UNITED STATES BANKRUPTCY COURT WESTERN DISTRICT OF LOUISIANA ALEXANDRIA DIVISION

IN RE: REVOLUTION ALUMINUM PROPCO, LLC BANKRUPTCY CASE NO. DEBTOR 16-81024

OBJECTION BY CLECO POWER, LLC TO APPROVAL OF DISCLOSURE STATEMENT, AS AMENDED (#236 & 227)

Now into Court through undersigned counsel comes CLECO POWER, LLC (hereinafter "Cleco"), the electrical utility provider of the Debtor which objects to approval of the Disclosure Statement, as Amended, for the reasons set forth below.

1.

Cleco is the electrical utility provider for the business operations of the Debtor and/or the parent company of the Debtor, both pre- and post-petition.

2.

As the result of two prior motions for adequate assurance of payment (#14 and #93) this Court entered Orders for Adequate Assurance of Payment of Utilities in favor of Cleco on January 17, 2017 (#67) and on March 24, 2017 (#169).

3.

Cleco has continued to provide electrical utility services to the Debtor, post-petition.

4.

The Court authorized the employment of a real estate broker and manager of the Debtor by order dated April 27, 2017 (#208). The Disclosure Statement references the appointment and the order at page 14 but fails to provide any marketing plan, any proposed sales price and further fails to provide any discussion or information regarding potential return to creditors upon the sale of the property.

5.

The Disclosure Statement was last amended on May 15, 2017 and has not been supplemented regarding any marketing information. Counsel for Debtor has informed counsel for Cleco that the Debtor is awaiting completion of an appraisal of the property; however, almost five months have passed since the appointment of the marketer and no appraisal or sales price has been provided to creditors.

6.

Debtor alleges that it does not operate or use utility services but there are active meters on the property which provide power to tenants of the Debtor. The Debtor's leasing of property is likely a "business operation" of the Debtor.

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The Disclosure Statement at page 17, paragraph E discusses claims against others and references avoidance actions against Bayou Engineering for the annulment of a lease however Cleco understands that Bayou Engineering continues to occupy the premises and does not pay rent. The Disclosure Statement offers no additional information.

8.

Further, the Debtor has filed a Motion (#326) to lease the property to the management company of the Debtor. The Disclosure Statement further references leases at page 19 and indicates that all leases will be rejected unless specifically accepted. The status of the Bayou Engineering lease is not clear.

9.

Although the plan proposed is a liquidating plan, the Liquidation Analysis provided in the Disclosure Statement beginning at page 24 (#236) states that "as the value of the property is speculative and unknown at this time, the Debtor believes that a Chapter 7 liquidation would result in more fees and commissions being paid and less money would be available for distribution to general unsecured claimants than would be available in a Chapter 11 case."

10.

Local Rule 3016-2(2, 3 and 4) states that a Disclosure Statement should include complete financial statements and forecasts as well as a description of all assets and a valuation of same. The Disclosure Statement, as Amended, fails to provide this information.

11.

Further, it is impossible to determine how the Chapter 11 Debtor, with no marketing plan, no appraisal and no business operations, could conceivably create more value out of the property, at this time, than a Chapter 7 Trustee could by selling and marketing the property at auction.

12.

Likewise, the Disclosure Statement is inadequate in providing sufficient information regarding Local Rule 3016-2 numbers 6, 7, 8 and 9.

13.

The Local Rule also provides that a mere reference to the Schedules filed in the case is insufficient for satisfactory disclosure under 11 U.S.C. 1125 and the Disclosure Statement violates this rule at page 5 (#236).

14.

The Disclosure Statement fails to address potential litigation related to the Debtor. On or about September 5, 2017, counsel for Revolution Aluminum, LLC, the parent company of the Debtor, caused

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notice of a potential lawsuit to be transmitted to multiple parties and persons including Cleco and 8 of its employees which notice stated in part that "there is a pending bankruptcy proceeding involving Revolution Aluminum Propco, LLC under number 16-81024" and further stating that "the claims arise from activity surrounding that proceeding, as well as other activities related to the business of Revolution Aluminum, LLC." Neither the bankruptcy record nor the Disclosure Statement contain any information regarding potential claims arising out of activities surrounding the bankruptcy proceeding.

15.

This Court previously entered an Order (#289) authorizing sanctions against several parties including the representative of the Debtor, Roger Boggs. There is also pending on the docket of this Court a Motion to Appoint Trustee (#95) which is set for hearing on September 20, 2017.

16.

The Disclosure Statement fails to address the management issues and actions of Roger Boggs related to the management of the Debtor in the Disclosure Statement and fails to provide any information regarding same. The management has repeatedly failed to timely provide for payment of utility services, pre and post petition.

17.

Further, counsel for Cleco was advised that Whitney Bank had resigned as Trustee of the Solid Waste Standby Trust for the Debtor for the failure of the Debtor to pay the fee. The LDEQ website is not complete but appears to contain limited information indicating that the Debtor is not in compliance. The Disclosure Statement fails to address any of these issues or any environmental issues. Further, the Disclosure Statement fails to address any exposure or potential environmental liability arising out of the cancellation of the trust agreement. The provisions of 11 U.S.C. 1125 do not require or place the burden of proof upon creditors and parties in interest to research and ferret out information which should be willingly and fully disclosed by the Debtor.

18.

Cleco submits that the Disclosure Statement, for the reasons stated above, fails to comply with 11 U.S.C. 1125(a)(1) and (b).

22.

Further, Cleco adopts the objections raised by the Unsecured Creditors Committee (#240) as if fully set forth herein.

WHEREFORE CLECO POWER, LLC PRAYS that this objection be deemed good and sufficient and that this Court deny approval of the Disclosure Statement, as Amended.

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Respectfully submitted,

WHEELIS & ROZANSKI

By: /s/ Stephen D. Wheelis Stephen D. Wheelis #17205 Richard A. Rozanski #22583 P.O. Box 13199 Alexandria, Louisiana 71315-3199 318/445-5600

ATTORNEYS FOR CLECO POWER, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the above and foregoing Response and Opposition has been served upon the following via CM/ECF this 13th day of September, 2017.

William E. Steffes via CM/ECF <u>bsteffes@steffeslaw.com</u>
Noel Steffes Melancon via CM/ECF <u>nsteffes@steffeslaw.com</u>
John M. Landis via CM/ECF <u>jlandis@stonepigman.com</u>
Bradley L. Drell via CM/ECF <u>bdrell@goldweems.com</u>
Richard Drew, Office of U.S. Trustee via CM/ECF <u>Richard.Drew@usdoj.gov</u>
Michael Kaminski via CM/ECF <u>Mkaminski@bglaw-llp.com</u>
Robert J. Blumling via CM/ECF <u>Rblumling@bglaw-llp.com</u>
John C. Anderson via CM/ECF <u>jca@andersonfirm.net</u> and <u>teverage@andersonfirm.net</u>
James E. Mixon via CM/ECF jmixon@mixoncarroll.com
P. Michael Breeden via CM/ECF breedenbnk@gmail.com

/s/ Stephen D. Wheelis OF COUNSEL