

Headline News

Andrews & Kurth Secures \$26 Million Arbitration Award for Mobile Energy Services Company, L.L.C.

January 22, 2002

HOUSTON -- The law firm of Andrews & Kurth, L.L.P. announced today a \$26 million arbitration award by the American Arbitration Association (AAA) as part of their representation of Mobile Energy Services Company, L.L.C. (MESC) against Kimberly-Clark Corporation (K-C).

In this action, Andrews & Kurth was retained by MESC to pursue claims to recover disputed processing charges and for capital reimbursement from K-C arising from K-C's shut down of pulp-making operations at its Mobile Mill, which required MESC to reconfigure its energy complex to continue to serve the needs of the remaining K-C production operations at the Mobile, Alabama site. MESC, which purchased the energy island assets at the site in 1994, was responsible for supplying power and steam services to the site, which currently represents K-C's largest production facility in North America, producing numerous products under the Scott Tissue label.

The decision, rendered January 21, 2002, allowed MESC to recover 100 percent of the disputed energy charges and 100 percent of the disputed capital costs at issue, for a total recovery of approximately \$26 million. "We are pleased to have this complex and difficult case resolved completely in favor of our client," said partner John Lee. "Andrews and Kurth was able to see the case completely through the litigation process due to our capabilities of providing full-circle legal services to the energy industry.

"We are very pleased with the outcome and the hard work performed by Andrews & Kurth's attorneys in dealing with the complex issues of this case," said Jim Stewart, chief executive officer of MESC. "This judgment is definitely a reflection not only of the time and effort needed to resolve the issues presented but also a demonstration of their experience in this field of litigation."

The Andrews & Kurth team, including partners Lee, Scott Locher, and David Zdunkewicz, counsel Neil Kelly, and associate Liz Wiley, represented MESC in these claims. The claims arose under a very complex and technical energy services agreement and master operating agreement entered in connection with the 1994 sale of the energy complex to MESC. K-C was represented in this action by a team of former Sidley & Austin lawyers from Chicago.

Andrews & Kurth L.L.P. was founded in Houston in 1902 and has 360 lawyers in offices in Austin, Dallas, Houston, Los Angeles, London, New York, The Woodlands and Washington, D.C. The firm's practice areas include appellate, bankruptcy, business transactions, energy, environmental, corporate and securities, labor and employment, litigation, intellectual property, public law, project finance, real estate, structured finance, asset securitization, technology and tax law for U.S. and international clients.

MESC is an unregulated subsidiary of the Southern Company formed in 1994 to acquire the power plant and energy island situated inside the Scott Paper Mill located in Mobile, Alabama. K-C, which acquired Scott by merger in 1995, is a \$14 billion global consumer products company that manufactures tissue, personal care and health care products under various brand names.