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July 27, 2010

Ms. Renee Jenkins
Chief of Docketing
The Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

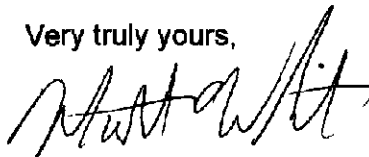
Re: In the Matter of the Application of Suburban Natural Gas Company's Application for
Long-Term Financial Arrangements

Case No. 10- 1030 -GA-AIS

Dear Ms. Jenkins:

Please find attached Suburban Natural Gas Company's ("Suburban's") Application for Approval of Long-Term Financial Arrangements. A faxed copy of the signature of Sally A. Phillips, Suburban's Secretary, is included in the Application, as Ms. Phillips was out of town. The signature page with Ms. Phillips' original signature will be filed in the above captioned docket within the week.

Very truly yours,



Matthew S. White
Counsel for Suburban Natural Gas Company

MSW/bej

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

Case No. 10- 1630 -GA-AIS

APPLICATION OF THE SUBURBAN NATURAL GAS COMPANY

Pursuant to Sections 4905.40 and 4905.41, Ohio Revised Code, the Suburban Natural Gas Company ("Suburban") respectfully requests approval of the long-term financial arrangements described more fully herein. In support of its application, Suburban states as follows:

1. Suburban, a privately owned Ohio corporation, is a public utility and natural gas company within the definitions of Sections 4905.02 and 4905.03(A)(6) Ohio Revised Code ("R.C."), and, as such, is subject to the jurisdiction of this Commission pursuant to R.C. 4905.04, 4905.05, and 4905.06.

2. Suburban currently provides natural gas service in Ohio to over 15,000 residential, commercial and industrial customers in Wood, Henry, Hancock, Lucas, Delaware and Marion Counties.

3. By this application, Suburban seeks authority to reconfigure its current twelve million dollars (\$12,000,000) line of credit/debt arrangements and open a secured operating line of credit with Huntington National Bank, its current lender, for the amount of seven million dollars (\$7,000,000) (hereinafter called "Line of Credit"). The Line of Credit will mature on September 1, 2013 and will accrue interest at a variable rate equal to the One Month LIBOR interest rate, plus 2.15%. The accrued interest shall be payable monthly, and the principal shall be due at the maturity date. Suburban shall also pay a fee of twelve and one-half (12.5) basis points annually on any unused funds from the Line of Credit. The Line of Credit will be secured by all of Suburban's assets.

4. The Line of Credit is to be issued for money only in order to fund Suburban's general working capital purposes.

5. By this application, Suburban is also seeking authority to enter into a secured term loan with Huntington National Bank for the amount of five million dollars (\$5,000,000) (hereinafter referred to as "Secured Loan"). The Secured Loan will mature in five (5) years and will accrue interest at a variable rate equal to the One Month LIBOR interest rate, plus 2.15%. Suburban shall also have the option to enter into an agreement to fix the interest rate of the Secured Loan at a rate that is subject to change. That rate is currently 4.43%. Interest and principal payments shall be made monthly on the Secured Loan amortized on an eight (8) year schedule with the remaining principal due at the end of the term of the loan. The Secured Loan will be secured by the same collateral securing the Line of Credit. Suburban must also comply with certain covenants and conditions as required by Huntington National Bank.

6. The Secured Loan is to be issued for money only in order to amortize a portion of Suburban's twelve million dollar (\$12,000,000) existing line of credit.

7. The terms of the Line of Credit and the Secured Loan are more fully set forth in Huntington National Banks' Commitment Letter attached as Exhibit A.

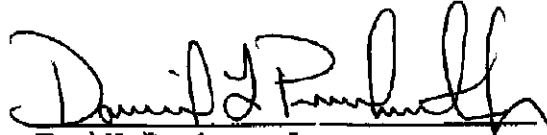
8. Pursuant to R.C. 4905.41, attached to this application as Exhibit B is Suburban's relevant financial statements, including Suburban's balance sheet and income statement, for Suburban's most recent fiscal year.

9. The long-term financial arrangements described herein are for the purpose of restructuring Suburban's indebtedness as contemplated by R.C. 4905.40(A)(2), and are not for the purpose of the reimbursement of money expended from income.

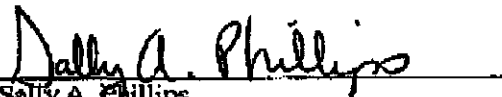
10. As permitted by R.C. 4905.02, Suburban requests that this application be processed as approved without hearing. The obligations to be funded by the Line of Credit and Secured Loan are manifestly for the purposes set forth in the governing statutes and necessary for Suburban's continued successful operation. Suburban is prepared to provide Commission Staff with such additional information as may reasonably be required.

WHEREFORE, Suburban respectfully requests that the Commission find that this application meets the requirements of Sections 4905.40 and 4905.41, Revised Code, and approve the long-term financial arrangement described herein without hearing prior to August 15, 2010.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David L. Pemberton, Jr.", written over a horizontal line.

David L. Pemberton, Jr.
President, Suburban Natural Gas Company

A handwritten signature in black ink, appearing to read "Sally A. Phillips", written over a horizontal line.

Sally A. Phillips
Secretary, Suburban Natural Gas Company

VERIFICATION

State of Ohio)
) ss:
County of Delaware)

We, David L. Pemberton, Jr. and Sally A. Phillips, President and Secretary of Suburban Natural Gas Company, applicant in the above captioned proceeding, having been first duly cautioned and sworn, state that the facts set forth in the foregoing Application are true and correct as we verily believe.



MARY K. BECHSTEIN
Notary Public, State of Ohio
My Commission Expires 3-19-13

David L. Pemberton, Jr.
David L. Pemberton, Jr.
President, Suburban Natural Gas Company

Sworn to before and subscribed in my presence this 27th day of July, 2010.

Mary K. Bechstein
Notary Public

Sally A. Phillips
Sally A. Phillips
Secretary, Suburban Natural Gas Company

Sworn to before and subscribed in my presence this 28th day of July, 2010.

David Pemberton Sr.
Notary Public - Lifetime Commission

EXHIBIT A

Mark Koscielski
41 South High Street, HC0820
Columbus, Ohio 43215
614.480.5427



July 14, 2010

Mr. David L. Pemberton, President
Suburban Natural Gas Company
2626 Lewis Center Road
Lewis Center, OH 43035

Dear David,

The Huntington National Bank ("Bank") is pleased to provide Suburban Natural Gas Company ("Suburban" or the "Borrower") the following financing commitments. The following are substantially the terms and conditions of the proposed credit facilities:

Facility I

Borrower: Suburban Natural Gas Company
Guarantor: None
Loan Amount: \$7,000,000
Type: Secured Operating Line of Credit
Purpose: General working capital purposes.
Collateral: First and best lien position on all business assets of the Borrower, pledge of Pemberton Limited Partnership ownership interest, as currently structured

Maturity: September 1, 2013
Interest Rate: Interest will accrue at a variable rate equal to the One Month LIBOR rate plus 2.15%

Fees: Origination Fee: \$700
Quarterly Unused Fee of 12.5

Payments: Accrued interest payable monthly, principal due at maturity

Facility II

Borrower: Suburban Natural Gas Company
Guarantor: None
Loan Amount: \$5,000,000
Type: Secured Term Loan
Purpose: Amortize a portion of the existing \$12,000,000 line of credit.

Collateral: First and best lien position on all business assets of the Borrower, pledge of Pemberton Limited Partnership ownership interest, as currently structured

Maturity: Five (5) Years

Amortization Up to Eight (8) Years:

Interest Rate: Interest will accrue at a variable rate equal to the One Month LIBOR rate plus 2.25%. Borrower shall have the option to enter into interest rate protection agreements with respect to the term loan to fix the interest rate. The rate is subject to change, and would be established at the time the SWAP transaction is executed with the Bank. If executed today, the interest rate would be 4.43%.

Fees: Origination Fee: \$500

Payments: Monthly level principal payment, plus accrued interest

Reporting Requirements: Reporting requirements including but not limited to:

- Annual minimum reviewed quality financial statement of Borrower within 120 days of fiscal year end;
- Monthly company-prepared financial statements of Borrower within 45 days of month end;
- On each August 15 and February 15 a covenant compliance certificate;
- Quarterly accounts receivable and payable reports within 45 days of quarter end;

Financial Covenants:

1. Minimum Debt Service Coverage Ratio of 1.20x as currently structured. Definition to remain the same as currently structured.
2. Minimum Tangible Net Worth of \$11,000,000 (currently Suburban maintains a Tangible Net Worth of approximately \$11,800,000) with step up as currently structured.

Additional Conditions: Additional conditions including but not limited to:

- Any affirmative and negative provisions as currently provided in the loan and security agreement
- Primary operating accounts of Borrower to be maintained at Bank
- Other negative and affirmative covenants as currently structured

Costs and Expenses: Bank to pay all reasonable expenses, including without limitation, fees and expenses of Huntington's counsel.

Huntington truly enjoys its relationship with Suburban Natural Gas and the Pemberton family. As the hometown bank, Huntington is committed to continuing to build partnerships that truly assist with the achievement of your Company's long-term goals and objectives. Should you have any questions or comments, please do not hesitate to contact me.


Sincerely,

 Mark A. Koscielski
 Senior Vice President
 Commercial Banking

EXHIBIT B

SCHEDULE 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
	UTILITY PLANT:				
101	Gas Plant in Service	19-24	17,755,721	17,139,502	616,219
101.1	Property Under Capital Leases		2,672,998	2,672,998	
102	Gas Plant Purchased or Sold				
103	Experimental Gas Plant Unclassified*				
103.1	Gas Plant in Process of Reclassification+				
104	Gas Plant Leased to Others				
105	Gas Plant Held for Future Use				
105.1	Production Prop. Held for Future Use*				
106	Completed Constr. not Classified-Gas*				
107	Construction Work in Progress-Gas		22,676	25,565	(2,889)
108	Accum. Prov. for Deprec. of Gas Util. Plant*	25-32			
110	Accum. Prov. for Deprec., Depletion & Amort. of Gas Util. Plant+	25-32	(4,359,838)	(3,868,981)	(490,857)
111	Accum. Prov. for Amort. & Depletion of Gas Util. Plant*				
114	Gas Plant Acquisition Adjustments		12,182,720	12,182,720	
115	Accum. Prov. for Amort. of Gas Plant Acquisition Adjustments*		(730,963)	(487,309)	(243,654)
116	Other Gas Plant Adjustments				
117	Gas Stored Underground-Noncurrent*				
117.1	Base Gas				
117.2	System Balancing Gas				
117.3	Reservoirs - Pipeline				
117.4	Owned to System Gas				
118	Other Utility Plant				
119	Accum. Prov. for Deprec. & Amort. of Other Util. Plant		(2,488,631)	(2,426,350)	(62,281)
	NET UTILITY PLANT (101-119)		25,054,683	25,238,145	(183,462)

* Major Only

+ Nonmajor Only

SCHEDULE: 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
	OTHER PROPERTY AND INVESTMENTS:				
121	Nonutility Property				
122	Accumulated Prov. for Deprec. & Amort. of Nonutility Prop.				
123	Investment in Assoc. Companies*				
123.1	Investment in Subsidiary Companies*				
124	Other Investments				
125	Sinking Funds*	33			
126	Depreciation Funds*	33			
128	Other Special Funds*	33			
129	Special Funds+	33			
	TOTAL OTHER PROP. AND INVESTMENTS (121-129)				
	CURRENT AND ACCRUED ASSETS:				
130	Cash & Working Funds+		88,575	246,248	(157,673)
131	Cash*				
132	Interest Special Deposits*				
133	Dividend Special Deposits*				
134	Other Special Deposits*				
135	Working Funds*				
136	Temporary Cash Investment				
141	Notes Receivable				
142	Customer Accounts Receivable		3,777,354	6,173,170	(2,395,816)
143	Other Accounts Receivable		11,985	21,150	(9,165)
144	Accumulated Provision for Uncollectible Accounts-Cr.		(35,000)	(70,000)	35,000
145	Notes Receivable from Assoc. Cos.				
146	Accounts Receivable from Assoc. Cos.				
151	Fuel Stock*				
152	Fuel Stock Expenses Undistributed*				
153	Residuals & Extr. Prod.*				
154	Plant Materials and Operating Supplies		123,649	150,006	(26,357)
155	Merchandise*				
156	Other Materials and Supplies*				
157	Nuclear Materials Held for Sale				
158	Allowances				
163	Store Expense Undistr.*				
164.1	Gas Stored Underground-Current				
164.2	Liquefied Natural Gas Stored				
164.3	Liquefied Natural Gas Held for Process.*				

* Major Only

+ Nonmajor Only

SCHEDULE 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
165	Prepayments	34	143,477	257,098	(113,621)
166	Adv. for Gas Expl., Dev. & Prod.*				
167	Other Advances for Gas*				
171	Interest and Dividends Receivable*				
172	Rents Receivable*				
173	Accrued Utility Revenues*				
174	Miscellaneous Current and Accrued Assets	34	4,246,637	4,315,366	(68,729)
	TOTAL CURRENT AND ACCRUED ASSETS (165-174)		8,356,677	11,093,038	(2,736,361)
	DEFERRED DEBITS:				
181	Unamortized Debt Discount and Expense				
182.1	Extraordinary Property Losses	35			
182.2	Unrecov. Plant & Reg. Study Costs	35			
183.1	Prelim. Nat. Gas Survey & Invest. Chrgs.*				
183.2	Other Prelim. Survey & Invest. Chrgs.*				
182.3	Other Regulatory Assets				
184	Clearing Accounts*				
185	Temporary Facilities*				
186	Miscellaneous Deferred Debits	36	(22,888)	50,484	(73,372)
187	Deferred Losses from Dispos. of Util. Plant				
188	Research, Devel., & Demon. Expend.*	36			
189	Unamort. Loss on Recquired Debt				
190	Accum. Def. Income Taxes	39			
191	Unrecov. Purchased Gas Costs				
192.1	Unrecov. Incr. Gas Costs				
192.2	Unrecov. Incr. Surcharges				
	TOTAL DEFERRED DEBITS (181-192.2)		(22,888)	50,484	(73,372)
	TOTAL ASSETS AND OTHER DEBITS		33,388,472	36,381,667	(2,993,195)
	PROPRIETARY CAPITAL:				
201	Common Stock Issued	37	60,000	60,000	
202	Common Stock Subscribed*				
203	Common Stock Liability For Conversion*				
204	Preferred Stock Issued	37			
205	Preferred Stock Subscribed*				
206	Preferred Stock Liability For Conversion*				

* Major Only

+ Nonmajor Only

SCHEDULE 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
207	Premium on Capital Stock*				
208	Donations Received from Stockholders*				
209	Reduction in Par or Stated Value of Capital Stock*				
210	Gain on Resale or Cancellation of Reacquired Capital Stock*				
211	Miscellaneous Paid-In Capital		7,740,192	7,740,192	
212	Installments Received on Capital Stock				
213	Discount on Capital Stock				
214	Capital Stock Expense				
215	Appropriated Retained Earnings				
216	Unappropriated Retained Earnings	18	5,909,193	5,012,068	897,125
216.1	Unapprop. Undist. Subsid. Earnings*				
217	Reacquired Capital Stock				
218	Non Corp. Proprietorship	18			
	TOTAL PROPRIETARY CAPITAL (201-218)		13,709,385	12,812,260	897,125
	LONG TERM DEBT:				
221	Bonds	38			
222	Reacquired Bonds*	38			
223	Advances from Associated Companies	38			
224	Other Long-Term Debt	38	3,284	42,708	(39,424)
225	Unamort. Prem. on Long-Term Debt	38			
226	Unamort. Disc. on Long-Term Debt-Debit	38			
	TOTAL LONG-TERM DEBT (221-226)		3,284	42,708	(39,424)
	OTHER NONCURRENT LIABILITIES:				
227	Oblig. Under Cap. Leases-Noncurrent				
228.1	Accum. Prov. for Prop. Insurance				
228.2	Accum. Prov. for Injuries and Damages				
228.3	Accum. Prov. for Pensions and Benefits				
228.4	Accum. Misc. Oper. Prov.				
229	Accum. Prov. for Rate Refunds				
	TOTAL OTHER NONCURRENT LIABILITIES (227-229)				
	CURRENT AND ACCRUED LIABILITIES:				
231	Notes Payable		5,271,857	8,332,941	(3,061,084)
232	Accounts Payable		2,234,873	3,461,974	(1,227,101)
233	Notes Payable to Associated Companies				
234	Accounts Payable to Associated Companies				
235	Customer Deposits		345,976	356,451	(10,475)
236	Taxes Accrued		1,830,234	1,741,595	88,639

* Major Only

+ Nonmajor Only

SCHEDULE: 4

BALANCE SHEET					
Acct. No.	Account Title	Page No.	Balance at End of Current Year (in dollars)	Balance at End of Previous Year (in dollars)	Increase or (Decrease) (in dollars)
237	Interest Accrued				
238	Dividends Declared*				
239	Matured Long-Term Debt*				
240	Matured Interest*				
241	Tax Collections Payable*				
242	Misc. Current and Accrued Liabilities	41	3,807,188	3,562,155	245,033
243	Oblig. Under Cap. Leases-Current				
	TOTAL CURRENT AND ACCRUED LIABILITIES (231-243)		13,490,128	17,455,116	(3,964,988)
	<u>DEFERRED CREDITS:</u>				
252	Cust. Adv. for Const.				
253	Other Deferred Credits				
254	Other Regulatory Liabilities				
255	Accum. Def. Investment Tax Credits				
256	Def. Gains from Dispos. of Utility Plant				
257	Unamort. Gain on Reacqu. Debt				
281	Accum. Def. Income Taxes-Accelerated Amortization	39			
282	Accum. Def. Income Taxes-Liberalized Depreciation	40			
283	Accum. Def. Income Taxes-Other	40	6,185,675	6,071,583	114,092
	TOTAL DEFERRED CREDITS (252-283)		6,185,675	6,071,583	114,092
	TOTAL LIABILITIES PLUS PROPRIETARY CAPITAL AND OTHER CREDITS		33,388,472	36,381,667	(2,993,195)

* Major Only

+ Nonmajor Only

SCHEDULE: 4A

NOTES TO BALANCE SHEET

101.1 The Company leases a portion of its distribution system under a series of long-term agreements that will expire in 2010 and later years. The Company is responsible for any related maintenance and line repair. These agreements are recorded as capital leases for financial reporting purposes. At December 31, 2009 and 2008 it had an asset value of \$2,672,998 for both years and accumulated depreciation of \$2,488,631 and \$2,426,350, respectively.

SCHEDULE: 5

INCOME STATEMENT			
Acct. No.	Account Title	Page No.	Amount (in dollars)
	UTILITY OPERATING INCOME:		
400	Operating Revenues	42	24,234,088
	OPERATING EXPENSES:		
401	Operation Expense	43-53	20,121,829
402	Maintenance Expense	43-53	
403	Depreciation Expense*		
403.1	Deprec. & Depl. Exp.+	31	639,677
404	Amortization of Limited-Term Gas Plant+		
404.1	Amort. & Depl. of Prod. Nat. Gas Land & Land Rights*		
404.2	Amort. of Undergr. Storage Land & Land Rights*		
404.3	Amort. of Other Limited-Term Gas Plant*		
405	Amortization of Other Gas Plant		
406	Amortization of Gas Plant Acquisition Adjust.		
407.1	Amortization of Extraordinary Property Losses, Unrecov. Plant & Reg. Study Costs		
407.2	Amort. of Conversion Exp.		
408.1	Taxes Other Than Income Taxes, Utility Operating Income	54	1,937,429
409.1	Income Taxes, Utility Operating Income		341,000
410.1	Provisions for Deferred Income Tax, Utility Operating Income		125,051
411.1	Income Taxes Deferred-Credit, Utility Operating Income		
411.4	Investment Tax Credits Adjust., Utility Operations		
	TOTAL OPERATING EXPENSES (401-411.4)		23,164,986
	NET OPERATING INCOME=(400) Less (401-411.4)		1,069,102
	OTHER OPERATING INCOME:		
411.6	Gains from Disposition of Utility Property		
411.7	Losses from Disp. of Util. Plt.		
411.8	(Less)Gains from Disposition of Allowances		
411.9	Losses from Disposition of Allowances		
412	Rev. from Gas Plt. Lsed. to Oth.		
413	Exp. of Gas Plt. Lsed. to Oth.		
414	Oth. Util. Oper. Inc.		
	TOTAL OTHER OPERATING INCOME (411.6-414)		
	OTHER INCOME AND DEDUCTIONS:		
415	Revenues from Merchandising, Jobbing and Contract Work		36,470
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		(25,401)
417	Revenues from Nonutility Operations		
417.1	Exp. of Nonutil. Oper.		
418	Nonoperating Rental Income		
418.1	Eq. in Earnings of Sub. Co.*		
419	Interest and Dividend Income		518
419.1	Allowance for Funds Used During Construction		
421	Miscellaneous Nonoperating Income		251,691
421.1	Gains from Disposition of Property		

* Major Only

+ Nonmajor Only

SCHEDULE: 5

INCOME STATEMENT			
Acct. No.	Account Title	Page No.	Amount (in dollars)
421.2	Loss on Disp. of Prop.		
425	Miscellaneous Amortization		(243,654)
426.1	Donations		
426.2	Life Insurance		
426.3	Penalties		
426.4	Expend. for Certain Civic, Political and Related Activ.		
426.5	Other Ded.		
	TOTAL OTHER INCOME AND DEDUCTIONS (415-426.5)		19,624
	<u>TAXES ON OTHER INCOME AND DEDUCTIONS:</u>		
408.2	Taxes Other Than Income Taxes, Other Income and Deductions		
409.2	Income Taxes, Other Income and Deductions		
410.2	Provision for Deferred Income Taxes, Other Income and Ded.		
411.2	Income Taxes Deferred in Prior Years-Cr., Other Income and Ded.		
411.5	Investment Tax Credits Adjustments, Nonutility Operations		
420	Investment Tax Credits		
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS (408.2-420)		
	NET OTHER INCOME AND DEDUCTIONS		19,624
	<u>INTEREST CHARGES:</u>		
427	Interest on Long-Term Debt		186,621
428	Amortization of Debt Discount and Expense		
428.1	Amort. of Loss on Reacq. Debt		
429	Amortization of Premium on Debt-Cr.		
429.1	Amort. of Gain on Reacq. Debt-Cr.		
430	Interest on Debt to Associated Companies		
431	Other Interest Expense		4,980
432	Allow. for Funds Used Dur. Const.-Cr. Borrowed Funds		
	NET INTEREST CHARGES (427-432)		191,601
	INCOME BEFORE EXTRAORDINARY ITEMS		897,125
	<u>EXTRAORDINARY ITEMS:</u>		
434	Extraordinary Income		
435	Extraordinary Deductions		
409.3	Income Taxes, Extraordinary Items		
	TOTAL EXTRAORDINARY ITEMS (433-409.3)		
	NET INCOME		897,125

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