



*Declaration of Michael B. Howe in Support of Debtors' Chapter 11 Proceedings and First Day Pleadings* (the “**Howe Declaration**”) filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully state as follows:

**Relief Requested**

1. By this Motion, and pursuant to sections 105 and 366 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), the Debtors seek entry of interim and final orders (the “**Proposed Orders**” and, if entered, the “**Orders**”) (a) prohibiting the Utilities (as defined below) from altering, refusing, or discontinuing any Utility Services (as defined below) on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Debtors’ proposed adequate assurance, (b) determining that the Debtors’ proposed offer of deposits, as set forth herein, provides the Utilities with adequate assurance of payment within the meaning of section 366 of the Bankruptcy Code, and (c) approving procedures for resolving requests by Utilities for additional or different assurances beyond those set forth in this Motion.

**Jurisdiction and Venue**

2. The United States Bankruptcy Court for the District of Delaware (the “**Court**”) has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012.

3. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2) and, pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that

it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

4. Venue of the Chapter 11 Cases and related proceedings is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

### **Background**

5. On April 1, 2019 (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. No request has been made for the appointment of a trustee or examiner, and no official committee has been appointed in the Chapter 11 Cases.

7. Additional information about the Debtors’ businesses and affairs, capital structure, and prepetition indebtedness, and the events leading up to the Petition Date, can be found in the Howe Declaration, which is incorporated herein by reference.

### **The Utilities and Services Provided**

8. In connection with the operation of their businesses and management of their properties, the Debtors obtain utility services, including electricity, natural gas, telephone, sewage, telecommunications, waste removal, water, and other similar services (collectively, “**Utility Services**”) from dozens of utilities, as that term is used in section 366 of the Bankruptcy Code (collectively, the “**Utilities**”). Annexed hereto as Exhibit A (as may be supplemented from time to time, the “**Utilities List**”) is a list of Utilities that provide Utility Services to the Debtors as of the Petition Date. The relief requested herein is for all Utilities providing Utility Services

to the Debtors and is not limited to those listed on the Utilities List.<sup>2</sup> The Debtors have made an extensive and good faith effort to identify all of the Utilities that provide them Utility Services and to include them on the Utilities List. Nonetheless, the Debtors reserve the right to supplement the Utilities List by filing a notice (a “**Supplemental Notice**”) at a later date with the Court if necessary.

9. During the past 12 months, the Debtors paid an average of approximately \$400,000 per month on account of Utility Services. To the best of the Debtors’ knowledge, there are few, if any, material defaults or arrearages with respect to the Debtors’ undisputed Utility Services invoices, other than payment interruptions that may be caused by the commencement of the Chapter 11 Cases.

#### The Proposed Adequate Assurance Deposit

10. Contemporaneously herewith, the Debtors have filed a motion seeking authority to obtain \$255 million in a post-petition credit facility (the “**DIP Facility**”), and, as of the Petition Date, the Debtors have approximately \$2.6 million in cash, cash equivalents and short-term investments. Accordingly, the Debtors expect to have ample liquidity to timely pay all post-petition obligations owed to the Utilities.

11. However, to provide adequate assurance to the Utilities as required under section 366(c) of the Bankruptcy Code, the Debtors propose to deposit<sup>3</sup> into a newly created segregated account for the benefit of the Utilities (the “**Utility Deposit Account**”) an amount equal to two weeks of Utility Service, calculated as a historical average over the past 12 months

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<sup>2</sup> The inclusion of any entity on, as well as any omission of any entity from, the Utilities List is not an admission by the Debtors that such entity is, or is not, a “utility” within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve all rights with respect thereto.

<sup>3</sup> Section 366(c)(1)(A) of the Bankruptcy Code defines “assurance of payment” to mean, among other things, a cash deposit.

(the “**Adequate Assurance Deposit**”). The aggregate amount of the proposed Adequate Assurance Deposits is approximately \$200,000. The Adequate Assurance Deposit will be held by the Debtors in the Utility Deposit Account for the benefit of the Utilities on the Utilities List during the pendency of the Chapter 11 Cases.

12. The Debtors will deposit the Adequate Assurance Deposit in the Utility Deposit Account within 20 calendar days of entry of the proposed interim order. The amount allocated for, and payable to, each Utility shall be equal to the amount set forth on the Utilities List as to each Utility or as otherwise agreed.

13. The portion of the Adequate Assurance Deposit attributable to each Utility shall be returned to the Debtors upon the effective date of a chapter 11 plan for the Debtors or the closing of a sale of all or substantially all of the Debtors’ assets. Additionally, if the Debtors terminate any of the Utility Services provided by a Utility, the Debtors request that they immediately be permitted to reduce the Adequate Assurance Deposit to reflect the termination of such Utility Services.

14. As a condition of accepting an Adequate Assurance Deposit, the Debtors propose that such Utility shall be deemed to have stipulated that the Adequate Assurance Deposit constitutes adequate assurance of payment to such Utility within the meaning of section 366 of the Bankruptcy Code, and shall be prohibited from challenging or opting out of the Adequate Assurance Procedures (as defined below), filing a Request (as defined below), or requesting any additional adequate assurance of payment of any kind at any time, notwithstanding any attempt by such Utility to reserve a right to seek any such relief.

15. Given their current cash reserves and the amount that will become available under the DIP Facility, 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, constitutes sufficient adequate assurance to each of the Utilities (collectively, the "**Proposed Adequate Assurance**").

Proposed Adequate Assurance Procedures

16. Notwithstanding the Proposed Adequate Assurance, if any Utility believes that additional assurance is required, it may request such additional assurance solely pursuant to the following procedures (the "**Adequate Assurance Procedures**"):

(a) The Debtors or their advisors will provide a copy of this Motion (including the proposed final order) and the interim order to each of the Utilities listed on the Utilities List within two business days after entry of the interim order by the Court.

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

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

(d) If the Debtors determine that a Request is unreasonable, then they shall, within 20 calendar days after receipt of such Request, or such longer period as may be agreed to between the Debtors and the Utility, file a motion (a "**Determination Motion**") pursuant to section 366(c)(3) of the Bankruptcy Code seeking a determination from the Court that the Proposed Adequate Assurance, plus any additional consideration offered by the Debtors, constitutes adequate assurance of payment. Pending notice and a hearing

on the Determination Motion, the Utility that is the subject of the unresolved Request may not alter, refuse, or discontinue services to the Debtors.

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

**Proposed Procedures To Supplement the Utility List**

17. Although the Debtors have made a good faith effort to identify all of the Utilities that currently provide Utility Services to the Debtors, it is possible that some Utilities may not be listed on the Utilities List. For any additional Utilities that the Debtors identify, the Debtors will file a Supplemental Notice and will (a) serve the Supplemental Notice by first-class mail on all Utilities listed in such Supplemental Notice and (b) post the Supplemental Notice on the Debtors' case information website located at <http://www.kccllc.net/southcrossenergy>. The Debtors request that the Proposed Orders be binding on all Utilities, regardless of whether or when such Utility was added to the Utilities List by Supplemental Notice.

**Basis for Relief**

18. Uninterrupted Utility Services are essential to the Debtors' ongoing operations and, therefore, the preservation of the value of the Debtors' estates. The Debtors' businesses are supported by two corporate offices, six field offices, and eight processing, compression, and fractionation plants, all of which depend on reliable delivery of power and other Utility Services. Should any Utility alter, refuse, or discontinue service, even for a brief period, the Debtors' operations could be severely disrupted. The impact of this disruption on the Debtors' business operations and revenue would be extremely harmful and could jeopardize the value of the Debtors' estates.

19. The relief requested herein will ensure that the Debtors' operations will not be disrupted. Furthermore, the relief requested provides the Utilities with a fair and orderly

procedure for addressing requests for additional or different adequate assurance. Without the Adequate Assurance Procedures, the Debtors could be forced to address numerous requests by the Utilities in a disorganized manner at a critical period in the Chapter 11 Cases and during a time when the Debtors' efforts could be more productively focused on the continuation of the Debtors' operations for the benefit of all parties in interest.

20. Section 366 of the Bankruptcy Code protects a debtor against the immediate termination of utility services after commencing its chapter 11 case. Under that section, a utility company may not, during the first 20 days of a chapter 11 case, alter, refuse, or discontinue services to, or discriminate against, a debtor solely on the basis of the commencement of the case or the failure of the debtor to pay a prepetition debt. 11 U.S.C. § 366.<sup>4</sup> A utility company may, however, alter, refuse, or discontinue service following such 20-day period, if the debtor has not furnished "adequate assurance of payment" for post-petition utility service obligations within the 20-day period. *Id.* Additionally, following a 30-day period after the commencement of a bankruptcy case, utilities may alter, refuse, or discontinue service if the debtor does not provide "adequate assurance" of payment for post-petition services in a form "satisfactory" to the utility company, subject to the Court's review and approval. *Id.*

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<sup>4</sup> Section 366 of the Bankruptcy Code applies to entities that are traditionally viewed as utilities, such as those that provide electricity, telephone service, or water, and to any entity that supplies services that cannot be readily obtained or replaced elsewhere, or which constitutes a monopoly with respect to the services that it provides to the debtor. *See, e.g., One Stop Realtour Place, Inc. v. Allegiance Telecom, Inc. (In re One Stop Realtour Place, Inc.)*, 268 B.R. 430, 436-37 (Bankr. E.D. Pa. 2001) (provider of telephone service is a utility regardless of whether telephone service may be available from another provider); *In re Coastal Dry Dock & Repair Corp.*, 62 B.R. 879, 883 (Bankr. E.D.N.Y. 1986) (internal quotation marks omitted) (landlord of the Brooklyn Navy Yard "occupies a special position with respect to the debtor in its role as [the debtor's] utility supplier"). Despite the wide latitude afforded in determining those entities that constitute utilities under section 366 of the Bankruptcy Code, some of the companies listed on the Utilities List may also provide goods or services to the Debtors in a capacity other than that of a utility. With respect to any such goods or services, such companies are not entitled to adequate assurance under section 366 of the Bankruptcy Code. Moreover, the Debtors are not foreclosed from taking the position that any of the entities listed on the Utilities List are not utilities within the meaning of section 366 of the Bankruptcy Code.

21. Section 366(c)(3)(B) of the Bankruptcy Code restricts the factors a court can consider when determining whether an assurance of payment is adequate. Specifically, courts may not consider (a) the absence of a security deposit before a debtor's petition date, (b) a debtor's history of timely payments, or (c) the availability of an administrative expense priority when determining the amount of a deposit.

22. While the Bankruptcy Code provides guidance as to the required nature of adequate assurance, the Court retains the discretion to determine the amount of adequate assurance necessary or to change the fundamental requirement that assurance of payment must simply be adequate. *Compare* 11 U.S.C. § 366(b) ("On request of a party in interest and after notice and a hearing, the court may order reasonable modification of the amount of the deposit or other security necessary to provide adequate assurance of payment."), *with* § 366(c)(3)(A) ("On 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 under paragraph (2) [which is governed by an adequacy standard]."); *see also In re Circuit City Stores, Inc.*, Case No. 08-35653 (KRH), 2009 Bankr. LEXIS 237, at \*15-16 (Bankr. E.D. Va. Jan. 14, 2009) (finding that determinations of adequate assurance remain within the Court's discretion).

23. Courts construing section 366(b) of the Bankruptcy Code have long recognized that, in determining adequate assurance, the Court is not required to give the Utilities the equivalent of a guaranty of payment, but must only determine that the utility is not subject to an unreasonable risk of nonpayment for post-petition services. *See In re Santa Clara Circuits W., Inc.*, 27 B.R. 680, 685 (Bankr. D. Utah 1982) (*quoting In re George C. Frye Co.*, 7 B.R. 856, 858 (Bankr. D. Me. 1980)) ("[A]dequate assurance of payment does not mean guaranty of payment; but the Court must find that the utility is not subject to an unreasonable risk of future loss."); *see*

also *In re Circuit City*, Case No. 08-35653 (KRH), 2009 Bankr. LEXIS 237, at \*13 (“A debtor need not provide utility companies an absolute guarantee of payment.”); accord *Long Island Lighting Co. v. The Great Atl. & Pac. Tea Co. (In re The Great Atl. & Pac. Tea Co.)*, Case No. 11-CV-1338 (CS), 2011 U.S. Dist. LEXIS 131621, at \*18 (S.D.N.Y. Nov. 14, 2011); *S. Cal. Edison Co. v. Crystal Cathedral Ministries (In re Crystal Cathedral Ministries)*, 454 B.R. 124, 131 (Bankr. C.D. Cal. 2011); *In re New Rochelle Tel. Corp.*, 397 B.R. 633, 639 (Bankr. E.D.N.Y. 2008); *Steinebach v. Tucson Elec. Power Corp. (In re Steinebach)*, 303 B.R. 634, 641 (Bankr. D. Ariz. 2004); *In re Adelphia Bus. Sols., Inc.*, 280 B.R. 63, 80 (Bankr. S.D.N.Y. 2002). Historically, 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 Santa Clara Circuits W.*, 27 B.R. at 685; see also *In re Adelphia Bus. Sols., Inc.*, 280 B.R. at 80; accord *Long Island Lighting Co.*, Case No. 2011 U.S. Dist. LEXIS 131621, at \*18; *Mass. Elec. Co. v. Keydata Corp. (In re Keydata Corp.)*, 12 B.R. 156, 158 (B.A.P. 1st Cir. D. Mass. 1981). While section 366(c) of the Bankruptcy Code limits the factors a court may consider, determinations of adequate assurance remain within the Court’s discretion. Cf. *Long Island Lighting Co.*, Case No. 2011 U.S. Dist. LEXIS 131621, at \*20; *In re Steinebach*, 303 B.R. at 642; *In re Adelphia Bus. Sols., Inc.*, 280 B.R. at 80; *Marion Steel Co. v. Ohio Edison Co. (In re Marion Steel Co.)*, 35 B.R. 188, 195 (Bankr. D. Ohio 1983). The Debtors believe that the Proposed Adequate Assurance is sufficient and reasonable and constitutes adequate assurance of payment under section 366(c) of the Bankruptcy Code.

24. Here, the Debtors believe that the Utilities have “adequate assurance of payment” even without the proposed Adequate Assurance Deposit. Contemporaneously herewith, the Debtors are seeking authorization to use cash collateral and enter into the DIP Facility, which

will enable them to pay their operating costs, including any utility costs, as they come due. The Debtors, thus, anticipate having sufficient resources to pay, and intend to pay, any and all valid post-petition obligations for Utility Services in a timely manner. In addition, the Debtors' reliance on Utility Services for the operation of their businesses provides them with a powerful incentive to stay current on their utility obligations. These factors, which the Court may (and should) consider when determining the amount of any adequate assurance payments, justify a finding that no adequate assurance payments are required in the Chapter 11 Cases. Indeed, the Debtors respectfully submit that the Proposed Adequate Assurance is more than sufficient to assure the Utilities of future payment.

25. Notwithstanding the foregoing, the Debtors believe that the Proposed Adequate Assurance and the Adequate Assurance Procedures are reasonable, satisfy the requirements of section 366 of the Bankruptcy Code, and are necessary for the Debtors to carry out their reorganization efforts. If they are not approved, the Debtors could be forced to address payment requests by any Utility in a disorganized manner, which would distract management from focusing on the Debtors' reorganization. Moreover, on the 30th day following the Petition Date, the Debtors could be surprised by a Utility unilaterally (a) deciding that it is not adequately protected, (b) discontinuing service, or (c) making an exorbitant demand for payment to continue service. Such discontinuation of Utility Service could put the Debtors' reorganization efforts in jeopardy.

26. In addition, section 105(a) of the Bankruptcy Code provides that the Court "may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." The proposed Adequate Assurance Procedures are necessary for the Debtors to carry out their restructuring efforts. If the Court does not approve the proposed Adequate

Assurance Procedures, the Debtors could be forced to address requests from the Utilities in a manner that would be detrimental to the value of their estates.

27. Preserving Utility Services on an uninterrupted basis is essential to the Debtors' ongoing operations and maximizing the value of the Debtors' estates. Indeed, any interruption in Utility Services, even for a brief period of time, would immediately and irreparably harm the Debtors' businesses. It is imperative that the Utilities continue to provide their Utility Services without interruption.

28. Finally, the relief requested in this Motion, including the Adequate Assurance Procedures proposed herein, is similar to the relief granted in this district in recent chapter 11 cases. *See, e.g., In re Pernix Sleep, Inc.*, Case No. 19-10323 (CSS) (Bankr. D. Del. Feb. 21, 2019); *In re TerraVia Holdings, Inc.*, Case No. 17-11655 (CCS) (Bankr. D. Del. Aug. 3, 2017); *In re Bonanza Creek Energy, Inc.*, Case No. 17-10015 (KJC) (Bankr. D. Del. Jan. 5, 2017); *In re Basic Energy Servs., Inc.*, Case No. 16-12320 (KJC) (Bankr. D. Del. Nov. 17, 2016); *In re Halcón Res. Corp.*, Case No. 16-11724 (BLS) (Bankr. D. Del. Aug. 19, 2016); *In re Dex Media, Inc.*, Case No. 16-11200 (KG) (Bankr. D. Del. June 8, 2016); *In re Venoco, Inc.*, Case No. 16-10655 (KG) (Bankr. D. Del. Apr. 21, 2016); *In re Magnum Hunter Res. Corp.*, Case No. 15-12533 (KG) (Bankr. D. Del. Jan. 11, 2016); *In re Offshore Grp. Inv. Ltd.*, Case No. 15-12422 (BLS) (Bankr. D. Del. Jan. 5, 2016); *In re Endeavour Operating Corp.*, Case No. 14-12308 (KJC) (Bankr. D. Del. Nov. 6, 2014).

29. Based on the foregoing, the Debtors submit that the relief requested herein is necessary to avoid immediate and irreparable harm, is in the best interests of the Debtors' estates and creditors, is in keeping with the spirit and intent of section 366 of the Bankruptcy Code, and is not prejudicial to the rights of any Utility.

**Necessity of Immediate Relief**

30. Bankruptcy Rule 6003 provides that “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, issue an order granting . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition . . . .” Fed. R. Bankr. P. 6003. The Debtors believe that they may need to make upcoming payments and provide Adequate Assurance Deposits to the Utilities. If the Debtors are not permitted to continue their ordinary business operations by continuing to pay for Utilities Services as they become due and to provide Adequate Assurance Deposits to the Utilities to reassure the Utilities, the Debtors could suffer immediate and irreparable harm. Accordingly, the relief requested herein is consistent with Bankruptcy Rule 6003.

**Debtors’ Reservation of Rights**

31. Nothing contained herein is intended or should be construed as, or deemed to constitute, an agreement or admission as to the validity of any claim against the Debtors on any grounds, a waiver or impairment of the Debtors’ rights to dispute any claim on any grounds, or an assumption or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtors expressly reserve their rights to contest any claims related to Utility Services under applicable bankruptcy and non-bankruptcy law. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court’s order is not intended, and should not be construed, as an admission as to the validity of any claim or a waiver of the Debtors’ rights to dispute such claim subsequently.

**Waiver of Stay Under Bankruptcy Rule 6004(h)**

32. The Debtors also request that, to the extent applicable to the relief requested in this Motion, the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their businesses without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

**Notice**

33. Notice of this Motion will be provided to (a) the U.S. Trustee, (b) each of the Debtors’ 20 largest unsecured creditors on a consolidated basis, (c) Vinson & Elkins LLP, as counsel to Wells Fargo Bank, N.A., the administrative agent under Southcross’s prepetition secured revolving credit facility, (d) (x) Arnold & Porter Kaye Scholer LLP and (y) Young Conaway Stargatt & Taylor, LLP, as counsel to Wilmington Trust, N.A., the administrative agent under Southcross’s prepetition secured term loan facility and post-petition credit facility, (e) Willkie Farr & Gallagher LLP, as counsel to the post-petition lenders and an ad hoc group of prepetition lenders, (f) Debevoise & Plimpton LLP, as counsel to Southcross Holdings LP, (g) the Securities and Exchange Commission, (h) the Internal Revenue Service, (i) the United States Attorney’s Office for the District of Delaware, and (j) each Utility (collectively, the “**Notice Parties**”).

34. Notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). A copy of this Motion and any order approving it will also

be made available on the Debtors' case information website located at <http://www.kccllc.net/southcrossenergy>. Based on the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice is required.

**No Prior Request**

35. The Debtors have not previously sought the relief requested herein from the Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Orders, substantially in the forms attached hereto as Exhibit B and Exhibit C, respectively, granting the relief requested herein and such other and further relief as the Court deems just and proper.

Dated: April 1, 2019  
Wilmington, Delaware

Respectfully submitted,  
MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Robert J. Dehney

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*Proposed Counsel to the Debtors and Debtors in Possession*

**Exhibit A**

The Utilities

Vendor Name	Notice Address	Account Number	Type
Absolute Waste Services, Inc.	906 Lincoln Ave., Robstown, TX, 78380	3363-396	Waste Disposal
Agility Communications Group, LLC	120 E FM 544 Ste 72, PMB 349, Murphy, TX, 75094	N/A	Telecom
Alabama Power Company	600 18th St N, Birmingham, AL, 35203	03294-42024; 86874-42028; 58814-63024; 51723-95028; 33224-05026; 40014-39027; 74014-63024; 07132-59020; 33764-24022; 74274-64021; 06184-63022; 13293-97025; 41884-63027; 12354-63029; 91044-26010; 05384-63026; 05164-07079; 42515-28019	Electricity
AT&T	c/o Bankruptcy; 4331 Communications Dr, Flr 4W, Dallas, TX, 75211	287015199874; 030 280 7754 001; 601 796-3555 302 0598; 361 937 1831 382 9; 361 543-4224 254 5; 100276102; 149240080-2; 210 404 9229 164 7; 831-000-1679 698; 361 299-4012 687 8; 861644321; 601 583-0071 536 0592; 831-000-2866 869; 831-000-2974 723; 361 570-9180 517 2; 214 741-7424 969 0; 067 047-6086 118 8; 830 334-2210 694 9; 831-000-7501 620; 831-000-7470 558; 831-000-7470 557; 361 543-4211 254 0; 361 543-4208 254 5;	Telecom

Vendor Name	Notice Address	Account Number	Type
		361 543-4232 254 5; 210 404-9229 164 7; 171-796-0951 957	
Beaverdam Water Association	1190 Hwy 11, Heidelberg, MS, 39439	01-0297000	Water
Bullseye Telecom	25925 Telegraph Rd, Suite 210, Southfield, MI, 48033	002CAEC; 0033D77	Telecom
C Spire (Dba Cellular South)	1018 Highland Colony Parkway, Suite 300, Ridgeland, MS, 39157	CSP0001	Telecom
Cedar Grove - Harmony Water Association	24 Airport Rd, Columbia, MS, 39429	02-0247000	Water
CenterPoint Energy Services	1111 Louisiana Street, Houston, TX, 77002	7318986-2; 3160059-6	Electricity
CenturyLink	100 CenturyLink Drive, Monroe, LA, 71203	301018250; 420250386; 420252264; 422274957; 300981638; 420461223; 301018250	Telecom
City of Gregory	Box 297, Gregory, TX, 78359	100643; 100642	Water / Sewer
City of Pearl	2420 Old Brandon Road, Pearl, MS, 39208	19-0011002	Water
City of Victoria	700 Main Center, Suite 106, Victoria, TX, 77901	70050802	Water
Cogent Communications, Inc.	2450 N Street NW, Washington, DC, 20037	SOUTHCRO90002	Telecom
Comcast Business	9602 S 300 W, Suite B, Sandy, UT, 84070-3302	8177 70 319 4121946	Telecom
Consolidated Communications	121 S. 17th Street, Mattoon, IL, 61938	979-793-5552/0	Telecom
Direct Energy	12 Greenway Plaza, Suite 250, Houston, TX, 77046	1561369	Electricity
Dixie Electric Power Association	1863 Highway 184,	2024160002; 2376420001;	Electricity

Vendor Name	Notice Address	Account Number	Type
	Laurel, MS, 39443	1315550001; 1212275000; 2424671000; 241066000	
East Mississippi Electric Power Association	2128 Highway 39 North, Meridian, MS, 39302	829500-01	Electricity
Entergy Inc.	639 Loyola Ave, New Orleans, LA, 70113	21425368; 21425632; 21425863; 21425764; 69983427	Electricity
Fayette Gas Board	315 2nd Ave SE, Fayette, AL, 35555	1679	Natural Gas
Fayette Water Board	311 2nd Ave SE, Fayette, AL, 35555	331	Water
Granite Telecommunications	100 Newport Ave. Quincy, MA, 02171	2491726; 2491720; 2494111; 2492095; 2492078	Telecom
Guadalupe Valley Electric Cooperative	825 East Sarah DeWitt Drive, Gonzales, TX, 78629	1593800	Electricity
Houston Media Systems	5713 2nd Street, Katy, TX, 77493	281-464-0101	Telecom
Infosat Able Holdings	5906 Broadway Street, Pearland, TX, 77581	300004295	Telecom
Jackson Electric Coop., Inc.	8925 State Highway 111 South, Ganado, TX, 77962	42139000	Electricity
Karnes Electric Cooperative	1007 N. Highway 123, Karnes City, TX, 78118	51882000; 57244001-4	Electricity
Medina Electric Cooperative Inc	2308 18th Street, Hondo, TX, 78861	16546001; 14109001; 16121002	Electricity
Neuces Electric Coop	14353 Cooperative Ave, Corpus Christi, TX, 78380	28228602; 28650601; 27889601; 27754002; 27565201; 27161901; 27504102; 17827706; 14400606; 12368705; 10442205; 9645305; 9088606; 7226405;	Electricity

Vendor Name	Notice Address	Account Number	Type
		6592007	
Pearl River Valley Electric Power Association	1422 Hwy 13 North, Columbia, MS, 39429	152870001; 152870002; 152870003; 152870004; 152872001; 152870002; 152870003; 152870004	Electricity
Reliant	1501 N Plano Rd, Richardson, TX, 75081	12 551 982-9; 13 653 676-0; 13 653 675-2; 13 653 680-2; 13-653 679-4; 13 653 681 0	Electricity
Republic Services	18500 North Allied Way, Phoenix, AZ, 85054	3-0847-0270314; 3-0802-0225367	Waste Disposal
Rincon Water Supply Corp.	8896 CR 1458 (CR 102), Taft, TX, 78390	475	Water
Rural Trash Service Inc.	8810 Highway 36, Needville, TX, 77461	4874	Waste Disposal
San Patricio Electric Coop	402 E. Sinton Street, Sinton, TX, 78387	449805; 3422900; 0000858001; 3250000; 3181800; 3226200	Electricity
Southern Pine Electric Power Association	3215 Louis Wilson Dr, Branson, MS, 39043	290539001; 290539002; 290539003; 290539004; 290539006; 290539007; 290539008; 290539009; 290839010; 290539011; 290539012; 290539013; 290539014; 290539015; 7001052001	Electricity
SouthernLinc	600 University Park Pl, Suite 400, Birmingham, AL, 35209-8801	10775751	Telecom
Time Warner Cable	7815 Crescent Executive Dr., 4th Floor, Charlotte, NC, 28217	8260 13 052 4579789; 8260 13 052 6140671; 8260 18 066 0103944;	Telecom
Tombigbee Electric Coop., Inc.	3196 County Highway 55, Hamilton, AL, 35570-7630	163814001; 163814002; 31242002; 163814006	Electricity
Touchtone Communications	16 South Jefferson Rd,	616641888	Telecom

Vendor Name	Notice Address	Account Number	Type
	Whippany , NJ, 07981		
Town of Gordo	PO Box 1106, Gordo, AL, 35466-4104	03 056850	Water
Victoria Electric Cooperative Inc.	5502 US Hwy 59 North, Victoria, TX, 77905	981397-001	Electricity
West Alabama TV Cable Co.	213 2nd Ave NE, Fayette, AL, 35555	01-17299	Telecom
Wharton County Electric Coop.	1815 E. Jackson Street, El Campo, TX, 77437	1026256002	Electricity
Windstream	4001 N Rodney Parham Road, Little Rock, AR, 72212-2442	60628333	Telecom
Yazoo Valley Electric Power Association	2255 Gordon Ave, PO Box 8, Yazoo City, MS, 39194-0008	4071701; 4071702; 4071703; 4071704	Electricity
YK Communications Ltd.	109 W. Putnam, Ganado, TX, 77962	70000345	Telecom

**Exhibit B**

Proposed Interim Order

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

	)	
In re:	)	Chapter 11
	)	
SOUTHCROSS ENERGY PARTNERS, L.P.,	)	Case No. 19-[_____ (____)]
<i>et al.</i> ,	)	
	)	Jointly Administered
Debtors. <sup>1</sup>	)	
	)	

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

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

<sup>1</sup> 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.

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

perceived inadequacy of the Debtors' proposed adequate assurance, (ii) determining that the Debtors' proposed offer of deposits provides Utilities with adequate assurance of payment within the meaning of section 366 of the Bankruptcy Code, and (iii) approving the Adequate Assurance Procedures, as more fully described in the Motion; and the Court having jurisdiction to consider the matters raised in the Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having authority to hear the matters raised in the Motion pursuant to 28 U.S.C. § 157; and the Court having venue pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion and the requested relief being a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b)(2); and due and proper notice of the Motion and opportunity for a hearing on the Motion having been given to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having reviewed and considered the Motion and the Howe Declaration; and the Court having held a hearing on the Motion (the "**Hearing**"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and the Court having found that the relief requested in the Motion being in the best interests of the Debtors, their creditors, their estates, and all other parties in interest; and the Court having determined that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is hereby granted on an interim basis as set forth herein.

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

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

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

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

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

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

(a) The Debtors or their advisors will provide a copy of this Motion (including the proposed final order) and the interim order to each of the Utilities listed on the Utilities List within two business days after entry of the interim order by the Court.

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

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

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

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

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

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

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

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

objection in accordance with the Bankruptcy Rules, the Local Rules, and the Adequate Assurance Procedures.

12. The Debtors shall increase the amount of the Adequate Assurance Deposit in the event an additional Utility is added to the Utilities List by an amount equal to two weeks of Utility Service provided by such additional Utility, calculated using the historical average for such payments over the past 12 months.

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

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

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

16. The Debtors shall (a) file a copy of any Supplemental Notice, (b) serve such notice by first-class mail upon each of the Utilities identified therein, and (c) post any

Supplemental Notice on the Debtors' case information website located at <http://www.kccllc.net/southcrossenergy>.

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

18. A final hearing to consider the relief requested in the Motion shall be held on \_\_\_\_\_, 2019 at \_\_\_\_\_ (Prevailing Eastern Time) and any objections or responses to the Motion shall be filed and served on the Notice Parties so as to be actually received on or prior to \_\_\_\_\_, 2019 at 4:00 p.m. (Prevailing Eastern Time).

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

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

21. Nothing in this Order nor the Debtors' payment of claims pursuant to this Order shall be construed as or deemed to constitute (a) an agreement or admission by the Debtors as to the validity of any claim against the Debtors on any grounds, (b) a grant of third party beneficiary status or bestowal of any additional rights on any third party, (c) a waiver or

impairment of the Debtors' rights to dispute any claim on any grounds, (d) a promise by the Debtors to pay any claim, or (e) an implication or admission by the Debtors that such claim is payable pursuant to this Order.

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

23. The requirements of Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

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

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

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

Dated: \_\_\_\_\_, 2019  
Wilmington, Delaware

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THE HONORABLE [•]  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit C**

Proposed Final Order

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

	)	
In re:	)	Chapter 11
	)	
SOUTHCROSS ENERGY PARTNERS, L.P.,	)	Case No. 19-[_____] (____)]
<i>et al.</i> ,	)	
	)	Jointly Administered
Debtors. <sup>1</sup>	)	
	)	

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

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

<sup>1</sup> 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.

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

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

IT IS HEREBY ORDERED THAT:

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

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

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

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

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

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

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

(a) The Debtors or their advisors will provide a copy of this Motion (including the proposed final order) and the interim order to each of the Utilities listed on the Utilities List within two business days after entry of the interim order by the Court.

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

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

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

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

8. As a condition of accepting an Adequate Assurance Deposit, each Utility shall be deemed to have stipulated that the Adequate Assurance Deposit constitutes adequate assurance of payment to such Utility within the meaning of section 366 of the Bankruptcy Code, absent

further order from the Court, and shall be prohibited from challenging or opting out of the Adequate Assurance Procedures, filing a Request, or requesting any additional adequate assurance of payment of any kind at any time, notwithstanding any attempt by such Utility to reserve a right to seek any such relief.

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

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

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

12. The Debtors shall increase the amount of the Adequate Assurance Deposit in the event an additional Utility is added to the Utilities List by an amount equal to two weeks of Utility Service provided by such additional Utility, calculated using the historical average for such payments over the past 12 months.

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

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

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

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

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

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

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

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

21. Notwithstanding anything to the contrary in this Order, in the event of any inconsistency between the terms of this Order and the terms of any order of this Court approving the debtor-in-possession financing facility and use of cash collateral (the "**DIP Order**"),

including, without limitation, any budget in connection therewith, the terms of the DIP Order shall govern.

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

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

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

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

Dated: \_\_\_\_\_, 2019  
Wilmington, Delaware

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THE HONORABLE [•]  
UNITED STATES BANKRUPTCY JUDGE