

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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In re:	)	
	)	Chapter 11
	)	
ZACHRY HOLDINGS, INC., <i>et al.</i> <sup>1</sup>	)	Case No. 24-90377 (MI)
	)	
Debtors.	)	(Jointly Administered)
	)	

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DEBTORS' OBJECTION TO THE CLAIM OF  
COMMONWEALTH ELECTRIC COMPANY OF THE MIDWEST (CLAIM NO. 1003)

This is an objection to your claim. This objection asks the Court to disallow the claim that you filed in this bankruptcy case. If you do not file a response within 30 days after the objection was served on you, your claim may be disallowed without a hearing.

A hearing will be conducted on this matter on April 1, 2025 at 3:00 p.m. prevailing Central Time, in Courtroom 404, 4th floor, 515 Rusk Street, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Isgur's conference room number is 205691. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Isgur's home page. The meeting code is "JudgeIsgur". Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Isgur's home page. Select the case name, complete the required fields and click "Submit" to complete your appearance.

The above-captioned debtors and debtors in possession (collectively, the "**Debtors**") file this objection (the "**Objection**") to the claim of Commonwealth Electric Company of the Midwest ("**Commonwealth Electric**") set forth in proof of claim number 1003 (the "**Claim**"). In support of this Objection, the Debtors submit the *Declaration of Raymond Boldt in Support of the Debtors'*

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<sup>1</sup> The last four digits of Zachry Holdings, Inc.'s tax identification number are 6814. A complete list of each of the Debtors in these chapter 11 cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors' claims and noticing agent at [www.veritaglobal.net/ZHI](http://www.veritaglobal.net/ZHI). The location of the Debtors' service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.



*Objection to the Claim of Commonwealth Electric Company of the Midwest (Claim No. 1003)* (the “**Boldt Declaration**”) and the *Declaration of William B. Murphy in Support of the Debtors’ Objection to the Claim of Commonwealth Electric Company of the Midwest (Claim No. 1003)* (the “**Murphy Declaration**”), each filed concurrently herewith. In further support of this Objection, the Debtors respectfully state as follows:

### **Preliminary Statement**

1. On September 21, 2021, Zachry Industrial Inc. (“**ZII**” or “**Zachry**”) entered into a contract with the Omaha Public Power District to design and construct electrical generation facilities at two locations, the Standing Bear Lake Station and Turtle Creek Station. Zachry hired Commonwealth Electric as a subcontractor to assist Zachry in the construction of both projects; however, this Objection primarily concerns Commonwealth Electric’s work on Standing Bear Lake Station (the “**Project**”) under one of three different service agreements between Zachry and Commonwealth Electric (Service Agreement #115001-605028 or the “**Service Agreement**”).<sup>2</sup>

2. Under the Service Agreement, Commonwealth Electric agreed to perform electrical work on the Project. The service agreement between Zachry and Commonwealth Electric sets forth specific deliverables, deadlines, and standards of work, and provides that Zachry would be able to offset any costs due to Commonwealth Electric’s defective, incomplete, or unnecessary work against Commonwealth Electric’s billed invoices under the service agreement.

3. Commonwealth Electric’s Claim asserts an unsecured claim of \$5,359,030.62, of which \$1,038,339.54 is asserted to be entitled to administrative expense priority pursuant to section 503(b)(9) of the Bankruptcy Code. The vast majority of the Claim (approximately

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<sup>2</sup> The request in this Objection to reduce the Claim only relates to Commonwealth Electric’s work pursuant to the Service Agreement. However, the request in this Objection to reclassify the Claim relates to Commonwealth Electric’s work on both Standing Bear Lake and Turtle Creek.

\$5,000,000) relates to outstanding invoices for work performed under the Service Agreement. The work performed by Commonwealth Electric under the Service Agreement was defective, incomplete and in some cases duplicative. As set forth in the Declaration of Raymond Boldt, Zachry incurred \$1,775,916 in costs due to Commonwealth Electric's defective and incomplete work, and \$876,066 of the invoiced amount was for unnecessary duplicative work. Collectively, Zachry is entitled to an offset of \$2,651,982 against Commonwealth Electric's invoices. In addition, only a fraction of the asserted 503(b)(9) portion of the Claim is actually for goods delivered to the Debtors in the 20 days prior to the Petition Date (as defined below).

4. Therefore, the Court should reduce the Claim by \$2,651,982 to a corrected amount of \$2,707,048.62 and reclassify the Claim such that only \$110,275.93 is entitled to priority under section 503(b)(9) of the Bankruptcy Code.

#### **Relief Requested**

5. By this Objection, the Debtors seek entry of an order, substantially in the form attached hereto (the "**Proposed Order**") (i) reducing the Claim to a corrected amount of \$2,707,048.62, (ii) reclassifying the claim such that only \$110,275.93 is entitled to priority under section 503(b)(9) of the Bankruptcy Code, and (iii) granting such other and further relief as the Court deems just and proper.

#### **Jurisdiction, Venue, and Predicates for Relief**

6. The United States Bankruptcy Court for the Southern District of Texas (the "**Court**") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2)(B) and this Court has constitutional authority to enter a final order because the matter involves allowance or disallowance of claims against the estate.<sup>3</sup>

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<sup>3</sup> To the extent the Court does not have constitutional authority to enter a final order in this matter, the Debtors confirm their consent to the entry of a final order by the Court.

7. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

8. The predicates for the relief requested herein are sections 105(a), 502(b), and 558 of title 11 of the United States Code (the “**Bankruptcy Code**”), rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and rule 3007-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “**Bankruptcy Local Rules**”).

### **Background**

#### **I. General Background**

9. On May 21, 2024 (the “**Petition Date**”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code commencing the above-captioned chapter 11 cases. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). On June 4, 2024, the Office of the United States Trustee for the Southern District of Texas appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “**Committee**”) [Docket No. 176] and reconstituted the Committee on January 27, 2025 [Docket No. 2002]. No trustee or examiner has been appointed in the Chapter 11 Cases. A detailed description of the Debtors and their businesses is set forth in the *Declaration of Mohsin Y. Meghji in Support of Debtors’ Petitions and Requests for First Day Relief* [Docket No. 7].

10. On July 16, 2024, the Debtors filed their Schedules of Assets and Liabilities and Statements of Financial Affairs (collectively, the “**Schedules and Statements**”). *See* Docket Nos. 510–531. On August 30, 2024, December 2, 2024, and December 20, 2024 several of the Debtors filed amendments to their Schedules and Statements. *See* Docket Nos. 855–865, 1564, 1770–1775. In particular, on December 20, 2024, after commencing their claims reconciliation process,

the Debtors filed additional amendments to their Schedules and Statements as they relate to Commonwealth Electric [Docket No. 1772].

11. On July 26, 2024, the Court entered the *Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form and Manner for Filing Proofs of Claim, Including Section 503(b)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief* [Docket No. 636] (the “**Bar Date Order**”). The Bar Date Order established September 16, 2024, at 5:00 p.m. (prevailing Central Time) as the deadline for all non-governmental entities holding or wishing to assert a “claim” (as defined in section 101(5) of the Bankruptcy Code) against any of the Debtors that arose before the Petition Date to file proof of such claim. The past bar dates for filing proofs of claim related to the amended Schedules and Statements were October 4, 2024, January 2, 2025, January 21, 2025 at 5:00 p.m. (prevailing Central Time). The deadline for all governmental entities holding or wishing to assert a claim against any of the Debtors that arose prior to the Petition Date to file proof of such claim was November 18, 2024, at 5:00 p.m. (prevailing Central Time).

## **II. Zachry’s Prepetition Agreement with Commonwealth Electric**

12. On November 14, 2023, Zachry entered into the Service Agreement under which Commonwealth Electric was to perform certain electrical work in support of the Standing Bear Lake Station electric generation facility (SBLS) that ZII was building for the Omaha Public Power Department, referenced as ZII Job number 115001. Boldt Decl. ¶ 4.

13. Commonwealth Electric’s scope of work on the Project included installation and testing of various switchgear, circuits, panels, and instrument and power cables needed on the project, including associated hardware, junctions, penetration seals, conduit, cable trays, supports, and terminations. *Id.*

### III. Commonwealth Electric's Incomplete, Defective and Duplicative Work

14. Commonwealth Electric began work pursuant to the Service Agreement shortly after it was executed and was terminated on the Project by Zachry on May 15, 2024. Boldt Decl. ¶ 4. However, since May 2024, Zachry has determined that Commonwealth Electric's work was defective and incomplete, requiring corrective work. Boldt Decl. ¶¶ 4-6. The majority of this incomplete and/or defective work was identified in four Zachry back charge notifications ("BCN"), and includes but is not limited to the following (the "**BCN-Identified Incomplete and Defective Work**"):

- the absence of floor plates in multiple areas, resulting in the need to remove and reinstall cables in accordance with site requirements;
- various cables were found to be damaged, and there were issues with the formation of cables on the trays and panels;
- certain installations were found to be lacking Roxtec;
- multiple discrepancies in various panels upon final testing procedures;
- missing circuits and other components.

Boldt Decl. ¶ 6.

15. In order to rectify the BCN-Identified Incomplete and Defective Work, Zachry utilized its own direct labor and subcontractors under Zachry's direction to promptly inspect, phone, re-terminate, and test affected cables, and to install necessary missing or incorrectly installed components such as floor plates, circuits, panels and Roxtec. Boldt Decl. ¶ 6.

16. In addition to the BCN-identified defective work, Zachry discovered other defective work (the "**Other Incomplete and Defective Work**"). Boldt Decl. ¶ 9. Zachry incurred additional scaffolding, labor, and materials costs in order to rectify the defects in the Other Incomplete and Defective Work. Boldt Decl. ¶¶ 9-17.

17. Furthermore, Commonwealth Electric unnecessarily installed redundant cabling (known as “cable pulling”) at the Project inconsistent with its assigned scope of work under the Service Agreement. Boldt Decl. ¶¶ 10-11. This problem was made worse by Commonwealth’s failure to adequately document its cable pulling. *Id.* As a result, Zachry not only paid for Commonwealth’s redundant cable pulling work, Zachry also incurred costs for identifying and resolving issues caused by the redundant cabling. *Id.*

18. As set forth in the below chart, and as described in the Boldt Declaration, Zachry estimates approximately \$2.65 million in incurred costs or overbilling due to Commonwealth Electric’s incomplete, defective, and/or duplicative work outside the scope of the Service Agreement:

<b>Incurred Cost Category</b>	<b>Description</b>	<b>Cost Incurred by Zachry</b>
Costs to rectify BCN-Identified Incomplete and Defective Work	Costs to rectify incomplete and/or defective work identified through BCNs, including (1) third party labor charges; (2) estimated Zachry technical and engineering support and field construction support costs based on historical standards developed by Zachry; and (3) third party construction material costs, including a markup on third party construction material based on Zachry’s contracts with Commonwealth Electric. Boldt Decl. ¶ 8.	\$1,009,015
Labor costs due to Other Incomplete and Defective Work	Indirect labor costs to takeover and effectuate the completion and correction of Commonwealth Electric’s work and third-party labor charges for Zachry’s subcontractor to complete smaller tasks not otherwise captured by a specific Extra Work Order. Boldt Decl. ¶ 16.	\$348,000
Material due to Other Incomplete and Defective Work	In order to rectify the Other Incomplete and Defective Work, Zachry had to purchase additional materials and supplies not reflected in the back charge notifications, including additional cable, conduit, cable terminations and cable trays. Boldt Decl. ¶ 14.	\$183,095

Incurring Cost Category	Description	Cost Incurred by Zachry
Scaffolding costs	Portions of Commonwealth's defective work were located at elevation. Accordingly, Zachry was required to rent and erect scaffolding and then remove that scaffolding. Costs include Zachry labor costs to erect and remove the scaffolding and third party scaffolding rental charges. Boldt Decl. ¶ 12.	\$195,806
Costs and overbilling due to Duplicative Cabling	Commonwealth Electric installed duplicate cables unnecessarily and billed Zachry. Zachry not only paid for Commonwealth Electric's redundant cable pulling work, Zachry also incurred costs for identifying and resolving issues caused by the redundant cabling. Boldt Decl. ¶ 10.	\$876,066
Paid smoke breaks	Commonwealth Electric billed Zachry for smoke breaks taken on a tobacco free jobsite. <sup>4</sup> Boldt Decl. ¶ 16a.	\$40,000
<b>Total:</b>		<b>\$2,651,982</b>

#### IV. Commonwealth Electric's Proof of Claim

19. On August 27, 2024, Commonwealth Electric filed the Claim asserting a total unsecured amount of \$5,359,030.62, of which \$1,038,339.54 was asserted as being entitled to administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code. *See* Claim No. 1003. Out of the \$5,359,030.62 asserted in the Claim, approximately \$5,000,000 relates to work done on the Project pursuant to the Service Agreement.

#### Argument

20. Section 502(a) of the Bankruptcy Code provides, in pertinent part, that "[a] claim or interest, proof of which is filed under section 501 of [the Bankruptcy Code], is deemed allowed, unless a party in interest . . . objects." 11 U.S.C. § 502(a). Further, section 502(b)(1) of the

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<sup>4</sup> *See* Service Agreement Art. 9.3.



Bankruptcy Code provides that a court “shall determine the amount of such claim . . . as of the date of the filing of the petition, and shall allow such claim in such amount, except to the extent that—such claim is unenforceable against the debtor and the property of the debtor, under any agreement or applicable law.” 11 U.S.C. § 502(b)(1). This statutory exception to the allowance of a claim is “generally complemented by § 558, which provides that ‘[t]he estate shall have the benefit of any defense available to the debtor as against any entity other than the estate, including statutes of limitation, statutes of fraud, usury, and other personal defenses.’” *In re W.R. Grace & Co.*, 626 B.R. 217, 235 (Bankr. D. Del. 2021) (quoting 11 U.S.C. § 558). Section 558 preserves for the benefit of the estate not only defenses the statute specifically references but also such defenses as counterclaim, setoff, and recoupment. *See, e.g., In re ABC-NACO, Inc.*, 294 B.R. 832, 836 (Bankr. N.D. Ill. 2003) (counterclaim); *In re Gaulsh*, 602 B.R. 849, 854–55 (Bankr. S.D.N.Y. 2019) (setoff); *see e.g., In re e.Spire Commc’ns, Inc.*, 293 B.R. 639, 648 (Bankr. D. Del. 2003) (recoupment).

21. As set forth in Bankruptcy Rule 3001(f), a properly executed and filed proof of claim constitutes prima facie evidence of the validity and the amount of the claim under section 502(a) of the Bankruptcy Code. *See, e.g., In re Jack Kline Co., Inc.*, 440 B.R. 712, 742 (Bankr. S.D. Tex. 2010). However, a proof of claim loses the presumption of prima facie validity under Bankruptcy Rule 3001(f) if an objecting party refutes at least one of the allegations essential to the claim’s legal sufficiency. *See In re Fidelity Holding Co., Ltd.*, 837 F.2d 696, 698 (5th Cir. 1988). Once such an allegation is refuted, the burden reverts to the claimant to prove the validity of its claim by a preponderance of the evidence. *See id.* Despite this shifting burden during the claim objection process, “the ultimate burden of proof always lies with the claimant.” *In re Armstrong*,

347 B.R. 581, 583 (Bankr. N.D. Tex. 2006) (citing *Raleigh v. Ill. Dep't of Revenue*, 530 U.S. 15 (2000)).

22. Here, the Court should reduce the Claim because Commonwealth Electric performed incomplete, defective, and/or unnecessary duplicative work not in accordance with the Service Agreement. The Service Agreement under which the work was performed provides that if Zachry is “required . . . to perform certain work on [Commonwealth Electric]’s behalf, whether this work be in contention or agreed . . . [l]abor will be charged to [Commonwealth Electric].” Service Agreement Art. 11.9. Furthermore, the Service Agreement states that Zachry may withhold payment where Zachry has incurred losses due to defective work not remedied by Commonwealth Electric, or where Commonwealth Electric failed to perform work in accordance with the Service Agreement. *Id.* at 10.1.3. A full description of Commonwealth Electric’s incomplete and defective work may be found in the Boldt Declaration. *See* Boldt Decl. at ¶¶ 6-17.

23. To rectify Commonwealth Electric’s defective and incomplete work, Zachry incurred significant costs. As fully described in the Boldt Declaration, the corrective work necessary because of the BCN-Identified Incomplete and Defective Work cost Zachry \$1,009,015. *See id.* at ¶ 8. The corrective work necessary to rectify the Other Incomplete and Defective Work cost Zachry \$348,000 in labor costs and \$183,095 in material costs. *See id.* at ¶¶ 14, 16. The scaffolding needed in the corrective work cost Zachry \$195,806. *See id.* at ¶ 12. Zachry has the right to withhold payments to offset such costs due to Commonwealth Electric’s defective work pursuant to articles 10.1.3 and 11.9 of the Service Agreement.

24. In addition, Zachry incurred costs due to Commonwealth Electric’s installation of unnecessary duplicative cables against the terms of the Service Agreement, in the amount of

\$876,066. *See id.* at 10. Commonwealth Electric billed Zachry for \$40,000 worth of labor costs for smoke breaks taken by its workers, despite the Service Agreement making clear that the Project was to be smoke-free. *See* Service Agreement Art. 9.3. In both cases, Commonwealth Electric failed to perform the Work in accordance with the Service Agreement. Therefore, Zachry has the right to withhold payments to offset the costs incurred due to the duplicative work and inappropriate labor bill, pursuant to articles 10.1.3 and 11.9 of the Service Agreement.

25. While the Service Agreement does not provide for recovery of damages for delay, Zachry has incurred \$2.1 million in delay costs due to Commonwealth Electric's incomplete and/or defective work. *See* Boldt. Decl ¶ 18. The Debtors are not seeking to reduce or offset Commonwealth Electric's Claim amount for this \$2.1 million. However, these delay costs demonstrate even further damage suffered by Zachry due to Commonwealth Electric's defective and/or incomplete work, and that equity also points towards the reduction of Commonwealth Electric's Claim.

26. The Claim also asserts a \$1,038,339.54 expense priority under section 503(b)(9) of the Bankruptcy Code. Section 503(b)(9) states that "the value of any goods received by the debtor within 20 days before the commencement of [a chapter 11 case] . . . sold to the debtor in the ordinary course" shall be entitled to administrative expense priority. 11 U.S.C. § 503(b)(9). However, as set forth in the Murphy Declaration, the Debtors have reviewed Commonwealth Electric's invoices related to the Claim and have determined that only \$110,275.93 was invoiced for goods delivered to the Debtors within 20 days before the Petition Date. The Claim incorrectly included invoices for non-goods, such as labor costs, demobilization costs, third-party equipment rentals, and retainage amounts as being entitled to 503(b)(9) priority. After accounting for these

amounts, the Claim should be reclassified such that only \$110,275.93 is entitled to 503(b)(9) administrative expense priority.

### **Reservation of Rights**

27. By this Objection, the Debtors object to the Claim solely for the reasons identified therein. Regardless of whether one or more of the bases for objection stated herein is overruled, or otherwise not sustained, the Debtors reserve the right to (i) amend, modify, or supplement this Objection, (ii) file additional objections to the Claim on any basis, and (iii) pursue claims and causes of action against Commonwealth Electric or any other person or entity and seek appropriate remedies in connection with same. Further, the Debtors reserve their rights to object to any proof of claim, including but not limited to the Claim, on any grounds whatsoever at a later date, including, among other things, based on amount, priority, classification, or otherwise.

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 rights 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 Objection or any order granting the relief requested by this Objection or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a waiver of any claims or causes of action which may exist against any creditor or interest holder; (f) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (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; (h) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance of property of the Debtors' estates; or (i) 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 Objection 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.

### **Notice**

29. The Debtors will provide notice of this Objection to: (a) the United States Trustee for the Southern District of Texas; (b) counsel for the Committee; (c) the Prepetition Agent; (d) the United States Attorney's Office for the Southern District of Texas; (e) the state attorneys general for the states in which the Debtors operate; (f) the Internal Revenue Service; (g) counsel to Commonwealth Electric; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002 and Bankruptcy Local Rule 9013-1(d). In light of the nature of the relief requested, no other or further notice need be provided.

### **No Previous Request**

30. No previous request for the relief sought herein has been made by the Debtors to this Court or any other court.

### **Conclusion**

31. For the foregoing reasons, the Debtors respectfully request the Court enter the Proposed Order (i) reducing the Claim to a corrected amount of \$2,707,048.62, (ii) reclassifying the claim such that only \$110,275.93 is entitled to priority under section 503(b)(9) of the Bankruptcy Code, and (iii) granting such other and further relief as the Court deems just and proper.

*[Remainder of Page Intentionally Left Blank]*

Dated: February 20, 2025  
Houston, Texas

*/s/ Charles R. Koster*

**WHITE & CASE LLP**

Charles R. Koster (Texas Bar No. 24128278)  
609 Main Street, Suite 2900  
Houston, Texas 77002  
Telephone: (713) 496-9700  
Facsimile: (713) 496-9701  
Email: charles.koster@whitecase.com

Bojan Guzina (admitted *pro hac vice*)  
Andrew F. O'Neill (admitted *pro hac vice*)  
Michael Andolina (admitted *pro hac vice*)  
William Guerrieri (admitted *pro hac vice*)  
Fan B. He (admitted *pro hac vice*)  
Adam T. Swingle (admitted *pro hac vice*)  
Barrett Lingle (admitted *pro hac vice*)  
111 South Wacker Drive, Suite 5100  
Chicago, Illinois 60606  
Telephone: (312) 881-5400  
Email: bojan.guzina@whitecase.com  
aoneill@whitecase.com  
mandolina@whitecase.com  
william.guerrieri@whitecase.com  
fhe@whitecase.com  
adam.swingle@whitecase.com  
barrett.lingle@whitecase.com

-and-

**HICKS THOMAS LLP**

John B. Thomas (Attorney-in-Charge)  
Texas Bar No. 19856150  
S.D. Tex. ID No. 10675  
jthomas@hicks-thomas.com  
J. John Deis  
Texas Bar No. 24028289  
S.D. Tex. ID No. 86963  
jdeis@hicks-thomas.com  
Hicks Thomas LLP  
700 Louisiana Street, Suite 2300  
Houston, Texas 77002  
Telephone: (713) 547-9100  
Facsimile: (713) 547-9150

*Counsel to the Debtors and  
Debtors in Possession*

**Certificate of Service**

I certify that on February 20, 2025, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Charles R. Koster  
Charles R. Koster

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<p>In re:</p> <p>ZACHRY HOLDINGS, INC., <i>et al.</i><sup>1</sup></p> <p style="text-align: center;">Debtors.</p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p>Chapter 11</p> <p>Case No. 24-90377 (MI)</p> <p>(Jointly Administered)</p> <p><b>Re: Docket No. ____</b></p>
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**ORDER SUSTAINING DEBTORS' OBJECTION TO THE CLAIM OF  
COMMONWEALTH ELECTRIC COMPANY OF THE MIDWEST [CLAIM NO. 1003]**

Upon the objection (the “**Objection**”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) for entry of an order (this “**Order**”) reducing and reclassifying the Claim as more fully set forth in the Objection and the Boldt Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b); and that this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Objection in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Objection is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found that the Debtors’ notice of the Objection and opportunity for a hearing on the Objection were appropriate and no other notice need be provided; and this Court having reviewed the Objection and having heard the statements in support of the relief requested

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<sup>1</sup> The last four digits of Zachry Holdings, Inc.’s tax identification number are 6814. A complete list of each of the Debtors in these chapter 11 cases and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors’ claims and noticing agent at [www.veritaglobal.net/ZHI](http://www.veritaglobal.net/ZHI). The location of the Debtors’ service address in these chapter 11 cases is: P.O. Box 240130, San Antonio, Texas 78224.

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



therein at a hearing before this Court, if any (the “**Hearing**”); and this Court having determined that the legal and factual bases set forth in the Objection and at the Hearing, if applicable, establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, **IT IS HEREBY ORDERED THAT:**

1. The Claim shall hereby be allowed in an amount equal to \$2,707,048.62. \$2,596,772.69 of the Claim shall be a general unsecured claim, and \$110,275.93 of the Claim shall be entitled to administrative expense priority pursuant to section 503(b)(9) of the Bankruptcy Code.

2. Kurtzman Carson Consultants, LLC (doing business as Verita Global), as claims, noticing and solicitation agent, is authorized and directed to update the claims register maintained in these chapter 11 cases to reflect the relief granted in this Order.

3. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order or the Objection 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 rights 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 Objection or any order granting the relief requested by this Objection or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a waiver of any claims or causes of action which may exist against any creditor or interest holder; (f) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (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; (h) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance of property of the Debtors' estates; or (i) 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 Objection 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.

4. The Debtors are authorized, but not directed, to execute and deliver such documents and to take and perform all actions necessary to implement and effectuate the relief granted in this Order.

5. Notice of the Objection as provided therein shall be deemed good and sufficient notice of such Objection and the requirements of the Bankruptcy Rules and the Bankruptcy Local Rules are satisfied by such notice.

6. The terms and conditions of this Order are immediately effective and enforceable upon its entry.

7. This Court retains jurisdiction with respect to all matters arising from or related to the enforcement of this Order.

Houston, Texas

Dated: \_\_\_\_\_, 2025

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MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE