

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Application of )  
Suburban Natural Gas Company for )  
Consent and Authority to Establish Long- )  
Term Financial Arrangements )**

**Case No. 17-2321-GA-AIS**

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**APPLICATION OF THE SUBURBAN NATURAL GAS COMPANY**

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Pursuant to Sections 4905.40 and 4905.41, Revised Code, Suburban Natural Gas Company (“Suburban”) respectfully requests the authorization of the Public Utilities Commission of Ohio (“Commission”) to approve the long-term financial arrangements described more fully herein. In support of its Application, Suburban states as follows:

- 1) Suburban, a privately owned Ohio corporation, is a public utility and a natural gas company within the definitions of Sections 4905.02 and 4905.03(E), Revised Code , and, as such, is subject to the jurisdiction of the Commission pursuant to Sections 4905.04, 4905.05, and 4905.06, Revised Code.
- 2) Suburban currently provides natural gas service to over 17,070 Ohio customers in Delaware, Marion, Henry, and Wood Counties.
- 3) By this Application and as reflected in the Term Sheet dated November 6, 2017, attached as Exhibit A, Suburban proposes to restructure its financial arrangements with its current lender, Huntington National Bank, consisting of its long term debt facility and its secured operating line of credit. It also proposes to execute a senior draw note to fund the construction of an extension of pipeline facilities necessary to maintain the capacity to serve existing customers and add new customers.

- 4) As reflected in Exhibit A, the proposed financial arrangements are as follows:
- a. A revolving line of credit of up to \$8,000,000, maturing three years from the closing date, will support general corporate needs. It will be subject to a variable rate of interest equal to the one month London Inter-Bank Offered Rate (“LIBOR”) plus 225 basis points. The principal balance will be due at maturity. An unused commitment fee of 12.5 basis points calculated on the daily unused capacity is payable quarterly in arrears. This line of credit is to be issued for money only in order to fund Suburban’s general working capital requirements.
  - b. A senior term note of up to \$5,000,000 will mature in five years from the closing date. It will require equal monthly payments of principal and interest based on 96 month amortization, with a variable interest rate of LIBOR plus 245 basis points. Suburban will be required to enter into an interest rate protection contract, with the rate fixed by a LIBOR rate swap based on the prevailing market rate on the closing date, for a five-year or seven-year period. This long term debt facility will refinance the balance of the existing term loan and amortize a portion of the existing line of credit.
  - c. A senior draw note of up to \$8,500,000 will mature in five years from the closing date, with a draw period of 12 months from the closing date. Through September 30, 2019, the payments will be interest only followed by equal monthly payments of principal and interest based on a 156 month amortization, with a variable interest rate of LIBOR plus 245 basis points. Suburban will be required to enter into an interest rate protection contract, with the rate fixed by a LIBOR rate swap based on the prevailing market rate on the closing date, with a twelve month

forward, for a five-year or seven-year period. This long term debt facility will finance an extension of its existing pipeline facilities necessitated by its forecasted capacity needs to continue to serve existing customers and add new customers.

d. The origination fees are waived, and Suburban must comply with certain covenants and conditions as required by Huntington National Bank.

6. Pursuant to Section 4905.41, Revised Code, attached to this Application as Exhibit B are Suburban's required financial statements, including Suburban's balance sheet and income statement, for Suburban's most recent fiscal year, 2016.
7. The long-term financial arrangements described herein are for the purpose of extending its facilities, for lawful refunding of its obligations as contemplated by Section 4905.40(A)(2), Revised Code, and not for the purpose of the reimbursement of money expended from income.
8. As permitted by Section 4905.42, Revised Code, Suburban requests that this Application be approved without a hearing. The obligations to be funded by the revolving line of credit, the senior term note, and the senior draw note, are manifestly for the appropriate purposes set forth in the Section 4905.40, Revised Code, and necessary for Suburban's continuing ability to provide safe and reliable natural gas service to its customers for the foreseeable future. Suburban is prepared to provide the Staff of the Commission with such additional information as reasonably may be required.

WHEREFORE, Suburban respectfully requests that the Commission find that this Application meets the requirements of Sections 4905.40 and 4905.41, Revised Code, and approve the long term financial arrangements described herein without hearing prior to January 23, 2018.

Respectfully Submitted,

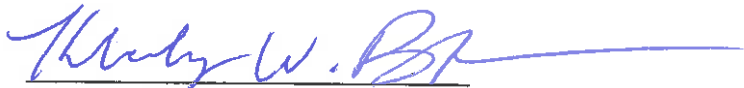


Andrew J. Sondetman  
President and Chief Operating Officer  
Suburban Natural Gas Company



Sally A. Phillips  
Corporate Secretary  
Suburban Natural Gas Company

Counsel for Applicant:

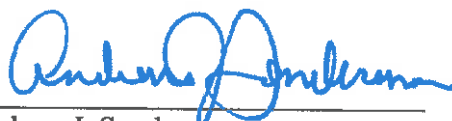


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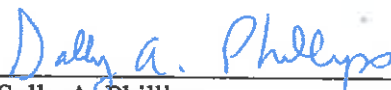
# VERIFICATION

State of Ohio            )  
                                  ) ss  
County of Delaware    )

We, Andrew J. Sonderman and Sally A. Phillips, respectively President and Chief Operating Officer and Secretary of Suburban Natural Gas Company, Applicant in the above-captioned proceeding, having been first duly cautioned and sworn, state that the facts set forth in the foregoing Application are true and correct as we verily believe.



Andrew J. Sonderman  
President and Chief Operating Officer  
Suburban Natural Gas Company



Sally A. Phillips  
Corporate Secretary  
Suburban Natural Gas Company

Sworn and subscribed in my presence this 8<sup>th</sup> day of November, 2017



Notary Public

Cathy A. Mulkey  
Notary Public, State of Ohio  
My Commission Expires September 18, 2021

# EXHIBIT A



41 South High Street  
HC0832  
Columbus, Ohio 43215  
614.480.5174

Exhibit A

Term Sheet

(see attached)



41 South High Street  
HC0832  
Columbus, Ohio 43215  
614.480.5174

November 6, 2017

David Pemberton Sr.  
Andrew Sonderman  
Suburban Natural Gas Company  
2626 Lewis Center Road  
Lewis Center, Ohio 43035

Dear David and Andrew,

This term sheet outlines The Huntington National Bank's ("Bank" or "Huntington") terms and conditions to provide financing to Suburban Natural Gas Company ("Suburban" or "Borrower").

#### REVOLVING LINE OF CREDIT

<b>Borrower:</b>	Suburban Natural Gas Company
<b>Loan Amount:</b>	Up to eight million dollars (\$8,000,000)
<b>Purpose:</b>	To support general corporate needs
<b>Maturity:</b>	Up to three (3) years from the closing date
<b>Payments:</b>	Interest accrued on the Revolving Line of Credit shall be paid monthly. Balance due at Maturity.
<b>Interest:</b>	Variable rate equal to one month LIBOR plus 225 basis points.
<b>Origination Fee:</b>	Waived
<b>Unused Commitment Fee:</b>	Unused commitment fee of twelve and one half (12.5) basis points calculated on the daily unused amount of the Bank's commitment, paid quarterly in arrears.



### SENIOR TERM NOTE

**Borrower:** Suburban Natural Gas Company

**Loan Amount:** Up to five million dollars (\$5,000,000)

**Purpose:** Refinance existing term loan and term out a portion of line of credit

**Maturity:** Five (5) years from the closing date

**Payments:** Equal monthly payments of principal and interest based on a ninety six (96) month amortization

**Interest:** Variable rate equal to one month LIBOR plus 245 basis points.

**Interest Rate Protection:** Borrower shall be required to enter into an interest rate protection contract for the full balance effective at closing. The rate will be fixed via a LIBO rate swap based on the prevailing market rate on the closing date, for a five-year or a seven-year period. As of November 6th, 2017, the five-year and seven-year fixed rates for the Senior Term Note would be 4.77% and 4.83%, respectively.

**Origination Fee:** Waived

### SENIOR DRAW NOTE

**Borrower:** Suburban Natural Gas Company

**Loan Amount:** Up to eight and one half million dollars (\$8,500,000)

**Purpose:** Finance the construction of a pipeline expansion

**Maturity:** Five (5) years from the closing date

**Draw Period:** Up to twelve (12) months from the closing date

**Payments:** Interest only through September 30, 2019 followed by equal monthly payments of principal and interest based on a one hundred fifty six (156) month amortization.

**Interest:** Variable rate equal to one month LIBOR plus 245 basis points.

**Interest Rate Protection:** Borrower shall be required to enter into an interest rate protection contract for the full balance effective at the end of the Draw Period. The rate will be fixed via a LIBO rate swap based on the prevailing market rate on the closing date, with a 12 month forward, for a five-year or a seven-year period. As of November 6th, 2017, the five-year and seven-year fixed rates for the Senior Draw Note would be 4.97% and 5.06%, respectively. Longer options may be available.

**Origination Fee:** Waived

## TERMS AND CONDITIONS

### **Security:**

Each loan shall be secured by a first priority perfected security interest in:

- All assets of the Borrower, including utility mortgages
- All assets of the Del-Mar Pipeline Co., LLC, including utility mortgages
- Pledge of stock in Suburban Natural Gas

All Bank debt to be cross-defaulted.

### **Financial Covenants:**

Financial covenants, to be measured quarterly on a rolling twelve-month basis, to include but not limited to:

- Minimum Debt Service Coverage of 1.20x, tested quarterly on a TTM basis. Defined as EBITDA divided by the sum of interest expense, scheduled principal payments, income tax expense, maintenance capital expenditures (calculated at 25% of depreciation) and dividends/distributions.
- Maximum Debt to Capitalization of 50%
- Borrower shall not declare or make any Restricted Payment, other than dividends to shareholders in an aggregate amount not greater than fifty percent (50%) of Borrower's Net Income, in any fiscal years; provided that no such dividend shall be made if, after giving effect to same, a Pending Default or Event of Default shall exist.
- Annual Capital Expenditure limitation of \$1,500,000 per year
- Deferred Compensation payments cannot exceed amount indicated as current portion for the prior period as reported on the CPA Prepared Reviewed statements

### **Reporting Requirements:**

Reporting requirements of the Borrower include, but are not limited to:

- Annual CPA Reviewed consolidated financial statements submitted to Bank within 120 days of fiscal year end, accompanied by a signed covenant compliance certificate
- Quarterly company-prepared financial statements of the Borrower provided within 45 days of each fiscal quarter end, accompanied by a signed covenant compliance certificate
- A/R aging and other supplemental information as requested by the Bank

### **Other Conditions:**

All of the following but not limited to:

- Approval by PUCO and pending implementation of the straight fixed variable rate structure
- Implementation of increased rate case applied for to PUCO by Suburban Natural Gas, indicating an increase in annual revenue to Suburban Natural Gas of at least \$1.5MM per annum by September 30, 2019
- Pipeline construction to be completed by December 1, 2018 and the project costs no more than 110% of budget
- Proforma compliance with all covenants through December 31, 2019
- Construction monitoring, by a mutually agreeable third party, required for the pipeline construction
- Additional indebtedness limited to \$50,000 without Bank consent
- Borrower is to maintain primary operating deposit accounts with Huntington
- Execution and delivery of definitive legal documentation in form and substance acceptable to Huntington
- Delivery of a legal opinion from Borrower's counsel
- Evidence of insurance acceptable to Huntington
- No material adverse change in financial condition prior to closing

- The loan documents will include other terms and conditions customary for a transaction of this size and type
- Receipt and satisfactory review of additional due diligence as requested by the Bank

**Costs and Expenses:**

Bank shall pay all reasonable out-of-pocket expenses incurred by Huntington in connection with the proposed loans, including without limitation, the fees and expenses of Huntington's outside legal counsel, recording fees and filing fees.

The contents of this letter are confidential and are intended for use exclusively by the Borrower, Suburban Natural Gas, Inc., Huntington, and our respective legal counsel and consultants in connection with the proposed financing and may not be disclosed to any third party by the Borrower or its representatives.

We appreciate your consideration and the opportunity to support Suburban Natural Gas, Inc. We hope that you will find the terms and conditions of contained herein appropriate for your needs. If the above terms are acceptable please acknowledge by November 15, 2017. If you should have any questions or comments, please do not hesitate to contact me.

Respectfully,



Bradley N. Mullenix  
Vice President  
Commercial Banking

# EXHIBIT B

## SCHEDULE: 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
	<b>UTILITY PLANT:</b>				
101	Gas Plant in Service	19-24	22,501,318	21,635,244	866,074
101.1	Property Under Capital Leases		727,227	727,227	
102	Gas Plant Purchased or Sold				
103	Experimental Gas Plant Unclassified*				
103.1	Gas Plant in Process of Reclassification+				
104	Gas Plant Leased to Others				
105	Gas Plant Held for Future Use				
105.1	Production Prop. Held for Future Use*				
106	Completed Constr. not Classified-Gas*				
107	Construction Work in Progress-Gas		169,311	38,409	130,902
108	Accum. Prov. for Deprec. of Gas Util. Plant*	25-32			
110	Accum. Prov. for Deprec., Depletion & Amort. of Gas Util. Plant+	25-32	(7,275,803)	(6,620,732)	(655,071)
111	Accum. Prov. for Amort. & Depletion of Gas Util. Plant*				
114	Gas Plant Acquisition Adjustments		12,523,400	12,523,400	
115	Accum. Prov. for Amort. of Gas Plant Acquisition Adjustments*		(2,523,121)	(2,266,717)	(256,404)
116	Other Gas Plant Adjustments				
117	Gas Stored Underground-Noncurrent*				
117.1	Base Gas				
117.2	System Balancing Gas				
117.3	Reservoirs - Pipeline				
117.4	Owned to System Gas				
118	Other Utility Plant				
119	Accum. Prov. for Deprec. & Amort. of Other Util. Plant		(727,227)	(727,227)	
	<b>NET UTILITY PLANT (101-119)</b>		<b>25,395,105</b>	<b>25,309,604</b>	<b>85,501</b>

\* Major Only

+ Nonmajor Only

## SCHEDULE: 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
	<b><u>OTHER PROPERTY AND INVESTMENTS:</u></b>				
121	Nonutility Property				
122	Accumulated Prov. for Deprec. & Amort. of Nonutility Prop.				
123	Investment in Assoc. Companies*				
123.1	Investment in Subsidiary Companies*				
124	Other Investments				
125	Sinking Funds*	33			
126	Depreciation Funds*	33			
128	Other Special Funds*	33			
129	Special Funds+	33			
	<b>TOTAL OTHER PROP. AND INVESTMENTS (121-129)</b>				
	<b><u>CURRENT AND ACCRUED ASSETS:</u></b>				
130	Cash & Working Funds+				
131	Cash*				
132	Interest Special Deposits*				
133	Dividend Special Deposits*				
134	Other Special Deposits*				
135	Working Funds*				
136	Temporary Cash Investment				
141	Notes Receivable				
142	Customer Accounts Receivable		3,560,209	1,766,713	1,793,496
143	Other Accounts Receivable				
144	Accumulated Provision for Uncollectible Accounts-Cr.				
145	Notes Receivable from Assoc. Cos.				
146	Accounts Receivable from Assoc. Cos.			59,495	(59,495)
151	Fuel Stock*				
152	Fuel Stock Expenses Undistributed*				
153	Residuals & Extr. Prod.*				
154	Plant Materials and Operating Supplies		337,180	248,850	88,330
155	Merchandise*				
156	Other Materials and Supplies*				
157	Nuclear Materials Held for Sale				
158	Allowances				
163	Store Expense Undistr.*				
164.1	Gas Stored Underground-Current				
164.2	Liquefied Natural Gas Stored				
164.3	Liquefied Natural Gas Held for Process.*				

\* Major Only

+ Nonmajor Only

## SCHEDULE: 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
165	Prepayments	34	163,429	471,589	(308,160)
166	Adv. for Gas Expl., Dev. & Prod.*				
167	Other Advances for Gas*				
171	Interest and Dividends Receivable*				
172	Rents Receivable*				
173	Accrued Utility Revenues*				
174	Miscellaneous Current and Accrued Assets	34	4,351,878	4,338,714	13,164
	<b>TOTAL CURRENT AND ACCRUED ASSETS (130-174)</b>		<b>8,412,696</b>	<b>6,885,361</b>	<b>1,527,335</b>
	<b>DEFERRED DEBITS:</b>				
181	Unamortized Debt Discount and Expense				
182.1	Extraordinary Property Losses	35			
182.2	Unrecov. Plant & Reg. Study Costs	35			
183.1	Prelim. Nat. Gas Survey & Invest. Chrgs.*				
183.2	Other Prelim. Survey & Invest. Chrgs.*				
182.3	Other Regulatory Assets				
184	Clearing Accounts*				
185	Temporary Facilities*				
186	Miscellaneous Deferred Debits	36	2,217,929	2,865,056	(647,127)
187	Deferred Losses from Dispos. of Util. Plant				
188	Research, Devel., & Demon. Expend.*	36			
189	Unamort. Loss on Reacquired Debt				
190	Accum. Def. Income Taxes	39			
191	Unrecov. Purchased Gas Costs				
192.1	Unrecov. Incr. Gas Costs				
192.2	Unrecov. Incr. Surcharges				
	<b>TOTAL DEFERRED DEBITS (181-192.2)</b>		<b>2,217,929</b>	<b>2,865,056</b>	<b>(647,127)</b>
	<b>TOTAL ASSETS AND OTHER DEBITS</b>		<b>36,025,730</b>	<b>35,060,021</b>	<b>965,709</b>
	<b>PROPRIETARY CAPITAL:</b>				
201	Common Stock Issued	37	60,000	60,000	
202	Common Stock Subscribed*				
203	Common Stock Liability For Conversion*				
204	Preferred Stock Issued	37			
205	Preferred Stock Subscribed*				
206	Preferred Stock Liability For Conversion*				

\* Major Only

+ Nonmajor Only

## SCHEDULE: 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
207	Premium on Capital Stock*				
208	Donations Received from Stockholders*				
209	Reduction in Par or Stated Value of Capital Stock*				
210	Gain on Resale or Cancellation of Reacquired Capital Stock*				
211	Miscellaneous Paid-In Capital		7,740,192	7,740,192	
212	Installments Received on Capital Stock				
213	Discount on Capital Stock				
214	Capital Stock Expense				
215	Appropriated Retained Earnings				
216	Unappropriated Retained Earnings	18	8,236,142	7,739,893	496,249
216.1	Unappropriated Undist. Subsid. Earnings*				
217	Reacquired Capital Stock				
218	Non Corp. Proprietorship	18			
	<b>TOTAL PROPRIETARY CAPITAL (201-218)</b>		<b>16,036,334</b>	<b>15,540,085</b>	<b>496,249</b>
	<b>LONG TERM DEBT:</b>				
221	Bonds	38			
222	Reacquired Bonds*	38			
223	Advances from Associated Companies	38			
224	Other Long-Term Debt	38	1,396,677	2,284,345	(887,668)
225	Unamort. Prem. on Long-Term Debt	38			
226	Unamort. Disc. on Long-Term Debt-Debit	38			
	<b>TOTAL LONG-TERM DEBT (221-226)</b>		<b>1,396,677</b>	<b>2,284,345</b>	<b>(887,668)</b>
	<b>OTHER NONCURRENT LIABILITIES:</b>				
227	Oblig. Under Cap. Leases-Noncurrent				
228.1	Accum. Prov. for Prop. Insurance				
228.2	Accum. Prov. for Injuries and Damages				
228.3	Accum. Prov. for Pensions and Benefits				
228.4	Accum. Misc. Oper. Prov.				
229	Accum. Prov. for Rate Refunds				
	<b>TOTAL OTHER NONCURRENT LIABILITIES (227-229)</b>				
	<b>CURRENT AND ACCRUED LIABILITIES:</b>				
231	Notes Payable		7,070,709	7,176,726	(106,017)
232	Accounts Payable		1,462,627	793,369	669,258
233	Notes Payable to Associated Companies			200,687	(200,687)
234	Accounts Payable to Associated Companies				
235	Customer Deposits		254,511	280,732	(26,221)
236	Taxes Accrued		515,854	553,289	(37,435)

\* Major Only

+ Nonmajor Only



## SCHEDULE: 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
237	Interest Accrued				
238	Dividends Declared*				
239	Matured Long-Term Debt*				
240	Matured Interest*				
241	Tax Collections Payable*				
242	Misc. Current and Accrued Liabilities	41	2,235,639	1,657,506	578,133
243	Oblig. Under Cap. Leases-Current				
	<b>TOTAL CURRENT AND ACCRUED LIABILITIES (231-243)</b>		<b>11,539,340</b>	<b>10,662,309</b>	<b>877,031</b>
	<b>DEFERRED CREDITS:</b>				
252	Cust. Adv. for Const.				
253	Other Deferred Credits				
254	Other Regulatory Liabilities				
255	Accum. Def. Investment Tax Credits				
256	Def. Gains from Dispos. of Utility Plant				
257	Unamort. Gain on Reacqu. Debt				
281	Accum. Def. Income Taxes-Accelerated Amortization	39			
282	Accum. Def. Income Taxes-Liberalized Depreciation	40			
283	Accum. Def. Income Taxes-Other	40	7,043,900	6,844,000	199,900
	<b>TOTAL DEFERRED CREDITS (252-283)</b>		<b>7,043,900</b>	<b>6,844,000</b>	<b>199,900</b>
	<b>TOTAL LIABILITIES PLUS PROPRIETARY CAPITAL AND OTHER CREDITS</b>		<b>36,016,251</b>	<b>35,330,739</b>	<b>685,512</b>

\* Major Only

+ Nonmajor Only

## SCHEDULE: 4A

**NOTES TO BALANCE SHEET**

- 101.1 The Company leases a portion of its distribution system under a series of long-term agreements that began expiring in 2009. During 2010, the Company purchased two of the leased systems and during 2012 the Company purchased one of the leased systems. During 2011, the Company retired all capital leases relating to the Deshler line. The Company is responsible for any related maintenance and line repair. These agreements are recorded as capital leases for financial reporting purposes. At December 31, 2016 and 2015 the capital leases had asset value of \$727,227 with accumulated depreciation of \$727,227 for both years.

## SCHEDULE: 5

INCOME STATEMENT			
Acct. No.	Account Title	Page No.	Amount (in dollars)
	<b>UTILITY OPERATING INCOME:</b>		
400	Operating Revenues	42	17,355,973
	<b>OPERATING EXPENSES:</b>		
401	Operation Expense	43-53	14,242,878
402	Maintenance Expense	43-53	
403	Depreciation Expense*		
403.1	Deprec. & Depl. Exp.+	31	712,354
404	Amortization of Limited-Term Gas Plant+		
404.1	Amort. & Depl. of Prod. Nat. Gas Land & Land Rights*		
404.2	Amort. of Undergr. Storage Land & Land Rights*		
404.3	Amort. of Other Limited-Term Gas Plant*		
405	Amortization of Other Gas Plant		
406	Amortization of Gas Plant Acquisition Adjust.		
407.1	Amortization of Extraordinary Property Losses, Unrecov. Plant & Reg. Study Costs		
407.2	Amort. of Conversion Exp.		
408.1	Taxes Other Than Income Taxes, Utility Operating Income	54	1,391,578
409.1	Income Taxes, Utility Operating Income		60,547
410.1	Provisions for Deferred Income Tax, Utility Operating Income		200,800
411.1	Income Taxes Deferred-Credit, Utility Operating Income		
411.4	Investment Tax Credits Adjust., Utility Operations		
	<b>TOTAL OPERATING EXPENSES (401-411.4)</b>		16,608,157
	<b>NET OPERATING INCOME=(400) Less (401-411.4)</b>		747,816
	<b>OTHER OPERATING INCOME:</b>		
411.6	Gains from Disposition of Utility Property		
411.7	Losses from Disp. of Util. Plt.		
411.8	(Less)Gains from Disposition of Allowances		
411.9	Losses from Disposition of Allowances		
412	Rev. from Gas Plt. Lsed. to Oth.		
413	Exp. of Gas Plt. Lsed. to Oth.		
414	Oth. Util. Oper. Inc.		
	<b>TOTAL OTHER OPERATING INCOME (411.6-414)</b>		
	<b>OTHER INCOME AND DEDUCTIONS:</b>		
415	Revenues from Merchandising, Jobbing and Contract Work		24,477
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		(17,898)
417	Revenues from Nonutility Operations		
417.1	Exp. of Nonutil. Oper.		
418	Nonoperating Rental Income		
418.1	Eq. in Earnings of Sub. Co.*		
419	Interest and Dividend Income		15
419.1	Allowance for Funds Used During Construction		
421	Miscellaneous Nonoperating Income		150,562
421.1	Gains from Disposition of Property		

\* Major Only

+ Nonmajor Only

## SCHEDULE: 5

INCOME STATEMENT			
Acct. No.	Account Title	Page No.	Amount (in dollars)
421.2	Loss on Disp. of Prop.		
425	Miscellaneous Amortization		(256,404)
426.1	Donations		
426.2	Life Insurance		
426.3	Penalties		
426.4	Expend. for Certain Civic, Political and Related Activ.		
426.5	Other Ded.		
	<b>TOTAL OTHER INCOME AND DEDUCTIONS (415-426.5)</b>		<b>(99,248)</b>
	<b><u>TAXES ON OTHER INCOME AND DEDUCTIONS:</u></b>		
408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
409.2	Income Taxes, Other Income and Deductions		
410.2	Provision for Deferred Income Taxes, Other Income and Ded.		
411.2	Income Taxes Deferred in Prior Years-Cr., Other Income and Ded.		
411.5	Investment Tax Credits Adjustments, Nonutility Operations		
420	Investment Tax Credits		
	<b>TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS (408.2-420)</b>		
	<b>NET OTHER INCOME AND DEDUCTIONS</b>		<b>(99,248)</b>
	<b><u>INTEREST CHARGES:</u></b>		
427	Interest Other Than Income Taxes, Other Income and Deductions		146,517
428	Amortization of Debt Discount and Expense		
428.1	Amort. of Loss on Reacq. Debt		
429	Amortization of Premium on Debt-Cr.		
429.1	Amort. of Gain on Reacq. Debt-Cr.		
430	Interest on Debt to Associated Companies		1,217
431	Other Interest Expense		4,586
432	Allow. for Funds Used Dur. Const.-Cr. Borrowed Funds		
	<b>NET INTEREST CHARGES (427-432)</b>		<b>152,320</b>
	<b>INCOME BEFORE EXTRAORDINARY ITEMS</b>		<b>496,248</b>
	<b><u>EXTRAORDINARY ITEMS:</u></b>		
434	Extraordinary Income		
435	Extraordinary Deductions		
409.3	Income Taxes, Extraordinary Items		
	<b>TOTAL EXTRAORDINARY ITEMS (433-409.3)</b>		
	<b>NET INCOME</b>		<b>496,248</b>

\* Major Only

+ Nonmajor Only

SCHEDULE: 5A

NOTES TO INCOME STATEMENT	
400	None

**This foregoing document was electronically filed with the Public Utilities**

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**Case No(s). 17-2321-GA-AIS**

Summary: Application Of The Suburban Natural Gas Company electronically filed by Mrs. Kimberly W. Bojko on behalf of Suburban Natural Gas Company