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7 *Attorneys for Columbia Gas of Virginia, Inc.*

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**

11 IN RE:
12 COLOREP, INC.,
13 a California corporation, *et al.*,
14 Debtors.

Case No. 2:13-bk-27689-WB
Chapter 11
(Jointly Administered)

**DECLARATION OF COLLEEN SCHENZ
IN SUPPORT OF OBJECTION OF
COLUMBIA GAS OF VIRGINIA, INC. TO
DEBTORS' PROPOSED ADEQUATE
ASSURANCE OF PAYMENT FOR
UTILITY SERVICE PURSUANT TO 11
U.S.C. § 366(c)(3)**

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1 I, Colleen Schenz, declare:

2 1. I am a Manager of Revenue Recovery for Columbia Gas of Virginia, Inc.
3 ("Columbia").

4 2. As Manager of Revenue Recovery, I am charged with responsibility for the
5 administration, monitoring, and collection of obligations due to Columbia, and I am familiar with
6 Columbia's services and billing practices.

7 3. Prior to July 10, 2013 (the "Petition Date"), Columbia provided Debtor
8 Transprint USA, Inc. ("Transprint") with gas services under a pre-petition account. Such services
9 were provided to Transprint's facility located at 1000 Pleasant Valley Road, Harrisonburg, VA
10 22801. Columbia did not hold a pre-petition security deposit in connection with Transprint's pre-
11 petition account.

12 4. Prior to February 2013, Columbia provided only gas transportation services to
13 Transprint. On or about February 18, 2013, Transprint's gas supplier cancelled its contract with
14 Transprint. In place of a stand-alone gas supplier, and in addition to the gas transportation services
15 already provided, Columbia thereafter began supplying gas to Transprint sufficient to cover
16 Transprint's monthly gas consumption and billing Transprint the applicable rate, which is referred to
17 as the "Gas Daily Rate." The Gas Daily Rate varies every month. From and after February 2013,
18 Transprint's monthly billings increased substantially through the addition of gas supply services to
19 the pre-petition account.

20 5. As of the Petition Date, Transprint was more than three months in arrears with
21 respect to its pre-petition account. Consequently, Columbia has a pre-petition claim against
22 Transprint in the aggregate amount of \$45,419.02, representing three months of unpaid invoices,
23 plus the amount due for gas service from and after the immediately preceding invoice up to the
24 Petition Date (which amount is yet to be determined).

25 6. When Columbia received notice of the Debtors' chapter 11 filings, Columbia
26 closed the pre-petition account, opened a new debtor-in-possession account, and continued to
27 provide service post-petition.

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1 7. I am informed that on July 11, 2013, the Debtors filed the *Emergency Motion*
2 *for Order: (I) Deeming Utilities Adequately Assured of Future Performance; and (II) Establishing*
3 *Procedures for Determining Requests for Additional Assurance Pursuant to Bankruptcy Code*
4 *Section 366; Memorandum of Points and Authorities in Support Thereof* [Docket No. 8] (the
5 “Utilities Motion”), pursuant to which the Debtors asked the Court to approve as adequate an
6 assurance of payment to all of the Debtors’ thirteen utilities (the “Utilities”) in the form of an escrow
7 deposit in favor of the Utilities of an amount equal to an average of two weeks’ payments to each
8 Utility, totaling only \$22,595.00.

9 8. The Debtors did not contact Columbia to discuss adequate assurance or wait
10 to receive Columbia’s request for an assurance of payment satisfactory to Columbia prior to filing
11 the Utilities Motion.

12 9. The form and amount of assurance that is satisfactory to Columbia and that
13 reasonably protects Columbia from the risk of non-payment for post-petition service is a cash
14 deposit with Columbia in the amount of \$41,866.75, which reflects two months’ highest utility usage
15 over the last twelve months. For reference, a deposit of two months’ average utility usage over the
16 past twelve months would be \$29,388.72.

17 10. Columbia’s service meters are read on a monthly basis. On the date that a
18 meter is read, Columbia already has delivered approximately thirty days of gas service for which no
19 payment has been received (Day 30). Generally, Columbia issues an invoice on approximately the
20 sixth business day of the month after a meter is read (~ Day 36). Payment of the invoice is due
21 eighteen days after the invoice date, but is not considered delinquent until nineteen days after the
22 invoice date (~ Day 55).

23 11. Once an invoice is delinquent, Columbia is required by the Virginia State
24 Corporation Commission (the “VSCC”) to send a written notice of termination to the customer.
25 Columbia does not terminate service until the expiration of fourteen calendar days after delivery of
26 the termination notice (~ Day 69). Additional time invariably passes before service is actually
27 terminated. As a result of this process, Columbia customarily provides businesses such as Transprint
28

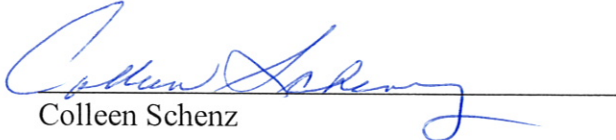
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1 with more than 69 days of utility service at a particular location before it has an opportunity to
2 terminate service.

3 12. Prior to the Petition Date, Transprint was over three months in arrears with
4 respect to its pre-petition account and regularly made late payments. In the fifteen months prior to
5 the Petition Date, the Debtor made 11 late payments on its pre-petition account, which payments
6 were made on average 82 days late.

7
8 I declare under penalty of perjury under the laws of the United States that the foregoing is
9 true and correct.

10 Executed on this 1st day of August, 2013 at Columbus, Ohio.

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14 Colleen Schenz

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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 355 South Grand Avenue, Suite 2900, Los Angeles, CA 90071.

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF COLLEEN SCHENZ IN SUPPORT OF OBJECTION OF COLUMBIA GAS OF VIRGINIA, INC. TO DEBTORS' PROPOSED ADEQUATE ASSURANCE OF PAYMENT FOR UTILITY SERVICE PURSUANT TO 11 U.S.C. § 366(c)(3)** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) August 1, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) August 1, 2013, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) August 1, 2013, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Honorable Judge Julia W. Brand
United States Bankruptcy Court
Central District of California
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1382 / Courtroom 1375
Los Angeles, CA 90012

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

August 1, 2013

Evelyn Rodriguez

/s/ Evelyn Rodriguez

Date

Printed Name

Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)

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2. SERVED BY UNITED STATES MAIL

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Office of the US Trustee
Ron Maroko, Esq.
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Los Angeles, CA 90017

Debtor:

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Secured Lenders:

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Counsel to Meserole LLC
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Other Parties in Interest:

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Harrisonburg, VA 22801

Wells Fargo Bank N.A.
141 East Market Street
Harrisonburg, VA 22801

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Sacramento, CA 94280-0001

State of California Franchise Tax Board
Bankruptcy Section, MS: A-340
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Sacramento, CA 95812-2952

Internal Revenue Service
PO Box 7346
Philadelphia, PA 19101-7346

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