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BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of )  
Youngstown Thermal, LLC and Youngstown ) Case No. 11-2914-HC-AIS  
Thermal Cooling, LLC to Issue Securities )  
)

---

AMENDED JOINT APPLICATION  
FOR APPROVAL OF A LONG-TERM FINANCING ARRANGEMENT

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Now come Youngstown Thermal, LLC and Youngstown Thermal Cooling, LLC (the "Borrowers"), pursuant to Ohio Revised Code ("R.C.") Sections 4905.40 through 4905.42, for the authorization of the Public Utilities Commission of Ohio (the "Commission") to enter into a long-term financing agreement (the "Agreement") among each of the Borrowers and Youngstown Thermal Holdings, LLC (the "Lender") in the total aggregate principal amount of five million dollars (\$5,000,000.00). This Amended Joint Application and the Amended Exhibits attached hereto supersede and replace the Joint Application and Exhibits that were originally filed in the above-captioned proceeding on May 9, 2011. The Borrowers respectfully request that the Commission issue an Order approving the long-term financing arrangement set forth in this Agreement on or before June 15, 2011.

Under the Agreement, the Lender will make secured loans to the Borrowers in the aggregate principal amount of two million, five hundred thousand dollars (\$2,500,000.00) (collectively the "Loans"), as evidenced by a note issued by YT in favor of the Lender in the amount of two million, four hundred seventy-five thousand dollars (\$2,475,000.00), and another note issued by YTC in favor of the Lender in the amount of twenty-five thousand dollars (\$25,000) (collectively the "Notes"). YT also seeks authorization to issue preferred membership units to be held by the Lender in the amount of two million, four hundred seventy-five thousand

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dollars (\$2,475,000.00), and YTC seeks authorization to issue preferred membership units to be held by the Lender in the amount of twenty-five thousand dollars (\$25,000) .

In support of this application, the Borrowers respectfully state as follows:

### **THE PARTIES**

1. Youngstown Thermal, LLC ("YT") is an Ohio limited liability company, and a heating or cooling company and public utility pursuant to R.C. Sections 4905.02 and 4905.03(A)(8). YT provides steam and hot water service through pipes to consumers within the City of Youngstown for heating and industrial process purposes.

2. Youngstown Thermal Cooling, LLC ("YTC") is an Ohio limited liability company and a heating or cooling company and public utility pursuant to R.C. Sections 4905.02 and 4905.03(A)(8). YTC provides chilled water through pipes to consumers within the City of Youngstown for cooling purposes.

3. Youngstown Thermal Holdings, LLC is an Ohio limited liability company and will be the new parent company of YT and YTC upon Commission approval and close of the transaction in the following Commission proceeding: *In the Matter of the Application of Youngstown Thermal, LLC and Youngstown Thermal Cooling, LLC to Change Ownership*, Case No. 11-2913-HC-UNC.

### **APPLICATION TO ISSUE SECURITIES**

4. Pursuant to R.C. 4905.40(A), the Borrowers request the Commission's approval of a long-term financing in the total aggregate principal amount of five million dollars (\$5,000,000.00), and which will have a debt/equity ratio of 50%.

5. For the debt portion of the long-term financing, the Borrowers request the authority to enter into the Agreement pursuant to which the secured Loan in the original aggregate principal

amount of two million five hundred thousand dollars (\$2,500,000.00) will be made by the Lender to the Borrowers. The Loans will be evidenced by the secured Note issued by the Borrowers in favor of the Lender and payable over a period exceeding 12 months.

6. The principal amount of the Note and any accrued but unpaid interest will be due on the maturity date of the Note, which is four years from the closing date.

7. The Note will be secured by a first priority perfected security interest in all of the assets of YT and YTC.

8. Interest will be at a fixed rate of 5% per annum for the Loan.

9. For the equity portion of the long-term financing, the Borrowers request the authority to issue preferred membership units to be held by the Lender in the aggregate amount of two million, five hundred thousand dollars (\$2,500,000.00).

10. The cost rate for the preferred memberships units will be 8.9% per annum.

11. The five million dollars (\$5,000,000.00) in total proceeds will be used as follows: (1) use three million dollars (\$3,000,000.00) of the proceeds to replace obligations to Thermal Ventures II via redemption of the membership units in YT and YTC in such a manner so that Youngstown Thermal Holdings, LLC will be the new owner of YT and YTC; (2) fund up to one million dollars (\$1,000,000.00) of the costs associated with a planned expansion of YT's steam system to serve St. Elizabeth Hospital; (2) provide one million dollars (\$1,000,000.00) for working capital and other funds for general corporate use by YT and YTC.

12. Pursuant to R.C. 4905.41, the Applicants submit the following as part of this Application to Issue Securities:

- Amended Exhibit A is a copy of the Affidavits of the Joint Applicants.

- Amended Exhibit B is a copy of the Notes and Subscription Agreements for the Preferred Membership Units, and the Credit and Security Agreements by and between the Lender and YT and the Lender and YTC .
- Amended Exhibit C is a copy of the Credit and Security Agreement by and between Youngstown Thermal Holdings LLC and Westbury Investment Partners SBIC, LP. Section 3.1 of this Credit and Security Agreement creates a security interest and lien on all collateral including the assets of YT and YTC; and Section 15 of this Credit and Security Agreement represents a guaranty from YT and YTC to Westbury Investment Partners SBIC, LP limited to the aggregate sum of five million dollars (\$5,000,000.00) plus interest on the guaranteed amount equal to a cost rate of five percent (5%) on two million, five hundred thousand dollars (\$2,500,000) plus a cost rate of eight and nine-tenths percent (8.9%) on two million, five hundred thousand dollars (\$2,500,000) of the long-term financing arrangement..
- Amended Exhibit D includes copies of the 2009 and 2010 balance sheets for YT and YTC.
- Amended Exhibit E includes copies of the 2009 and 2010 income statements for YT and YTC.
- Amended Exhibit F includes copies of pro forma balance sheets and income statements for YT and YTC.

13. The Borrowers requests that the Commission approve this Application as soon as possible.

### **CONCLUSION**

For the reasons set forth above, the proceeds of the long-term financing arrangement will be used for appropriate purposes so as to allow YT and YTC to continue providing adequate and reliable heating and cooling service in Youngstown, Ohio.

WHEREFORE, Youngstown Thermal, LLC and Youngstown Thermal Cooling, LLC respectfully request that the Commission, on or before June 15, 2011, authorize Youngstown Thermal, LLC and Youngstown Thermal Cooling, LLC to: (1) execute and deliver the Notes and Preferred Membership Interest Agreements to Lender on the terms and conditions set forth in this Application; (2) issue preferred membership units to be held by Youngstown Thermal

Holdings, LLC; (3) approve the evidence of indebtedness in Sections 3.1 and 15 of Exhibit C; and (4) authorize the use of the proceeds from the Loan approved herein for the purposes set forth in this Application.

Respectfully submitted by,


Stephen M. Howard

Stephen M. Howard  
VORYS, SATER, SEYMOUR AND PEASE LLP  
52 East Gay Street  
P.O. Box 1008  
Columbus, Ohio 43216-1008  
(614) 464-5401 Telephone  
(614) 719-4772 Facsimile  
[smhoward@vorys.com](mailto:smhoward@vorys.com)

Attorney for Youngstown Thermal, LLC and  
Youngstown Thermal Cooling, LLC.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served upon the following via electronic mail this 3<sup>rd</sup> day of June 2011.

  
\_\_\_\_\_  
Stephen M. Howard

Leonard Schiavone  
Glen Osborne  
Freidman and Rummell  
City Centre One  
100 E. Federal Street, Suite 300  
Youngstown, Ohio 44503-181

Thomas J. O'Brien  
Matthew W. Warnock  
Bricker & Eckler LLP  
100 South Third Street  
Columbus, Ohio 43215

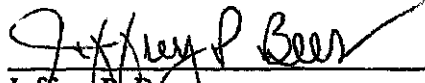
Stephen F. Melore, Esq.  
Lisa Vaccaro, Esq.  
Farrell Fritz, P.C.  
1320 RXR Plaza  
Uniondale, New York 11556

**Amended Exhibit A**  
**(Affidavits of Officers)**


**VERIFICATION**

STATE OF OHIO                    )  
  ) ss:  
COUNTY OF Mahoning        )

I, Jeffrey P. Bees, being first duly sworn, verify that I am President/Vice President of Youngstown Thermal, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
Jeffrey P. Bees

Sworn to and subscribed before me, a notary public, in my presence this  
26 day of May 2011.

  
\_\_\_\_\_  
Notary Public      my commission expires -10-30-12



## VERIFICATION

STATE OF OHIO )  
 ) ss:  
COUNTY OF Summit )

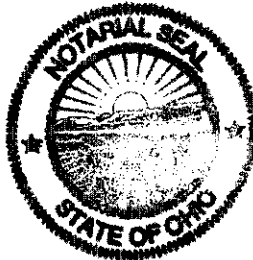
I, ANET SOTO, being first duly sworn, verify that I am

Secretary/Treasurer of Youngstown Thermal, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.

Janet Stott

Sworn to and subscribed before me, a notary public, in my presence this  
26<sup>th</sup> day of May, 2011.

Notary Public

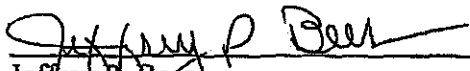


TRACI L ADKINS  
RESIDENT SUMMIT COUNTY  
NOTARY PUBLIC  
STATE OF OHIO  
MY COMMISSION EXPIRES:  
May 07, 2013

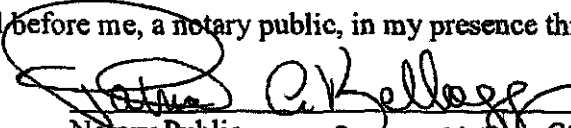
**VERIFICATION**

STATE OF OHIO                    )  
  ) ss:  
COUNTY OF Mahoning        )

I, Jeffrey P. Bees, being first duly sworn, verify that I am President/Vice President of Youngstown Thermal Cooling, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
Jeffrey P. Bees

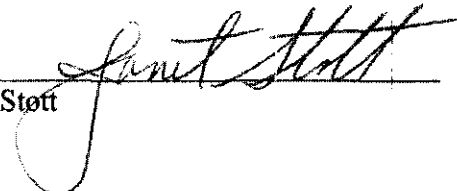
Sworn to and subscribed before me, a notary public, in my presence this  
26 day of May, 2011.

  
\_\_\_\_\_  
Notary Public my Commission expires 10-30-12

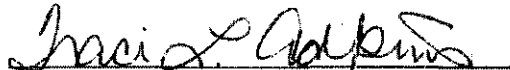
**VERIFICATION**

STATE OF OHIO                    )  
  ) ss:  
COUNTY OF Summit )

I, Janet Stott, being first duly sworn, verify that I am Secretary/Treasurer of Youngstown Thermal Cooling, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
Janet Stott

Sworn to and subscribed before me, a notary public, in my presence this 26<sup>th</sup> day of May, 2011.

  
\_\_\_\_\_  
Notary Public



TRACI L. ADKINS  
RESIDENT SUMMIT COUNTY  
NOTARY PUBLIC  
STATE OF OHIO  
MY COMMISSION EXPIRES:  
May 07, 2013

**VERIFICATION**

STATE OF OHIO                    )  
  ) ss:  
COUNTY OF Mahoning        )

I, John Rambo, being first duly sworn, verify that I, subsequent to the transfer of ownership from Thermal Ventures II, LP to Youngstown Thermal Holdings, LLC, will be President of Youngstown Thermal, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
John Rambo

Sworn to and subscribed before me, a notary public, in my presence this  
24<sup>th</sup> day of May, 2011.

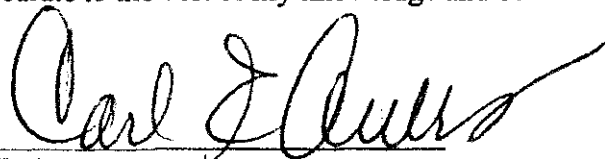
  
\_\_\_\_\_  
Notary Public

**Suzanne Capaldi  
Notary Public-State of Ohio  
My Commission Expires December 7, 2011**

**VERIFICATION**

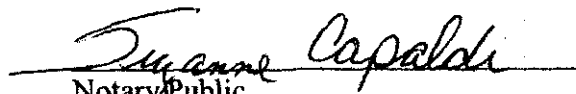
STATE OF OHIO                    )  
  ) ss:  
COUNTY OF Mahoning        )

I, Carl Avers, being first duly sworn, verify that I, subsequent to the transfer of ownership from Thermal Ventures II, LP to Youngstown Thermal Holdings, LLC, will be Secretary of Youngstown Thermal, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.



Carl E. Avers

Sworn to and subscribed before me, a notary public, in my presence this  
24<sup>th</sup> day of MAY, 2011.

  
Notary Public

Suzanne Capaldi  
Notary Public-State of Ohio  
My Commission Expires December 7, 2011

**VERIFICATION**

STATE OF OHIO                    )  
  ) ss:  
COUNTY OF Mahoning        )

I, John Rambo, being first duly sworn, verify that I, subsequent to the transfer of ownership from Thermal Ventures II, LP to Youngstown Thermal Holdings, LLC, will be President of Youngstown Thermal Cooling, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
John Rambo

24<sup>th</sup> Sworn to and subscribed before me, a notary public, in my presence this  
day of May, 2011.


  
\_\_\_\_\_  
Notary Public

Suzanne Capaldi  
Notary Public-State of Ohio  
My Commission Expires December 7, 2011

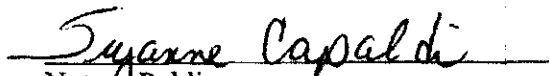
**VERIFICATION**

STATE OF OHIO                    )  
  ) ss:  
COUNTY OF Mahoning        )

I, Carl Avers, being first duly sworn, verify that I, subsequent to the transfer of ownership from Thermal Ventures II, LP to Youngstown Thermal Holdings, LLC, will be Secretary of Youngstown Thermal Cooling, LLC and that I have reviewed the foregoing Amended Application and Amended Exhibits and that the allegations contained in the Amended Application and Amended Exhibits are true and accurate to the best of my knowledge and belief.

  
\_\_\_\_\_  
Carl E. Avers

Sworn to and subscribed before me, a notary public, in my presence this  
24<sup>th</sup> day of May, 2011.

  
\_\_\_\_\_  
Notary Public

Suzanne Capaldi  
Notary Public-State of Ohio  
My Commission Expires December 7, 2011

**Amended Exhibit B**

**(Draft Subscription Agreements, Notes and Security Agreements)**

**These documents are confidential and are being submitted under seal.**



**Amended Exhibit C**

**(Draft Credit and Security Agreement by and between Youngstown Thermal Holdings  
LLC and Westbury Investment Partners SBIC, LP)**

**This document is confidential and is being submitted under seal.**

**Amended Exhibit D**

**(2009 and 2010 Balance Sheets for Youngstown Thermal, LLC  
and Youngstown Thermal Cooling, LLC)**

YOUNGSTOWN THERMAL, LLC &  
YOUNGSTOWN THERMAL COOLING, LLC  
BALANCE SHEET  
DECEMBER 31, 2009

ASSETS

	Youngstown Thermal, LLC	Youngstown Thermal Cooling, LLC
<b>CURRENT ASSETS</b>		
Cash	647,085	114,932
Cash - Money Market	165	-
Accounts receivable - trade	559,510	1,661
Accounts receivable - TVI Companies	315,304	-
Allowance for Doubtful Accounts	(315,304)	-
Inventory	73,832	-
Prepaid expenses	8,352	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,288,943</b>	<b>116,593</b>
<b>PROPERTY, PLANT AND EQUIPMENT (at cost)</b>	<b>1,562,276</b>	<b>872,476</b>
Less accumulated depreciation	(299,566)	(405,946)
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,262,710</b>	<b>466,530</b>
Construction in progress	-	-
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,262,710</b>	<b>466,530</b>
<b>OTHER ASSETS</b>		
Deposits	3,960	-
Other receivables - interco	1,983,653	-
<b>TOTAL OTHER ASSETS</b>	<b>1,987,603</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>4,539,256</b>	<b>583,123</b>

LIABILITIES AND PARTNERS' CAPITAL

	Youngstown Thermal, LLC	Youngstown Thermal Cooling, LLC
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	146,468	34,224
Accrued expenses including payroll	134,293	-
Other payables - interco	2,044,899	2,047,269
Notes payable - interco	531,409	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,857,068</b>	<b>2,081,494</b>
<b>LONG-TERM DEBT</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,857,068</b>	<b>2,081,494</b>
<b>EQUITY</b>		
Contributed Capital - TV II, LP	1	1
Retained Earnings - Prior year	998,452	(1,404,836)
Retained Earnings - Current year	683,735	(93,535)
<b>TOTAL EQUITY</b>	<b>1,682,188</b>	<b>(1,498,371)</b>
<b>TOTAL LIABILITIES AND PARTNERS' CAPITAL</b>	<b>4,539,256</b>	<b>583,123</b>

YOUNGSTOWN THERMAL, LLC &  
YOUNGSTOWN THERMAL COOLING, LLC  
BALANCE SHEET  
DECEMBER 31, 2010

ASSETS

	Youngstown Thermal, LLC	Youngstown Thermal Cooling, LLC
<b>CURRENT ASSETS</b>		
Cash	278,685	65,495
Cash - Money Market	165	-
Accounts receivable - trade	752,833	3,901
Accounts receivable - TVI Companies	315,304	-
Allowance for Doubtful Accounts	(315,304)	-
Inventory	78,963	-
Prepaid expenses	9,958	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,120,604</b>	<b>69,396</b>
<b>PROPERTY, PLANT AND EQUIPMENT (at cost)</b>	<b>1,563,506</b>	<b>875,471</b>
Less accumulated depreciation	(351,268)	(443,554)
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,212,238</b>	<b>431,917</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>1,212,238</b>	<b>431,917</b>
<b>OTHER ASSETS</b>		
Other receivables - interco	2,026,013	-
<b>TOTAL OTHER ASSETS</b>	<b>2,026,013</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>4,358,855</b>	<b>501,313</b>

LIABILITIES AND PARTNERS' CAPITAL

	Youngstown Thermal, LLC	Youngstown Thermal Cooling, LLC
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	299,065	-
Accrued expenses including payroll	106,394	-
Other payables - interco	1,117,456	2,089,629
Notes payable - interco	531,409	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,054,324</b>	<b>2,089,629</b>
<b>LONG-TERM DEBT</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,054,324</b>	<b>2,089,629</b>
<b>EQUITY</b>		
Contributed Capital - TV II, LP	1	1
Retained Earnings - Prior year	1,682,187	(1,498,372)
Retained Earnings - Current year	622,343	(89,945)
<b>TOTAL EQUITY</b>	<b>2,304,531</b>	<b>(1,588,316)</b>
<b>TOTAL LIABILITIES AND PARTNERS' CAPITAL</b>	<b>4,358,855</b>	<b>501,313</b>

**Amended Exhibit E**

**(2009 and 2010 Income Statements for Youngstown Thermal, LLC  
and Youngstown Thermal Cooling, LLC)**

YOUNGSTOWN THERMAL, LLC &  
YOUNGSTOWN THERMAL COOLING, LLC  
STATEMENT OF INCOME  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

	Youngstown Thermal, LLC	Youngstown Thermal Cooling, LLC
REVENUES		
Steam Revenue	4,556,936	-
Chilled Water Revenue	-	43,970
TOTAL OPERATING REVENUES	4,556,936	43,970
OPERATING EXPENSES		
Fuel	1,370,046	62,160
Payroll and related taxes	868,177	4,137
Other Operating expense	106,163	-
Employee benefits	322,382	-
Supplies & Materials	39,213	2,807
Consulting	15,784	-
Professional fees - legal and accounting	7,129	-
Office expense	94,833	-
Utilities	291,759	45,637
Insurance - liability	100,363	5,550
Maintenance & repairs	299,041	5,383
Travel/meals	1,586	-
Taxes - Other	306,462	-
Depreciation	48,024	37,358
Miscellaneous expense	-	200
TOTAL OPERATING EXPENSES	3,870,963	163,232
OPERATING INCOME	685,973	(119,262)
OTHER INCOME AND EXPENSE		
Bad debt expense	(22,031)	-
Forgiveness of Debt Income	-	25,064
Miscellaneous income	19,791	662
TOTAL OTHER INCOME AND EXPENSE	(2,239)	25,726
NET INCOME (LOSS)	683,735	(93,535)

YOUNGSTOWN THERMAL, LLC &  
YOUNGSTOWN THERMAL COOLING, LLC  
STATEMENT OF INCOME  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010

	Youngstown Thermal, LLC	Youngstown Thermal Cooling, LLC
REVENUES		
Steam Revenue	4,548,376	-
Chilled Water Revenue	-	51,463
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	4,548,376	51,463
	<hr/>	<hr/>
CONSUMABLES		
Fuel - Natural Gas	34,638	-
Steam Purchased	-	74,693
Fuel - Coal	1,475,991	-
Chemicals	42,607	5,793
Electricity - Plant	101,312	31,151
Water and Sewer	187,825	6,914
	<hr/>	<hr/>
TOTAL CONSUMABLES	1,842,373	118,551
	<hr/>	<hr/>
GROSS MARGIN	2,706,003	(67,088)
	<hr/>	<hr/>
OPERATING EXPENSES		
Plant Operations - Payroll, Taxes & Benefits	666,619	-
Plant Operations - Other	56,473	-
Plant Maintenance - Payroll, Taxes & Benefits	251,596	-
Plant Maintenance - Other	259,969	4,545
Distribution - Payroll, Taxes & Benefits	151,240	4,578
Distribution - Other	18,955	-
Engineering - Payroll, Taxes & Benefits	21,541	-
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TOTAL OPERATING EXPENSES	1,426,393	9,123
	<hr/>	<hr/>
OPERATING INCOME	1,279,610	(76,211)
	<hr/>	<hr/>
SG & A EXPENSES		
Administrative - Payroll, Taxes & Benefits	171,292	-
Professional Fees	19,808	-
Consulting	3,549	-
Administrative - Other	107,949	4,991
Insurance	117,890	5,700
Taxes - Property	5,521	-
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TOTAL SG & A EXPENSES	426,009	10,691
	<hr/>	<hr/>
OTHER INCOME AND EXPENSE		
Depreciation	(51,702)	(37,608)
Gain/(Loss) on sale/write-off of assets	12,000	-
Taxes - Other	(204,550)	-
Miscellaneous income	12,994	34,565
	<hr/>	<hr/>
TOTAL OTHER INCOME AND EXPENSE	(231,258)	(3,043)
	<hr/>	<hr/>
NET INCOME (LOSS)	622,343	(89,945)
	<hr/>	<hr/>

**Amended Exhibit F**

**(Proforma Balance Sheet – Post Closing and Income Statement – Combined First  
Year Proforma with St. Elizabeth Expansion for Youngstown Thermal, LLC  
and Youngstown Thermal Cooling, LLC)**

**This Exhibit contains confidential information and is being submitted under seal.**