Ohio | Public Utilities Commission

DIS Case Number: 17-1763-GA-CRS

Section A: Application Information

A-1. Provider type:

☐ Retail Natural Gas Broker ☐ Retail Natural Gas Aggregator ☒ Retail Natural Gas Marketer

A-2. Applicant's legal name and contact information.

Legal Name: Clearwater Enterprises, LLC
Phone: 4058429200 **Extension (if applicable):**
Website (if any): clearwaterng.com

Country: United States
Street: 5637 N Classen Blvd
City: Oklahoma City **Province/State:** OK
Postal Code: 73118

A-3. Names and contact information under which the applicant will do business in Ohio

Provide the names and contact information the business entity will use for business in Ohio. This does not have to be an Ohio address and may be the same contact information given in A-2.

Name	Type	Address	Active?	Proof
CLEARWATER ENERGY SERVICES	Official Name	,	Yes	File
CLEARWATER ENTERPRISES, L.L.C.	Official Name	5637 N CLASSEN BLVD OKLAHOMA CITY, OK 73118	Yes	File

A-4. Names under which the applicant does business in North America

Provide all business names the applicant uses in North America, including the names provided in A-2 and A-3.

Name	Type	Address	Active?	Proof
CLEARWATER ENERGY SERVICES	Official Name	,	Yes	File

CLEARWATER ENTERPRISES, L.L.C.	Official Name	5637 N CLASSEN BLVD OKLAHOMA CITY, OK 73118	Yes	File

A-5. Contact person for regulatory matters

Lisa Owens
5637 N Classen Blvd
Oklahoma City, OK 73118
US
lowens@cwegas.com
4054886407

A-6. Contact person for PUCO Staff use in investigating consumer complaints

Lisa Owens
5637 N Classen Blvd
Oklahoma City, OK 73118
US
lowens@cwegas.com
4054886407

A-7. Applicant's address and toll-free number for customer service and complaints

Phone: 18332569777 **Extension (if applicable):**
Fax: 4058429213 **Extension (if applicable):**
Email: lowens@cwegas.com

Country: United States
Street: 5637 N CLASSEN BLVD
City: OKLAHOMA CITY **Province/State:** OK
Postal Code: 73118

A-8. Applicant's federal employer identification number

73-1577809

A-9. Applicant's form of ownership

Form of ownership: Limited Liability Company (LLC)

A-10. Identify current or proposed service areas

Identify each service area in which the applicant is currently providing service or intends to provide service and identify each customer class that the applicant is currently serving or intends to serve.

Service area selection

Columbia Gas of Ohio

Class of customer selection

Large Commercial

A-11. Start date

Indicate the approximate start date the applicant began/will begin offering services: 01-01-2019

A-12. Principal officers, directors, and partners

Please provide all contacts that should be listed as an officer, director or partner.

Name	**Email**	Title	Address
Maria Olivares	molivares@cwegas.com	VP Operations	5637 N Classen Blvd Oklahoma City, OK 73118 US
Tony Say	tsay@cwegas.com	President/Manager	5637 N CLASSEN BLVD OKLAHOMA CITY, OK 73118 US
Koray Bakir	kbakir@cwegas.com	VP Finance/Member	5637 N CLASSEN BLVD OKLAHOMA CITY, OK 73118 US
Regina Fort	rfort@cwegas.com	VP Sales/Member	5637 N CLASSEN BLVD OKLAHOMA CITY, OK 73118 US
Lisa Owens	lowens@cwegas.com	Chief Financial Officer	5637 N Classen Blvd Oklahoma City, OK 73118 US

A-13. Company history

Clearwater is a natural gas sales, marketing and investment company based in Oklahoma City, OK. Clearwater provides natural gas services to end-users and consumer clients. Clearwater also purchases natural gas from numerous producer clients and markets to wholesale markets.

Clearwater was established in 1999. The personnel at Clearwater have a combined natural gas industry experience of over 100 years.

A-14. Secretary of State

Secretary of State Link:

A-15. Proof of Ohio Employee and Office

Provide proof of an Ohio Office and Employee in accordance with Section 4929.22of the Ohio Revised Code. List the designated Ohio employee's name, Ohio office address, telephone number and web site address

Employee Name: Registered Agent
4400 Easton Commons Way Suite 125
Columbus, OH 43219
US
corporationteam1@wolterskluwer.com
8666627027

Section B: Applicant Managerial Capability and Experience

B-1. Jurisdiction of operations

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas service or retail/wholesale electric service as of the date of filing the application..

Jurisdiction of Operation: Arkansas, Colorado, Connecticut, Indiana, Kansas, Missouri, Ohio, Oklahoma, Pennsylvania

B-2. Experience and plans

Describe the applicant's experience in providing the service(s) for which it is applying (e.g., number and type of customers served, utility service areas, amount of load, etc.). Include the plan for contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Sections 4928.10 and/or 4929.22 of the Ohio Revised Code.

Application Experience and Plan Description: Clearwater currently delivers 20 bcf of natural gas to its 1,700 accounts behind 17 LDC's.
Clearwater has a 24-year history of contracting with customers via direct sales and also through third party channels such as energy managers and brokers. For Ohio, Clearwater utilizes the same methodology to gain market share. Clearwater currently sends approx 1,200 invoices per month to its retail customers. Index, fixed price, incremental balancing gas and tiered-hedging products are typical line items on invoices. Our contracts staff and accounting staff have worked with inquiries and complaints across 7 states and 17 LDC's

B-3. Disclosure of liabilities and investigations

For the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant, describe all existing, pending or past rulings, judgments, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, or any other matter related to competitive services in Ohio or equivalent services in another jurisdiction..

Liability and Investigations Disclosures: No disclosures of liabilities or investigations

B-4. Disclosure of consumer protection violations

Has the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant been convicted orheld liable for fraud or for violation of any consumer protection or antitrust laws within the past five years?

No

B-5. Disclosure of certification, denial, curtailment, suspension or revocation

Has the applicant, affiliate, or a predecessor of the applicant had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, revoked, or cancelled or been terminated or suspended from any of Ohio’s Natural Gas or Electric Utility’s Choice programs within the past two years?

No

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Section C: Applicant Financial Capability and Experience

C-1. Financial reporting

Provide a current link to the most recent Form 10-K filed with the Securities and Exchange Commission (SEC) or upload the form. If the applicant does not have a Form 10-K, submit the parent company's Form 10-K. If neither the applicant nor its parent is required to file Form 10-K, state that the applicant is not required to make such filings with the SEC and provide an explanation as to why it is not required.

Does not apply

C-2. Financial statements

Provide copies of the applicant's <u>two most recent years</u> of audited financial statements, including a balance sheet, income statement, and cash flow statement. If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, provide audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns with **social security numbers and bank account numbers redacted.**

If the applicant is unable to meet the requirement for two years of financial statements, the Staff reviewer may request additional financial information.

File(s) attached

C-3. Forecasted financial statements

Provide two years of forecasted income statements **based <u>solely</u> on the applicant's anticipated business activities in the state of Ohio.**

Include the following information with the forecast: a list of assumptions used to generate the forecast; a statement indicating that the forecast is based solely on Ohio business activities only; and the name, address, email address, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats: 1) an annual format that includes the current year and the two years succeeding the current year; or 2) a monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with totals for revenues, expenses, and projected net incomes for both periods.

Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in **business activities only in the state of Ohio** for those periods.

If the applicant is filing for both an electric certificate and a natural gas certificate, please provide a separate and distinct forecast for revenues and expenses representing Ohio electric business activities in the application for the electric certificate and another forecast representing Ohio natural gas business activities in the application for the natural gas certificate.

File(s) attached

C-4. Credit rating

Provide a credit opinion disclosing the applicant's credit rating as reported by at least one of the following ratings agencies: Moody's Investors Service, Standard & Poor's Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter 'Not Rated'.

This does not apply

C-5. Credit report

Provide a copy of the applicant's credit report from Experian, Equifax, TransUnion, Dun and Bradstreet or a similar credit reporting organization. If the applicant is a newly formed entity with no credit report, then provide a personal credit report for the principal owner of the entity seeking certification. At a minimum, the credit report must show summary information and an overall credit score. **Bank/credit account numbers and highly sensitive identification information must be redacted.** If the applicant provides an acceptable credit rating(s) in response to C-4, then the applicant may select 'This does not apply' and provide a response in the box below stating that a credit rating(s) was provided in response to C-4.

File(s) attached

C-6. Bankruptcy information

Within the previous 24 months, have any of the following filed for reorganization, protection from creditors or any other form of bankruptcy?

- Applicant
- Parent company of the applicant
- Affiliate company that guarantees the financial obligations of the applicant
- Any owner or officer of the applicant

No

C-7. Merger information

Is the applicant currently involved in any dissolution, merger or acquisition activity, or otherwise participated in such activities within the previous 24 months?

No

C-8. Corporate structure

Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

Stand-alone entity with no affiliate or subsidiary companies

C-9. Financial arrangements

Provide copies of the applicant's financial arrangements to satisfy collateral requirements to conduct retail electric/natural gas business activities (e.g., parental guarantees, letters of credit, contractual arrangements, etc., as described below).

Renewal applicants may provide a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements. The statement or letter must be on the utility's letterhead and dated within a 30-day period of the date the applicant files its renewal application.

First-time applicants or applicants whose certificate has expired must meet the requirements of C-9 in one of the following ways:

1. The applicant itself states that it is investment grade rated by Moody's Investors Service, Standard & Poor's Financial Services, or Fitch Ratings and provides evidence of rating from the rating agencies. If you provided a credit rating in C-4, reference the credit rating in the statement.

2. The applicant’s parent company is investment grade rated (by Moody’s, Standard & Poor’s, or Fitch) and guarantees the financial obligations of the applicant to the LDU(s). Provide a copy of the most recent credit opinion from Moody’s, Standard & Poor’s or Fitch.
3. The applicant’s parent company is not investment grade rated by Moody’s, Standard & Poor’s or Fitch but has substantial financial wherewithal i**n the opinion of the Staff reviewer** to guarantee the financial obligations of the applicant to the LDU(s). The parent company’s financials and a copy of the parental guarantee must be included in the application if the applicant is relying on this option.
4. The applicant can provide evidence of posting a letter of credit with the LDU(s) listed as the beneficiary, in an amount sufficient to satisfy the collateral requirements of the LDU(s).

File(s) attached

Section D: Applicant Technical Capacity

D-1. Operations

<u>Gas Marketers:</u> Describe the operational nature of the applicant’s business, specifying whether operations will include the contracting of natural gas purchases for retail sales, the nomination and scheduling of retail natural gas for delivery, and/or the provision of retail ancillary services, as well as other services used to supply natural gas to the natural gas company city gate for retail customers.

Operations Description: Clearwater's operational activity includes, but not limited to, the contracting of natural gas purchases for resale, the nomination and scheduling of retail natural gas for delivery, purchase of long-term and short-term capacity and storage optimization.

D-2. Operations Expertise & Key Technical Personnel

Given the operational nature of the applicant’s business, provide evidence of the applicant’s experience and technical expertise in performing such operations. Include the names, titles, email addresses, and background of key personnel involved in the operations of the applicant's business.

Operations Expertise & Personnel Description: Clearwater's operations team has been performing the activities discussed in D-1 since the company's inception in 1999. Clearwater's 95% customer retention rate speaks to the quality of the team's performance over the years. Clearwater has eight dedicated operation Maria Olivares, VP Operations is over this group and she has worked in the industry for many years. molivares@cwegas.com, 405-488-6406. Lisa Owens, CFO also assists with this group and she has worked in the industry since 1987. lowens@cwegas.com, 405-488-6407

Ohio | Public Utilities Commission

Application Attachments

Clearwater Enterprises

FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

WITH

INDEPENDENT AUDITOR'S REPORT

HoganTaylor LLP
CPAs + ADVISORS

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Members
Clearwater Enterprises, L.L.C.

Opinion

We have audited the financial statements of Clearwater Enterprises, L.L.C. (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hogan Taylor LLP

Oklahoma City, Oklahoma
March 8, 2023

CLEARWATER ENTERPRISES, L.L.C.

BALANCE SHEETS

December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 4,424,659	$ 4,285,710
Accounts receivable:		
Billed	9,507,808	3,364,914
Unbilled	85,180,049	65,663,401
Cash collateral and prepaid margin calls	2,050,000	650,000
Prepaid expenses and other	831,470	1,146,539
Total current assets	101,993,986	75,110,564
Investments	2,888,085	3,151,019
Deposit	300,658	300,658
Right of use asset - finance, net	942,004	398,448
Property and equipment, net of accumulated depreciation of $439,563 at December 31, 2022 and 2021	1,982	1,982
Total assets	$ 106,126,715	$ 78,962,671
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable - trade	$ 2,734,501	$ 4,313,083
Pipeline imbalances	77,683	-
Accrued liabilities:		
Natural gas purchases	82,555,442	64,057,816
Other	482,551	481,547
Credit facility	1,900,000	2,950,000
Note payable - current portion	499,150	-
Obligations under related-party finance lease, current portion	259,080	277,096
Total current liabilities	88,508,407	72,079,542
Noncurrent liabilities:		
Credit facility	4,900,000	-
Obligations under related-party finance lease, less current portion	846,575	220,311
Customer deposits	423,550	434,542
Note payable, less current portion	1,747,023	-
Total noncurrent liabilities	7,917,148	654,853
Total liabilities	96,425,555	72,734,395
Members' equity	9,701,160	6,228,276
Total liabilities and members' equity	$ 106,126,715	$ 78,962,671

See notes to financial statements.

CLEARWATER ENTERPRISES, L.L.C.

STATEMENTS OF INCOME AND MEMBERS' EQUITY

Years ended December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Retail natural gas sales	$ 140,091,040	$ 91,041,223
Wholesale natural gas sales	1,160,922,042	564,925,639
Fee revenues	74,317	108,589
Total operating revenues	1,301,087,399	656,075,451
Operating costs and expenses:		
Cost of natural gas sales	1,273,120,366	603,978,161
Selling, general and administrative	14,906,826	22,344,570
Total operating costs and expenses	1,288,027,192	626,322,731
Income from operations	13,060,207	29,752,720
Other income (expense):		
Natural gas exploration and production activities, net	(4,274)	(8,486)
Investment activities, net	(365,543)	25,392
Interest expense	(586,896)	(79,240)
Other income, net	157,042	925,231
Other income (expense), net	(799,671)	862,897
Net income	12,260,536	30,615,617
Members' equity, beginning of year	6,228,276	3,822,217
Distributions to members	(8,787,652)	(28,209,558)
Members' equity, end of year	$ 9,701,160	$ 6,228,276

See notes to financial statements.

CLEARWATER ENTERPRISES, L.L.C.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net income	$ 12,260,536	$ 30,615,617
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net loss from equity method investments	177,883	3,590
Unrealized losses (gains) on investment securities	187,660	(28,982)
Loss on disposals of properties and equipment	-	21,413
Depreciation and amortization	235,500	118,227
Forgiveness from Paycheck Protection Program loan	-	(869,900)
Modification of related-party finance lease	77,511	-
Provision for legal settlement included in cost of natural gas sales	2,495,748	-
Changes in operating assets and liabilities:		
Accounts receivable - billed	(6,142,894)	(2,556,003)
Accounts receivable - unbilled	(19,516,648)	(26,224,007)
Cash collateral and prepaid margin calls	(1,400,000)	705,000
Prepaid expenses and other	315,069	10,777
Accounts payable - trade	(1,578,582)	4,264,043
Pipeline imbalances	77,683	(178)
Accrued liabilities - natural gas purchases	18,497,626	25,797,150
Accrued liabilities - other	1,004	298,744
Customer deposits	(10,992)	(16,532)
Net cash provided by operating activities	5,677,104	32,138,959
Cash Flows from Investing Activities		
Purchases of investments	(629,733)	(2,041,888)
Sales of investments	527,124	750,000
Net cash used in investing activities	(102,609)	(1,291,888)
Cash Flows from Financing Activities		
Net proceeds from credit facilities	3,850,000	1,437,000
Payments on obligations under finance lease	(248,319)	(230,076)
Payments on notes payable	(249,575)	-
Distributions to members	(8,787,652)	(28,209,558)
Net cash used in financing activities	(5,435,546)	(27,002,634)
Net increase in cash	138,949	3,844,437
Cash, beginning of year	4,285,710	441,273
Cash, end of year	$ 4,424,659	$ 4,285,710

See notes to financial statements.

CLEARWATER ENTERPRISES, L.L.C.

STATEMENTS OF CASH FLOWS (continued)

Years ended December 31, 2022 and 2021

		2022		2021
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	586,896	$	79,240
Supplemental Disclosure of Noncash Investing and Financing Activities				
Remeasurement of obligation under related-party finance lease due to change in lease terms	$	779,056	$	-
Remeasurement of right-of-use asset due to change in lease terms	$	(856,567)	$	-
Note payable issued to settle legal matter	$	2,495,748	$	-

Note 1 – Summary of Significant Accounting Policies

Nature of operations

Clearwater Enterprises, L.L.C. (the Company) is a limited liability company (LLC) that is engaged in natural gas retail sales, marketing and investments. In addition to providing natural gas sales services to end-users and consumer customers, the Company purchases natural gas from numerous natural gas producers. The Company also provides risk management pricing services to its customers and to producers. An LLC limits its members from liability to creditors to the amount of capital contributed to the LLC.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

Cash

The Company maintains its cash in financial institution accounts which may, at times, exceed the federally insured limit of $250,000 set by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

Accounts receivable

Accounts receivable are due from natural gas customers and are carried at original invoice amount less an estimate for doubtful accounts based on a periodic review of all outstanding amounts. Accounts that are outstanding longer than the contractual payment terms are considered past due. Accounts receivable balances are considered to be fully collectible. Accordingly, no provision has been made for an allowance for doubtful accounts.

Investments

The Company has investments in equity method investees which are those for which the Company has the ability to exercise significant influence but does not control and is not the primary beneficiary. Significant influence typically exists if the Company has a 20% to 50% ownership interest in the venture unless persuasive evidence to the contrary exists. The Company records its proportionate share of the net income or losses of equity method investees and a corresponding increase or decrease to the investment balances. Cash payments to equity method investees such as additional investments, loans and advances and expenses incurred on behalf of investees, as well as payments from equity method investees such as dividends, distributions and repayments of loans and advances are recorded as adjustments to investment balances.

Equity method investments are reviewed for impairment on an annual basis and are written down to estimated fair value if there is evidence of a loss in value which is other than temporary. The Company may estimate the fair value of its equity method investments by considering recent investee equity transactions, discounted cash flow analysis, recent operating results, comparable public company operating cash flow multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below the carrying amount, management considers several factors when determining whether an other-than-temporary decline has occurred, such as: the length of the time and the extent to which the estimated fair value or market value has been below the carrying value, the financial condition and the near-term prospects of the investee, the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in market value and general market conditions. The estimation of fair value and whether other-than-temporary impairment has occurred requires the application of significant judgment and future results may vary from current assumptions.

The Company's investment securities consist of investments in debt and equity securities and are recorded at fair value. Realized gains and losses on debt and equity securities and unrealized gains and losses on equity securities are included within investment activities in the statements of income and members' equity. Unrealized gains and losses on debt securities are reported as a component of other comprehensive income when significant to the financial statements. Investment securities are subject to overall market risks which could result in a temporary or permanent decline in the fair value of these securities. Declines in the fair value of individual investments below their cost that are other than temporary are included in earnings as impairment of investments. There were no impairments recorded at December 31, 2022 or 2021.

Variable interest entity

The Company leases an office building from a commonly controlled company. This arrangement meets the variable interest entity criteria to consolidate the lessor company under U.S. GAAP. The Company has previously adopted Accounting Standards Update (ASU) 2018-17, *Consolidation: Targeted Improvements to Related Party Guidance for Variable Interest Entities*. Accordingly, the financial statements of the lessor company have been excluded from the financial statements. The building is leased under a finance lease, see Note 6.

Property and equipment

Property and equipment consists of furniture and fixtures. Depreciation of furniture and fixtures is computed using the straight-line method over estimated useful lives of five or seven years.

Purchases and sales of natural gas

The Company recognizes revenue in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The accounting guidance creates a framework under which an entity allocates the transaction price to separate performance obligations and recognizes revenue when each performance obligation is satisfied. Under the standard, entities are required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations.

The Company's revenues are primarily derived from the sale of natural gas to retail and wholesale customers. Each thousand cubic feet of natural gas (MCF) delivered is considered a separate performance obligation.

Retail natural gas sales – Performance obligations for retail natural gas sales are satisfied over time as the customer simultaneously receives and consumes the natural gas. The company recognizes revenue from retail natural gas sales using the outputs method based on the volume of MCF delivered to the retail customer.

Wholesale natural gas sales – Performance obligations for wholesale natural gas sales are typically satisfied at a point in time. As such, revenue is recognized as natural gas is delivered and title passes to the wholesale customer.

For both retail and wholesale natural gas sales, contract terms can be based on fixed or variable volumes and prices. Variable consideration can be reasonably determined by reference to stated indices and actual volumes delivered and, therefore, variable consideration is not considered constrained.

The Company purchases natural gas from producers and invoices customers in accordance with contractual agreements based on delivered volumes. Statements are received from producers in the month subsequent to the production month. Purchase costs not invoiced are accrued and reflected as accrued liabilities. Customers are invoiced on approximately the fifteenth of each month for the prior month's sales based on volumes delivered and contractual prices. Amounts for the current month activity represent contract assets and are recognized as accounts receivable - unbilled until invoiced. Payments are generally required within ten days of billing customers for the preceding month's production. The Company's opening balances of accounts receivable - billed and accounts receivable - unbilled are $808,911 and $39,439,394, respectively, at December 31, 2020.

Income tax status

As an LLC, taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date: A fair value hierarchy has been established that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs that are derived principally from or corroborated by observable market data.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

Financial assets and liabilities carried at fair value consist of investment securities.

During the years ended December 31, 2022 and 2021, there were no transfers of financial instruments into or out of Level 3, and there were no purchases of Level 3 investments.

Recently adopted accounting standards

Effective January 1, 2022, the Company adopted the new lease accounting guidance in ASU No. 2016-02, *Leases (Topic 842)* Accounting Standards Codification (ASC) 842, which supersedes the guidance in ASC 840, *Leases*, and generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. The Company used the modified retrospective transition method and elected to recognize the cumulative-effect adjustments as of January 1, 2022, the beginning of the adoption period.

The Company elected the following transition practical expedients: (a) no reassessment of whether contractual arrangements that expired prior to the adoption date are, or contain leases, (b) the classification of existing capital leases as finance leases and existing operating leases as operating leases, (c) no redetermination of initial direct costs for leases that existed as of the adoption date, (d) application of hindsight in determining the lease term and impairment of right-of-use assets, and (e) no reassessment of whether existing or expired land easements not previously accounted for as leases were or contained leases.

As a result of the adoption of the new lease accounting guidance, the Company reclassified existing capital lease liabilities of $497,407 and building under and capital lease net of accumulated amortization of $398,448 as of January 1, 2022, to finance lease liabilities and finance lease right-of-use asset, respectively.

Leases

The Company determines if an arrangement contains an operating or finance lease at its inception and recognizes right-of-use assets and lease liabilities at the commencement date based on the present value of lease payments over the lease terms.

The discount rate for a lease is the rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is based on the information available at the commencement date including the general credit of the Company and the nature of the underlying lease assets.

The Company does not combine lease and nonlease components to determine lease payments for any of its leases.

The Company does not record leases with terms of 12 months or less on the balance sheet but instead recognizes the lease payments as an expense on a straight-line basis over the term of the lease.

For finance leases, lease expenses are the sum of interest on the lease obligations and amortization of the right-of-use assets. Finance lease right-of-use assets are amortized based on the lesser of the lease term or the useful life of the leased asset according to the capital asset accounting policy. The Company amortizes its right-of-use building asset over the remaining lease term of 48 months as of December 31, 2022. If ownership of the right-of-use assets transfers to the Company at the end of the lease term or if the Company is reasonably certain to exercise a purchase option, amortization is calculated using the estimated useful life of the leased asset.

The Company recognizes variable lease payments as expenses when incurred.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Subsequent events

Management has evaluated subsequent events through March 8, 2023, the date the financial statements were available to be issued.

Note 2 – Investments

Investments consisted of the following at December 31:

	2022	2021
Investments in LLCs:		
TJT Development, LLC - 33.33%	$ 292,938	$ 302,858
Cumberland Drive, LLC - 33.33%	1,421,719	1,482,728
42 Western, LLC - 43.75%	365,588	365,588
	2,080,245	2,151,174
Investments measured at fair value:		
Equity securities	650,511	805,430
Mutual funds	71,894	90,244
Government and agency securities	60,828	67,254
Corporate bonds	24,607	36,917
	807,840	999,845
	$ 2,888,085	$ 3,151,019

A summary of unaudited financial information of equity method investees in the aggregate is as follows:

	Year ended December 31,	
	2022	2021
	(unaudited)	
Operating revenues	$ 2,307,000	$ 428,350
Operating expenses	2,840,649	536,627
Net loss	$ (533,649)	$ (108,277)
Current assets	$ 35,692	$ 14,919
Noncurrent assets	7,654,924	9,106,331
Total assets	$ 7,690,616	$ 9,121,250
Current liabilities	$ 125,383	$ 91,880
Noncurrent liabilities	1,426,820	2,672,436
Total liabilities	$ 1,552,203	$ 2,764,316
Total equity	$ 6,138,413	$ 6,356,934

Note 3 – Fair Value Measurements

The following methods and assumptions were used to estimate the fair value of each financial instrument:

Investment securities – These assets are stated at fair value based on the current market value of the assets in the portfolio. These investments are priced by nationally recognized third-party pricing services using quoted market prices when available or their best estimate of fair value. The Company gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date, and the Company classifies all such assets as Level 1. Inputs that are observable for the assets classified as Level 2 include commonly quoted interest rates, volatilities, prepayment speeds, loss severities, credit risks, default rates, and other inputs that are derived principally from or corroborated by observable market data. Mid-market pricing or other pricing conventions may be used for fair value measurements within a bid-ask spread.

Investments measured at fair value on a recurring basis are summarized at December 31, as follows:

	2022			
	Fair Value	Level 1	Level 2	Level 3
Equity securities	$ 650,511	$ 650,511	$ -	$ -
Mutual funds	71,894	71,894	-	-
Government and agency securities	60,828	-	60,828	-
Corporate bonds	24,607	-	24,607	-
	$ 807,840	$ 722,405	$ 85,435	$ -

	2021			
	Fair Value	Level 1	Level 2	Level 3
Equity securities	$ 805,430	$ 805,430	$ -	$ -
Mutual funds	90,244	90,244	-	-
Government and agency securities	67,254	-	67,254	-
Corporate bonds	36,917	-	36,917	-
	$ 999,845	$ 895,674	$ 104,171	$ -

Note 4 – Credit Facilities

In December 2022, the Company amended, restated, and consolidated its credit agreements with a bank. The new agreement creates a single revolving credit agreement with a maximum credit commitment of $80,000,000 of which the aggregate amount of letters of credit available to be issued is limited to $40,000,000. The available borrowing base was $10,000,000 at December 31, 2022. Borrowings bear interest at the greater of the Wall Street Journal prime rate plus 0.25% (7.75% at December 31, 2022) and a floor of 6.25%. Borrowings are required to be used solely for working capital purposes in the natural gas marketing business. Borrowings outstanding totaled $4,900,000 and $1,050,000 at December 31, 2022 and 2021, respectively and are due upon expiration of the credit agreement, April 1, 2024. At December 31, 2022, the Company had a total of $18,000,000 outstanding in letters of credit with the bank. These letters expire at different dates in 2023 and are being maintained as security for natural gas purchases. Borrowings are collateralized by substantially all assets of the Company and a guarantee by a member of the Company.

In December 2021, the Company entered into a loan management account agreement with a bank, secured by the Company's investment securities. The Company may make advances in the form of variable rate revolving line of credit advances or fixed rate advances similar to term loans. The amount of credit available is variable and corresponds with the balance of the Company's investment securities. The available borrowing base was approximately $2,500,000 at December 31, 2022. Borrowings outstanding totaled $1,900,000 in the form of variable rate revolving line of credit advances at December 31, 2022 and 2021, bearing an interest rate of 6.70%, there is no stated maturity.

Note 5 – Note Payable

Note payable consists of the following at December 31, 2022:

Description	Principal Balance
Note payable - counterparty (1)	$ 2,246,173
Current portion	(499,150)
Note payable, net of current portion	$ 1,747,023

(1) Note payable, dated May 11, 2022, to counterparty of the Company to settle a lawsuit related to excess usage of natural gas during the 2021 winter storm. The note payable requires 60 monthly principal and interest payments through June 2027 and bears interest at a rate equal to Wall Street Journal Prime Rate less 2%, but not less than zero. Early repayment is permitted.

Future payables are as follows:

2023	$ 499,150
2024	499,150
2025	499,150
2026	499,150
2027	249,573
Total	$ 2,246,173

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law. The Company received loan proceeds of approximately $487,000 during 2021 pursuant to the Paycheck Protection Program (PPP), which was established as part of the CARES Act. The notes payable initially had an interest rate of 1% and required monthly principal and interest payments unless funds were utilized for certain expenses and legal forgiveness was received.

During 2021, the Company received full forgiveness from the Small Business Administration, the agency responsible for administering the PPP loans, for all amounts payable under the PPP loan agreements. The amount of the forgiven loans was recognized as income in 2021 and the notes payable extinguished. No new PPP loans or forgiveness occurred in 2022.

Note 6 – Leases

Finance Lease

The Company leases a building under a long-term, noncancelable finance lease agreement with a related party entity that is commonly controlled by the Company's President and majority member. The lease agreement expires on December 31, 2026, and contains annual renewal options that the Company is not reasonably certain to exercise. Therefore, the periods covered by renewal options are excluded from the remaining lease term used to measure the lease liability and related right-of-use asset.

In 2022, the Company completed a modification of the lease agreement resulting in an increase in monthly lease payments for the remainder of the original lease term. As a result, the Company remeasured the net present value of lease payments over the remaining lease term and the corresponding building asset value.

Finance lease cost:	
Amortization of right-of-use assets	$ 235,500
Interest on lease liabilities	51,681
Total finance lease cost	$ 287,181
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 51,681
Financing cash flows from finance leases	248,319
	$ 300,000
Finance lease right-of-use asset	$ 1,177,504
Accumulated amortization	(235,500)
Net property	$ 942,004
Obligations under finance lease due within one year	$ 259,080
Obligations under finance lease due after one year	846,575
Total finance lease liabilities	$ 1,105,655
Weighted-average remaining lease term - finance lease	4 years
Weighted-average discount rate - finance lease	4.25%

Future minimum finance lease payments as of December 31 2022, are as follows:

2023	$ 300,000
2024	300,000
2025	300,000
2026	300,000
Total future undiscounted lease payments	1,200,000
Interest	(94,345)
Present value of lease liabilities	$ 1,105,655

Note 7 – Commitments

Postemployment benefits

The Company has severance agreements with several executives which provide for severance payments equal to each executive's base salary for a period of 12 months after termination. Terminations, if any, will be accounted for on an individual basis and a liability will be recognized when probable and estimable. At December 31, 2022, the maximum amount which the Company is contingently liable for under these arrangements is $1,786,000.

Note 8 – Concentrations of Credit Risk

The Company has a geographical concentration of credit risk as most of its natural gas customers are located in Oklahoma City, Oklahoma, and the surrounding area. Approximately 26% of total operating revenues was derived from natural gas sales to two customers in 2022. There was no revenue concentration in 2021.

Note 9 – Related Party Transactions

Purchases of natural gas from a commonly controlled company were $58,753,548 and $22,929,084 in 2022 and 2021, respectively.

Natural gas sales to a commonly controlled company were $75,852,474 and $16,498,403 in 2022 and 2021, respectively. Accounts receivable outstanding with a commonly controlled company were $10,626,066 and $2,578,999 for 2022 and 2021, respectively.

Included in cash collateral and prepaid margin calls at December 31, 2022 and 2021, is $500,000 that is collateral paid on behalf of a commonly controlled company.

Included in prepaid expenses and other is $200,748 and $100,374 at December 31, 2022 and 2021, respectively, in prepaid transportation paid for a commonly controlled company.

Note 10 – Legal Matters and Contingencies

The Company is involved in certain legal actions arising in the normal course of business. In the opinion of management, the Company will not be materially affected by the outcome of such matters.

UNITED STATES OF AMERICA

STATE OF OHIO

OFFICE OF THE SECRETARY OF STATE

I, Frank LaRose, do hereby certify that I am the duly elected, qualified and present acting Secretary of State for the State of Ohio, and as such have custody of the records of Ohio and Foreign business entities; that said records show CLEARWATER ENERGY SERVICES, an Oklahoma Limited Liability Company, Registration Number 4059247, was registered in the State of Ohio on August 8, 2017, is currently authorized to transact business in this state.

Witness my hand and the seal of the Secretary of State at Columbus, Ohio this 5th day of July, A.D. 2023.

Ohio Secretary of State

Validation Number: **202318602000**

Clearwater Enterprises

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

WITH

INDEPENDENT AUDITOR'S REPORT

HoganTaylor LLP
CPAs + ADVISORS

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Members
Clearwater Enterprises, L.L.C.

Opinion

We have audited the financial statements of Clearwater Enterprises, L.L.C. (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hogan Taylor LLP

Oklahoma City, Oklahoma
March 15, 2022

CLEARWATER ENTERPRISES, L.L.C.

BALANCE SHEETS

December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	$ 4,285,710	$ 441,273
Accounts receivable:		
Billed	3,364,914	808,911
Unbilled	65,663,401	39,439,394
Cash collateral and prepaid margin calls	650,000	1,355,000
Prepaid expenses and other	1,146,539	1,157,316
Total current assets	75,110,564	43,201,894
Investments	3,151,019	1,833,739
Deposit	300,658	300,658
Properties and equipment, at cost:		
Natural gas properties and equipment based on successful efforts accounting:		
Proved	-	880,918
Unproved	-	234,418
Other properties and equipment:		
Furniture and fixtures	441,545	594,434
Building under capital lease	1,762,302	1,762,302
	2,203,847	3,472,072
Accumulated depreciation, depletion and amortization	(1,803,417)	(2,787,306)
Properties and equipment, net	400,430	684,766
Total assets	$ 78,962,671	$ 46,021,057
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable - trade	$ 4,313,083	$ 49,040
Pipeline imbalances	-	178
Accrued liabilities:		
Natural gas purchases	64,057,816	38,260,666
Other	481,547	182,803
Unearned revenue	434,542	451,074
Notes payable	2,950,000	2,000,000
Paycheck Protection Program loan - current	-	280,793
Obligations under capital lease due within one year	277,096	128,516
Total current liabilities	72,514,084	41,353,070
Noncurrent liabilities:		
Paycheck Protection Program loan - noncurrent	-	102,107
Obligations under capital lease due after one year	220,311	598,967
Asset retirement obligations	-	144,696
Total noncurrent liabilities	220,311	845,770
Total liabilities	72,734,395	42,198,840
Members' equity	6,228,276	3,822,217
Total liabilities and members' equity	$ 78,962,671	$ 46,021,057

See notes to financial statements.

CLEARWATER ENTERPRISES, L.L.C.

STATEMENTS OF INCOME AND MEMBERS' EQUITY

Years ended December 31, 2021 and 2020

	2021	2020
Operating revenues:		
Retail natural gas sales	$ 91,041,223	$ 52,123,233
Wholesale natural gas sales	564,925,639	199,297,856
Fee revenues	108,589	84,244
Total operating revenues	656,075,451	251,505,333
Operating costs and expenses:		
Cost of natural gas sales	603,978,161	242,617,130
Selling, general and administrative	22,344,570	6,585,712
Total operating costs and expenses	626,322,731	249,202,842
Income from operations	29,752,720	2,302,491
Other income (expense):		
Natural gas exploration and production activities, net	(8,486)	767
Investment activities, net	25,392	(243,979)
Other income, net	845,991	62,738
Other income (expense), net	862,897	(180,474)
Net income	30,615,617	2,122,017
Members' equity, beginning of year	3,822,217	5,314,200
Distributions to members	(28,209,558)	(3,614,000)
Members' equity, end of year	$ 6,228,276	$ 3,822,217

See notes to financial statements.

CLEARWATER ENTERPRISES, L.L.C.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Net income	$ 30,615,617	$ 2,122,017
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net loss from equity method investments	3,590	243,979
Unrealized gains on investment securities	(28,982)	-
Loss on disposals of properties and equipment	21,413	-
Depreciation, depletion and amortization	118,227	118,227
Forgiveness from Paycheck Protection Program loan	(869,900)	-
Changes in operating assets and liabilities:		
Accounts receivable - billed	(2,556,003)	(237,289)
Accounts receivable - unbilled	(26,224,007)	(22,082,334)
Cash collateral and prepaid margin calls	705,000	(629,527)
Prepaid expenses and other	10,777	552,381
Accounts payable - trade	4,264,043	(231,948)
Pipeline imbalances	(178)	(37,015)
Accrued liabilities - natural gas purchases	25,797,150	21,615,914
Accrued liabilities - other	298,744	54,681
Unearned revenue	(16,532)	32,132
Net cash provided by operating activities	32,138,959	1,521,218
Cash Flows from Investing Activities		
Purchases of investments	(2,041,888)	(512,624)
Sales of investments	750,000	-
Distribution from investments	-	293,584
Net cash used in investing activities	(1,291,888)	(219,040)
Cash Flows from Financing Activities		
Net proceeds from notes payable	1,437,000	2,382,900
Payments on obligations under capital lease	(230,076)	(121,866)
Distributions to members	(28,209,558)	(3,614,000)
Net cash used in financing activities	(27,002,634)	(1,352,966)
Net increase (decrease) in cash	3,844,437	(50,788)
Cash, beginning of year	441,273	492,061
Cash, end of year	$ 4,285,710	$ 441,273
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 79,240	$ 14,605
Noncash Financing Activity		
Forgiveness from Paycheck Protection Program loans (Note 4)	$ 869,900	$ -

See notes to financial statements.

CLEARWATER ENTERPRISES, L.L.C.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

Nature of operations

Clearwater Enterprises, L.L.C. (the Company) is a limited liability company (LLC) that is engaged in natural gas retail sales, marketing and investments. In addition to providing natural gas sales services to end-users and consumer customers, the Company purchases natural gas from numerous natural gas producers. The Company also provides risk management pricing services to its customers and to producers. An LLC limits its members from liability to creditors to the amount of capital contributed to the LLC.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

Cash

The Company maintains its cash in financial institution accounts which may, at times, exceed the federally insured limit of $250,000 set by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

Accounts receivable

Accounts receivable are due from natural gas customers and are carried at original invoice amount less an estimate for doubtful accounts based on a periodic review of all outstanding amounts. Accounts that are outstanding longer than the contractual payment terms are considered past due. Accounts receivable balances are considered to be fully collectible. Accordingly, no provision has been made for an allowance for doubtful accounts.

Investments

The Company has investments in equity method investees which are those for which the Company has the ability to exercise significant influence but does not control and is not the primary beneficiary. Significant influence typically exists if the Company has a 20% to 50% ownership interest in the venture unless persuasive evidence to the contrary exists. The Company records its proportionate share of the net income or losses of equity method investees and a corresponding increase or decrease to the investment balances. Cash payments to equity method investees such as additional investments, loans and advances and expenses incurred on behalf of investees, as well as payments from equity method investees such as dividends, distributions and repayments of loans and advances are recorded as adjustments to investment balances.

Equity method investments are reviewed for impairment on an annual basis and are written down to estimated fair value if there is evidence of a loss in value which is other than temporary. The Company may estimate the fair value of its equity method investments by considering recent investee equity transactions, discounted cash flow analysis, recent operating results, comparable public company operating cash flow multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below the carrying amount, management considers several factors when determining whether an other-than-temporary decline has occurred, such as: the length of the time and the extent to which the estimated fair value or market value has been below the carrying value, the financial condition and the near-term prospects of the investee, the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in market value and general market conditions. The estimation of fair value and whether other-than-temporary impairment has occurred requires the application of significant judgment and future results may vary from current assumptions.

The Company's investment securities consist of investments in debt and equity securities and are recorded at fair value. Realized gains and losses on debt and equity securities and unrealized gains and losses on equity securities are included within investment activities in the statements of income and members' equity. Unrealized gains and losses on debt securities are reported as a component of other comprehensive income when significant to the financial statements. Investment securities are subject to overall market risks which could result in a temporary or permanent decline in the fair value of these securities. Declines in the fair value of individual investments below their cost that are other than temporary are included in earnings as impairment of investments. There were no impairments recorded at December 31, 2021 or 2020.

Properties and equipment

The Company leases an office building from a commonly controlled company. At December 31, 2020, the lessor's mortgage debt balance was $1,166,532. The mortgage was paid off during 2021. This arrangement meets the variable interest entity criteria to consolidate the lessor company under U.S. GAAP. The Company has previously adopted Accounting Standards Update (ASU) 2014-07, *Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*. Accordingly, the financial statements of the lessor company have been excluded from the financial statements. The building is leased under a capital lease, which was recorded at the lower of the net present value of the minimum lease payments or the fair value of the building at the inception of the lease. Amortization of the capital lease asset is computed using the straight-line method over the shorter of the estimated useful life of the asset or the period of the related lease (15 years). See Note 5.

Depreciation of furniture and fixtures is computed using the straight-line method over estimated useful lives of five or seven years.

Purchases and sales of natural gas

The Company recognizes revenue in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The accounting guidance creates a framework under which an entity allocates the transaction price to separate performance obligations and recognizes revenue when each performance obligation is satisfied. Under the standard, entities are required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations.

The Company's revenues are primarily derived from the sale of natural gas to retail and wholesale customers. Each thousand cubic feet of natural gas (MCF) delivered is considered a separate performance obligation.

Retail natural gas sales – Performance obligations for retail natural gas sales are satisfied over time as the customer simultaneously receives and consumes the natural gas. The company recognizes revenue from retail natural gas sales using the outputs method based on the volume of MCF delivered to the retail customer.

Wholesale natural gas sales – Performance obligations for wholesale natural gas sales are typically satisfied at a point in time. As such, revenue is recognized as natural gas is delivered and title passes to the wholesale customer.

For both retail and wholesale natural gas sales, contract terms can be based on fixed or variable volumes and prices. Variable consideration can be reasonably determined by reference to stated indices and actual volumes delivered and, therefore, variable consideration is not considered constrained.

The Company purchases natural gas from producers and invoices customers in accordance with contractual agreements based on delivered volumes. Statements are received from producers in the month subsequent to the production month. Purchase costs not invoiced are accrued and reflected as accrued liabilities. Customers are invoiced on approximately the fifteenth of each month for the prior month's sales based on volumes delivered and contractual prices. Amounts for the current month activity represent contract assets and are recognized as accounts receivable - unbilled until invoiced. Payments are generally required within ten days of billing customers for the preceding month's production.

Income tax status

As an LLC, taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date: A fair value hierarchy has been established that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs that are derived principally from or corroborated by observable market data.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

Financial assets and liabilities carried at fair value consist of investment securities.

During the years ended December 31, 2021 and 2020, there were no transfers of financial instruments into or out of Level 3, and there were no purchases of Level 3 investments.

Recent accounting pronouncement not yet adopted

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, *Leases (Topic 842)*, which seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend primarily on its classification as a finance or an operating lease (i.e., the classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases under the previous guidance). However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU No. 2016-02 will require both operating and finance leases to be recognized on the balance sheet. Additionally, the ASU will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. As deferred by ASU 2020-05, the update is effective for annual reporting periods beginning after December 15, 2021. Upon adoption in the year ending December 31, 2022, the Company will record a lease asset and liability equal to the present value of its future minimum lease payments on the balance sheet and include additional disclosures on its leases in the footnotes to the financial statements.

Subsequent events

Management has evaluated subsequent events through March 15, 2022, the date the financial statements were available to be issued.

Note 2 – Investments

Investments consisted of the following at December 31:

	2021	2020
Investments in LLCs:		
TJT Development, LLC - 33.33%	$ 302,858	$ 316,223
Cumberland Drive, LLC - 33.33%	1,482,728	1,374,062
42 Western, LLC - 43.75%	365,588	144,491
Other	-	(1,037)
	2,151,174	1,833,739
Investments measured at fair value:		
Equity securities	805,430	-
Mutual funds	90,244	-
Government and agency securities	67,254	-
Corporate bonds	36,917	-
	999,845	-
	$ 3,151,019	$ 1,833,739

A summary of unaudited financial information of equity method investees in the aggregate is as follows:

	Year ended December 31,	
	2021	2020
	(unaudited)	
Operating revenues	$ 428,350	$ -
Operating expenses	536,627	254,480
Net loss	$ (108,277)	$ (254,480)
Current assets	$ 14,919	$ 134,722
Noncurrent assets	9,106,331	8,314,779
Total assets	$ 9,121,250	$ 8,449,501
Current liabilities	$ 91,880	$ 28,202
Noncurrent liabilities	2,672,436	2,850,215
Total liabilities	$ 2,764,316	$ 2,878,417
Total equity	$ 6,356,934	$ 5,571,084

Note 3 – Fair Value Measurements

The following methods and assumptions were used to estimate the fair value of each financial instrument:

> Investment securities – These assets are stated at fair value based on the current market value of the assets in the portfolio. These investments are priced by nationally recognized third-party pricing services using quoted market prices when available or their best estimate of fair value. The Company gives highest priority to quote prices in active markets for identical assets accessed at the measurement date, and the Company classifies all such assets as Level 1. Inputs that are observable for the assets classified as Level 2 include commonly quoted interest rates, volatilities, prepayment speeds, loss severities, credit risks, default rates, and other inputs that are derived principally from or corroborated by observable market data. Mid-market pricing or other pricing conventions may be used for fair value measurements within a bid-ask spread.

Investments measured at fair value on a recurring basis at December 31, 2021, are summarized as follows:

	Fair Value	Level 1	Level 2	Level 3
Equity securities	$ 805,430	$ 805,430	$ -	$ -
Mutual funds	90,244	90,244	-	-
Government and agency securities	67,254	-	67,254	-
Corporate bonds	36,917	-	36,917	-
	$ 999,845	$ 895,674	$ 104,171	$ -

Note 4 – Credit Facilities

The Company has a credit agreement with a bank maturing on May 1, 2022, which provides for (1) borrowings up to $10,000,000, subject to a borrowing base redetermined each month, and (2) letters of credit up to $14,000,000. The available borrowing base was $6,400,000 at December 31, 2021. Borrowings bear interest at the greater of prime plus 0.25% or 4.5%. Borrowings are required to be used solely for working capital purposes in the natural gas marketing business. Borrowings outstanding totaled $1,050,000 and $2,000,000 at December 31, 2021 and 2020, respectively, bearing an interest rate of 4.5%. At December 31, 2021, the Company had a total of $10,000,000 outstanding in letters of credit with the bank. These letters expire at different dates in 2022 and are being maintained as security for natural gas purchases.

The Company has a credit agreement with a bank maturing on May 1, 2022, which provides for letters of credit up to $11,000,000. Borrowings bear interest at the greater of prime plus 1% or 6%. There were no borrowings outstanding at December 31, 2021 or 2020. As of December 31, 2021, the Company had a total of $9,000,000 outstanding in letters of credit with the bank. These letters expire at different dates in 2022 and are being maintained as security for natural gas purchases.

Borrowings under the above lines of credit are collateralized by substantially all assets of the Company and a guarantee by a member of the Company.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law. The Company received loan proceeds of approximately $383,000 during 2020 and $487,000 during 2021 pursuant to the Paycheck Protection Program (PPP), which was established as part of the CARES Act. The notes payable initially had an interest rate of 1% and required monthly principal and interest payments unless funds were utilized for certain expenses and legal forgiveness was received.

During 2021, the Company received full forgiveness from the Small Business Administration, the agency responsible for administering the PPP loans, for all amounts payable under the PPP loan agreements. The amount of the forgiven loans was recognized as income in 2021 and the notes payable extinguished.

In December 2021, the Company entered into a revolving credit facility secured by the Company's investment securities. The amount of credit available is variable and corresponds with the balance of the Company's investment securities. The available borrowing base was approximately $2,500,000 at December 31, 2021. Borrowings outstanding totaled $1,900,000 at December 31, 2021, bearing an interest rate of 2.95%.

Note 5 – Commitments

Capital lease

A capital lease with a commonly controlled company expires in September 2023, but provides for an automatic one-year renewal unless either party notifies the other in writing at least 60 days prior to the end of the lease term.

Future minimum lease payments at December 31, 2021, are as follows:

2022	$ 300,000
2023	224,175
Total	524,175
Less amount representing interest	26,768
Present value of minimum lease payments	497,407
Less obligations under capital lease due within one year	277,096
Obligations under capital lease due after one year	$ 220,311

Postemployment benefits

The Company has severance agreements with several executives which provide for severance payments equal to each executive's base salary for a period of 12 months after termination. Terminations, if any, will be accounted for on an individual basis and a liability will be recognized when probable and estimable. At December 31, 2021, the maximum amount which the Company is contingently liable for under these arrangements is $2,181,500.

Note 6 – Concentrations of Credit Risk

The Company has a geographical concentration of credit risk as most of its natural gas customers are located in Oklahoma City, Oklahoma, and the surrounding area. Approximately 15% of total operating revenues was derived from natural gas sales to one customer in 2020, and unbilled accounts receivable from that customer comprised approximately 13% of total unbilled accounts receivable at December 31, 2020. There was no revenue concentration in 2021.

Note 7 – Related Party Transactions

Purchases of natural gas from a commonly controlled company were $22,929,084 and $14,905,816 in 2021 and 2020, respectively.

Natural gas sales to a commonly controlled company were $16,498,403 and $12,538,300 in 2021 and 2020, respectively.

Included in cash collateral and prepaid margin calls at December 31, 2021 and 2020, is $500,000 that is collateral paid on behalf of a commonly controlled company.

Included in prepaid expenses and other is $100,374 and $200,748 at December 31, 2021 and 2020, respectively, in prepaid transportation paid for a commonly controlled company.

Note 8 – Legal Matters and Contingencies

The Company is involved in certain legal actions arising in the normal course of business. In the opinion of management, the Company will not be materially affected by the outcome of such matters.

Subcode: 724280
Ordered: 03/24/2023 10:32:05 CST
Transaction Number: C001835714
Search Inquiry: Clearwater Enterprises, LLC/Oklahoma City/OK/73118
Model Description: Intelliscore Plus V2

Business Name
CLEARWATER ENTERPRISES, L.L.C.

Verified Legal Name

Business Identification Number
771736982

Primary Address: 301 NW 63RD ST STE 620
OKLAHOMA CITY, OK 73116-7919

Website: clearwaterng.com
Phone: (405) 842-9200
Tax ID: 73-1577809

This business is the ultimate parent.
See the corporate hierarchy by clicking here

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Risk Dashboard

Risk Scores and Credit Limit Recommendation		Days Beyond Terms	Derogatory Legal	Fraud Alerts
Intelliscore Plus	Financial Stability Risk	Company DBT	Original Filings	High Risk Alerts
89 LOW RISK	99 LOW RISK	0	0	1
Score range: 1 - 100 percentile				
Credit Limit Recommendation: **$24,800**				

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Business Facts

Years on File:	22 (FILE ESTABLISHED 11/2001)	**SIC Code:**	OIL & GAS EXPLORATION SERVICES - 1382 NATURAL GAS DISTRIBUTION - 4924 CHILD DAY CARE SERVICES - 8351
State of Incorporation:	OK		
Date of Incorporation:	11/17/1999		
Business Type:	Profit	**NAICS Code:**	Support Activities for Oil and Gas Operations - 213112 Natural Gas Distribution - 221210 Child Care Services - 624410
Contacts:	LISA DARLE OWENS - VICE PRESIDENT TONY S SAY - DIRECTOR REGINA FORT - MEMBER	**Number of Employees:**	4
		Sales:	$2,211,000

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Commercial Fraud Shield

Evaluation for: **CLEARWATER ENTERPRISES, L.L.C, 301 NW 63RD ST STE 620, OKLAHOMA CITY, OK73116-7919**

Business Alerts			Verification Triggers
Active Business Indicator:	✓	Experian shows this business as active	BUSINESS ADDRESS IDENTIFIED AS VACANT MIXED-USE ADDRESS
Possible OFAC Match:	No	No OFAC match found	
Business Victim Statement:	No	No victim statement on file	

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Credit Risk Score and Credit Limit Recommendation

Credit Risk Score: Intelliscore Plus

Current Intelliscore Plus Score: 89

Risk Class: 1

LOW RISK

The risk class groups scores by risk into ranges of similar performance. Range 5 is the highest risk, range 1 is the lowest risk.

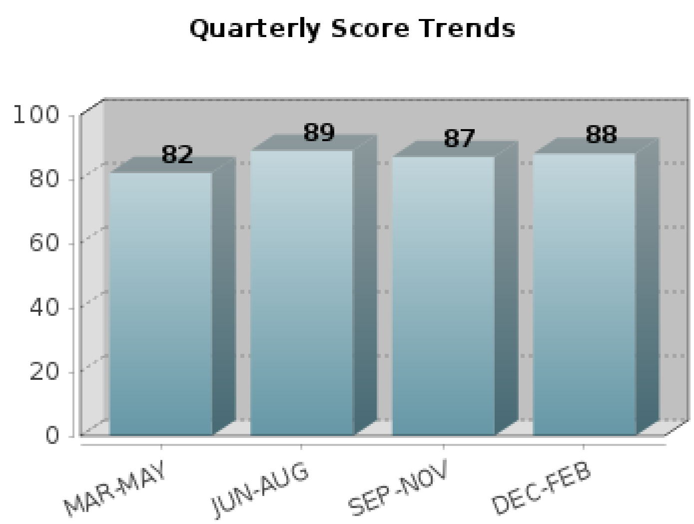
This score predicts the likelihood of serious credit delinquencies for this business within the next 12 months. Payment history and public record along with other variables are used to predict future risk. Higher scores indicate lower risk.

Factors lowering the score

- NUMBER OF GOOD COMMERCIAL ACCOUNTS
- LENGTH OF TIME ON EXPERIAN'S FILE
- PCT OF NEW COMMERCIAL ACCTS TO TOTAL NBR OF ACCTS
- HIGH PAST ACCT BAL OF CONTINUOUSLY UPDATED COMM ACCTS

Industry Risk Comparison
88% of businesses indicate a higher likelihood of severe delinquency.

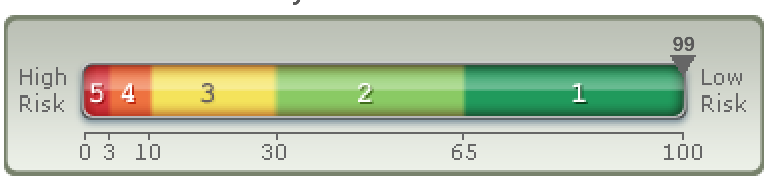
Intelliscore Plus Quarterly Score Trends



The Intelliscore Plus Quarterly Score Trends provide a view of the likelihood of delinquency over the past 12 months for this business. The trends will indicate if the score improved, remained stable, fluctuated or declined over the last 12 months

Credit Risk Score: Financial Stability Risk

Current Financial Stability Risk Score: 99



Risk Class: 1

LOW RISK

The risk class groups scores by risk into ranges of similar performance. Range 5 is the highest risk, range 1 is the lowest risk.

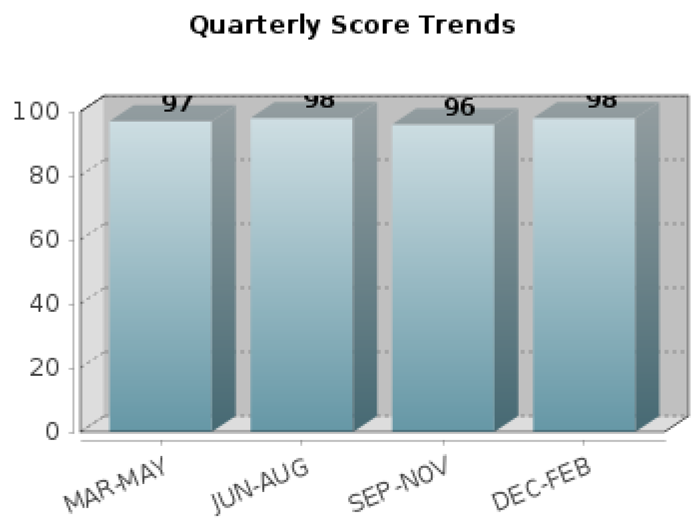
This score predicts the likelihood of financial stability risk for this business within the next 24 months. Payment history and public record along with other variables are used to predict future risk. Higher scores indicate lower risk.

Factors lowering the score

- NUMBER OF ACTIVE COMMERCIAL ACCOUNTS
- RISK ASSOCIATED WITH THE BUSINESS TYPE
- EMPLOYEE SIZE OF BUSINESS
- BALANCE TO HIGH CREDIT RATIO FOR OTHER COMMERCIAL ACCOUNTS

Industry Risk Comparison
98% of businesses indicate a higher likelihood of financial stability risk.

Financial Stability Risk Quarterly Score Trends



The Financial Stability Risk Quarterly Score Trends provide a view of the likelihood of financial stability risk over the past 12 months for this business. The trends will indicate if the score improved, remained stable, fluctuated or declined over the last 12 months

Credit Limit Recommendation

Credit Limit Recommendation

$24,800

This recommendation compares this business against similar businesses in the Experian business credit database. It is based on trade information, industry, age of business and the Intelliscore Plus. The recommendation is a guide. The final decision must be made based on your company's business policies.

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Payment and Legal Filings Summary

Payment Performance

Current DBT:	0
Predicted DBT :	N/A
Monthly Average DBT:	0
Highest DBT Previous 6 Months:	0
Highest DBT Previous 5 Quarters:	0
Payment Trend Indication:	
Payment trend indicator not available	

Trade and Collection Balance

Total trade and collection (7):	$5,100
All trades (7):	$5,100
All collections (0):	$0
Continuous trade (5):	$400
6 month average:	N/A
Highest credit amount extended:	$4,600
Most frequent industry purchasing terms:	
Industry purchasing terms not available	

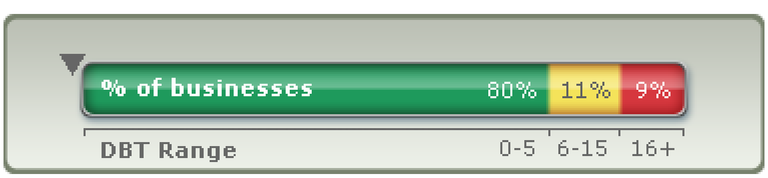
Legal Filings

Bankruptcy:	No
Tax Lien filings:	0
Judgment filings:	0
Sum of legal filings:	$0
UCC filings:	4
Cautionary UCC filings:	Yes

Industry Comparison

Industry DBT Range Comparison
The current DBT of this business is 0. 80% of businesses have a DBT range of 0-5.

DBT for this business: 0



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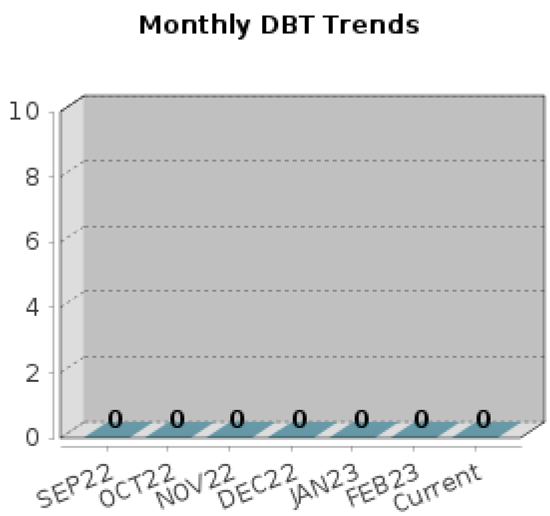
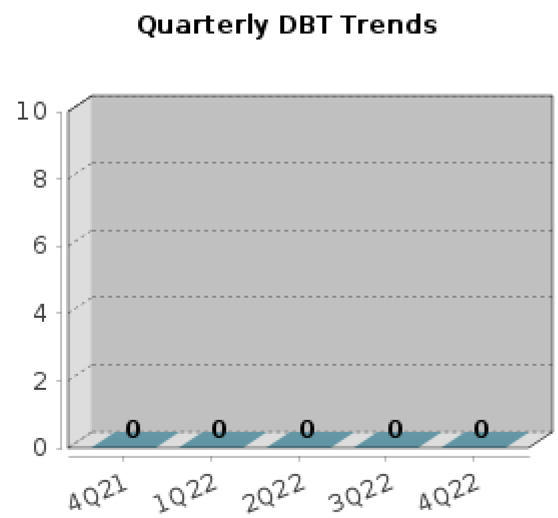
Payment Trending

DBT Trends





Monthly Payment Trends

	Payment Trends Analysis OIL & GAS EXPLORATION SERVICES - 1382				Account Status Days Beyond Terms				
Date Reported	Industry Cur	Industry DBT	Business DBT	Balance	Cur	1-30	31-60	61-90	91+
CURRENT	87%	4	0	$400	100%				
FEB23	87%	4	0	$400	100%				
JAN23	86%	4	0	$300	100%				
DEC22	89%	4	0	$300	100%				
NOV22	89%	4	0	$400	100%				
OCT22	90%	4	0	$400	100%				
SEP22	88%	4	0	$400	100%				

Quarterly Payment Trends

	Payment History - Quarterly Averages			Account Status Days Beyond Terms				
Quarter	Months	DBT	Balance	Cur	1-30	31-60	61-90	91+
Q4 - 22	OCT - DEC	0	$300	100%				
Q3 - 22	JUL - SEP	0	$400	100%				
Q2 - 22	APR - JUN	0	$2,600	100%				
Q1 - 22	JAN - MAR	0	$1,800	100%				
Q4 - 21	OCT - DEC	0	$300	100%				

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Trade Payment Summary

Trade Line Type	Lines Reported	DBT	Recent High Credit	Balance	Current	01-30	31-60	61-90	91+
Continuous	5		$5,300	$400	100%				
New	0			$0					
Combined Trade	**5**		**$5,300**	**$400**	**100%**				
Additional	2		$12,400	$4,700	100%				
Total Trade	**7**		**$17,700**	**$5,100**	**100%**				

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Trade Payment - New and Continuously Reported Trade Details

Payment Experiences

(Trade Lines with an (*) after the date are newly reported)						Account Status Days Beyond Terms					
Business Category	Date Reported	Last Sale	Payment Terms	Recent High Credit	Balance	Cur	1-30	31-60	61-90	91+	Comments
BUREAU	02/2023	02/2023	NET 30		$0						
COMMUNICTN	02/2023		VARIED	$700	$400	100%					
DISTRIBUTR	03/2023		NET 10		$0						
FINCL SVCS	03/2023		NET 20	$4,600	$0						
WAREHOUSE	02/2023	01/2015	CREDIT		$0						

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Trade Payment - Additional Trade Details

Payment Experiences (Trade Lines with an (*) after the date are newly reported)						Account Status Days Beyond Terms					
Business Category	Date Reported	Last Sale	Payment Terms	Recent High Credit	Balance	Cur	1-30	31-60	61-90	91+	Comments
LEASING	03/2023	02 /2023	CONTRCT	$12,400	$4,700	100%					
PACKAGING	12/2021		NET 30		$0						CUST 5 YR

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Uniform Commercial Code (UCC) Filings

UCC Filing Summary

Date Range	Year	Cautionary UCCs **	Total Filed	Released / Termination	Continuous	Amended / Assigned
JAN - PRESENT	2023					
JUL - DEC	2022					
JAN - JUN	2022					
JUL - DEC	2021					
JAN - JUN	2021	1	1			
PRIOR TO JAN	2021		3	1	3	1
Total		**1**	**4**	**1**	**3**	**1**

** Cautionary UCC Filings include one or more of the following collateral:
Accounts, Accounts Receivables, Contract Rights, Hereafter Acquired Property, Inventory, Leases, Notes Receivable or Proceeds.

UCC Details

UCC TERMINATED Date: 06/22/2021
Filing Number: 2021062202065712
Original Filing Date: 01/01/2001
Original Filing Number: 2019122602
Original Filing State: OK
Jurisdiction: SEC OF STATE OK
Secured Party:

UCC FILED Date: 02/19/2021
Filing Number: 2021021902014571
Jurisdiction: SEC OF STATE OK
Secured Party: IBC BANK OK OKLAHOMA CITY 73112 3817 NW EXPRESSWAY STE. 100
Collateral: UNDEFINED, ACCTS REC

UCC CONTINUED Date: 10/29/2020
Filing Number: 2020102902125564
Original Filing Date: 01/01/2001
Original Filing Number: 2011011202
Original Filing State: OK
Jurisdiction: SEC OF STATE OK
Secured Party: INTERNATIONAL BANK OF COMMERCE

UCC FILED Date: 12/26/2019
Filing Number: 2019122602127457
Jurisdiction: SEC OF STATE OK
Secured Party: FIRST STATE BANK OK OKLAHOMA CITY 73112 3030 NW EXPRESSWAY

UCC CONTINUED Date: 11/01/2018
Filing Number: 2018110102111900
Original Filing Date: 01/01/2001
Original Filing Number: 2013121802
Original Filing State: OK
Jurisdiction: SEC OF STATE OK
Secured Party: INTERNATIONAL BANK OF COMMERCE

UCC CONTINUED Date: 11/06/2015
Filing Number: 2015110602114105
Original Filing Date: 01/01/2001
Original Filing Number: 2011011202
Original Filing State: OK
Jurisdiction: SEC OF STATE OK
Secured Party: INTERNATIONAL BANK OF COMMERCE

UCC FILED Date: 12/18/2013
Filing Number: 2013121802124073
Jurisdiction: SEC OF STATE OK
Secured Party: INTERNATIONAL BANK OF COMMERCE

UCC AMENDED Date: 10/30/2012
Filing Number: 2012103002110937
Original Filing Date: 01/01/2001
Original Filing Number: 2011011202

Original Filing State: OK
Jurisdiction: SEC OF STATE OK
Secured Party: INTERNATIONAL BANK OF COMMERCE OK OKLAHOMA CITY 73112

UCC FILED Date: 01/12/2011
Filing Number: 2011011202004551
Jurisdiction: SEC OF STATE OK
Secured Party:

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Additional Business Facts

Corporate Registration

THE FOLLOWING INFORMATION WAS PROVIDED BY THE STATE OF OKLAHOMA. THE DATA IS CURRENT AS OF 03/24/2023.

State of Origin:	OK
Date of Incorporation:	11/17/1999
Current Status:	Active
Business Type:	Profit
Charter Number:	3500633682
Agent:	TONY S. SAY
Agent Address:	5637 N CLASSEN BLVD OKLAHOMA CITY, OK

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Corporate Linkage

Business Name	Location	BIN
The inquired upon business, CLEARWATER ENTERPRISES, L.L.C, is the Ultimate Parent		
CLEARWATER ENTERPRISES, L.L.C	301 NW 63RD ST STE 620 - OKLAHOMA CITY,OK	771736982

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Experian prides itself on the depth and accuracy of the data maintained on our databases. Reporting your customer's payment behavior to Experian will further strengthen and enhance the power of the information available for making sound credit decisions. Give credit where credit is due. Call 1-800-520-1221, option #4 for more information.

End of report

1 of 1 report

CLEARWATER ENTERPRISES, L.L.C.
"Forecasted Financial Statements – OHIO BUSINESS ONLY"

	Current Year 2023	Forecasted Year 1 2024	Forecasted Year 2 2025
Revenue	7,500,000 (1)	6,000,000 (1)	6,000,000 (1)
Cost of Goods Sold	7,400,000 (2)	5,000,000 (2)	5,000,000 (2)
Gross Margin	**100,000**	**100,000**	**100,000**
Operating Expense	23,000	24,150	25,350
Net Income	**$ 77,000**	**$ 75,850**	**$ 74,650**

Assumptions

(1) 1.5 million Dth's at $5.00 per Dth for 2023, 1,500,000 at $4.00 per Dth for 2024-2025
(2) 1.5 million Dth's at $4.93 per Dth for 2023, 1,500,000 at $3.33 per Dth for 2024-2025
(3) Applied a 5% increase to operating expense each year to cover salary, insurance, etc. increases

Prepared by Lisa Owens, Clearwater CFO, 5637 N Classen, OKC, OK 73118, 405-659-8355, lowens@cwegas.com

Columbia Gas of Ohio
A NiSource Company

Thursday, July 06, 2023

Clearwater Energy Services
Attn: Lisa Owens
5637 N Classed Blvd
Oklahoma City, OK 73118

Re: Columbia Gas of Ohio Collateral Requirements

To Whom It May Concern:

Clearwater Energy Services has complied with Columbia Gas of Ohio's collateral requirements.

Sincerely,

Angela Sanchez

Angela Sanchez
Director, Transportation Programs and Nominations

Competitive Retail Natural Gas Service Affidavit

County of Oklahoma:

State of Oklahoma:

___Tony S. Say_______________, Affiant, being duly sworn/affirmed, hereby states that:

1. The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant, and that it will amend its application while it is pending if any substantial changes occur regarding the information provided.

2. The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.

3. The applicant will timely pay any assessment made pursuant to Sections 4905.10 and 4911.18(A), Ohio Revised Code.

4. Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.

5. Applicant will cooperate fully with the Public Utilities Commission of Ohio and its staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the applicant.

6. Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.

7. Applicant will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

8. Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating consumer complaints.

9. The facts set forth above are true and accurate to the best of his/her knowledge, information, and belief and that he/she expects said applicant to be able to prove the same at any hearing hereof.

10. Affiant further sayeth naught.

NOTARY SEAL PUBLIC
LISA D. OWENS
Notary Public
State of Oklahoma
Commission #08002041 Exp: 02/27/24

Tony S. Say President / Manager
Signature of Affiant & Title

Sworn and subscribed before me this 6th day of July, 2023
Month Year

Signature of official administering oath

Lisa D. Owens CFO
Print Name and Title

My commission expires on 02/27/24