

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
)	
EDISON MISSION ENERGY, <i>et al.</i> , ¹	)	Case No. 12-49219 (JPC)
)	
Debtors.	)	(Jointly Administered)
)	

NOTICE OF DEBTORS’ MOTION TO APPROVE (I) OMNIBUS CLAIMS OBJECTION PROCEDURES AND FILING OF SUBSTANTIVE OMNIBUS CLAIMS OBJECTIONS AND (II) ESTABLISHMENT OF PROCEDURES FOR SETTLING CERTAIN CLAIMS

PLEASE TAKE NOTICE that on the **17th day of July, 2013, at 10:30 a.m. (Central Time)** or as soon thereafter as counsel may be heard, the Debtors shall appear before the Honorable Bankruptcy Judge Jacqueline P. Cox or any other judge who may be sitting in her place and stead, in Courtroom 680 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois, and present the attached *Debtors’ Motion to Approve (I) Omnibus Claims Objection Procedures and Filing of Substantive Omnibus Claims Objections and (II) Establishment of Procedures for Settling Certain Claims* (the “Motion”).

PLEASE TAKE FURTHER NOTICE that any objection to the Motion must be filed with the Court by **July 10, 2013, at 4:00 p.m. (Central Time)** and served by such time on (a) counsel to the Debtors; (b) the Office of the U.S. Trustee for the Northern District of Illinois; (c) members of and counsel to the official committee of unsecured creditors appointed to these chapter 11 cases; (d) the indenture trustee for the Debtors’ senior unsecured notes; (e) counsel to the ad hoc committee of certain holders of the Debtors’ senior unsecured notes; (f) the indenture trustee for the lessor notes related to the Debtors’ Powerton generating station in Pekin, Illinois, and units 7 and 8 of the Debtors’ Joliet, Illinois, generating station and the pass-through trustee for the related pass-through certificates; (g) counsel to the ad hoc committee of certain holders of pass-through certificates related to the Debtors’ Powerton and Joliet generating stations; (h) the owner trusts and the equity investors for the Debtors’ Powerton and Joliet generating stations (and their respective counsel, if known); (i) the lender under Debtor Edison Mission Energy’s

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Edison Mission Energy (1807); Camino Energy Company (2601); Chestnut Ridge Energy Company (6590); Edison Mission Energy Fuel Services, LLC (4630); Edison Mission Finance Co. (9202); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Midwest Holdings Co. (6553); EME Homer City Generation, L.P. (6938); Homer City Property Holdings, Inc. (1685); Midwest Finance Corp. (9350); Midwest Generation EME, LLC (1760); Midwest Generation, LLC (8558); Midwest Generation Procurement Services, LLC (2634); Midwest Peaker Holdings, Inc. (5282); Mission Energy Westside, Inc. (0657); San Joaquin Energy Company (1346); Southern Sierra Energy Company (6754); and Western Sierra Energy Company (1447). The location of parent Debtor Edison Mission Energy’s corporate headquarters and the Debtors’ service address is: 3 MacArthur Place, Suite 100, Santa Ana, California 92707.

letter-of-credit facility; (j) the state attorneys general for states in which the Debtors conduct business; (k) United States Attorney for the Northern District of Illinois; (l) the Internal Revenue Service; (m) the Securities and Exchange Commission; (n) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; and (q) those parties who have requested service of papers in this case pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure and the *Order Approving Case Management Procedures* [Docket No. 128].

PLEASE TAKE FURTHER NOTICE that copies of all documents filed in these chapter 11 cases are available free of charge by visiting the case website maintained by GCG, Inc., the Debtors' notice and claims agent for these chapter 11 cases, available at www.edisonmissionrestructuring.com or by calling (866) 241-6491. You may also obtain copies of any pleadings by visiting the Court's website at www.ilnb.uscourts.gov in accordance with the procedures and fees set forth therein.

Dated: July 3, 2013

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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
)	Chapter 11
)	
EDISON MISSION ENERGY, <u>et al.</u> , ¹)	Case No. 12-49219 (JPC)
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Debtors.)	(Jointly Administered)
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DEBTORS’ MOTION TO APPROVE (I) OMNIBUS CLAIMS OBJECTION PROCEDURES AND FILING OF SUBSTANTIVE OMNIBUS CLAIMS OBJECTIONS AND (II) ESTABLISHMENT OF PROCEDURES FOR SETTLING CERTAIN CLAIMS

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion (this “Motion”):

Relief Requested

1. By this Motion, the Debtors seek entry of an order (the “Order”), substantially in the form attached hereto as **Exhibit A**, (a) approving the omnibus claims objection procedures set forth herein and attached to the Order as **Exhibit 1**; (b) approving the form objection notice attached to the Order as **Exhibit 2**; (c) authorizing the Debtors to assert substantive objections to claims in an omnibus format pursuant to Rule 3007(c) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); and (d) approving the proposed procedures to settle certain

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claims without further court approval pursuant to Bankruptcy Rule 9019 (the “Settlement Procedures”).

Jurisdiction

2. The United States Bankruptcy Court for the Northern District of Illinois (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

3. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief requested herein are sections 105(a) and 502(a) of title 11 of the United State Code (the “Bankruptcy Code”); Rules 3007 and 9019 of the Bankruptcy Rules; and Rule 3007-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Illinois.

Background

5. Edison Mission Energy (“EME”), together with its Debtor and non-Debtor affiliates, is a leading independent power producing enterprise specializing in developing, operating, and selling energy and capacity from over 40 generating facilities in 12 states and the Republic of Turkey. The Debtors have approximately 915 employees and maintain headquarters in Chicago, Illinois and Santa Ana, California.

6. On December 17, 2012 (the “Petition Date”), seventeen of the Debtors (the “Original Debtors”) filed petitions with this Court under chapter 11 of the Bankruptcy Code. On May 2, 2013, three additional Debtors (the “Homer City Debtors”) filed petitions with this Court under chapter 11 of the Bankruptcy Code. The Court has approved procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) [Docket Nos. 115, 154, 780]. No party has requested the appointment of a trustee or examiner in these 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. On January 7, 2013, the U.S. Trustee for the Northern District of Illinois (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) in these chapter 11 cases [Docket No. 202] (as amended on January 18, 2013 [Docket No. 308]).

Claims Reconciliation Process

7. On February 14 and 15, 2013, the Original Debtors filed their respective statements of financial affairs and schedules of assets and liabilities [Docket Nos. 469–502] (the “Schedules”) pursuant to Bankruptcy Rule 1007 and the *Order Granting the Debtors an Extension of Time to File Statements of Financial Affairs and Schedules of Assets and Liabilities, Current Income and Expenditures, and Executory Contracts and Unexpired Leases* [Docket No. 127]. On July 2, 2013, the Debtors filed amendments to certain of their Schedules [Docket Nos. 952–969].

8. On April 10, 2013, the Court entered the *Order (A) Setting Bar Dates for Filing Proofs of Claim, Including 503(B)(9) Proofs of Claim and (B) Approving the Form and Manner of Notice Thereof* [Docket No. 669] establishing certain dates and deadlines for filing proofs of claim in these chapter 11 cases. Specifically, among other things, the Court established: (a) June 17, 2013 (the “Bar Date”), as the deadline for all persons and entities asserting a claim (as defined in section 101(5) of the Bankruptcy Code) against the Original Debtors that arose on or prior to the Petition Date, including claims pursuant to section 503(b)(9) of the Bankruptcy Code, to file written proof of such claim; and (b) June 17, 2013 (the “Government Bar Date”) for all governmental units asserting a claim (as defined in section 101(5) of the Bankruptcy Code)

against the Original Debtors that arose on or prior to the Petition Date to file written proof of such claim.²

9. To date, 1,790 proofs of claim have been filed against the Debtors in these chapter 11 cases totaling approximately \$9 billion in the aggregate. Because of the large number of claims in these cases, the Debtors seek to file omnibus objections to certain claims in accordance with the procedures set forth herein.

Proposed Objection Procedures

10. The Debtors, together with their advisors, are in the process of reviewing and reconciling all claims asserted against their estates. To expedite and ultimately complete the claims reconciliation process in a timely, efficient, and cost-effective manner, the Debtors seek to implement the procedures attached to the Order as **Exhibit 1** (the "Objection Procedures"). The Objection Procedures describe the key aspects of the Debtors' proposed claims objection process, including, among other things:

- a. the form of omnibus objection (each, an "Omnibus Objection") to be submitted by the Debtors;
- b. the types of exhibits and supporting documentation that the Debtors will include with each Omnibus Objection;
- c. the form of the notice provided to affected creditors (the "Objection Notice");
- d. the information necessary for affected creditors to attempt to resolve the objection to their claim and/or file a formal response thereto, and the implications of failing to timely resolve or respond to an objection;
- e. information relating to filing a formal reply to a filed response; and
- f. information relating to discovery and hearings on Omnibus Objections.

² On May 16, 2013, the Homer City Debtors filed their respective statements of financial affairs and schedules of assets and liabilities [Docket Nos. 787–792] (the "Homer City Schedules"). On July 2, 2013, the Homer City Debtors filed amendments to certain of the Homer City Schedules [Docket Nos. 970–972]. For the avoidance of doubt, the relief requested in this Motion and the Order will apply to all Debtors, including the Homer City Debtors.

11. To protect the due process rights of creditors, the Debtors will comply with the procedural safeguards for omnibus claim objections set forth in Bankruptcy Rule 3007(e). The Debtors also intend to serve affected creditors with a customized Objection Notice, substantially in the form attached to the Order as **Exhibit 2**, which will include, among other things, (a) the name of the claimant; (b) the proof of claim number; (c) the basis of the objection to each particular claim; (d) the response date and response procedures; and (e) the date, time, and location of the hearing and related procedures.³

Relief Pursuant to Bankruptcy Rules 3007(c)

12. Although the Debtors expect to object to a number of claims on the grounds enumerated in Bankruptcy Rule 3007(d), certain claims necessitate objections on additional grounds not expressly set forth therein (collectively, the “Additional Grounds”), including that such claims, in whole or in part:

- a. are inconsistent with the Debtors’ books and records;
- b. fail to specify the asserted claim amount (other than “unliquidated”);
- c. seek recovery of amounts for which the Debtors are not liable;
- d. are incorrectly or improperly classified;
- e. have been formally withdrawn by the claimant through the filing of a pleading or through the entry of a Court order indicating withdrawal of the claim;
- f. are filed against non-debtors or are filed against multiple Debtors;
- g. fail to specify a Debtor against whom the claim is asserted;
- h. are disallowed pursuant to section 502 of the Bankruptcy Code; or
- i. fail to sufficiently specify the basis for the claim or provide sufficient supporting documentation therefor.

³ While the Objection Notice generally will be in the form attached to the Order, it may be tailored to address issues specific to particular creditors, claims, or objections, as necessary and appropriate.

13. To minimize the cost, confusion, and delay otherwise attendant to preparing and filing individual objections on a claim-by-claim basis, the Debtors seek to object, as contemplated by Bankruptcy Rule 3007(c), to certain claims on the Additional Grounds outlined above in an omnibus objection format.

14. The relief sought in this Motion will allow the Debtors to complete the claims reconciliation process in a timely, efficient, and cost-effective manner by avoiding the expense and delay attendant in preparing and filing hundreds of individualized objections based on the same or similar underlying grounds. Notably, the Objection Procedures protect creditors' due process rights by implementing the same safeguards for omnibus objections set forth in Bankruptcy Rule 3007(e) and the individualized noticing process described above.

Settlement Procedures

15. In addition to approval of the Claims Objection Procedures, the Debtors are also seeking approval of the Settlement Procedures. In connection with the claims reconciliation process, the Debtors anticipate that they will attempt to enter into settlements with certain claimants to whose claims they object. The Debtors believe that many of these claims can be settled for relatively small amounts when compared to the overall value of the Debtors' estates. Absent the Court's approval of the Settlement Procedures, the Debtors would be required to seek specific Court approval for each individual compromise and settlement of claims.

16. If the Debtors were required to obtain prior Court approval to settle each claim, their estates would incur significant costs associated with preparing, filing, and serving separate motions for each proposed settlement, as well as for the time incurred by attorneys for Court appearances seeking approval of each separate claim settlement. Similarly, the Debtors would likely suffer the delays incumbent with obtaining such Court approval while complying with the required notice periods and available hearing schedules and, in some cases, would potentially

lose significant negotiating leverage in resolving such claims. Thus, the Debtors believe that it would be more cost effective and efficient if they were authorized to settle such claims pursuant to the Settlement Procedures.

17. Accordingly, the Debtors propose the following Settlement Procedures for settling objections to claims (other than administrative expense priority claims under section 503(b) of the Bankruptcy Code):

- a. The Debtors have the authority to settle claims in their business judgment upon consideration of: (i) the probability of success if the claim is litigated; (ii) the complexity, expense, inconvenience, and delay accompanying the litigation; (iii) the possibility that disapproval of the settlement will cause the wasting of estate assets; and (iv) whether the value of the settlement is reasonably equivalent to the value of the claims surrendered.
- b. The Debtors are authorized, in their business judgment, to settle any and all claims asserted against the Debtors without prior approval of or notice to the Court or any other party in interest whenever the aggregate amount to be allowed for an individual claim, before taking into account the value of releases, if any (the "Settlement Amount"), is:
 - (i) less than or equal to \$250,000;
 - (ii) less than or equal to \$75,000 in the case of an unsecured priority claim under section 507(a) of the Bankruptcy Code (other than section 507(a)(2) of the Bankruptcy Code) ("Priority Claims"); or
 - (iii) less than or equal to \$1 million and exceeds the non-contingent, liquidated, and undisputed scheduled amount of such claim by 10 percent (10%) or less;

provided, however, that (y) the preceding shall not apply to any claimant with whom the Debtors seek to settle who is an "insider" of the Debtors within the meaning of section 101(31) of the Bankruptcy Code and (z) nothing in the Settlement Procedures shall affect the Debtors' authority to pay claims to the extent authorized by an order of the Court.
- c. The Settlement Notice Procedures (as defined herein) shall apply if the Settlement Amount is:
 - (i) greater than \$250,000 (or in the case of Priority Claims, \$75,000) but less than or equal to \$1 million and exceeds the non-

- contingent, liquidated, and undisputed scheduled amount of such claim by more than 10 percent (10%);
- (ii) greater than \$1 million and less than or equal to \$2.5 million; or
 - (iii) less than or equal to \$2.5 million *and* the claimant with whom the Debtors seek to settle is an “insider” of the Debtors within the meaning of section 101(31) of the Bankruptcy Code.
- d. If the Settlement Amount is greater than \$2.5 million, the Debtors shall be required to seek approval of the Court by motion pursuant to Bankruptcy Rule 9019 on no less than twenty-one (21) days’ notice.
- e. The “Settlement Notice Procedures” as used herein are as follows:
- (i) The Debtors will submit the proposed settlement to the Committee, the ad hoc committee of unsecured noteholders (the “Noteholder Group”), and the U.S. Trustee (collectively, the “Settlement Notice Parties”).
 - (ii) The Settlement Notice Parties shall have fourteen (14) calendar days from the receipt of the proposed settlement to object to the proposed settlement by submitting a written objection (which objection may be in the form of an email from the Settlement Notice Parties or their counsel) to counsel for the Debtors.
 - (iii) If any of the Settlement Notice Parties submit a timely objection to the proposed settlement, the Debtors and the objecting party will have fourteen (14) calendar days to attempt to resolve the objection.
 - (iv) If the objection is not resolved within this fourteen (14) day period, the Debtors may either (y) re-negotiate the settlement and submit a revised version to the Settlement Notice Parties, in which case the Settlement Notice Parties shall have an additional fourteen (14) calendar days to object in writing (which objection may be in the form of an email from the Settlement Notice Parties or their counsel) or (z) file a motion with the Court seeking approval of the original proposed settlement or the renegotiated settlement under Bankruptcy Rule 9019 on no less than fourteen (14) days’ notice.
 - (v) If the Settlement Notice Parties fail to timely object to the proposed settlement or if the Debtors receive written approval of the proposed settlement from the Settlement Notice Parties (which approval may be in the form of an email from the Settlement Notice Parties or their counsel), then the Debtors may, in their business judgment, proceed with the settlement without further action by the Court.

- f. The types of claims that may be settled pursuant to these Settlement Procedures include: (i) Priority Claims; (ii) secured claims; (iii) general unsecured claims; and (iv) equitable claims for non-monetary relief.
- g. Under the Settlement Procedures, the Debtors may settle claims where some or all of the consideration is being provided by a third party and/or where the Debtors are releasing claims (including counterclaims and setoffs) against creditors or third parties without prior approval of or notice to the Court or any other party in interest to the extent that, in the Debtors' good-faith judgment, such released claims are valued at less than or equal to \$75,000; provided, however, that the preceding shall not apply to any released claim against an "insider" of the Debtors within the meaning of section 101(31) of the Bankruptcy Code. If in the Debtors' good-faith judgment such released claims are valued at (y) more than \$75,000 but less than or equal to \$2.5 million or (z) less than or equal to \$2.5 million *and* the released claim is against an "insider" of the Debtors within the meaning of section 101(31) of the Bankruptcy Code, the Debtors will follow the Settlement Notice Procedures. If in the Debtors' good-faith judgment such released claims are valued at more than \$2.5 million, the Debtors shall be required to follow the procedures set forth in paragraph 17(d) of this Motion.
- h. Each calendar quarter beginning with the calendar quarter ending September 30, 2013, no later than thirty (30) days following the end of such calendar quarter, the Debtors will file with the Court and serve on all parties to the master service list on file with the Court, a report of all settlements of claims into which the Debtors have entered during the previous calendar quarter pursuant to the Settlement Procedures (each a "Settlement Report"). The Settlement Report will set forth the names of the parties with whom the Debtors have settled, the relevant proof of claim number(s) or other information related to the asserted claim, the types of claims asserted by each such party, the amounts for which such claims have been settled, and whether such settlement includes the release of any claims by the Debtors; provided, however, that the Debtors reserve the right to redact information regarding certain settlements if such settlements are confidential or publication of such settlements would prejudice the Debtors' ability to negotiate settlements with other parties; provided, further, that the Debtors will provide any such redacted information to the Committee or Noteholder Group upon request. In addition, the Debtors will provide the Committee and Noteholder Group with Settlement Reports on a monthly basis.
- i. Nothing contained in these Settlement Procedures prevents the Debtors from filing a motion with the Court seeking approval of a settlement of any claim, regardless of the Settlement Amount.

Basis for Relief

I. The Claims Objections Procedures Are Appropriate and Should Be Approved.

18. Section 502(a) of the Bankruptcy Code provides that “[a] claim or interest, proof of which is filed under section 501 of this title is deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a). Bankruptcy Rule 3001(f) states that “[a] proof of claim executed and filed in accordance with these rules shall constitute prima facie evidence of the validity and amount of the claim.” Fed. R. Bankr. P. 3001(f). Under section 1111(a) of the Bankruptcy Code, scheduled claims are treated as proofs of claim. See 11 U.S.C. § 1111(a) (“A proof of claim . . . is deemed filed under section 501 of this title for any claim . . . that appears in the schedules . . . except a claim . . . that is scheduled as disputed, contingent or unliquidated.”). As such, the Debtors must review all claims in these chapter 11 cases as part of their claims reconciliation process.

19. In addition to the grounds enumerated in Bankruptcy Rule 3007(d) for filing omnibus objections to claims, Bankruptcy Rule 3007(c) affords the Court discretion to authorize omnibus objections based upon grounds beyond those explicitly delineated by Bankruptcy Rule 3007(d). See Fed. R. Bankr. P. 3007(c) (“Unless otherwise ordered by the court or permitted by subdivision (d), objections to more than one claim shall not be joined in a single objection.”). Section 105(a) of the Bankruptcy Code provides that a bankruptcy court may “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a). Under section 105(a), the Court has expansive equitable power to fashion any order or decree that is in the interest of preserving or protecting the value of a debtor’s assets, as long as the “powers conferred under § 105” are “exercised within the confines of the Bankruptcy Code.” See Disch v. Rasmussen, 417 F.3d 769, 777 (7th Cir. 2005) (internal citation omitted); In re Airadigm Commc’ns, Inc., 519 F.3d 640, 657 (7th

Cir. 2008) (noting that bankruptcy courts traditionally have “broad” equitable powers); Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1069 (2d Cir. 1983) (“[A] bankruptcy judge must have substantial freedom to tailor his orders to meet differing circumstances.”); Keene Corp. v. Acstar Ins. Co. (In re Keene Corp.), 168 B.R. 285, 292 (Bankr. S.D.N.Y. 1994) (noting that a court can “use its equitable powers to assure the orderly conduct of the reorganization”).

20. Authorizing the Debtors to file omnibus objections to claims consistent with the Objection Procedures is an appropriate use of the Court’s power under section 105(a) of the Bankruptcy Code and conforms to the spirit of Bankruptcy Rule 3007, the underlying goal of which is to balance the due process rights of creditors with the efficient administration of large chapter 11 cases.

21. The proposed Objection Procedures provide a cost-effective and efficient framework for the careful review, prosecution, and reconciliation of claims by, among other things: (a) providing greater certainty in administering the objection process; (b) promoting the consensual resolution of claims objections or, alternatively, establishing an efficient and fair mechanism to settle claims objections; and (c) reducing the cost, time, and delay of prosecuting claims objections. At the same time, the proposed Objection Procedures respect creditors’ due process rights by, among other things, implementing the safeguards set forth for omnibus objections already authorized under Bankruptcy Rule 3007(e) and requiring service of the Objection Notice on affected creditors in full compliance with the due process requirements of the Bankruptcy Code.

22. Similarly, allowing the Debtors to object to claims on Additional Grounds in an omnibus format will promote the efficient and cost-effective administration of the Debtors’

estates. Specifically, the relief requested will save the Debtors from the time and expense of filing potentially hundreds of individual claim objections, some of which could be duplicative and confusing to creditors. The relief requested will permit the Debtors to run a well-organized, efficient, and cost-effective claims objection process, and all parties in interest will benefit from a streamlined process that will result in fewer pleadings, fewer hearings, and greater efficiency.

23. The relief sought herein related to the Claims Objection Procedures is consistent with similar claims objection procedures regularly approved in other large chapter 11 cases. See, e.g., In re ATA Airlines, Inc., No. 08-03675-BHL-11 (Bankr. S.D. Ind. Jan. 5, 2010); In re UAL Corp., No. 02-B-48191 (ERW) (Bankr. N.D. Ill. Jan. 23, 2008); In re J.S. II, L.L.C., No. 07-3856 (JPC) (Bankr. N.D. Ill. Jan. 3, 2008); see also In re Hawker Beechcraft, Inc., No. 12-11873 (SMB) (Bankr. S.D.N.Y. Apr. 3, 2013); In re Residential Capital, LLC, No. 12-12020 (MG) (Bankr. S.D.N.Y. Mar. 21, 2013); In re AMR Corp., No. 11-15463 (SML) (Bankr. S.D.N.Y. Sept. 21, 2012); In re MSR Resort Golf Course LLC, No. 11-10372 (Bankr. S.D.N.Y. Sept. 17, 2012); In re Innkeepers USA Trust, No. 10-13800 (Bankr. S.D.N.Y. Mar. 29, 2011).⁴

II. The Settlement Procedures Are Appropriate and Should Be Approved.

24. Compromises and settlements are “a normal part of the process of reorganization.” Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 424 (1968) (citation omitted). Courts in this Circuit recognize the general rule in bankruptcy cases and other litigation that “[s]ettlement is intended to conserve [scarce judicial] resources, and is therefore encouraged.” See Magill v. Springfield Marine Bank (In re Heissinger Res. Ltd.), 67 B.R. 378, 382 (C.D. Ill. 1986); see also Thomas v. Fallon (In re Chicago Rapid Transit Co.), 196 F.2d 484, 490 (7th Cir. 1952) (“We fully realize the desirability

⁴ Because of the voluminous nature of the orders cited herein, such orders have not been attached to the Motion. Copies of these orders are available upon request to the Debtors’ counsel.

of settling claims without resort to litigation in bankruptcy matters . . . where any reasonable basis for compromise settlements appears they should be encouraged.”).

25. Indeed, Bankruptcy Rule 9019(a) provides, in relevant part, that on “motion by the [debtor in possession] and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). In granting a motion pursuant to Bankruptcy Rule 9019(a), a court must find that the proposed settlement is fair and equitable and in the best interests of a debtor’s estate. See TMT Trailer Ferry, 390 U.S. at 424; In re Doctors Hosp. of Hyde Park, Inc., 474 F.3d 421, 426 (7th Cir. 2007); In re Energy Co-op., Inc., 886 F.2d 921, 927–29 (7th Cir. 1989); In re Am. Reserve Corp., 841 F.2d 159, 162 (7th Cir. 1987); In re Adelphia Commc’ns Corp., 327 B.R. 143, 158 (Bankr. S.D.N.Y. 2005).

26. In reviewing a motion for approval of a settlement, bankruptcy courts must assess and balance the value of the claim that is being compromised against the value to the estate of the acceptance of the compromise proposal to determine whether the settlement is in the best interests of the estate. See TMT Trailer Ferry, 390 U.S. at 424; Doctors Hosp., 474 F.3d at 426. The linchpin of the best interest of the estate test is “a comparison of the value of the settlement with the probable costs and benefits of litigating.” Doctors Hosp., 474 F.3d at 426. Specifically, courts generally consider the following primary factors in evaluating the reasonableness of settlements: (a) the probability of success in the litigation; (b) the complexity, expense, inconvenience, and delay accompanying the litigation; (c) the possibility that disapproving of the settlement will cause the wasting of estate assets; and (d) whether the value of the settlement is reasonably equivalent to the value of the claims surrendered. See id.; Am. Reserve Corp., 841 F.2d at 161. This reasonable equivalence standard is met if the settlement falls within the reasonable range of possible litigation outcomes. Id.; see also TMT Trailer Ferry, 390 U.S. at

424–25. Because litigation outcomes cannot be predicted with mathematical precision, only if a settlement falls below the low end of possible litigation outcomes will it fail the reasonable equivalence standard. Doctors Hosp., 474 F.3d at 426.

27. Bankruptcy Rule 9019(b) also supports the approval of the Settlement Procedures. Specifically, Bankruptcy Rule 9019(b) provides that “[a]fter a hearing on such notice as the court may direct, the court may fix a class or classes of controversies and authorize the trustee to compromise or settle controversies within such class or classes without further hearing or notice.” Fed. R. Bankr. P. 9019(b). In this way, Bankruptcy Rule 9019(b) empowers a court to approve settlement procedures for certain classes of controversies by a debtor in possession without requiring separate notice and a hearing with respect to each separate controversy.

28. The Debtors believe, in their business judgment, that the Settlement Procedures represent an efficient, cost-effective method for resolving outstanding claims and avoiding the expense and risk of litigating such claims. Given the number of claims that the Debtors believe can be settled for relatively small amounts compared with the overall value of the Debtors’ estates, filing pleadings and holding hearings on each individual settlement would be a costly and inefficient method of resolving most of the claims.

29. Additionally, the Debtors believe that any settlements entered into pursuant to the Settlement Procedures will meet the standards for reasonableness set forth in Doctors Hospital. Specifically, the Debtors will not settle any claims unless the settlement is reasonable in the judgment of the Debtors after consideration of the relevant factors, including (i) the probability of success in the litigation; (ii) the complexity, expense, inconvenience, and delay accompanying the litigation; (iii) the possibility that disapproving of the settlement will cause the wasting of estate assets; and (iv) whether the value of the settlement is reasonably equivalent to the value of

the claims surrendered. Moreover, in cases where (a) the Settlement Amount is greater than \$250,000 (or \$75,000 in the case of Priority Claims); (b) the Settlement Amount is less than or equal to \$1 million and exceeds the non-contingent, liquidated, and undisputed scheduled amount of such claim by more than 10 percent (10%); or (c) where the creditor is an insider of the Debtors, the Settlement Notice Parties will have the opportunity to review proposed settlements, evaluate their reasonableness, and approve or object to them.

30. Settlement procedures designed to streamline the court approval process, similar to those proposed above, have been approved in other large chapter 11 cases in this district and other districts. See, e.g., In re UAL Corp., No. 02-48191 (Bankr. N.D. Ill. Jan. 15, 2003); In re Kmart Corp., No. 02-B-02474 (SPS) (Bankr. N.D. Ill. Aug. 29, 2002); In re Comdisco, Inc., No. 02-24795 (BWB) (Bankr. N.D. Ill. Mar. 26, 2002); see also In re K-V Discovery Solutions, Inc., No. 12-13346 (ALG) (Bankr. S.D.N.Y. Feb. 22, 2013); In re Grubb & Ellis Co., No. 12-10685 (Bankr. S.D.N.Y. July 31, 2012); In re AES E. Energy, L.P., No. 11-14138 (KJC) (Bankr. D. Del. Feb. 15, 2012); In re Borders Grp., Inc., No. 11-10614(MG) (Bankr. S.D.N.Y. Aug. 11, 2011); In re The Great Atl. & Pac. Tea Co., No. 10-24549 (RDD) (Bankr. S.D.N.Y. Mar. 10, 2011); In re Mesa Air Grp., Inc., No. 10-10018 (MG) (Bankr. S.D.N.Y. July 7, 2010); In re Motors Liquidation Co. (f/k/a General Motors Corp.), No. 09-50026 (REG) (Bankr. S.D.N.Y. Oct. 6, 2009); In re Flying J Inc., No. 08-13384 (MFW) (Bankr. D. Del. Mar. 4, 2009).⁵

31. The Debtors believe that the relief requested herein appropriately balances judicial and administrative efficiency with due process rights. It will permit the Debtors to complete their claims reconciliation process quickly and less expensively without depriving any

⁵ Because of the voluminous nature of the orders cited herein, such orders have not been attached to the Motion. Copies of these orders are available upon request to the Debtors' counsel.

creditors of full disclosure. Accordingly, the Debtors respectfully request that the Court approve the relief requested herein.

Reservation of Rights

32. Nothing contained herein is intended or should be construed as: (a) an admission or finding as to the validity of any claim against a Debtor entity; (b) a waiver of the right of the Debtors, the Committee, or the Noteholder Group to dispute or object to any claim on any grounds; (c) a waiver of the right of the Debtors to assert counterclaims, rights of offset or recoupment defenses, object to claims (or other claims or causes of action of a claimant) on any grounds not previously raised in an objection, unless the Court has allowed a claim or ordered otherwise, or seek to estimate any claim at a later date (affected parties will be provided appropriate notice thereof at such time); (d) a promise or requirement to pay any claim; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the rights of the Debtors, the Committee, or the Noteholder Group under the Bankruptcy Code or any other applicable law.

Notice

33. The Debtors have provided notice of this Motion to: (a) the Office of the U.S. Trustee; (b) counsel to the Committee; (c) the indenture trustee for the Debtors' senior unsecured notes; (d) counsel to the Noteholder Group; (e) the indenture trustee for the lessor notes related to the Debtors' Powerton generating station in Pekin, Illinois, and units 7 and 8 of the Debtors' Joliet, Illinois, generating station and the pass-through trustee for the related pass-through certificates; (f) counsel to the ad hoc committee of certain holders of pass-through certificates related to the Debtors' Powerton and Joliet generating stations; (g) the owner trusts and the equity investors for the Debtors' Powerton and Joliet generating stations (and their respective

counsel, if known); (h) the lender under Debtor EME's letter-of-credit facility; (i) the state attorneys general for states in which the Debtors conduct business; (j) the United States Attorney for the Northern District of Illinois; (k) the Internal Revenue Service; (l) the Securities and Exchange Commission; (m) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; and (n) those parties who have requested service of papers in this case pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure and the *Order Approving Case Management Procedures* [Docket No. 128]. In light of the nature of the relief requested herein, the Debtors respectfully submit that no further notice is necessary.

No Prior Request

34. No prior request for the relief sought in this Motion has been made to this or any other court.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as the Court deems appropriate.

Dated: July 3, 2013

/s/ David R. Seligman, P.C.

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*Counsel to Debtor Camino Energy Company
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EXHIBIT A

Proposed Order

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
Eastern Division

In Re:	)	BK No.: 12-49219
EDISON MISSION ENERGY, et al.,	)	(Jointly Administered)
	)	Chapter: 11
	)	Honorable Jacqueline Cox
)	
)	
)	
)	
Debtor(s))	

**ORDER APPROVING (I) OMNIBUS CLAIMS OBJECTION PROCEDURES
AND FILING OF SUBSTANTIVE OMNIBUS CLAIMS OBJECTIONS AND
(II) ESTABLISHMENT OF PROCEDURES FOR SETTLING CERTAIN CLAIMS**

Upon the motion (the “Motion”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”): (a) approving the Objection Procedures attached hereto as Exhibit 1; (b) approving the form Objection Notice attached hereto as Exhibit 2; (c) authorizing the Debtors to assert substantive objections to claims in an omnibus format pursuant to Bankruptcy Rule 3007(c); and (d) approving the proposed procedures to settle certain claims without further court approval pursuant to Bankruptcy Rule 9019; all as set forth more fully in the Motion; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and the Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.
2. Notwithstanding anything to the contrary in the Bankruptcy Code and Bankruptcy Rules, and pursuant to Bankruptcy Rule 3007(c), the Debtors may file Omnibus Objections that include objections to claims on any basis provided for in Bankruptcy Rule 3007(d) and/or the Additional Grounds.
3. The Debtors shall file and prosecute any Omnibus Objections in accordance with the Objection Procedures attached hereto as Exhibit 1, which are hereby approved, and the other procedural safeguards set forth in Bankruptcy Rule 3007(e).
4. The form of Objection Notice attached hereto as Exhibit 2 is hereby approved.
5. The Debtors are hereby authorized to settle claims (other than administrative expense priority claims under section 503(b) of the Bankruptcy Code) in accordance with the following Settlement Procedures, which are hereby approved:
 - a. The Debtors have the authority to settle claims in their business judgment upon consideration of: (i) the probability of success if the claim is litigated; (ii) the complexity, expense, inconvenience, and delay accompanying the litigation; (iii) the possibility that disapproval of the settlement will cause the wasting of estate assets; and (iv) whether the value of the settlement is reasonably equivalent to the

value of the claims surrendered.

b. The Debtors are authorized, in their business judgment, to settle any and all claims asserted against the Debtors without prior approval of or notice to the Court or any other party in interest whenever the aggregate amount to be allowed for an individual claim, before taking into account the value of releases, if any (the “Settlement Amount”), is:

(i) less than or equal to \$250,000;

(ii) less than or equal to \$75,000 in the case of an unsecured priority claim under section 507(a) of the Bankruptcy Code (other than section 507(a)(2) of the Bankruptcy Code) (“Priority Claims”); or

(iii) less than or equal to \$1 million and exceeds the non-contingent, liquidated, and undisputed scheduled amount of such claim by 10 percent (10%) or less;

provided, however, that (y) the preceding shall not apply to any claimant with whom the Debtors seek to settle who is an “insider” of the Debtors within the meaning of section 101(31) of the Bankruptcy Code and (z) nothing in the Settlement Procedures shall affect the Debtors’ authority to pay claims to the extent authorized by an order of the Court.

c. The Settlement Notice Procedures (as defined herein) shall apply if the Settlement Amount is:

(i) greater than \$250,000 (or in the case of Priority Claims, \$75,000) but less than or equal to \$1 million and exceeds the non-contingent, liquidated, and undisputed scheduled amount of such claim by more than 10 percent (10%);

(ii) greater than \$1 million and less than or equal to \$2.5 million; or

(iii) less than or equal to \$2.5 million and the claimant with whom the Debtors seek to settle is an “insider” of the Debtors within the meaning of section 101(31) of the Bankruptcy Code.

d. If the Settlement Amount is greater than \$2.5 million, the Debtors shall be required to seek approval of the Court by motion pursuant to Bankruptcy Rule 9019 on no less than twenty-one (21) days’ notice.

e. The “Settlement Notice Procedures” as used herein are as follows:

(i) The Debtors will submit the proposed settlement to the Committee, the ad hoc committee of unsecured noteholders (the “Noteholder Group”), and the U.S. Trustee (collectively, the “Settlement Notice Parties”).

(ii) The Settlement Notice Parties shall have fourteen (14) calendar days from the receipt of the proposed settlement to object to the proposed settlement by submitting a written objection (which objection may be in the form of an email from the Settlement Notice Parties or their counsel) to counsel for the Debtors.

(iii) If any of the Settlement Notice Parties submit a timely objection to the proposed settlement, the Debtors and the objecting party will have fourteen (14) calendar days to attempt to resolve the objection.

(iv) If the objection is not resolved within this fourteen (14) day period, the Debtors may either (y) re-negotiate the settlement and submit a revised version to the Settlement Notice Parties, in which case the Settlement Notice Parties shall have an additional fourteen (14) calendar days to object in writing (which objection may be in the form of an email from the Settlement Notice Parties or their counsel) or (z) file a motion with the Court seeking approval of the original proposed settlement or the renegotiated settlement under Bankruptcy Rule 9019 on no less than fourteen (14) days’ notice.

(v) If the Settlement Notice Parties fail to timely object to the proposed settlement or if the Debtors receive written approval of the proposed settlement from the Settlement Notice Parties (which approval may be in the form of an email from the Settlement Notice Parties or their counsel), then the Debtors may, in their business judgment, proceed with the settlement without further action by the Court.

f. The types of claims that may be settled pursuant to these Settlement Procedures include: (i) Priority Claims; (ii) secured claims; (iii) general unsecured claims; and (iv) equitable claims for non-monetary relief.

g. Under the Settlement Procedures, the Debtors may settle claims where some or all of the

consideration is being provided by a third party and/or where the Debtors are releasing claims (including counterclaims and setoffs) against creditors or third parties without prior approval of or notice to the Court or any other party in interest to the extent that, in the Debtors' good-faith judgment, such released claims are valued at less than or equal to \$75,000; provided, however, that the preceding shall not apply to any released claim against an "insider" of the Debtors within the meaning of section 101(31) of the Bankruptcy Code. If in the Debtors' good-faith judgment such released claims are valued at (y) more than \$75,000 but less than or equal to \$2.5 million or (z) less than or equal to \$2.5 million and the released claim is against an "insider" of the Debtors within the meaning of section 101(31) of the Bankruptcy Code, the Debtors will follow the Settlement Notice Procedures. If in the Debtors good-faith judgment such released claims are valued at more than \$2.5 million, the Debtors shall be required to follow the procedures set forth in paragraph 5(d) of this Order.

h. Each calendar quarter beginning with the calendar quarter ending September 30, 2013, no later than thirty (30) days following the end of such calendar quarter, the Debtors will file with the Court and serve on all parties to the master service list on file with the Court, a report of all settlements of claims into which the Debtors have entered during the previous calendar quarter pursuant to the Settlement Procedures (each a "Settlement Report"). The Settlement Report will set forth the names of the parties with whom the Debtors have settled, the relevant proof of claim number(s) or other information related to the asserted claim, the types of claims asserted by each such party, the amounts for which such claims have been settled, and whether such settlement includes the release of any claims by the Debtors; provided, however, that the Debtors reserve the right to redact information regarding certain settlements if such settlements are confidential or publication of such settlements would prejudice the Debtors' ability to negotiate settlements with other parties; provided, further, that the Debtors will provide any such redacted information to the Committee or Noteholder Group upon request. In addition, the Debtors will provide the Committee and Noteholder Group with Settlement Reports on a monthly basis.

i. Nothing contained in these Settlement Procedures prevents the Debtors from filing a motion with the Court seeking approval of a settlement of any claim, regardless of Settlement Amount.

6. Nothing in this Order or the Settlement Procedures shall affect the Debtors' authority to pay claims to the extent authorized by a separate order of the Court.

7. Nothing in this Order or the Settlement Procedures shall obligate the Debtors to settle or pursue settlement of any particular claim. Settlements of claims may be negotiated and compromised by the Debtors in their sole discretion (subject to the rights of the Settlement Notice Parties to receive notice and object) consistent with the Settlement Procedures.

8. Nothing in this Order or the Settlement Procedures shall apply to the objection or settlement of administrative expense priority claims under section 503(b) of the Bankruptcy Code.

9. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order, the Motion, or the Objection Procedures shall be deemed: (a) an admission or finding as to the validity of any claim against a Debtor entity; (b) a waiver of the right of the Debtors, the Committee, or the Noteholder Group to dispute or object to any claim on any grounds; (c) a waiver of the right of the Debtors to assert counterclaims, rights of offset or recoupment defenses, object to claims (or other claims or causes of action of a claimant) on any grounds not previously raised in an objection, unless the Court has allowed a claim or ordered otherwise, or seek to estimate any claim at a later date (affected parties will be provided appropriate notice thereof at such time); (d) a promise or requirement to pay any claim; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the rights of the Debtors, the Committee, or the Noteholder Group under the Bankruptcy Code or any other applicable law.

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

11. The terms, conditions, and provisions of this Order shall be immediately effective and enforceable upon entry hereof.

12. To the extent any provision of this order is inconsistent with any provision of the Order Approving Case Management Procedures [Docket No. 128], this Order shall govern in all respects.

13. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order

Enter:

Dated:

United States Bankruptcy Judge

Prepared by:

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David R. Seligman, P.C.
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- and -

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Counsel to Debtor Camino Energy Company
and Conflicts Counsel to the other Debtors
and Debtors in Possession

EXHIBIT 1

Objection Procedures

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
	)	Chapter 11
)	
EDISON MISSION ENERGY, <u>et al.</u> , ¹	)	Case No. 12-49219 (JPC)
)	
Debtors.	)	(Jointly Administered)
)	

PROCEDURES FOR FILING OMNIBUS CLAIMS OBJECTIONS

1. Grounds for Omnibus Objections. In addition to those grounds expressly set forth in Bankruptcy Rule 3007(d), the Debtors² may file omnibus objections (each, an “Omnibus Objection”) to claims on the grounds that such claims, in part or in whole:

- a. are inconsistent with the Debtors’ book and records;
- b. fail to specify the asserted claim amount (other than “unliquidated”);
- c. seek recovery of amounts for which the Debtors are not liable;
- d. are incorrectly or improperly classified;
- e. have been formally withdrawn by the claimant through the filing of a pleading or through the entry of a Court order indicating withdrawal of the claim;
- f. are filed against non-debtors or are filed against multiple Debtors;
- g. fail to specify a Debtor against whom the claim is asserted;

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Edison Mission Energy (1807); Camino Energy Company (2601); Chestnut Ridge Energy Company (6590); Edison Mission Energy Fuel Services, LLC (4630); Edison Mission Finance Co. (9202); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Midwest Holdings Co. (6553); EME Homer City Generation, L.P. (6938); Homer City Property Holdings, Inc. (1685); Midwest Finance Corp. (9350); Midwest Generation EME, LLC (1760); Midwest Generation, LLC (8558); Midwest Generation Procurement Services, LLC (2634); Midwest Peaker Holdings, Inc. (5282); Mission Energy Westside, Inc. (0657); San Joaquin Energy Company (1346); Southern Sierra Energy Company (6754); and Western Sierra Energy Company (1447). The location of parent Debtor Edison Mission Energy’s corporate headquarters and the Debtors’ service address is: 3 MacArthur Place, Suite 100, Santa Ana, California 92707.

² All capitalized terms used but not otherwise defined shall have the meaning set forth in the Motion.

- h. are disallowed pursuant to section 502 of the Bankruptcy Code; or
- i. fail to sufficiently specify the basis for the claim or provide sufficient supporting documentation therefor.

2. Form of Omnibus Objection. Each Omnibus Objection will be numbered consecutively, regardless of basis.

3. Supporting Documentation. To the extent appropriate, Omnibus Objections may include an affidavit or declaration that provides a factual basis for the Debtors' objection to the claims, including from someone with personal knowledge of the Debtors' books and records and the manner in which they are maintained that states that the affiant or the declarant has reviewed the claims included therein and applicable supporting information and documentation provided therewith, made reasonable efforts to research the claim on the Debtors' books and records, and determined that the books and records do not reflect the debt or the amount of debt that is alleged in the claim.

4. Claims Exhibits. An exhibit listing the claims that are subject to the particular Omnibus Objection will be attached thereto. Each exhibit will include only the claims to which there is a common basis for the objection. Claims for which there is more than one basis for the objection will be referenced on each exhibit applicable thereto. The exhibits will include, without limitation, the following information alphabetized by claimant:

- a. the claims that are the subject of the Omnibus Objection and, if applicable, the proof of claim number related thereto from the claims register;
- b. the asserted amount of the claim;
- c. the grounds for the objection;
- d. a cross-reference to the section of the Omnibus Objection discussing such claim; and

- e. other information, as applicable, including: (i) the proposed classification of claims the Debtors seek to reclassify; (ii) the reduced claim amounts of claims the Debtors seek to reduce; or (iii) the surviving claims of claims the Debtors seek to expunge.

5. Objection Notice. Each Omnibus Objection will be accompanied by a customized objection notice, substantially in the form annexed to the Order as **Exhibit 2** (the “Objection Notice”), tailored, as appropriate, to address a particular creditor, claim, or objection, which will:

- a. describe the basic nature of the objection;
- b. inform creditors that their rights may be affected by the objection;
- c. describe the procedures for filing a written response (each, a “Response”) to the objection, including all relevant dates and deadlines related thereto;
- d. identify the hearing date, if applicable, and related information; and
- e. describe how copies of proofs of claim, the Omnibus Objection, and other pleadings filed in the chapter 11 cases may be obtained.

6. Notice and Service. Each Omnibus Objection will be filed with the Court and served electronically using the Court’s electronic filing system, as authorized by paragraph 11 of the case management procedures attached as **Exhibit 1** to the *Order Approving Case Management Procedures* [Docket No. 128], entered by the Court on December 19, 2012.

7. Omnibus Hearings. Each Omnibus Objection shall be set for hearing no less than 30 days after service of the Omnibus Objection (the “Hearing”). In the Debtors’ sole discretion, and after notice to the affected claimant, the Debtors may adjourn the Hearing on the Omnibus Objection to a subsequent hearing date. For claims subject to an Omnibus Objection and with respect to which either (a) no Response is filed in accordance with the proposed response procedures and no appearance is made at the Hearing or (b) a Response is filed in accordance with the proposed response procedures but such Response is resolved prior to the Hearing, the Debtors may request at the Hearing that the Court enter an order granting the Omnibus Objection

with respect to such claim. Contested claims for which (a) a Response is filed in accordance with the proposed response procedures but such Response is not resolved prior to the Hearing and (b) an appearance is made at the Hearing may be heard at the Hearing or adjourned to a subsequent hearing date in the Debtors' sole discretion. If a subsequent hearing is determined to be necessary, the Debtors shall file with the Court and serve on the affected claimants a notice of the hearing (the date of which shall be determined in consultation with the affected claimant(s)).

8. Contested Matter. Each claim subject to an Omnibus Objection and the Response thereto shall constitute a separate contested matter as contemplated by Bankruptcy Rule 9014, and any order entered by the Court will be deemed a separate order with respect to such claim. The Debtors may, in their discretion and in accordance with the Settlement Procedures, other orders of this Court, and the provisions of the Bankruptcy Code and Bankruptcy Rules, settle the priority, amount, and validity of such contested claims without any further notice to or action, order, or approval of the Court.

Responses to Omnibus Objections

9. Parties Required to File a Response. Any party who disagrees with an objection is required to file a Response in accordance with the procedures set forth herein and to appear at the Hearing. If a claimant whose claim is subject to an Omnibus Objection does not file and serve a Response in compliance with the procedures below or fails to appear at the Hearing, the Court may grant the objection with respect to such claim without further notice to the claimant.

10. Response Contents. Each Response must contain the following (at a minimum):
- a. a caption stating the name of the Court, the name of the Debtors, the case number, and the Omnibus Objection to which the Response is directed;
 - b. a concise statement setting forth the reasons why the Court should not grant the objection with respect to such claim, including the factual and legal bases upon which the claimant will rely in opposing the Omnibus Objection;

- c. a copy of any other documentation or other evidence of the claim, to the extent not already included with the claim, upon which the claimant will rely in opposing the objection; provided, however, that the claimant need not disclose confidential, proprietary, or otherwise protected information in the Response; and, provided, further, that the claimant shall disclose to the Debtors, the Committee, and the Noteholder Group all information and provide copies of all documents that the claimant believes to be confidential, proprietary, or otherwise protected and upon which the claimant intends to rely in support of its claim, subject to appropriate confidentiality constraints;
- d. a declaration or other statement of a person with personal knowledge of the relevant facts that support the Response; and
- e. the following contact information for the responding party:
 - (i) the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant's attorney or designated representative to whom the attorneys for the Debtors should serve a reply to the Response, if any; or
 - (ii) the name, address, telephone number, and email address of the party with authority to reconcile, settle, or otherwise resolve the objection on the claimant's behalf.

11. Filing and Service of the Response. A Response will be deemed timely only if it is filed with the Court and actually received by 4:00 p.m. (prevailing Central Time) on the day that is twenty (20) calendar days from the date the Omnibus Objection is served (the "Response Deadline") by the following parties (the "Notice Parties"):

Debtors	Counsel to Debtors
<p>Edison Mission Energy 3 MacArthur Place #100 Santa Ana, California 92707 Attn: Crystal Needham</p> <p>- and -</p> <p>Edison Mission Energy Midwest Generation, LLC 440 South LaSalle Street #3500 Chicago, Illinois 60605 Attn: Daniel D. McDevitt</p>	<p>Kirkland & Ellis LLP 300 North LaSalle Street Chicago, Illinois 60654 Attn: David Seligman, P.C. and Brad Weiland</p> <p>- and -</p> <p>Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Attn: Joshua A. Sussberg</p>
Counsel to Debtor Camino Energy Company	Counsel to Committee
<p>McDonald Hopkins LLC 300 North LaSalle Street, Suite 2100 Chicago, Illinois 60654 Attn: David A. Agay and Joshua Gadharf</p>	<p>Akin Gump Strauss Hauer & Feld LLP One Bryant Park Bank of America Tower New York, New York 10036 Attn: Ira S. Dizengoff, Arik Preis, and Jason Rubin</p> <p>- and -</p> <p>Perkins Coie LLP 131 South Dearborn Street, Suite 1700 Chicago, Illinois 60603 Attn: David M. Neff and Brian Audette</p>
Counsel to Noteholder Group	United States Trustee
<p>Ropes & Gray LLP 1211 Avenue of the Americas New York, New York 10036 Attn: Keith H. Wofford</p> <p>- and -</p> <p>Ropes & Gray LLP Prudential Tower 800 Boylston Street Boston, Massachusetts 02199 Attn: Stephen Moeller-Sally and Brian Rooder</p>	<p>Office of the U.S. Trustee, Region 11 219 South Dearborn Street, Room 873 Chicago, Illinois 60604 Attn: Katy Gleason</p>

12. Discovery. If the Debtors determine that discovery is necessary in advance of a hearing on an Omnibus Objection, the Debtors will serve notice on the affected claimant and its counsel of record that the scheduled hearing will be treated as a status conference during which the parties will request that the Court issue a scheduling order to facilitate dismissal or resolution

of the litigation. Such notice may be incorporated into the initial agenda letter for the hearing, or may be provided by separate notice.

13. Failure to Respond. A Response that is not filed and served in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. **Absent reaching an agreement with the Debtors resolving the objection to a claim (as described in the Objection Notice), failure to timely file and serve a Response as set forth herein or to appear at the Hearing may result in the Court granting the Omnibus Objection without further notice or hearing.** Upon entry of an order sustaining an Omnibus Objection, affected creditors will be served with such order.

14. Reply to a Response. The Debtors shall be permitted to file a reply to any Response no later than two business days before the hearing with respect to the relevant Omnibus Objection.

Miscellaneous

15. Additional Information. Copies of these procedures, the Motion, the Order, or any other pleadings (the "Pleadings") filed in these chapter 11 cases are available at no cost at the Debtors' restructuring website www.edisonmissionrestructuring.com. Copies of the Pleadings may also be obtained upon written request to GCG, Inc., the Debtors' noticing and claims agent, at the following addresses: (a) by first-class mail: Edison Mission Energy, et al., c/o GCG, Inc., PO Box 9942, Dublin, Ohio 43017-5942 or (b) by messenger or overnight delivery: Edison Mission Energy Claims Processing, c/o GCG, Inc., 5151 Blazer Parkway, Suite A, Dublin, OH 43017. You may also obtain copies of any of the Pleadings filed in these chapter 11 cases for a fee via PACER at <http://www.ilnb.uscourts.gov>.

16. Reservation of Rights. NOTHING IN ANY OMNIBUS OBJECTION OR OBJECTION NOTICE IS INTENDED OR SHALL BE DEEMED TO CONSTITUTE (A) AN

ADMISSION OR FINDING AS TO THE VALIDITY OF ANY CLAIM AGAINST A DEBTOR ENTITY; (B) A WAIVER OF THE RIGHT OF THE DEBTORS, THE COMMITTEE, OR THE NOTEHOLDER GROUP TO DISPUTE OR OBJECT TO ANY CLAIM ON ANY GROUNDS; (C) A WAIVER OF THE RIGHT OF THE DEBTORS TO ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE (AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME); (D) A PROMISE OR REQUIREMENT TO PAY ANY CLAIM; (E) A REQUEST OR AUTHORIZATION TO ASSUME ANY AGREEMENT, CONTRACT, OR LEASE PURSUANT TO SECTION 365 OF THE BANKRUPTCY CODE; OR (F) A WAIVER OF THE RIGHTS OF THE DEBTORS, THE COMMITTEE, OR THE NOTEHOLDER GROUP UNDER THE BANKRUPTCY CODE OR ANY OTHER APPLICABLE LAW.

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EXHIBIT 2

Objection Notice

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

_____)
In re:) Chapter 11
)
EDISON MISSION ENERGY, et al.,¹) Case No. 12-49219 (JPC)
)
Debtors.) (Jointly Administered)
_____)

NOTICE OF DEBTORS' [] OMNIBUS CLAIMS OBJECTION

[Creditor Name]

PLEASE TAKE NOTICE THAT:

YOU ARE RECEIVING THIS NOTICE BECAUSE EDISON MISSION ENERGY AND CERTAIN OF ITS AFFILIATES, AS DEBTORS AND DEBTORS IN POSSESSION (COLLECTIVELY, THE “DEBTORS”) ARE OBJECTING TO YOUR CLAIM(S) BY THE ATTACHED OBJECTION (THE “OBJECTION”). YOU SHOULD LOCATE YOUR NAME AND YOUR CLAIM(S) ON THE SCHEDULES ATTACHED HERETO. PLEASE TAKE NOTICE THAT, AS A RESULT OF THE OBJECTION, YOUR CLAIM(S) MAY BE DISALLOWED, EXPUNGED, RECLASSIFIED, REDUCED, OR OTHERWISE AFFECTED. THEREFORE, PLEASE READ THIS NOTICE AND THE ACCOMPANYING OBJECTION VERY CAREFULLY.

Important Information Regarding the Objection

Grounds for the Objection. By the Objection, the Debtors are seeking to [disallow/expunge/reclassify/reduce] your claim(s) listed in the table below on the grounds that your claim(s) [is/are] [_____]. The claim(s) subject to the Objection may also be found on the schedules attached to the Objection, a copy of which has been provided with this notice.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Edison Mission Energy (1807); Camino Energy Company (2601); Chestnut Ridge Energy Company (6590); Edison Mission Energy Fuel Services, LLC (4630); Edison Mission Finance Co. (9202); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Midwest Holdings Co. (6553); EME Homer City Generation, L.P. (6938); Homer City Property Holdings, Inc. (1685); Midwest Finance Corp. (9350); Midwest Generation EME, LLC (1760); Midwest Generation, LLC (8558); Midwest Generation Procurement Services, LLC (2634); Midwest Peaker Holdings, Inc. (5282); Mission Energy Westside, Inc. (0657); San Joaquin Energy Company (1346); Southern Sierra Energy Company (6754); and Western Sierra Energy Company (1447). The location of parent Debtor Edison Mission Energy’s corporate headquarters and the Debtors’ service address is: 3 MacArthur Place, Suite 100, Santa Ana, California 92707.

Date Filed	Claim No.	Debtor	Asserted Claim Amount ²	Basis For Objection	Proposed Treatment	Surviving Claim No.

Objection Procedures. On [____], 2013, the United States Bankruptcy Court for the Northern District of Illinois (the “Court”) entered an order [Docket No. ____] approving procedures for filing and resolving objections to claims asserted against the Debtors in these chapter 11 cases (the “Objection Procedures”). A copy of the Objection Procedures is included with this notice. **Please review the Objection Procedures to ensure your response to the Objection, if any, is timely and correctly filed and served.**

Resolving the Objection

Parties Required to File a Response. If you disagree with the Objection filed with respect to your claim, you must file a response (each, a “Response”) with the Court in accordance with the procedures described below and appear at the Hearing (as defined herein).

Response Contents. Each Response must contain the following (at a minimum):

- a. a caption with the name of the Court, the name of the Debtors, the case number, and the title of the Objection to which the Response is directed;
- b. a concise statement setting forth the reasons why the Court should not grant the Objection with respect to your claim, including the specific factual and legal bases upon which you rely in opposing the Objection;
- c. copies of documentation or other evidence of your claim not previously filed with proof of such claim on which your Response is based (excluding confidential, proprietary, or other protected information, copies of which **must** be provided to the counsel to the Debtors, Committee, and Noteholder Group, subject to appropriate confidentiality constraints, if any);
- d. a declaration or other statement of a person with personal knowledge of the relevant facts that support the Response; and
- e. the following contact information for the responding party:
 - (i) the name, address, telephone number, and email address of the responding claimant or the name, address, telephone number, and email address of the claimant’s attorney or designated representative to whom the attorneys for the Debtors should serve a reply to the Response, if any; or

² Asserted claim amounts listed as \$0.00 reflect that the claim amount asserted is unliquidated.

- (ii) the name, address, telephone number, and email address of the party with authority to reconcile, settle, or resolve the Objection on your behalf.

Notice and Service. Your Response must be filed with the Court and served so as to be **actually received** by 4:00 p.m. (prevailing Central Time) on [___], 2013 (the “**Response Deadline**”) by the following parties (the “**Notice Parties**”):

Debtors	Counsel to Debtors
<p>Edison Mission Energy 3 MacArthur Place #100 Santa Ana, California 92707 Attn: Crystal Needham</p> <p>- and -</p> <p>Edison Mission Energy Midwest Generation, LLC 440 South LaSalle Street #3500 Chicago, Illinois 60605 Attn: Daniel D. McDevitt</p>	<p>Kirkland & Ellis LLP 300 North LaSalle Street Chicago, Illinois 60654 Attn: David Seligman, P.C. and Brad Weiland</p> <p>- and -</p> <p>Kirkland & Ellis LLP 601 Lexington Avenue New York, New York 10022 Attn: Joshua A. Sussberg</p>
Counsel to Debtor Camino Energy Company	Counsel to Committee
<p>McDonald Hopkins LLC 300 North LaSalle Street, Suite 2100 Chicago, Illinois 60654 Attn: David A. Agay and Joshua Gadharf</p>	<p>Akin Gump Strauss Hauer & Feld LLP One Bryant Park Bank of America Tower New York, New York 10036 Attn: Ira S. Dizengoff, Arik Preis, and Jason Rubin</p> <p>- and -</p> <p>Perkins Coie LLP 131 South Dearborn Street, Suite 1700 Chicago, Illinois 60603 Attn: David M. Neff and Brian Audette</p>
Counsel to Noteholder Group	United States Trustee
<p>Ropes & Gray LLP 1211 Avenue of the Americas New York, New York 10036 Attn: Keith H. Wofford</p> <p>- and -</p> <p>Ropes & Gray LLP Prudential Tower 800 Boylston Street Boston, Massachusetts 02199 Attn: Stephen Moeller-Sally and Brian Rooder</p>	<p>Office of the U.S. Trustee, Region 11 219 South Dearborn Street, Room 873 Chicago, Illinois 60604 Attn: Katy Gleason</p>

Failure to Respond. A Response that is not filed and served in accordance with the procedures set forth herein may not be considered by the Court at the Hearing. **Absent an**

agreement with the Debtors resolving the Objection to a claim, failure to (a) timely file and serve a Response as set forth herein and (b) appear at the Hearing may result in the Court granting the Objection without further notice or hearing. Upon entry of an order, affected creditors will be served with a notice of entry, and a copy, of the order.

Hearing on the Objection

Date, Time, and Location. A hearing (the “Hearing”) on the Objection will be held on [___], at [___] prevailing Central Time, before the Honorable Jacqueline P. Cox, United States Bankruptcy Judge, in Courtroom 680 of the United States Bankruptcy Court for the Northern District of Illinois, Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. The Hearing may be adjourned to a subsequent date in these chapter 11 cases in the Debtors’ sole discretion. **You must attend the Hearing if you disagree with the Objection and have filed a Response.** Contested claims for which (a) a Response is filed in accordance with the proposed response procedures but such Response is not resolved prior to the Hearing and (b) an appearance is made at the Hearing may be heard at the Hearing or adjourned to a subsequent hearing in the Debtors’ sole discretion. If a subsequent hearing is determined to be necessary, the Debtors shall file with the Court and serve on the affected claimants a notice of the hearing (the date of which shall be determined in consultation with the affected claimant(s)).

Discovery. If the Debtors determine that discovery is necessary in advance of a hearing on an Objection, the Debtors will serve notice on the affected claimant and its counsel of record that the scheduled hearing will be treated as a status conference during which the parties will request that the Court issue a scheduling order to facilitate dismissal or resolution of the litigation. Any such notice may be incorporated into the initial agenda letter for the hearing or may be provided by separate notice.

Additional Information

Questions or Information. Copies of the Objection Procedures and any other pleadings (collectively, the “Pleadings”) filed in these chapter 11 cases are available at no cost at the Debtors’ restructuring website www.edisonmissionrestructuring.com. Copies of the pleadings may also be obtained upon written request to GCG, Inc., the Debtors’ noticing and claims agent, at the following addresses: (a) by first-class mail: Edison Mission Energy, et al., c/o GCG, Inc., PO Box 9942, Dublin, Ohio 43017-5942 or (b) by messenger or overnight delivery: Edison Mission Energy Claims Processing, c/o GCG, Inc., 5151 Blazer Parkway, Suite A, Dublin, OH 43017. You may also obtain copies of any of the Pleadings filed in these chapter 11 cases for a fee via PACER at <http://www.ilnb.uscourts.gov>. **Please do not contact the Court to discuss the merits of any claim or any Objection filed with respect thereto.**

Reservation of Rights

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GROUP TO DISPUTE OR OBJECT TO ANY CLAIM ON ANY GROUNDS; (C) A WAIVER OF THE RIGHT OF THE DEBTORS TO ASSERT COUNTERCLAIMS, RIGHTS OF OFFSET OR RECOUPMENT, DEFENSES, OBJECT TO CLAIMS (OR OTHER CLAIMS OR CAUSES OF ACTION OF A CLAIMANT) ON ANY GROUNDS NOT PREVIOUSLY RAISED IN AN OBJECTION, UNLESS THE COURT HAS ALLOWED A CLAIM OR ORDERED OTHERWISE, OR SEEK TO ESTIMATE ANY CLAIM AT A LATER DATE (AFFECTED PARTIES WILL BE PROVIDED APPROPRIATE NOTICE THEREOF AT SUCH TIME); (D) A PROMISE OR REQUIREMENT TO PAY ANY CLAIM; (E) A REQUEST OR AUTHORIZATION TO ASSUME ANY AGREEMENT, CONTRACT, OR LEASE PURSUANT TO SECTION 365 OF THE BANKRUPTCY CODE; OR (F) A WAIVER OF THE RIGHTS OF THE DEBTORS, THE COMMITTEE, OR THE NOTEHOLDER GROUP UNDER THE BANKRUPTCY CODE OR ANY OTHER APPLICABLE LAW.

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