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April 6, 2015

Betty McCauley
Public Utilities Commission of Ohio
180 East Broad Street, 11th Floor
Columbus, OH 43215

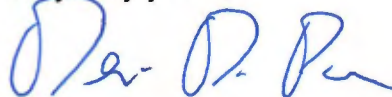
Re: In the Matter of the Joint Application of Brainard Gas Corporation, Northeast Ohio Natural Gas Corporation, and Orwell Natural Gas Company for Approval of Long-Term Financing Arrangements.
PUCO Case Nos. 10-2330-GA-AIS; 12-1792-GA-AIS

Dear Ms. McCauley:

On March 30, 2011 the Public Utilities Commission of Ohio entered its Finding and Order in Case No. 10-2330-GA-AIS approving the Joint Application to issue a Senior Secured Note as joint and several obligors to Sun Life Assurance Company for a term loan of up to \$15,334,000. Findings 16 and 17 therein required Brainard Gas Corporation, Northeast Ohio Natural Gas Corporation, and Orwell Natural Gas Company to file copies of quarterly and annual financial statements and quarterly reports demonstrating that their coverage ratio and total indebtedness as a percent of their capitalization complies with the coverage ratio requirements of their Note Purchase Agreement and all Subsequent Amendments with Sun Life Assurance Company.

Please find enclosed for filing the required financial reports and certification of compliance with the coverage ratio covenants for the month ended December 31, 2014.

Very truly yours,



Devin D. Parram

DDP/kjk

31743515.1

Sun Life Assurance Company - Senior Secured Guaranteed Notes: Debt Covenant CalculationsENTER DATE OF CERTIFICATE **12/31/14**

1. Financial Tests: The Company hereby certifies and warrants that the following is a true and correct computation of the following ratios and/or financial restrictions, and that no other event of default exists pursuant to the Note Purchase Agreement, dated May 3, 2011, together with its subsequent amendments, other than those noted herein.

A. Section 10.4 Coverage Ratio (Net Income to Interest Expense)

a.	Consolidated EBITDA Available for Interest Charges	\$	15,140,023
b.	Consolidated Annual Interest Charges	\$	3,226,096
Ratio	=	a ÷ b	4.69x
		Minimum Required	2.0x
a.	Obligors EBITDA Available for Interest Charges	\$	3,057,510
b.	Obligors Annual Interest Charges	\$	1,237,520
Ratio	=	a ÷ b	2.47x
		Minimum Required	2.0x

B. Section 10.4 Debt to Capitalization Ratio

a.	Consolidated Funded Debt	\$	76,484,085
b.	Consolidated Capitalization	\$	172,794,703
Ratio	=	a ÷ b	44%
		Maximum Allowable	60%
a.	Obligors Funded Debt	\$	23,847,429
b.	Obligors Capitalization	\$	65,081,271
Ratio	=	a ÷ b	37%
		Maximum Allowable	60%

C. Section 10.5 Restrictions on Dividends and Distributions

a.	Obligors Dividends/Distributions	\$	-
b.	Obligors Net Income	\$	826,538
Ratio	=	a ÷ b	0.0%
		Maximum Allowable	70.0%

D. Section 9.1 Debt Service Reserve Fund

The company shall maintain a debt service reserve fund equal to the interest payable on the Notes for a 12 month period maintained in a blocked interest bearing account at PNC Bank.

Debt Service Reserve Fund Balances at 12/31/14	\$	948,137
Estimated interest payable for next 12 months	\$	947,976
Covenant met		Yes

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed and delivered by:

By: Stephanie Patton
Name: Stephanie Patton
Title: Controller

Sun Life Obligor Group
Consolidated Balance Sheets
December 31, 2014 and 2013 (Unaudited)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 733,604	\$ 10,571,557
Marketable securities	-	406,134
Accounts receivable		
Trade, less allowance for doubtful accounts of \$64,241		
and \$153,147, respectively	2,860,533	2,884,114
Related parties	234,610	146,225
Unbilled gas	2,666,880	3,442,945
Inventory		
Natural gas and propane	819,787	424,045
Materials and supplies	735,036	1,079,022
Prepaid income taxes	-	9,318
Prepayments and other	167,561	356,927
Recoverable cost of gas purchases	260,570	50,918
Deferred tax asset	-	365,353
Assets held for sale	802,436	-
Discontinued operations	155	34,151
Total current assets	<u>9,281,172</u>	<u>19,770,709</u>
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	63,311,377	57,817,565
Less accumulated depreciation, depletion and amortization	<u>(8,066,256)</u>	<u>(6,319,589)</u>
Property, plant and equipment, net	55,245,121	51,497,976
OTHER ASSETS		
Note receivable, Energy West Inc and subsidiaries	3,407,003	-
Deferred tax assets, non-current	334,951	-
Debt issuance costs	333,833	466,991
Goodwill	14,815,475	14,927,181
Customer relationships	2,927,500	3,230,333
Restricted cash	948,137	1,137,442
Other assets	8,959	9,915
Total other assets	<u>22,775,858</u>	<u>19,771,862</u>
TOTAL ASSETS	<u><u>\$ 87,302,151</u></u>	<u><u>\$ 91,040,547</u></u>

Sun Life Obligor Group
Consolidated Balance Sheets
December 31, 2014 and 2013 (Unaudited)

	<u>2014</u>	<u>2013</u>
<u>LIABILITIES AND CAPITALIZATION</u>		
CURRENT LIABILITIES		
Checks in excess of amounts on deposit	\$ -	\$ 678,718
Accounts payable		
Trade	4,768,438	3,793,107
Energy West Inc and subsidiaries	2,119,564	255,744
Related parties	170,319	559,933
Notes payable, current portion	42,201	3,002,190
Accrued liabilities		
Taxes other than income	1,512,173	2,498,369
Employee benefit plans	11,593	15,329
Interest	365	-
Deferred payments received from levelized billing	889,059	788,387
Income taxes	65,758	158,816
Related parties	111,133	-
Customer deposits, current	126,689	126,618
Deferred tax liability	187,972	-
Refundable cost of gas purchased	-	588,431
Contingent consideration - current	671,638	671,638
Regulatory liabilities	1,006,985	881,302
Other current liabilities	263,142	693,332
Build to suit payable to Gas Natural Inc	5,459,368	-
Investment in subsidiaries	4,864,470	5,134,470
Liabilities held for sale	61,416	-
Discontinued operations	17,079	45,855
Total current liabilities	<u>22,349,362</u>	<u>19,892,239</u>
LONG-TERM LIABILITIES		
Asset retirement obligation	176,665	169,809
Contingent consideration	75,362	13,362
Deferred federal income taxes	5,121,060	5,833,770
Total long-term liabilities	<u>5,373,087</u>	<u>6,016,941</u>
NOTES PAYABLE, less current portion	18,345,860	18,323,552
STOCKHOLDER'S EQUITY		
Common stock	1,573,127	1,567,752
Capital in excess of par value	63,826,341	63,468,969
Accumulated other comprehensive income	-	104,909
Retained earnings	(24,165,626)	(18,333,815)
Total stockholder's equity	<u>41,233,842</u>	<u>46,807,815</u>
TOTAL CAPITALIZATION	<u>59,579,702</u>	<u>65,131,367</u>
TOTAL LIABILITIES AND CAPITALIZATION	<u>\$ 87,302,151</u>	<u>\$ 91,040,547</u>

Sun Life Obligor Group
Consolidated Statements of Income
For the Years Ended December 31, 2014 and 2013 (Unaudited)

	<u>2014</u>	<u>2013</u>
REVENUES		
Natural gas operations	\$ 41,675,124	\$ 33,093,291
Total revenues	<u>41,675,124</u>	<u>33,093,291</u>
COST OF SALES		
Gas purchased	<u>27,371,293</u>	<u>20,727,300</u>
Total cost of sales	<u>27,371,293</u>	<u>20,727,300</u>
GROSS MARGIN	14,303,831	12,365,991
OPERATING EXPENSES		
Distribution, general, and administrative	10,001,624	7,059,782
Maintenance	407,908	354,715
Depreciation and amortization	2,711,988	2,382,328
Accretion	6,856	7,068
Taxes other than income	1,418,659	1,072,436
Total operating expenses	<u>14,547,035</u>	<u>10,876,329</u>
OPERATING INCOME	(243,204)	1,489,662
OTHER (EXPENSE) INCOME, net	629,052	34,075
INTEREST EXPENSE	<u>(1,237,520)</u>	<u>(1,288,008)</u>
INCOME FROM OPERATIONS BEFORE		
INCOME TAXES	(851,672)	235,729
INCOME TAX EXPENSE	<u>248,959</u>	<u>(2,765)</u>
INCOME FROM CONTINUING OPERATIONS	(602,713)	232,964
Discontinued operations, net of income taxes	<u>(40,326)</u>	<u>(370,275)</u>
NET INCOME	<u>\$ (643,039)</u>	<u>\$ (137,311)</u>

Sun Life Obligor Group
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2014 and 2013 (Unaudited)

	<u>Common Shares</u>	<u>Common Stock</u>	<u>Capital In Excess Of Par Value</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE AT DECEMBER 31, 2012	8,369,752	\$ 1,255,463	\$ 44,256,493	\$ 65,789	\$ (13,096,991)	\$ 32,480,754
Net income	-	-	-	-	(137,311)	(137,311)
Purchase of JDOG Marketing	256,926	38,539	2,602,660	-	-	2,641,199
Other comprehensive income, net	-	-	-	39,120	-	39,120
Exercise of stock options	20,000	3,000	156,500	-	-	159,500
Stock based compensation	-	-	2,962	-	-	2,962
Common stock issued	1,805,000	270,750	16,450,354	-	-	16,721,104
Dividends declared	-	-	-	-	(5,099,513)	(5,099,513)
BALANCE AT DECEMBER 31, 2013	10,451,678	\$ 1,567,752	\$ 63,468,969	\$ 104,909	\$ (18,333,815)	\$ 46,807,815
BALANCE AT DECEMBER 31, 2013	10,451,678	\$ 1,567,752	\$ 63,468,969	\$ 104,909	\$ (18,333,815)	\$ 46,807,815
Net income	-	-	-	-	(643,039)	(643,039)
Other comprehensive loss, net	-	-	-	(104,909)	-	(104,909)
Capital contribution from Gas Natural Inc.	-	-	-	-	-	-
Exercise of stock options	5,000	750	45,012	-	-	45,762
Stock based compensation	30,833	4,625	312,360	-	-	316,985
Dividends declared	-	-	-	-	(5,188,772)	(5,188,772)
BALANCE AT DECEMBER 31, 2014	10,487,511	\$ 1,573,127	\$ 63,826,341	\$ -	\$ (24,165,626)	\$ 41,233,842

Sun Life Obligor Group
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013 (Unaudited)

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ (643,039)	\$ (137,311)
Less income from discontinued operations	40,326	370,275
Income from continuing operations	(602,713)	232,964
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	2,711,988	2,382,328
Accretion	6,856	7,068
Amortization of debt issuance costs	133,158	148,976
Stock based compensation	316,986	2,962
(Gain on sale of securities)	(183,371)	-
(Gain) loss on sale of assets	(35,239)	(1,371)
Impairment of goodwill	111,706	725,744
Gain on contingent consideration valuation	-	(1,565,000)
Investment tax credit		
Deferred income taxes	(431,615)	(221,642)
Changes in assets and liabilities		
Accounts receivable, including related parties	(64,649)	(1,306,747)
Unbilled gas	776,065	(1,160,776)
Natural gas and propane inventory	(395,742)	(170,595)
Accounts payable, including related parties	1,189,642	713,119
Recoverable/refundable cost of gas purchases	(798,083)	1,376,130
Prepayments and other	172,624	(126,629)
Other assets	1,792,369	31,929
Other current liabilities	(555,160)	838,927
Net cash provided by operating activities	<u>4,144,822</u>	<u>1,907,387</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(6,653,713)	(9,687,690)
Proceeds from sale of fixed assets	170,678	36,203
Sale of marketable securities	421,875	-
Capital infusions to subsidiaries	(3,570,000)	(2,761,270)
Dividends from subsidiaries	3,000,000	3,600,000
Restricted cash (capital expenditures fund)	57,441	1,264,624
Contributions in aid of construction	1,147,055	770,849
Net cash used in investing activities	<u>(5,426,664)</u>	<u>(6,777,284)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of notes payable	(3,039,532)	(8,498)
Restricted cash (debt service fund)	131,864	748,781
Debt issuance costs	-	(840)
Proceeds from issuance of common shares	-	16,721,104
Exercise of stock options	45,761	159,500
Dividends paid	(5,659,098)	(5,099,513)
Net cash used in financing activities	<u>(8,521,005)</u>	<u>12,520,534</u>
DISCONTINUED OPERATIONS		
Operating cash flows	(68,836)	(607,114)
Investing cash flows	33,730	2,345,993
Financing cash flows	-	(401,000)
Net cash provided by discontinued operations	<u>(35,106)</u>	<u>1,337,879</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,837,953)	8,988,516
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>10,571,557</u>	<u>1,583,041</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>733,604</u></u>	<u><u>10,571,557</u></u>

This foregoing document was electronically filed with the Public Utilities

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in

Case No(s). 10-2330-GA-AIS, 12-1792-GA-AIS

Summary: Report of Financial and Certification of Compliance for the month ended December 31, 2014. electronically filed by Mr. Devin D. Parram on behalf of Northeast Ohio and Brainard Gas and Orwell Natural Gas