entry of the Interim Order by the Court, the Debtors will serve a copy of the Interim Order to the Utility Companies on the Utility Service List. In the event that any Utility Company has been omitted from

the Utility Service List, the Debtors shall supplement this list and shall promptly serve a copy of the Interim Order on such Utility Company upon learning of such omission.

- C. The Debtors will deposit the Adequate Assurance Deposit in the Adequate Assurance Account within five (5) business days after entry of the Interim Order granting this Motion; provided that to the extent any Utility Company possesses any other value from the Debtors as adequate assurance of payment, the Debtors may reduce the Adequate Assurance Deposit maintained in the Adequate Assurance Account by such amount.
- D. The portion of the Adequate Assurance Deposit attributable to each Utility Company shall be returned to the Debtors on the earlier of (i) the Debtors' termination of services from such Utility Company and (ii) the conclusion of these Chapter 11 cases, if not applied earlier.⁵
- E. If a Utility Company is not satisfied with the Proposed Adequate Assurance provided by the Debtors, the Utility Company must make a request for additional assurance of payment (an "**Additional Assurance Request**") and serve such Request so that it is received no later than seven (7) days prior to the Final Hearing by counsel for the Debtors, at Scroggins & Williamson, P.C., 4401 Northside Parkway, Suite 450, Atlanta, Georgia 30327, (Attention: Ashley R. Ray). Any Additional Assurance Request must (i) be made in writing, (ii) filed on the docket of these Cases, (iii) set forth the location for which utility services are provided, (iv) include a summary of the Debtors' payment history relevant to the affected account(s), including the amounts of any security deposits, and (v) set forth why the Utility Company believes the Proposed Adequate Assurance is not sufficient adequate assurance of future payment.
- F. If a Utility Company fails to file and serve a timely Additional Assurance Request, it shall be: (a) deemed to have received adequate assurance of payment "satisfactory" to such Utility Company in compliance with Section 366 of the Bankruptcy Code; and (b) forbidden to discontinue, alter, or refuse service to, or discriminate against, the Debtors on account of any unpaid prepetition charges, or require additional assurance of payment other than the Proposed Adequate Assurance.
- G. Upon the Notice Parties' receipt of any Additional Assurance Request at the addresses set forth above, the Debtors shall attempt to negotiate with such Utility Company to resolve such Utility Company's Additional Assurance Request. Without further order of the Court, the Debtors may enter into agreements granting

⁵ In the event that a Utility Company has more than one account with the Debtors, then, upon termination of an account by the Debtors, only that portion of the Adequate Assurance Deposit attributable to such account will be returned.

to the Utility Companies that have submitted Requests any assurance of payment that the Debtors, in their sole discretion, determine is reasonable.

- H. If a Utility Company timely requests assurance of payment that the Debtors believe is unreasonable, and if after good faith negotiations by the parties, the parties are not able to resolve the issue, the adequacy of assurance of payment with respect to any such Utility Company pursuant to Section 366(c)(3) of the Bankruptcy Code will be determined at the Final Hearing.
- I. Pending resolution of a Request at the Final Hearing and pending entry of a final, non-appealable order thereon finding that the Utility Company is not adequately assured of future payment, such Utility Company shall be (i) prohibited from discontinuing, altering or refusing service to the Debtors on account of unpaid charges for prepetition services or on account of any objections to the Proposed Adequate Assurance and (ii) deemed to have adequate assurance of payment.
- J. The Debtors may amend the utility services list attached as Exhibit A to add or delete any Utility Company, and the proposed Interim Order shall apply to any Additional Utility Company that is subsequently added to the Utility Service List. The Debtors will serve a copy of the order on any Additional Utility Companies that are subsequently added to the Utility Service List, and deposit two weeks' worth of estimated utility costs in the Adequate Assurance Account for the benefit of such Utility Company (less any amounts on deposit with any such Utility Company that have not been applied to outstanding prepetition amounts), and any such Additional Utility Companies shall have twenty (20) days from the date of service of the order to make an Adequate Assurance Request.
- K. If any Additional Utility Company makes no such timely request, then such Additional Utility Company shall be (a) deemed to have received adequate assurance of payment "satisfactory" to such Additional Utility Company in compliance with Section 366 of the Bankruptcy Code; and (b) forbidden to discontinue, alter, or refuse service to, or discriminate against, the Debtors on account of any unpaid prepetition charges, or require additional assurance of payment other than the Proposed Adequate Assurance.
- L. If a timely Adequate Assurance Request is made by an Additional Utility Company, a hearing shall be scheduled with the Court to address any such Adequate Assurance Request that the Debtors and the Additional Utility Company cannot resolve; provided, however, that the Additional Utility Company shall be forbidden to discontinue, alter, or refuse service to, or discriminate against, the Debtors on account of any unpaid prepetition charges, or require additional assurance of payment other than the Proposed Adequate Assurance, pending such hearing.

BASIS FOR RELIEF

16.

Section 366 of the Bankruptcy Code protects a debtor against the immediate termination of utility services after commencing its case. 11 U.S.C. § 366(a). Section 366 applies to entities providing electricity, gas, oil, water, trash removal, and/or telephone services, as well as any other entity that supplies services that cannot be readily obtained or replaced elsewhere, or which constitutes a monopoly with respect to the services it provides to a debtor. *See In re Nw. Recreational Activities, Inc.*, 8 B.R. 7, 9 (Bankr. N.D. Ga. 1980) (discussing the application of Section 366 to “utilities”).

17.

In a Chapter 11 case, a utility company may not alter, refuse, or discontinue services to a debtor solely because of unpaid prepetition amounts unless, during the 20-day period following the commencement date, the utility does not receive “adequate assurance” of payment for post-petition services. 11 U.S.C. § 366(b). Furthermore, under Section 366(c)(2), a utility may alter, refuse, or discontinue service, if during the 30-day period beginning on the petition date, the utility does not receive from the debtor adequate assurance of payment that is *satisfactory to the utility*.

18.

Prior to the enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (the “**2005 Amendments**”), it was well established by courts, commentators, and legislative history that Section 366 of the Bankruptcy Code did not require, as a matter of course, that the debtor provide a deposit or other security to its utilities as adequate assurance of payment. Pursuant to changes made effective by the 2005 Amendments, in determining whether an assurance of payment is adequate, the court may not consider (i) the absence of security before the

petition date; (ii) the debtor's history of timely payments; or (iii) the availability of an administrative expense priority. 11 U.S.C. § 366(c)(3)(B). While the amended Section 366(c) clarifies what does and does not constitute "assurance of payment" and what can be considered in determining whether such assurance is adequate, Congress, in enacting that Section, did not divest this Court of its power to determine what amount, if any, is necessary to provide adequate assurance of payment to a Utility Company. 11 U.S.C. § 366(c)(3)(A). Specifically, pursuant to Section 366(c)(3)(A), "[o]n request of a party in interest and after notice and a hearing, the court may order modification of the amount of an assurance of payment." *Id.*; see *In re Beach House Prop., LLC*, Case No. 08-11761, 2008 Bankr. LEXIS 1091, at *3-*4 (Bankr. S.D. Fla. Apr. 8, 2008) (*quoting* 3 Collier on Bankruptcy ¶ 366.03[2] (rev. 15th ed. 2006) ("Under § 366(c)(2), the debtor must pay what the utility demands, *unless the court orders otherwise.*" (emphasis added in *Beach House*))). Under Section 366(c), there is nothing to prevent a court from deciding, as courts did before the enactment of the 2005 Amendments, that, on the facts of the case before it, the amount required of the debtor to provide adequate assurance of payment to a utility company is nominal, or even zero. See *In re Buffets Holdings, Inc.*, No. 08-10141 (Bankr. D. Del. Jan. 23, 2008) (approving adequate assurance consisting of an escrow equal to 50% of the estimated costs of monthly utility consumption); *In re Pac-West Telecomm, Inc.*, No. 07-10562 (Bankr. D. Del. May 2, 2007) (approving adequate assurance that was a one-time supplemental prepayment to each utility company equal to prorated amount of one week's charges).

19.

Historically, Chapter 11 debtors were able, under Section 366 of the Bankruptcy Code, to put the onus on utility providers to argue that whatever form of adequate assurance proposed by the debtor was insufficient. The 2005 Amendments arguably shift the burden onto the debtor to

provide adequate assurance that the utility providers find satisfactory, and to seek court review if a utility provider does not accept the proposed adequate assurance. Under this reading of Section 366, a Utility Company could, on the 29th day following the Petition Date, announce that the proposed adequate assurance is not acceptable, demand an unreasonably large deposit in the context of the risk from the Debtors, and threaten to terminate the utility service the next day unless the Debtor complied with the demand. While the Debtors do not concede that this is a correct reading of amended Section 366, the Debtors nonetheless believe it is prudent to require Utility Companies to raise any objections to the Proposed Adequate Assurance so that such objections may be heard by the Court prior to the running of the 30-day period following the Petition Date.

20.

Congress has not changed the requirement that the assurance of payment only be “adequate.” Courts construing Section 366(b) of the Bankruptcy Code have long recognized that “adequate” assurance of payment does not require an absolute guarantee of the debtor’s ability to pay. *See, e.g., In re Caldor, Inc.*, 199 B.R. 1, 3 (S.D.N.Y. 1996) (“Section 366(b) requires [a] [b]ankruptcy [c]ourt to determine whether the circumstances are sufficient to provide a utility with ‘adequate assurance’ of payment. The statute does not require an ‘absolute guarantee of payment.’”) (citation omitted), *aff’d sub nom. Va. Elec. & Power Co. v. Caldor, Inc. – NY*, 117 F.3d 646 (2d Cir. 1997); *In re Anchor Glass Container Corp.*, 342 B.R. 872, 875 (Bankr. M.D. Fla. 2005); *Adelphia Bus. Solutions, Inc.*, 280 B.R. 63, 80 (Bankr. S.D.N.Y. 2002); *In re Astle*, 338 B.R. 855, 860–61 (Bankr. D. Idaho 2006) (“Adequate assurance of payment under subsection (b) does not require an absolute guarantee of payment. What is required is that the utility will be protected from unreasonable risk of nonpayment.” (internal quotation marks omitted)); *In re Adelphia Bus. Solutions, Inc.*, 280 B.R. 63, 80 (Bankr. S.D.N.Y. 2002) (“The requirement is for

‘adequate assurance’ of payment, which . . . need not necessarily be provided by deposit Whether utilities have adequate assurance of future payment is determined by the individual circumstances of each case.”) (citation omitted). Despite the language in Section 366(c)(2) of the Bankruptcy Code allowing a utility to take action against a debtor should the debtor fail to provide adequate assurance of payment that is “satisfactory” to the utility, Section 366 of the Bankruptcy Code does not require that the assurance provided be “satisfactory” once the Court determines the appropriate amount of adequate assurances.

21.

The protection granted to a utility is intended to avoid exposing the utility to an unreasonable risk of nonpayment. *Id.* Whether a utility is subject to an unreasonable risk of nonpayment must be determined from the facts and circumstances of each case. *See In re Anchor Glass Container Corp.*, 342 B.R. at 875; *In re Keydata Corp.*, 12 B.R. 156, 158 (B.A.P. 1st Cir. 1981).

22.

The essence of the Court’s inquiry is an examination of the totality of the circumstances in making an informed judgment as to whether utilities will be subject to an unreasonable risk of nonpayment for post-petition services. *Adelphia*, 280 B.R. at 82–83; *see also Anchor Glass Container Corp.*, 342 B.R. at 875 (“The type of arrangement that constitutes adequate assurance of future payment is a fact-intensive inquiry, determined under the individual circumstances of the case.”).

23.

The Debtor believes that the Proposed Adequate Assurance is reasonable and satisfies the requirements of Section 366 of the Bankruptcy Code. The Proposed Adequate Assurance in this

Motion is similar to the relief granted in other Chapter 11 cases. *See, e.g., In re Beaulieu Group, LLC, et al.*, Case No. 17-41677 (Bankr. N.D. Ga. Aug. 9, 2017) (Diehl, J.) [Docket No. 153] (providing for adequate assurance account to be established containing an amount equal to two weeks' deposit for all utility companies); *In re Tortilleria El Maizal, Inc.*, No. 13-59899 (Bankr. N.D. Ga. May 10, 2013) (Mullins, J.) [Docket No. 24]; *In re GK Mgmt., Inc.*, No. 12-23945 (Bankr. N.D. Ga. Nov. 20, 2012) (Brizendine, J.) [Docket No. 29]; *In re Cagle's, Inc.*, No. 11-80202 (Bankr. N.D. Ga. Oct. 20, 2011) (Bihary, J.) [Docket No. 32]; *In re Currahee Partners, LLC*, No. 09-73838 (Bankr. N.D. Ga. June 23, 2009) (Hagenau, J.) [Docket No. 47]; *In re Rhodes, Inc.*, Case No. 04-78434 (Bankr. N.D. Ga. Nov. 8, 2004) (Diehl, J.) [Docket No. 49]; *In re SemCrude, L.P.*, Case No. 08-11525 (BLS) (Bankr. D. Del. August 19, 2008) (approving adequate assurance in the form of a letter of credit or escrow account containing an amount equal to two weeks' deposit); *In re Landsource Comtys. Dev. LLC*, Case No. 08-11111 (KJC) (Bankr. D. Del. June 16, 2008) (approving adequate assurance to requesting utilities in an amount equal to two weeks' deposit); and *In re Steve & Barry's Manhattan, LLC*, Case No. 08-12579 (ALG) (Bankr. S.D.N.Y. July 31, 2008) (approving adequate assurance to requesting utilities in an amount equal to two weeks' deposit).

24.

Further, the Court possesses the power, under Section 105(a) of the Bankruptcy Code, to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The proposed Determination Procedures will ensure that the Utility Services are continued without prejudicing the Utility Companies.

25.

The relief requested herein will ensure that the Debtors' operations will not be disrupted by the suspension or termination of vital Utility Services or the requests by the Utility Companies of unnecessarily large deposits that could endanger the Debtors' liquidity. If a disruption occurs, the impact on the Debtors' business operations and revenues would be extremely harmful to the Debtors and all of their creditors, and, most importantly, their residents. Without the requested relief, any interruption in services by the Utility Companies could bring the Debtors' business to a grinding halt and harm the residents. Even if the Utility Companies did not interrupt their services, without the requested relief the Debtors could be forced to address numerous requests by Utility Companies in a disorganized manner during a critical period in these Chapter 11 cases and during a time when their efforts should be more productively focused on reorganization and the emergence from bankruptcy. At the same time, the relief requested provides the Utility Companies with a fair and orderly procedure for determining requests for additional or different adequate assurance.

26.

The Debtors request that any payment made or to be made in regard to this Motion, and any authorization contained in the Order approving this Motion, shall be subject to the terms of any orders approving entry into debtor-in-possession financing and authorizing the use of cash collateral entered by this Court in these Chapter 11 cases. However, as noted above, the payments to be made in regard to this Motion would not be subject to the Budget.

27.

The Debtors submit that the facts cited herein and in the Goodman Declaration illustrate that the relief requested is necessary to avoid immediate and irreparable harm to the Debtors and

their estates. Based on the foregoing, Bankruptcy Rule 6003(b), to the extent it is applicable, has been satisfied. To the extent the fourteen day stay of Bankruptcy Rule 6004(h) may be construed to apply to the subject matter of this Motion, the Debtors requests that such stay be waived.

NOTICE

28.

Notice of this Motion has been provided to the Office of the United States Trustee, counsel to the Debtors' pre-petition secured lender, counsel to the Debtors' proposed debtor-in-possession lender, any other party asserting a security interest in assets of the Debtors, the Utility Companies and the Debtors' thirty (30) largest unsecured creditors on a consolidated basis. In light of the nature of the relief requested, the Debtors submit that no further notice is necessary.

CONCLUSION

WHEREFORE, the Debtor respectfully requests that the Court:

(a) enter an Interim Order substantially in the form attached hereto as Exhibit B granting the relief requested herein on an interim basis;

(b) grant the Debtor such other and further relief as is just and proper.

This 27th day of August, 2021.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ Matthew W. Levin

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Proposed Counsel for the Debtors

EXHIBIT A

Utilities List

Vendor Name	Account Numbers	Debtors
Alabama Power Company Inc.	73703-82047 59613-49105	Montgomery I Montgomery II
City of Douglas	409-00576-04	Douglas
City Of Gainesville	102149-000 102149-002 102149-001	Gainesville
City of Savannah Rev. Dept	31906	Savannah
City of Social Circle	001-01554-01 001-01556-01 001-02547-00 001-01555-01 001-01552-01 001-00090-01	Social Circle
Columbus Water Works	49306 85127 85656	Columbus
Floyd County Water Dept.	15480	Rome
Georgia Natural Gas	004812404-4818004	Savannah
Georgia Power	12607-19052 92130-21025 5107557081 5086557061 5065557089 5128557054 5170557039 5149557027 13834-84116 25366-52027	Rome Savannah Social Circle Social Circle Social Circle Social Circle Social Circle Social Circle Social Circle Columbus Gainesville
Liberty Utilities	67576452-67299024 67507631-67298659	Columbus Gainesville
Montgomery Water Works & Sewer Board	2980161302 2980309302 1010554304 1010563302	Montgomery I Montgomery I Montgomery II Montgomery II
One Source	8220160110850061 cn9280652101 8396100441603662 8396100442105584 8220144200151069	Rome Rome Savannah Savannah Social Circle

	cn0986631912 8357190020748225 8357190022578729 8384670010103454 413425260 950297689 cn7223111901 8783100310572536 215593 8357190024271125 cn7083721811	Social Circle Montgomery I Montgomery I Columbus Columbus Douglas Douglas Gainesville Gainesville Montgomery II Montgomery II
Spire	200001414237 200001457206	Montgomery I Montgomery II
True Natural Gas	33290788001 33353298001	Gainesville

EXHIBIT B

Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION**

IN RE:)	CHAPTER 11
)	
REGIONAL HOUSING & COMMUNITY)	PROPOSED
SERVICES CORP., et al.,)	Jointly Administered Under
)	CASE NO. 21-41034-pwb
Debtors.)	
)	

**INTERIM ORDER (A) PROHIBITING UTILITIES FROM ALTERING,
REFUSING, OR DISCONTINUING SERVICE ON ACCOUNT OF PREPETITION
INVOICES, (B) DEEMING UTILITIES ADEQUATELY ASSURED OF FUTURE
PERFORMANCE, AND (C) ESTABLISHING PROCEDURES FOR DETERMINING
ADEQUATE ASSURANCE OF PAYMENT**

Upon consideration of the motion [Dkt. No. ___] (the “**Motion**”)¹ of the Debtors² for an interim order (a) prohibiting utilities from altering, refusing, or discontinuing service on account of prepetition invoices, (b) deeming utilities adequately assured of future performance, and (c) establishing procedures for determining adequate assurance of payment; and jurisdiction existing for the Court to consider the Motion; and the Court having found that good and sufficient cause exists for granting the Motion; and upon consideration of the Goodman Declaration, and the files and records in these cases; and upon the arguments and statements in support of the Motion presented at the hearing before the Court; and it appearing that relief sought in the Motion will be

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

² The Debtors in these Chapter 11 cases include: Regional Housing & Community Services Corporation, RHCSC Columbus AL Holdings LLC, RHCSC Columbus Health Holdings LLC, RHCSC Douglas AL Holdings LLC, RHCSC Douglas Health Holdings LLC, RHCSC Gainesville AL Holdings LLC, RHCSC Gainesville Health Holdings LLC, RHCSC Montgomery I AL Holdings LLC, RHCSC Montgomery I Health Holdings LLC, RHCSC Montgomery II AL Holdings LLC, RHCSC Montgomery II Health Holdings LLC, RHCSC Rome AL Holdings LLC, RHCSC Rome Health Holdings LLC, RHCSC Savannah AL Holdings LLC, RHCSC Savannah Health Holdings LLC, RHCSC Social Circle AL Holdings LLC, and RHCSC Social Circle Health Holdings LLC.

in the best interests of the Debtors' estates, creditors, and other parties-in-interest; and it further appearing that notice of the Motion was adequate and proper under the circumstances of these cases and that no further notice of the Motion need be given;

IT IS HEREBY ORDERED as follows:

1. The Motion is GRANTED, as set forth herein.
2. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
3. A final hearing (the "**Final Hearing**") upon the Debtors' Motion shall be held before the undersigned on _____, 2021 at _____, or as soon thereafter as counsel may be heard.
4. As adequate assurance, the Debtors shall deposit approximately \$53,000 as the Adequate Assurance Deposit in to the Adequate Assurance Account, which shall be separately allocated for, and payable to, each Utility Company set forth on Exhibit A to the Motion as to each Utility Company or as otherwise agreed; provided that to the extent any Utility Company possesses or receives any other value from the Debtors on account of adequate assurance, the Debtors may reduce the Adequate Assurance Deposit maintained in the Adequate Assurance Account for such Utility Company by such amount. The payment of the Adequate Assurance Deposit shall be subject to the terms of any orders approving entry into debtor-in-possession financing and authorizing the use of cash collateral entered by this Court in these Chapter 11 cases. However, the payments to be made in regard to this Order will not be subject to any budget approved in connection therewith.

5. The portion of the Adequate Assurance Deposit attributable to each Utility Company shall be returned to the Debtors on the earlier of (i) the Debtors' termination of services from such provider, and (ii) the conclusion of these Chapter 11 cases, if not applied earlier.

6. If the Debtors fail to pay a utility bill when due (including the passage of any cure period), the relevant Utility Company shall provide notice of such default to the Debtors, and if within five (5) business days of the Debtors' receipt of notice, the bill is not paid, the Utility Company may file an application with the Court certifying that payment has not been made and requesting the amount due up to an aggregate maximum equal to the Adequate Assurance Deposit allocable to such Utility Company.

7. The Adequate Assurance Deposit in conjunction with the proposed debtor-in-possession financing, cash flow from operations, and cash on hand demonstrate the Debtors' ability to pay for future utility services in the ordinary course of business (together, the "**Proposed Adequate Assurance**") and constitute sufficient adequate assurance to the Utility Companies. Pending the Final Hearing, the Proposed Adequate Assurance is hereby approved and is deemed adequate assurance of payment as the term is used in Section 366 of the Bankruptcy Code.

8. Absent compliance by the Debtors with the procedures set forth in the Motion and this Order, the Utility Companies are prohibited from altering, refusing or discontinuing service on account of any unpaid prepetition charges and are deemed to have received adequate assurance of payment in compliance with Section 366 of the Bankruptcy Code.

9. The Adequate Assurance Procedures set forth in the Motion are hereby approved.

10. All Utility Companies that have not filed a timely Adequate Assurance Request shall be: (a) deemed to have adequate assurance of payment "satisfactory" to such Utility Company within the meaning of Section 366 of the Bankruptcy Code except based upon a material

adverse change in circumstances as provided in the next paragraph; and (b) restrained from discontinuing, altering or refusing service to the Debtors on account of unpaid charges for prepetition services or on account of any objections to the Proposed Adequate Assurance.

11. The Debtors are authorized, in their sole discretion, to amend the utility services list attached as Exhibit A to the Motion to add or delete any Utility Company, and this Order shall apply to any Additional Utility Company that is subsequently added to the Utility Service List. The Debtors will serve a copy of this Order on any Additional Utility Companies, and deposit two weeks' worth of estimated utility costs in the Adequate Assurance Account for the benefit of such Additional Utility Company (less any amounts on deposit with any such Utility Company that have not been applied to outstanding prepetition amounts), and any such Additional Utility Company have twenty (20) days from the date of service of the Order to make an Adequate Assurance Request. If any Additional Utility Company makes no such timely request, then such Additional Utility Company shall be (a) deemed to have received adequate assurance of payment "satisfactory" to such subsequently added entity compliance with Section 366 of the Bankruptcy Code; and (b) forbidden to discontinue, alter, or refuse service to, or discriminate against, the Debtors on account of any unpaid prepetition charges, or require additional assurance of payment other than the Proposed Adequate Assurance. If a timely request is made, a hearing shall be scheduled with the Court to address any such Adequate Assurance Request that the Debtors and such Additional Utility Company cannot resolve; provided, however, that the Additional Utility Company shall be forbidden to discontinue, alter, or refuse service to, or discriminate against, the Debtors on account of any unpaid prepetition charges, or require additional assurance of payment other than the Proposed Adequate Assurance, pending such hearing.

12. Any Utility Company that fails to request additional assurance in accordance with the Adequate Assurances Procedures shall be deemed to consent to the Proposed Adequate Assurance and shall be bound by this Order.

13. Any payment made or to be made under this Order, and any authorization contained in this Order, shall be subject to the terms of any orders approving entry into debtor-in-possession financing and authorizing the use of cash collateral entered by this Court in these Chapter 11 cases.

14. Nothing contained in the Motion or this Order or any payment made pursuant to the authority granted by this Order is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under Section 365 of the Bankruptcy Code.

15. The requirements of Bankruptcy Rule 6003(b) have been satisfied to the extent applicable. To the extent the fourteen day stay of Bankruptcy Rule 6004(h) may be construed to apply to the subject matter of this Order, such stay is hereby waived.

16. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this Order.

17. Counsel to the Debtors is directed to serve a copy of this Order on the Office of the United States Trustee, counsel to the Debtors' pre-petition secured lender, counsel to the Debtors' proposed debtor-in-possession lender, any other party asserting a security interest in assets of the Debtors, the Utility Companies and the Debtors' twenty (20) largest unsecured creditors on a consolidated basis promptly following the entry of this Order and to file a certificate of service with the Clerk of the Court.

[END OF DOCUMENT]

Prepared and presented by:

SCROGGINS & WILLIAMSON, P.C.

By: _____

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