

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re

SC HEALTHCARE HOLDING, LLC *et al.*,

Debtors.¹

Chapter 11

Case No. 24 -10443 (TMH)

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) PROHIBITING UTILITY COMPANIES FROM DISCONTINUING, ALTERING, OR
REFUSING SERVICE, (II) DEEMING UTILITY COMPANIES TO HAVE ADEQUATE
ASSURANCE OF FUTURE PAYMENT, (III) ESTABLISHING PROCEDURES FOR
RESOLVING REQUESTS FOR ADDITIONAL ASSURANCE, AND (IV) GRANTING
RELATED RELIEF**

The above-captioned debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”) seek entry of an interim order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Interim Order”), and a final order, substantially in the form attached hereto as **Exhibit B** (the “Proposed Final Order”): (i) approving the Debtors’ proposed form of adequate assurance of postpetition payment to the Utility Companies of a deposit in an amount equal to 50% of the Debtors’ estimated aggregate utility expenses for Utility Companies for one month, calculated based on the Debtors’ estimated average payments over the twelve month period prior to the Petition Date (the “Estimated Utility Expense”), into a newly created, segregated account under the Debtors’ control; (ii) approving procedures for resolving any objections by the

¹ The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors’ proposed claims and noticing agent at www.kccllc.net/Petersen.



Utility Companies relating to the Proposed Adequate Assurance (as defined below); and (iii) prohibiting the Utility Companies from altering, refusing, or discontinuing service to, or discriminating against the Debtors solely on the basis of the commencement of these chapter 11 cases, a debt that is owed by the Debtors for services rendered prior to the Petition Date, or on account of any perceived inadequacy of the Debtors' Proposed Adequate Assurance pending entry of the Final Order. In support of this motion (this "Motion"), the Debtors reply upon and incorporate by reference the *Declaration of David R. Campbell in Support of Chapter 11 Petitions and First Day Pleadings* (the "First Day Declaration"),² filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter 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. The Debtors confirm their consent, 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") 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 in connection herewith consistent with Article III of the United States Constitution.

2. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

² Capitalized terms used but not otherwise defined in this Motion have the meanings ascribed to them in the First Day Declaration.

3. The bases for the relief requested herein are sections 105(a) and 366 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

BACKGROUND

4. On the date hereof (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors comprise one of the largest nursing home operators in the United States and works in partnership with physicians, skilled nurses, and other health care providers in order to provide various healthcare and rehabilitation services for elderly citizens in Illinois, Missouri, and Iowa. Among other services, the Debtors provide assisted and supportive living, skilled nursing care, respite care, memory care, hospice, local medical transportation, radiology, and pharmacy services. A detailed description of the Debtors and their businesses, including the facts and circumstances giving rise to these Chapter 11 Cases is set forth in the First Day Declaration.

5. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. To date, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) has not appointed an official committee in the Chapter 11 Cases and no request has been made for the appointment of a trustee or an examiner.

UTILITY SERVICES AND PROPOSED ADEQUATE ASSURANCE

I. Utility Services and Utility Providers.

6. In connection with the operation of their businesses and management of their properties, the Debtors obtain electricity, water, waste disposal, telecommunications and other similar services (collectively, the “Utility Services”) from a number of utility companies or brokers

(collectively, the “Utility Providers”). A non-exclusive list of the Utility Providers and their affiliates that provide Utility Services to the Debtors as of the Petition Date (the “Utility Service List”) is attached hereto as **Exhibit C**.³

7. The Utility Services are essential to the Debtors’ ongoing business operations. Should any Utility Provider refuse or discontinue service, even for a brief period, the Debtors’ business operations and safety procedures could be severely disrupted, and such disruption could jeopardize the Debtors’ reorganization efforts. Accordingly, it is essential that the Utility Services continue uninterrupted during these Chapter 11 Cases.

8. On average, the Debtors pay approximately \$647,085.06 each month for third-party Utility Services. The Debtors also have five surety bonds outstanding with four Utility Providers, all of which are through Hartford Fire Insurance Company (“Hartford”), totaling approximately \$522.00 in aggregate annual premiums.⁴

9. Preserving Utility Services on an uninterrupted basis is vital to the Debtors’ ongoing operations. In the course of operating their businesses, the rely on Debtors Utility Services to, *inter alia*, power their medical equipment, administer patient procedures, ensure access to, and the security of, patient health information, and safely dispose of medical waste. Any

³ The descriptions of the Utilities Services set forth in this Motion constitute a summary only. The actual terms of the Utilities Services and related agreements will govern in the event of any inconsistency with the description in this Motion. The Debtors request authority to honor obligations and renew all Utilities Services, as applicable, regardless of whether the Debtors inadvertently fail to include a particular utilities agreement on **Exhibit C**, and any such omitted utilities agreement is hereby included in the defined term “Utilities Services” as used herein and in the Order. Additionally, the listing of an entity on the Utility Service List is not an admission that such entity is a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve the right to contest any such characterization in the future.

⁴ The Debtors have requested the authority to continue maintaining these and other surety bonds through the contemporaneously filed *Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Insurance Coverage Entered Into Prepetition and Satisfy Prepetition Obligations Related Thereto, (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies, (C) Honor the Terms of the Premium Financing Agreement and Pay Premiums Thereunder, (D) Maintain the Surety Bonds, and (II) Granting Related Relief*, filed concurrently herewith.

interruption in Utility Services, no matter how brief, would not only compromise the Debtors' business, but, more importantly, would endanger patient safety. Such a result could harm the Debtors' ability to remain in compliance with various government regulations and honor contractual commitments to private health plan counterparties, ultimately frustrating creditor recoveries and imperiling the trajectory of these Chapter 11 Cases. Losing access to Utility Services would hinder the Debtors' efforts to carry out their reorganization strategy and would dampen employee morale. Therefore, it is critical that Utility Providers provide Utility Services to the Debtors on an uninterrupted basis.

II. Adequate Assurance.

A. The Proposed Adequate Assurance.

10. Pursuant to section 366(c)(2) of the Bankruptcy Code, a utility may alter, refuse, or discontinue a chapter 11 debtor's utility service if the utility does not receive from the debtor "adequate assurance of payment" within 30 days of the commencement of a debtor's chapter 11 case. *See* 11 U.S.C. § 366(c)(2).⁵ Section 366(c)(1)(A) of the Bankruptcy Code defines the phrase "assurance of payment" to mean, among other things, a cash deposit. *See* 11 U.S.C. § 366(c)(1)(A).

⁵ There is an apparent discrepancy between subsections (b) and (c) of section 366 of the Bankruptcy Code because these two subsections set forth different time periods during which a utility is prohibited from altering, refusing or discontinuing utility service. Specifically, section 366(b) of the Bankruptcy Code allows a utility to alter, refuse or discontinue service "if neither the trustee nor the debtor, within 20 days after the date of the order for relief, furnishes adequate assurance of payment," while section 366(c)(2) of the Bankruptcy Code allows a utility in "a case filed under chapter 11" to alter, refuse or discontinue service to a chapter 11 debtor "if during the 30-day period beginning on the date of the filing of the petition, the utility does not receive from the debtor or the trustee adequate assurance of payment for utility service" Under the statutory construction canon *lex specialis derogat legi generali* ("specific language controls over general"), the language of section 366(c)(2) controls here because the Debtor is a chapter 11 debtor. *See* 3 Collier on Bankruptcy § 366.03 [2] (Alan N. Resnick & Henry J. Sommer eds., 16th ed.) ("It is unclear how the 30-day period [in section 366(c)(2) of the Bankruptcy Code] meshes with the normal 20-day period in section 366(b). The better view is that, because section 366(c) is more specifically applicable to chapter 11 cases, the 30-day period, rather than the 20-day period in section 366(b), should apply.").

11. The Debtors intend to pay all undisputed postpetition obligations owed to the Utility Companies in a timely manner, and propose to provide “assurance of payment” to Utility Companies within twenty (20) days after the Petition Date by placing a cash deposit (the “Adequate Assurance Deposit”) equal to 50% of the Estimated Utility Expense for each Utility Company (approximately \$323,542.53 in the aggregate) into a newly created, segregated account of the Debtors that is at a bank that is party to a Uniform Depository Agreement with the Office of the U.S. Trustee (the “Adequate Assurance Deposit Account”) under the Debtors’ control for the benefit of any Utility Company, unless any such Utility Company agrees in writing to a lesser amount. No creditor of any of the Debtors shall have any interest in or lien on the Adequate Assurance Deposit or the Adequate Assurance Deposit Account. Currently, none of the Debtors’ Utility Providers are holding any security deposits.

12. The Debtors propose that the Adequate Assurance Deposit Account be maintained until the earlier of (a) entry of an order of the Court authorizing or directing the return of the Adequate Assurance Deposit to the Debtors, or (b) the effective date of any chapter 11 plan in the Debtors’ Chapter 11 Cases. In addition, the Debtors seek authority to reduce the Adequate Assurance Deposit to the extent that it includes an amount on account of a Utility Company that the Debtors subsequently determine should be removed from the Utility Services List.

13. The Debtors submit that the Adequate Assurance Deposit, together with the Debtors’ ability to pay for future Utility Services during these Chapter 11 Cases in the ordinary course of business (collectively, the “Proposed Adequate Assurance”), constitute adequate assurance of payment to the Utility Companies for purposes of section 366 of the Bankruptcy Code.

14. Accordingly, the Debtors believe that no other or further assurance of payment is necessary. If a Utility Company believes that additional or alternative assurance of payment is necessary, however, the Debtors submit that the Utility Company must request such additional or alternative assurance of payment by the procedures described below (the “Adequate Assurance Procedures”):

- (a) If a Utility Company is not satisfied with the Proposed Adequate Assurance and seeks additional assurance of payment in the form of a deposit, letter of credit, prepayment, or otherwise, it must serve a request (an “Additional Assurance Request”) upon (i) the Debtors, 830 W. Trailcreek Drive, Peoria, IL 61614, Attn: David R. Campbell; and (ii) proposed co-counsel to the Debtors (a) Winston & Strawn LLP, 35 W. Wacker Drive, Chicago, IL 60601, Attn: Daniel J. McGuire (dmcguire@winston.com) and Gregory M. Gartland (ggartland@winston.com), and 200 Park Avenue, New York, NY 10166, Attn: Carrie V. Hardman (chardman@winston.com), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King St., Wilmington, DE 19801, Attn: Shella Borovinskaya (sborovinskaya@ycst.com) and Carol E. Cox (ccox@ycst.com) (collectively, the “Notice Parties”);
- (b) Each Additional Assurance Request must (i) be made in writing; (ii) set forth all location(s) for which Utility Services are provided and the relevant account number(s); (iii) include a summary of the Debtors’ payment history relevant to the affected account(s); (iv) describe any deposits or other security currently held by the requesting Utility Company; and (v) identify and explain the basis of the Utility Company’s proposed adequate assurance requirement under section 366(c)(2) of the Bankruptcy Code;
- (c) Upon the Notice Parties’ receipt of an Additional Assurance Request at the addresses set forth in subparagraph (a) above, the Debtors shall promptly negotiate with such Utility Company to resolve such Utility Company’s Additional Assurance Request;
- (d) If the Debtors determine that a timely received Additional Assurance Request is not reasonable and are unable to reach an alternative resolution with the applicable Utility Company (each, an “Adequate Assurance Dispute”), the Debtors shall, upon reasonable notice, schedule the matter for the next regularly scheduled omnibus hearing to determine the adequacy of assurance of payment pursuant to section 366(c)(3) of the Bankruptcy Code (a “Determination Hearing”);
- (e) Pending resolution of any such Adequate Assurance Dispute, any such Utility Company shall be prohibited from altering, refusing, or discontinuing

service to the Debtors on account of unpaid charges for prepetition services, the filing of the Chapter 11 Cases, or any objection to the adequacy of the Proposed Adequate Assurance;

- (f) The Debtors may, in their discretion, resolve any Adequate Assurance Dispute by mutual agreement with the requesting Utility Company without further notice to the Court or any other party-in-interest and may, in connection with any such agreement, provide a Utility Company with additional adequate assurance of future payment, including, but not limited to, a cash deposit, prepayment, letter of credit, or other forms of security, without further order of the Court to the extent the Debtors believe that such additional assurance is reasonable in the exercise of their business judgment and the Debtors may, by mutual agreement with the objecting Utility Company and without further order of the Court, reduce the Adequate Assurance Deposit by an amount not exceeding the requesting Utility Company's estimated two-week utility expense; and
- (g) The portion of the Adequate Assurance Deposit attributable to each Utility Company may be returned to the Debtors, without further order of the Court, on the earlier of (i) the reconciliation and payment by the Debtors of the Utility Company's final invoice following the Debtors' termination of Utility Services from such Utility Company, provided that such Utility Company does not dispute that it has been paid in full for post-petition services and (ii) the effective date of any chapter 11 plan in these Chapter 11 Cases.

15. In addition to establishing the Adequate Assurance Procedures, the Debtors request a Final Hearing on this Motion to be held within 30 days of the Petition Date to ensure that, if a Utility Company argues it can unilaterally refuse service to the Debtors on the 31st day after the Petition Date, the Debtors will have the opportunity, to the extent necessary, to request that the Court make such modifications to the Adequate Assurance Procedures in time to avoid any potential termination of the Utility Services.

B. Subsequent Modifications of Utility Company List and Procedures for Subsequently Identified Utility Companies

16. It is possible that, despite the Debtors' diligent efforts, certain Utility Companies have not yet been identified by the Debtors or included on the Utility Service List (each, an "Additional Utility Company" and, collectively, the "Additional Utility Companies").

Promptly upon the discovery of an Additional Utility Company, the Debtors propose that they will

increase the Adequate Assurance Deposit by an amount equal to approximately 50% of the Estimated Utility Expense for each Additional Utility Company, unless such Additional Utility Company agrees in writing to a lesser amount or is paid in advance for Utility Services. In exchange, the Debtors request that the Court provide that the Additional Utility Companies be subject to the terms of the Interim Order and any Final Order, including the Adequate Assurance Procedures.

17. It is possible that during the course of these Chapter 11 Cases, the Debtors may cease doing business in the ordinary course with certain Utilities for which funds have been contributed to the Adequate Assurance Deposit (each, a “Closed Account” and collectively, the “Closed Accounts”). The Debtors seek authority in such circumstances to decrease the amount of the Adequate Assurance Deposit by withdrawing from the Adequate Assurance Deposit Account the amount deposited with respect to such Closed Account, solely to the extent no known dispute regarding postpetition payments exists.

18. The Debtors submit that the relief requested in this Motion strikes a fair balance between protecting the rights of the Utility Companies, the rights of the Debtors under the Bankruptcy Code, and the need for the Debtors to continue to receive, for the benefit of their estates, the Utility Services upon which their business depends. The Debtors do not believe that the Utility Companies will be prejudiced by the Proposed Adequate Assurance, the requirement to provide the Debtors with uninterrupted access to Utility Services, or the procedures for resolving objections to the Proposed Adequate Assurance.

III. Prohibition on Altering, Refusing, or Discontinuing Service

19. Pending the entry of the Proposed Orders and a resolution of any Additional Assurance Request, objection, or Determination Hearing, if any, the Debtors request that the Utility Companies, including the Additional Utility Companies, be prohibited from

(a) discriminating against the Debtors, (b) altering, refusing, or discontinuing service to the Debtors, or (c) requiring payment of a deposit or receipt or any other security for continued service other than the Adequate Assurance Deposit, as a result of the Debtors' bankruptcy filings or any outstanding prepetition invoices.

BASIS FOR RELIEF

I. The Bankruptcy Code Permits the Court to Authorize the Debtors to Pay Utility Companies Where Such Payments Are Necessary to Protect and Preserve the Estate

20. The maintenance of current Utility Services is essential to the Debtors' ability to continue their operations and maximize value, for the benefit of all stakeholders. Unanticipated delays in the Debtors' ability to operate and meet their operational needs would result in substantial and irreparable harm to the Debtors and would impair their efforts to preserve and maximize the value of their estates during the Chapter 11 Cases. It is, therefore, critical that the Utility Services continue uninterrupted so as to allow the Debtors to continue their operations, preserve their go-forward business, and generate maximum value for the estates.

21. Section 366 of the Bankruptcy Code protects a debtor against the immediate termination or alteration of utility services after the Petition Date. *See* 11 U.S.C. § 366. Section 366(c) of the Bankruptcy Code requires the debtor to provide "adequate assurance" of payment for postpetition services in a form "satisfactory" to the utility provider within thirty days of the petition date, or the utility provider may alter, refuse, or discontinue service. 11 U.S.C. 366(c)(2). Section 366(c)(1) of the Bankruptcy Code enumerates what constitutes "assurance of payment." 11 U.S.C. § 366(c)(1). Although assurance of payment must be "adequate," it need not constitute an absolute guarantee of the debtor's ability to pay. *See, e.g., In re Great Ad & Pac. Tea Co.*, 2011 WI, 5546954, at *5 (Bankr. S.D.N.Y. Nov. 14, 2011) ("Courts will approve an amount that is adequate enough to insure against unreasonable risk of nonpayment,

but are not required to give the equivalent of a guaranty of payment in full”); *In re Caldor, Inc.*, 199 B.R. 1, 3 (S.D.N.Y. 1996) (“Section 366(b) requires . . . adequate assurance of payment. The statute does not require an absolute guarantee of payment.”) (internal quotation and citation omitted), *aff’d sub nom. Va. Elec. & Power Co. v. Caldor, Inc.*, 117 F.3d 646 (2d Cir. 1997). A utility does not have greater rights simply because a debtor filed a bankruptcy case. *See In re Begley*, 41 B.R. 402 (E.D. Pa. 1984), *aff’d sub nom. Begley v. Philadelphia Elec. Co.*, 760 F.2d 46 (3d Cir. 1985).

22. When considering whether a given assurance of payment is “adequate,” the Court should examine the totality of the circumstances to determine whether the Utility Provider will be subject to an unreasonable risk of nonpayment. *See Mass. Elec. Co. v. Keydata Corp. (In re Keydata Corp.)*, 12 B.R. 156, 158 (B.A.P. 1st Cir. 1981) (citing *In re Cunha*, 1 B.R. 330 (Bankr. E.D. Va. 1979)); *In re Adelpia Bus. Solutions, Inc.*, 280 B.R. 63, 82–83 (Bankr. S.D.N.Y. 2002). Courts have recognized that, in determining the requisite level of adequate assurance, bankruptcy courts must “focus upon the need of the utility for assurance, and . . . require that the debtor supply no more than that, since the debtor almost perforce has a conflicting need to conserve scarce financial resources.” *Va. Elec. & Power Co.*, 117 F.3d at 650 (internal quotations omitted) (citing *In re Penn Jersey Corp.*, 72 B.R. 981, 985 (Bankr. E.D. Pa. 1987)); *see also In re Penn. Cent. Tramp. Co.*, 467 F.2d 100, 103–04 (3d Cir. 1972) (affirming bankruptcy court’s ruling that no utility deposits were necessary where such deposits likely would “jeopardize the continuing operation of the [debtor] merely to give further security to suppliers who already are reasonably protected”); *In re Buffets Holdings, Inc.*, 2009 WL 453112, at *1 (D. Del. Feb. 24, 2009) (recognizing the bankruptcy court’s approval of an approximately 50% deposit). Accordingly,

demands by a utility provider for a guarantee of payment should be refused when the debtor's specific circumstances already afford adequate assurance of payment.

23. Here, the Utility Providers are adequately assured against the risk of nonpayment for future services. The Adequate Assurance Deposit and the Debtors' ongoing ability to meet obligations as they come due in the ordinary course provides assurance of the Debtors' payment of their future obligations. Moreover, termination of any Utility Services could result in the Debtors' inability to operate their business to the detriment of their stakeholders. *In re Monroe Well Serv., Inc.*, 83 B.R. 317, 321–22 (Bankr. E.D. Pa. 1988) (noting that without utility service, the debtors “would have to cease operations” and that section 366 of the Bankruptcy Code “was intended to limit the leverage held by utility companies, not increase it”).

24. Courts are permitted to fashion reasonable procedures, such as the Debtors' proposed Adequate Assurance Procedures, to implement the protections afforded under section 366 of the Bankruptcy Code. *See, e.g., In re Circuit City Stores Inc.*, 2009 WL 484553, at *5 (Bankr. E.D. Va. Jan. 14, 2009) (“The plain language of § 366 of the Bankruptcy Code allows the court to adopt the Procedures set forth in the Utility Order.”). Such procedures are important because, without them, the Debtors “could be forced to address numerous requests by utility companies in a disorganized manner at a critical period in their efforts to reorganize.” *Id.* Here, notwithstanding a determination that the Debtors' Proposed Adequate Assurance constitutes sufficient adequate assurance, any rights the Utility Providers believe they have under sections 366(b) and 366(c)(2) of the Bankruptcy Code are wholly preserved under the Adequate Assurance Procedures. *See id.* at *5–6. The Utility Providers still may choose, in accordance with the Adequate Assurance Procedures, to request modification of the Proposed Adequate Assurance. *See id.* at *6. However, the Adequate Assurance Procedures will avoid a disorganized process

whereby each Utility Provider could make a last-minute demand for adequate assurance that would force the Debtors to pay under the threat of losing critical Utility Services. *See id.* at *5.

25. Without the protections afforded by the Adequate Assurance Procedures, the Debtors could be forced to address ad hoc requests by Utility Companies in a disorganized manner in the initial, critical stages of their restructuring process, when their efforts should be focused on stabilizing their operations and maximizing value for all of their stakeholders. The orderly process contemplated by the Adequate Assurance Procedures is necessary for a smooth transition by the Debtors into chapter 11 and will aid in their restructuring efforts. Moreover, the Adequate Assurance Procedures will establish a fair process that will ensure all parties act in good faith.

26. The Court also 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 Adequate Assurance Procedures and the Proposed Adequate Assurance are necessary and appropriate to carry out the provisions of the Bankruptcy Code, particularly section 366. Accordingly, the Debtors submit that the Court should exercise its powers under sections 366 and 105(a) of the Bankruptcy Code and approve both the Adequate Assurance Procedures and the Proposed Adequate Assurance.

27. Accordingly, for all the foregoing reasons, the Debtors submit that cause exists for granting the relief requested herein.

RESERVATION OF RIGHTS

28. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors’, or any other party in interest’s, right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any

particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. 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 particular claim or a waiver of the Debtors', or any other party in interest's, rights to subsequently dispute such claim.

SATISFACTION OF BANKRUPTCY RULE 6003(b)

29. Pursuant to Bankruptcy Rule 6003(b), any motion seeking to use property of the estate pursuant to section 363 of the Bankruptcy Code or to satisfy prepetition claims within twenty-one (21) days of the Petition Date requires the Debtors to demonstrate that such relief "is necessary to avoid immediate and irreparable harm." The Debtors believe that, among other things, the success of their chapter 11 efforts will require them to remain in good standing with the Utilities Providers, and that any unanticipated disruption in their business operations, and any distractions caused by attending to any issues related to any failure to pay the Utilities Providers on account of the Utilities Services, would substantially diminish or impair the Debtors' efforts to

preserve and maximize estate value. Thus, if the relief requested herein is not granted, the Debtors' failure to satisfy payments to the Utilities Providers would cause the Debtors' estates immediate and irreparable harm by detracting from, and potentially derailing, the Debtors' chapter 11 efforts.

30. For this reason and those set forth above, the Debtors respectfully submit that Bankruptcy Rule 6003(b) has been satisfied, and the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

WAIVER OF STAY UNDER BANKRUPTCY RULE 6004(h)

31. The Debtors seek a waiver of any stay of the effectiveness of an order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), "[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 set forth above and in the First Day Declaration, the relief requested herein is essential to prevent immediate and irreparable damage to the Debtors' operations, going-concern value and their efforts to pursue a resolution to these Chapter 11 Cases. To implement the foregoing successfully, the Debtors request that the Proposed Interim Order and Proposed Final Order each include a finding that the Debtors have established cause to exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h).

32. For this reason and those set forth above, the Debtors submit that ample cause exists to justify a waiver of the fourteen day stay imposed by Bankruptcy Rule 6004(h).

NOTICE

33. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the United States Trustee; (b) the holders of the forty (40) largest unsecured claims against the Debtors (on a consolidated basis); (c) the office of the attorney general for each of the states in which the Debtors operate; (d) the United States Attorney's Office

for the District of Delaware; (e) the Internal Revenue Service; (f) the United States Department of Justice; (g) the Prepetition Lenders; (h) the DIP Lender; (i) the Utility Providers; and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

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WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Orders granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Dated: March 20, 2024
Wilmington, Delaware

Respectfully submitted,
**YOUNG, CONAWAY, STARGATT &
TAYLOR LLP**

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*Proposed Counsel for the Debtors and
Debtors in Possession*

Exhibit A

Proposed Interim Order

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

In re

SC HEALTHCARE HOLDING, LLC *et al.*,

Debtors.¹

Chapter 11

Case No. 24 -10443 (TMH)

Jointly Administered

Ref. Dkt. No. ____

**INTERIM ORDER (I) PROHIBITING UTILITY COMPANIES FROM
DISCONTINUING, ALTERING, OR REFUSING SERVICE, (II) DEEMING UTILITY
COMPANIES TO HAVE ADEQUATE ASSURANCE OF FUTURE PAYMENT,
(III) ESTABLISHING PROCEDURES FOR RESOLVING REQUESTS FOR
ADDITIONAL ASSURANCE, AND (IV) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² filed by the above-captioned debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”) seeking entry of an interim order (this “Interim Order”): (i) prohibiting utility companies from discontinuing, altering or refusing service to the Debtors on account of prepetition invoices, (ii) deeming the utility companies to have received adequate assurance of future payment, (iii) establishing procedures for resolving requests for additional assurance of payment, and (iv) granting related relief, all as more fully set forth in the Motion; and upon the statements of counsel made in support of the relief requested in the Motion at the hearing before the Court; and it appearing that this Court has jurisdiction to consider the 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,

¹ The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors’ proposed claims and noticing agent at www.kccllc.net/Petersen.

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

2012; and it appearing that venue of the Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Debtors having consented to the Court entering an order in the event this matter is deemed a non-core proceeding; and this Court having reviewed the Motion and having heard the statements in support of the relief requested in the Motion at a hearing before this Court; and it appearing that proper and adequate notice of the Motion has been given under the circumstances and in accordance with the Bankruptcy Rules and Local Rules and that no other or further notice is necessary; and it appearing that the relief requested in the Motion and provided for herein is in the best interests of the Debtors, their estates, and their creditors; and after due deliberation thereon; and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth herein.
2. The Debtors are authorized to pay on a timely basis, in accordance with their prepetition practices, all undisputed invoices for Utility Services rendered by the Utility Companies to the Debtors after the Petition Date.
3. Subject to the Adequate Assurance Procedures set forth below, no Utility Company may (a) alter, refuse, terminate, or discontinue Utility Services to, or discriminate against, the Debtors on the basis of the commencement of these Chapter 11 Cases or on account of outstanding prepetition invoices, or (b) require additional assurance of payment, other than the Adequate Assurance Deposit, as a condition to the Debtors receiving such Utility Services; *provided* that no Utility Company will be bound by the terms of this Interim Order until such Utility Company receives notice of this Interim Order.

4. Subject to the terms of this Interim Order, as adequate assurance for the payment of Utility Services, the Debtors shall make a cash deposit of an amount of approximately \$323,542.53 which satisfies, on an aggregate basis, the estimated costs for Utility Services provided by each Utility Company on the Utility Company List for 50% of one month, calculated based on the Debtors' estimated average payments over the twelve month period prior to the Petition Date (the "Adequate Assurance Deposit"), into a newly created, segregated account of the Debtors at a bank that is party to a Uniform Depository Agreement with the U.S. Trustee (the "Adequate Assurance Deposit Account") under the Debtors' control for the benefit of Utility Companies, except those Utility Companies that agree in writing to a lesser amount. The Adequate Assurance Deposit shall constitute adequate assurance of future payment as required by section 366 of the Bankruptcy Code.

5. No liens shall attach to the Adequate Assurance Deposit Account, except as to any reversionary interest of the Debtors.

6. The following Adequate Assurance Procedures are hereby approved on an interim basis:

- (a) If a Utility Company is not satisfied with the Proposed Adequate Assurance and seeks additional assurance of payment in the form of a deposit, letter of credit, prepayment, or otherwise, it must serve an request (an "Additional Assurance Request") upon (i) the Debtors, 830 W. Trailcreek Drive, Peoria, IL 61614, Attn: David R. Campbell; and (ii) proposed co-counsel to the Debtors (a) Winston & Strawn LLP, 35 W. Wacker Drive, Chicago, IL 60601, Attn: Daniel J. McGuire (dmcguire@winston.com) and Gregory M. Gartland (ggartland@winston.com), and 200 Park Avenue, New York, NY 10166, Attn: Carrie V. Hardman (chardman@winston.com), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King St., Wilmington, DE 19801, Attn: Shella Borovinskaya (sborovinskaya@ycst.com) and Carol E. Cox (ccox@ycst.com) (collectively, the "Notice Parties");
- (b) Each Additional Assurance Request must (i) be made in writing; (ii) set forth all location(s) for which Utility Services are provided and the relevant account number(s); (iii) include a summary of the Debtors' payment history

relevant to the affected account(s); (iv) describe any deposits or other security currently held by the requesting Utility Company; and (v) identify and explain the basis of the Utility Company's proposed adequate assurance requirement under section 366(c)(2) of the Bankruptcy Code;

- (c) Upon the Notice Parties' receipt of an Additional Assurance Request at the addresses set forth in subparagraph (a) above, the Debtors shall promptly negotiate with such Utility Company to resolve such Utility Company's Additional Assurance Request;
- (d) If the Debtors determine that a timely received Additional Assurance Request is not reasonable and are unable to reach an alternative resolution with the applicable Utility Company (each, an "Adequate Assurance Dispute"), the Debtors shall, upon reasonable notice, schedule the matter for the next regularly scheduled omnibus hearing to determine the adequacy of assurance of payment pursuant to section 366(c)(3) of the Bankruptcy Code (a "Determination Hearing");
- (e) Pending resolution of any such Adequate Assurance Dispute, any such Utility Company shall be prohibited from altering, refusing, or discontinuing service to the Debtors on account of unpaid charges for prepetition services, the filing of the Chapter 11 Cases, or any objection to the adequacy of the Proposed Adequate Assurance;
- (f) The Debtors may, in their discretion, resolve any Adequate Assurance Dispute by mutual agreement with the requesting Utility Company without further notice to the Court or any other party-in-interest and may, in connection with any such agreement, provide a Utility Company with additional adequate assurance of future payment, including, but not limited to, a cash deposit, prepayment, letter of credit, or other forms of security, without further order of the Court to the extent the Debtors believe that such additional assurance is reasonable in the exercise of their business judgment and the Debtors may, by mutual agreement with the objecting Utility Company and without further order of the Court, reduce the Adequate Assurance Deposit by an amount not exceeding the requesting Utility Company's estimated two-week utility expense; and
- (g) The portion of the Adequate Assurance Deposit attributable to each Utility Company may be returned to the Debtors, without further order of the Court, on the earlier of (i) the reconciliation and payment by the Debtors of the Utility Company's final invoice following the Debtors' termination of Utility Services from such Utility Company, provided that such Utility Company does not dispute that it has been paid in full for post-petition services and (ii) the effective date of any chapter 11 plan confirmed in these Chapter 11 Cases.

7. The Debtors are authorized to add Additional Utility Companies to the Utility Service list; *provided* that promptly upon the discovery of an Additional Utility Company, the Debtors will increase the Adequate Assurance Deposit by an amount equal to approximately 50% of the Debtors' estimated average monthly payment for each Additional Utility Company, unless such Additional Utility Company agrees in writing to a lesser amount or is paid in advance for Utility Services; *provided, further*, that no Additional Utility Company will be bound by the terms of this Interim Order until such Additional Utility Company receives notice of this Interim Order.

8. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

9. Notwithstanding the relief granted in this Interim Order, any payment made or to be made by the Debtors pursuant to the authority granted herein shall be subject to and in compliance with the Approved Budget and in accordance with the DIP Loan Documents (each as defined in the Interim DIP Order) and the Interim DIP Order.

10. The relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates, and accordingly Bankruptcy Rule 6003(b) has been satisfied.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

13. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

14. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2024, at __: __.m., prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 5:00 p.m., prevailing Eastern Time, on _____, 2024. Objections must be filed and served on: (i) proposed counsel to the Debtors, (a) Winston & Strawn LLP, 35 W. Wacker Drive, Chicago, IL 60601, Attn: Daniel J. McGuire (dmcguire@winston.com) and Gregory M. Gartland (ggartland@winston.com), and 200 Park Avenue, New York, NY 10166, Attn: Carrie V. Hardman (chardman@winston.com), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King St., Wilmington, DE 19801, Attn: Shella Borovinskaya (sborovinskaya@ycst.com) and Carol E. Cox (ccox@ycst.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King St., Suite 2207, Wilmington, DE 19801, Attn: Linda Richenderfer (linda.richenderfer@usdoj.gov) and Jon Lipshie (jon.lipshie@usdoj.gov);

(iii) counsel to the DIP Lender Norton Rose Fulbright US LLP, 1301 Avenue of the Americas, New York, NY 10019, Attn: Robert M. Hirsh (robert.hirsh@nortonrosefulbright.com) and Emily Hong (emily.hong@nortonrosefulbright.com); and (iv) counsel to any statutory committee appointed in these Chapter 11 Cases. If no objections are filed to the Motion, the Court may enter a Final Order without further notice or a hearing.

Exhibit B

Proposed Final Order

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

<p>In re</p> <p>SC HEALTHCARE HOLDING, LLC <i>et al.</i>,</p> <p style="text-align: center;">Debtors.¹</p>	<p>Chapter 11</p> <p>Case No. 24 -10443 (TMH)</p> <p>Jointly Administered</p> <p>Ref. Dkt. Nos. ___ & ___</p>
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FINAL ORDER (I) PROHIBITING UTILITY COMPANIES FROM DISCONTINUING, ALTERING, OR REFUSING SERVICE, (II) DEEMING UTILITY COMPANIES TO HAVE ADEQUATE ASSURANCE OF FUTURE PAYMENT, (III) ESTABLISHING PROCEDURES FOR RESOLVING REQUESTS FOR ADDITIONAL ASSURANCE, AND (IV) GRANTING RELATED RELIEF

Upon the motion (the “Motion”)² filed by the above-captioned debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors”) seeking entry of a final order (this “Final Order”) authorizing: (a) prohibiting utility companies from discontinuing, altering, or refusing service to the Debtors on account of prepetition invoices, (b) deeming the utility companies to have received adequate assurance of future payment, (c) establishing procedures for resolving requests for additional assurance of payment, and (d) granting related relief, all as more fully set forth in the Motion; and this Court having entered the Interim Order [Docket No. [___]]; and upon the statements of counsel made in support of the relief requested in the Motion at the hearing before this Court, if any; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference*

¹ The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors’ proposed claims and noticing agent at www.kccllc.net/Petersen.

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

from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that venue of the Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Debtors having consented to the Court entering an order in the event this matter is deemed a non-core proceeding; and no further or other notice of the Motion is required under the circumstances; and this Court having previously entered that certain *Interim Order (I) Prohibiting Utility Companies From Discontinuing, Altering, Or Refusing Service, (II) Deeming Utility Companies to Have Adequate Assurance of Future Payment, (III) Establishing Procedures for Resolving Request for Additional Assurance, and (IV) Granting Related Relief* [Docket No. []]; and it appearing that the relief requested in the Motion and provided for herein is in the best interests of the Debtors, their estates, and their creditors; and after due deliberation thereon; and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth herein.
2. The Debtors are authorized to pay on a timely basis, in accordance with their prepetition practices, all undisputed invoices for Utility Services rendered by the Utility Companies to the Debtors after the Petition Date.
3. Subject to the Adequate Assurance Procedures set forth below, no Utility Company may (a) alter, refuse, terminate, or discontinue Utility Services to, or discriminate against, the Debtors on the basis of the commencement of these chapter 11 cases or on account of outstanding prepetition invoices or (b) require additional assurance of payment, other than the Adequate Assurance Deposit, as a condition to the Debtors receiving such Utility Services; *provided* that no

Utility Company will be bound by the terms of this Final Order until such Utility Company receives notice of this Final Order.

4. Subject to the terms of this Final Order, as adequate assurance for the payment of Utility Services, the Debtors shall make a cash deposit of an amount of approximately \$323,542.53 which satisfies, on an aggregate basis, the estimated costs for Utility Services provided by each Utility Company on the Utility Company List for 50% of one month, calculated based on the Debtors' estimated average payments over the three month period prior to the Petition Date (the "Adequate Assurance Deposit"), into a segregated account of the Debtors at a bank that is party to a Uniform Depository Agreement with the U.S. Trustee (the "Adequate Assurance Deposit Account") under the Debtors' control for the benefit of Utility Companies, except those Utility Companies that agree in writing to a lesser amount. The Adequate Assurance Deposit shall constitute adequate assurance of future payment as required by section 366 of the Bankruptcy Code.

5. No liens shall attach to the Adequate Assurance Deposit Account, except as to any reversionary interest of the Debtors.

6. The Adequate Assurance Deposit shall constitute adequate assurance of future payment as required by section 366 of the Bankruptcy Code.

7. The following Adequate Assurance Procedures are hereby approved on a final basis:

- (a) If a Utility Company is not satisfied with the Proposed Adequate Assurance and seeks additional assurance of payment in the form of a deposit, letter of credit, prepayment, or otherwise, it must serve an request (an "Additional Assurance Request") upon (i) the Debtors, 830 W. Trailcreek Drive, Peoria, IL 61614, Attn: David R. Campbell; and (ii) proposed co-counsel to the Debtors (a) Winston & Strawn LLP, 35 W. Wacker Drive, Chicago, IL 60601, Attn: Daniel J. McGuire (dmcguire@winston.com) and Gregory M. Gartland (ggartland@winston.com), and 200 Park Avenue, New York, NY

10166, Attn: Carrie V. Hardman (chardman@winston.com), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King St., Wilmington, DE 19801, Attn: Shella Borovinskaya (sborovinskaya@ycst.com) and Carol E. Cox (ccox@ycst.com) (collectively, the “Notice Parties”);

- (b) Each Additional Assurance Request must (i) be made in writing; (ii) set forth all location(s) for which Utility Services are provided and the relevant account number(s); (iii) include a summary of the Debtors’ payment history relevant to the affected account(s); (iv) describe any deposits or other security currently held by the requesting Utility Company; and (v) identify and explain the basis of the Utility Company’s proposed adequate assurance requirement under section 366(c)(2) of the Bankruptcy Code;
- (c) Upon the Notice Parties’ receipt of an Additional Assurance Request at the addresses set forth in subparagraph (a) above, the Debtors shall promptly negotiate with such Utility Company to resolve such Utility Company’s Additional Assurance Request;
- (d) If the Debtors determine that a timely received Additional Assurance Request is not reasonable and are unable to reach an alternative resolution with the applicable Utility Company (each, an “Adequate Assurance Dispute”), the Debtors shall, upon reasonable notice, schedule the matter for the next regularly scheduled omnibus hearing to determine the adequacy of assurance of payment pursuant to section 366(c)(3) of the Bankruptcy Code (a “Determination Hearing”);
- (e) Pending resolution of any such Adequate Assurance Dispute, any such Utility Company shall be prohibited from altering, refusing, or discontinuing service to the Debtors on account of unpaid charges for prepetition services, the filing of the chapter 11 cases, or any objection to the adequacy of the Proposed Adequate Assurance;
- (f) The Debtors may, in their discretion, resolve any Adequate Assurance Dispute by mutual agreement with the requesting Utility Company without further notice to the Court or any other party-in-interest and may, in connection with any such agreement, provide a Utility Company with additional adequate assurance of future payment, including, but not limited to, a cash deposit, prepayment, letter of credit, or other forms of security, without further order of the Court to the extent the Debtors believe that such additional assurance is reasonable in the exercise of their business judgment and the Debtors may, by mutual agreement with the objecting Utility Company and without further order of the Court, reduce the Adequate Assurance Deposit by an amount not exceeding the requesting Utility Company’s estimated two-week utility expense; and

- (g) The portion of the Adequate Assurance Deposit attributable to each Utility Company may be returned to the Debtors, without further order of the Court, on the earlier of (i) the reconciliation and payment by the Debtors of the Utility Company's final invoice following the Debtors' termination of Utility Services from such Utility Company, provided that such Utility Company does not dispute that it has been paid in full for post-petition services and (ii) the effective date of any chapter 11 plan in these chapter 11 cases.

8. The Debtors are authorized to add Additional Utility Companies to the Utility Service list; *provided* that promptly upon the discovery of an Additional Utility Company, the Debtors will increase the Adequate Assurance Deposit by an amount equal to approximately 50% of the Debtors' estimated average monthly payment for each Additional Utility Company, unless such Additional Utility Company agrees in writing to a lesser amount or is paid in advance for Utility Services; *provided, further*, that no Additional Utility Company will be bound by the terms of this Final Order until such Additional Utility Company receives notice of this Final Order.

9. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other

applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order.

12. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

EXHIBIT C**Utility Service List**

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
Alliant Energy	PO Box 3060, Cedar Rapids, IA, 524063060, United States	Electric	0966341000	3,270.67	1,635.34
Ameren IL	PO Box 88034, Chicago, IL, 606801034, United States	Gas	1895596002	27,091.99	13,545.99
Ascentium Capital	Dept #3059, PO Box 11407, Birmingham, AL, 35246-3059, United States	Cable TV	Acct# 2700823	3,163.71	1,581.85
AT&T	PO Box 5080, Carol Stream, IL, 601975080, United States	Telephone	30968254287669	9,641.05	4,820.53
Brighton Water & Sewer Department	206 South Main Street, PO Box 458, Brighton, IL 62012	Water & Sewer	54000	4,520.07	2,260.04
Brightspeed	PO Box 6102, Carol Stream, IL, 60197-6102, United States	Telephone	304023052	834.51	417.25
Bushnell Municipal	148 East Hail Street, Bushnell, IL, 61422, United States	Electricity	8154001	5,394.66	2,697.33
Cass Communications Management	PO Box 200, Virginia, IL, 62691-0200, United States	Cable TV	0390012346	406.14	203.07
CenturyLink	PO Box 2961, Phoenix, AZ, 85062-2961, United States	Telephone	333687335	228.47	114.23
Charter Communications	DBA Spectrum Business, PO Box 94188Palatine, IL, 600944188, United States	Computer Services/Internet	8750270270297918	2,922.10	1,461.05
Citrix Systems Inc	PO Box 931686, Atlanta, GA, 31193-1686, United States	Computer Services	N/A	837.98	418.99
City of Aledo	120 North College Avenue, PO Box 267Aledo, IL, 612310267, United States	Gas	51308503	1,779.21	889.60

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
City of Arcola	PO Box 215, Arcola, IL, 61910-0215, United States	Water & Sewer	809	2,411.07	1,205.53
City of Blue Springs Utility	903 West Main Street, Blue Springs, MO, 64015-3709, United States	Water & Sewer	899302	2,913.24	1,456.62
City of Canton	PO Box 206, Canton, IL, 61520, United States	Water & Sewer	011104-000	918.33	459.17
City of Casey	108 East Main Street, PO Box 425Casey, IL, 62420, United States	Electric	11.13450.01	5,300.26	2,650.13
City of Collinsville	125 South Center Street, Collinsville, IL, 62234, United States	Water & Sewer	13130000000	1,663.38	831.69
City of Decatur	1 Gary K. Anderson Plaza, Decatur, IL, 62523, United States	Water & Sewer	03154620	1,329.86	664.93
City of Effingham Water Dept	PO Box 1345, Effingham, IL, 62401, United States	Water & Sewer	303009901	1,851.77	925.89
City of El Paso	City Water Collector, 125 West Front Street, El Paso, IL, 61738, United States	Water & Sewer	1120795-01	4,997.78	2,498.89
City of Farmer City	105 South Main St, Farmer City, IL, 61842, United States	Electric	1251-02	4,290.01	2,145.01
City of Flora	PO Box 249,131 East 2nd Street Flora, IL, 62839, United States	Electric	50-0510-01	13,489.84	6,744.92
City of Galesburg	PO Box 1589, Galesburg, IL 61402	Water & Sewer	034597-000	1,362.52	681.26
City of Galva Water Department	311 NW 4th Avenue, Galva, IL, 61434, United States	Water & Sewer	N/A	450.37	225.18
City of Girard	Water Department, PO Box 115 Girard, IL, 62640, United States	Water & Sewer	Acct# B10-00264-00	845.23	422.61
City of Havana	227 West Main Street, Havana, IL, 62644, United States	Water & Sewer	00081110	1,002.12	501.06
City of Jonesboro	1101 Public Square, PO Box 330Jonesboro, IL, 62952, United States	Water & Sewer	Joner1285	1,180.65	590.33
City of Kewanee	401 East 3rd Street, Kewanee, IL, 61443-2365, United States	Water & Sewer	4012556400	9,842.97	4,921.48

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
City of Knoxville	33 North Public Square, Knoxville, IL, 61448, United States	Water & Sewer	MAIE-000415-0000-02	421.42	210.71
City of Lebanon	312 West St Louis, Lebanon, IL, 62254, United States	Water & Sewer	9 02900 00	2,243.35	1,121.67
City of Mattoon	208 North 19th, PO Box 99Mattoon, IL, 61938, United States	Water & Sewer	18-01000-02	3,497.80	1,748.90
City of McLeansboro	102 West Main Street, McLeansboro, IL, 62859, United States	Electric	1088801	3,278.63	1,639.32
City of Monmouth	100 East Broadway, Monmouth, IL, 61462, United States	Water & Sewer	31980160	2,239.09	1,119.55
City of Morrison	200 West Main Street, Morrison, IL, 61270, United States	Water & Sewer	1000109001	1,438.28	719.14
City of Mt. Vernon	1100 Main Street, PO Box 1708 Mt. Vernon, IL, 62864, United States	Water & Sewer	275-005920-01	2,640.17	1,320.09
City of Newman	PO Box 507, Newman, IL, 61942, United States	Water & Sewer	554	505.43	252.72
City of Nokomis	22 South Cedar Street, Nokomis, IL, 62075, United States	Water & Sewer	1201.1	176.06	88.03
City of Paris	City Hall, 206 South Central Paris, IL, 61944, United States	Water & Sewer	0101375000-00	1,640.03	820.02
City of Peoria - Stormwater	PO Box 6390, Peoria, IL, 61601-6390, United States	Water & Sewer	N/A	468.75	234.38
City of Polo	115 South Franklin Avenue, Polo, IL 61064	Water & Sewer	6340	1,391.27	695.63
City of Rock Falls	Utilities Office, 603 West 10th Street Rock Falls, IL, 61071-2854, United States	Electric	16-00250-01	3,862.43	1,931.22
City of Sandwich	144 East Railroad Street, Sandwich, IL, 60548, United States	Water & Sewer	2020770001	2,077.83	1,038.92
City of Silvis	121 11th Street, Silvis, IL, 61282, United States	Water & Sewer	20290003	4,849.86	2,424.93
City of Sullivan	2 West Harrison, Sullivan, IL, 61951, United States	Electric	3.4030000.01	21,106.41	10,553.21

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
City of Toulon	122 North Franklin Street, PO Box 597 Toulon, IL, 61483, United States	Water & Sewer	0010381000	777.35	388.67
City of Tuscola	214 North Main Street, Tuscola, IL, 61953, United States	Water & Sewer	9.1980.01	2,098.55	1,049.28
City of Vandalia	Water and Sewer Dept, 431 West Gallatin Street Vandalia, IL, 62471, United States	Water & Sewer	22441100-00	2,486.18	1,243.09
City of Walcott	128 West Lincoln Street, PO Box 247Walcott, IA, 52773, United States	Water & Sewer	011410-00	752.16	376.08
City of Watseka	201 North Brianna Drive, PO Box 338Watseska, IL, 60970, United States	Water & Sewer	9A0 23230 00	3,433.45	1,716.73
City of West Frankfort	605 West Main Street, West Frankfort, IL, 62896, United States	Water & Sewer	311 09650 00	1,136.45	568.22
Coles-Moultrie Electric Cooperative	PO Box 709, Matoon, IL, 619380709, United States	Electricity	N/A	15.28	7.64
ComEd	PO Box 6112, Carol Stream, IL, 60197- 6112, United States	Electric	2401760014	15,975.16	7,987.58
Comcast Cable	PO Box 70219, Philadelphia, PA, 191760219, United States	Computer Services/Internet	8771203500148606	16,451.77	8,225.89
Computer Techniques Inc	520 North Cheney Street, Taylorville, IL, 62568, United States	Computer Services/Internet	31978	89.25	44.63
Consolidated Communications	PO Box 66523, St Louis, MO, 63166- 6523, United States	Telephone	217-563-7725/0	3,351.60	1,675.80
Conxxus	PO Box 555, Sullivan, IL, 61951, United States	Computer Services	N/A	-	-
DIRECT TV	PO Box 5006, Carol Stream, IL, 601975006, United States	Cable TV	088829913	7,212.33	3,606.16
Dish Network	Dept CH 10193, Palatine, IL, 60055- 1093, United States	Cable TV	335023881	-	-
E J Water Cooperative Inc	PO Box 8, Dieterich, IL, 62424, United States	Water & Sewer	9213	150.30	75.15
Evergy	PO Box 219703, Kansas City, MO, 641219703, United States	Electric	3853184817	4,569.35	2,284.67

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
Ferrellgas	PO Box 173940, Denver, CO, 80217-3940, United States	Gas	51584639	92.09	46.05
Fox Metro	Water Reclamation District, PO Box 160Aurora, IL, 60507, United States	Water & Sewer	N02-1136	1,423.13	711.56
Frontier	PO Box 740407, Cincinnati, OH, 452740407, United States	Telephone	Acct# 217-627-9502-080121-5	9,616.63	4,808.31
Goldstar Software	1945 Maplewood Lane, Munster, IN, 46321, United States	Computer Services	N/A	300.00	150.00
Grafton Technologies	PO Box 428, Jerseyville, IL, 62052, United States	Computer Services	0381003586	-	-
Granite Telecommunications	PO Box 830103, Philadelphia, PA, 19182-0103, United States	Telephone	02129361	579.12	289.56
Greater Peoria Sanitary District	2322 South Darst Street, Peoria, IL, 61607, 0, United States	Water & Sewer	1409543-02	1,928.31	964.16
Guaranteed Ink	PO Box 2222, East Peoria, IL, 61611, United States	Computer Services	N/A	52.01	26.01
Harrisburg Water Department	120 Veterans Drive, Harrisburg, IL, 62946, United States	Water & Sewer	2535300000	1,560.71	780.35
Home Field Energy	23532 Network Place, Chicago, IL, 60673	Energy	GMCPET1002	280,000.00	140,000.00
Illinois American Water	PO Box 6029, Carol Stream, IL, 601976029, United States	Water & Sewer	1025-210003895554	13,019.05	6,509.52
Liberty Utilities	PO Box 650689, Dallas, TX, 752650689, United States	Gas	77520372-77173472	614.76	307.38
Lifeloop	PO Box 8500, Pasadena, CA, 911098500, United States	Computer Services	N/A	1,563.27	781.64
Macomb City Waterworks	232 East Jackson Street, Macomb, IL, 61455, United States	Water & Sewer	06525	641.56	320.78
Mediacom	PO Box 5744, Carol Stream, IL, 60197, United States	Computer Services/Internet	8384911590090152	15,257.88	7,628.94
MidAmerican Energy Company	PO Box 8020, Davenport, IA, 52808-8020, United States	Electricity	90281-05009	1,092.85	546.42

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
Midwest Data Center	PO Box 39, Rock Port, MO, 64482, United States	Computer Services/Internet	0000004458	258.68	129.34
Nicor Gas	PO Box 5407, Carol Stream, IL, 60197-5407, United States	Gas	90-32-91-20000 1	5,533.64	2,766.82
Nitro	150 Spear Street, Suite 1850 San Francisco, CA, 94105, United States	Computer Services	N/A	1,528.94	764.47
Pana City Water Department	120 East Third Street, Pana City Hall Pana, IL, 62557, United States	Water & Sewer	00W4-0490.02	1,081.61	540.81
Peoria Heights Waterworks	4901 North Prospect Road, Peoria Heights, IL, 61616, United States	Water & Sewer	142844000	561.04	280.52
Piasa Motor Fuels, LLC	PO Box 484, Alton, IL 62002, United States	Gas	0	-	-
PointClickCare Technologies Inc	PO Box 674802, Detroit, MI, 482674802, United States	Computer Services	N/A	7,908.11	3,954.05
Prairie City Water	PO Box 22, Praire City, IL, 61470, United States	Water & Sewer	222	434.98	217.49
Rochelle Municipal Utilities	PO Box 456,333 Lincoln Highway Rochelle, IL, 61068, United States	Electric	038015	9,865.31	4,932.65
Royell Communications	126 North Hobson Street, Virden, IL, 62690, United States	Computer Services/Internet	Acct# 12512	-	-
Shadow Fax Projects	PO Box 347, Sullivan, IL, 61951, United States	Garbage	N/A	40,625.12	20,312.56
Shawnee Communications-Whispering	111 North Broadway, PO Box 350 Lovington, IL, 61937, United States	Computer Services	00022583-0	463.21	231.61
Shelby Electric Cooperative	PO Box 560, Shelbyville, IL, 625650560, United States	Electric	690205	2,009.87	1,004.93
Shelbyville Water Dept	110 South Morgan Street, Shelbyville, IL, 62565, United States	Water & Sewer	N/A	528.46	264.23
South Central FS	405 South Banker Street, Effingham, IL 62401	Gas	1455168	-	-
SouthEastern Illinois Electric Coop	PO Box 961, Carrier Mills, IL, 62917-0961, United States	Electricity	1046110	1,568.08	784.04

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
Southern Illinois Electric Cooperative	PO Box 100, Dongola, IL, 62926-0100, United States	Electric	76671001	1,886.45	943.23
Sparklight	PO Box 9001009, Louisville, KY, 402901009, United States	Cable TV	125301838	3,423.60	1,711.80
Spire	Drawer 2, St. Louis, MO, 63171, United States	Gas	7685612222	2,156.24	1,078.12
Stellar Private Cable Systems	SeniorTV, PO BOX 735306 Chicago, IL, 60673-5306, United States	Cable TV	0042317	813.60	406.80
Stratus Networks	4700 North Prospect Road, Suite 8 Peoria Heights, IL, 61616-6496, United States	Telephone	8341	3,174.93	1,587.46
Swansea Sewer Department	1444 Boul Avenue, Swansea, IL 62226	Water & Sewer	900-6543-41	277.39	138.69
Tarkio Board of Public Works	519 Main Street, Tarkio, MO, 64491, United States	Water & Sewer	0169	2,958.51	1,479.25
Touchtone	PO Box 780593, Philadelphia, PA 19178	Telephone	3099282118	-	-
Urbana-Champaign Sanitary District	PO Box 669, Urbana, IL, 61803, United States	Water & Sewer	4120-02-132-008	488.34	244.17
Verizon Wireless	PO Box 16810, Newark, NJ, 07101-6810, United States	Telephone	N/A	1,236.91	618.46
Village of Bement	148 West Bodman, Bement, IL, 61813, United States	Water & Sewer	001 11893 00	465.00	232.50
Village of Bradford	160 West Main Street, Bradford, IL, 61421, United States	Water & Sewer	0753	172.43	86.22
Village of Enfield Utilities	115 East Main Street, PO Box 99 Enfield, IL, 62835, United States	Gas	0562	427.84	213.92
Village of Herscher	272 East 2nd Street, Herscher, IL, 60941-9998, United States	Water & Sewer	004 01010 00	654.42	327.21
Village of North Aurora	PO Box 2091, Aurora, IL, 605072091, United States	Water & Sewer	007-585-000	845.91	422.95
Village of Piper City	133 East Peoria Street, Box 9 Piper City, IL, 60959-0009, United States	Water & Sewer	10-0450	1,364.67	682.34

Provider Name	Provider Address	Service(s) Provided	Account Number(s)	Average Monthly Spend (\$)	Proposed Adequate Assurance (\$)
Village of Roseville	PO Box 91, Roseville, IL, 61473, United States	Water & Sewer	001299	793.84	396.92
Village of South Elgin	10 North Water Street, South Elgin, IL, 60177-1695, United States	Water & Sewer	92400746601-002	894.52	447.26
Wabash Communications	PO Box 299, Louisville, IL, 62858-0299, United States	Cable TV	22374	663.75	331.87
					323,542.53
					Proposed Adequate Assurance

*For vendors for which there is no record of payment history, Debtors propose \$0.00 for Adequate Assurance.