

FOR THE DISTRICT OF DELAWARE 2002 FEB -8 AM 10: 31

In re:)
)
FANSTEEL INC., et al.,¹)
)
Debtors.)
)

40-7580

Case No. 02-CV-44 (JFF)

ORDER UNDER 11 U.S.C. § 366 (i) PROHIBITING UTILITY COMPANIES FROM ALTERING, REFUSING, OR DISCONTINUING SERVICE; (ii) FINDING ADEQUATE ASSURANCE OF PAYMENT FOR FUTURE UTILITY SERVICE; AND (iii) ESTABLISHING PROCEDURES FOR DETERMINING REQUESTS FOR ADDITIONAL ASSURANCES

Upon the motion ("Motion") of Fansteel Inc. ("Fansteel"), a Delaware corporation and its wholly-owned direct and indirect subsidiaries, Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg., Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc., debtors and debtors-in-possession herein (each a "Debtor" and, collectively, the "Subsidiaries", and together with Fansteel, the "Debtors"), for an order under section 366 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended (the "Bankruptcy Code") (i) prohibiting utility companies from altering, refusing, or discontinuing service, (ii) finding adequate assurance of payment for future utility service, (iii) establishing procedures for determining requests for additional assurance of payment for future utility services, and (iv) authorizing Debtors to supplement the list of utility companies to add utility companies not listed therein but subsequently discovered; and this Court having determined that granting the relief requested in

¹ The Debtors are the following entities: Fansteel Inc., Fansteel Holdings, Inc., Custom Technologies Corp., Escast, Inc., Wellman Dynamics Corp., Washington Mfg. Co., Phoenix Aerospace Corp., American Sintered Technologies, Inc., and Fansteel Schulz Products, Inc.

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the Motion is in the best interests of Debtors, their respective estates and their creditors; and it appearing that notice of the Motion was good and sufficient under the circumstances and that no other or further notice is necessary; and upon the record of the case; and after due deliberation; and good and sufficient cause appearing therefor, it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that under Section 503(b)(1)(A) of the Bankruptcy Code, any unpaid post-petition utility charges of the utility companies listed on Exhibit A to the Motion ("Utility Companies") constitute actual and necessary expenses of preserving Debtors' estates, entitling the Utility Companies to an administrative expense priority under Section 507(a)(1) of the Bankruptcy Code; and it is further

ORDERED, that for purposes of this order, Debtors' regular and timely pre-petition history of payment to the Utility Companies, Debtors' ability to pay the Utility Companies for future services, and the allowance of post-petition obligations to the Utility Companies as administrative expense claims under Sections 503(b) and 507(a) of the Bankruptcy Code, constitute adequate assurance to the Utility Companies of payment for future utility services in accordance with Section 366(b) of the Bankruptcy Code; and it is further

ORDERED, that absent any further order of this Court, each of the Utility Companies may not alter, refuse or discontinue utility services including, but not limited to, the furnishing of electricity and telephone service, or any other utility of like kind furnished to any Debtor so long as such Debtor continues to pay for the outstanding utility services as they become due in the ordinary course after the Petition Date; and it is further

ORDERED, that absent any further order of this Court, no Debtor shall be required to make any post-petition deposits with the Utility Companies; and it is further

ORDERED, that within five (5) business days of the date of entry of this order, the Debtors shall serve by first-class United States mail a notice of entry of this order and the supporting Motion upon the Utility Companies listed on Exhibit A to the Motion; and it is further

ORDERED, that any Utility Company may request additional assurance of payment for future utility services under Section 366(b) of the Bankruptcy Code by serving upon co-counsel for Debtors on or before thirty (30) days from the date of entry of the order granting the Motion a request for additional assurances (the "Additional Assurance Request"); and it is further

ORDERED, that if a Utility Company makes a timely Additional Assurances Request which Debtors believe is reasonable, Debtors shall be entitled to comply with such Additional Assurance Request without further order of the Court; provided however, that if a Utility Company makes an Additional Assurances Request to which Debtors do not consent, Debtors shall schedule a prompt hearing with respect to a determination of adequate assurance as to payment to such Utility Company; and it is further

ORDERED, that this order shall be a final order as to all of the Utility Companies except any such Utility Company that serves a timely Additional Assurance Request; and it is further

ORDERED, that notwithstanding the filing of any Objection, the terms of this order shall remain in full force and effect pending the disposition of such Objection; and it is further

ORDERED, that Debtors shall (i) serve a notice and a copy of the Motion and this order on any utility company not listed on Exhibit A annexed to the Motion but that is subsequently identified and (ii) file with the Court a supplement to Exhibit A to the Motion adding the names of the utility companies so served, and this order will be deemed to apply to any such utility company from the date of such service.

Notwithstanding this Order, the Objection of Allegheny Power is preserved until the Omnibus hearing in these cases scheduled for 12:30 P.M. on February 14, 2002, unless Debtors and Allegheny Power can resolve such objection prior to the hearing.

Dated: February 7, 2002


Honorable Joseph J. Farnan, Jr.
United States District Court Judge