

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Application of)	
Brainard Gas Corporation, Northeast Ohio)	Case No. 10-2330-GA-AIS
Natural Gas Corporation and Orwell Natural)	
Gas Company for Approval of Long Term)	
Financing Arrangements and for Expedited		
Consideration		

**JOINT APPLICATION OF BRAINARD GAS CORPORATION, NORTHEAST OHIO
NATURAL GAS CORPORATION AND ORWELL NATURAL GAS COMPANY FOR
APPROVAL OF LONG TERM FINANCING ARRANGEMENT**

Pursuant to Sections 4905.40 and 4905.41, Ohio Revised Code, Brainard Gas Corporation (hereinafter, "Brainard" or "Joint Applicant"), Northeast Ohio Natural Gas Corporation (hereinafter, "NEONG" or "Joint Applicant"), and Orwell Natural Gas Company (hereinafter, "ONG" or "Joint Applicant") respectfully request the approval of the Public Utilities Commission of Ohio of a term loan facility as set forth below:

1. Brainard, NEONG and ONG are public utilities and natural gas companies as defined in Sections 4905.02 and 4905.03, Ohio Revised Code, and are subject to the jurisdiction of the Commission, and specifically are subject to the provisions of Sections 4905.40 and 4905.41, Ohio Revised Code.
2. Joint Applicants seek approval of a term loan which they have arranged with Sun Life Assurance Company of Canada, 150 King Street West, 3rd Floor, Toronto, Ontario, in the amount of up to \$17,700,000. This loan is the form of senior secured notes (hereinafter, "the Notes") issued by Brainard, NEONG and ONG for a term of seven years without amortization with interest compounded and payable monthly, calculated on a 30 day

- month, 360 day year basis, and a balloon payment due upon maturity. Closing will occur as directed by Brainard, NEONG and ONG after receipt of the Commission's approval.
3. The interest rate per annum will be based on a spread of 303 basis points over the seven year U.S. Treasury yield, on a semi-annual bond-equivalent basis.
 4. The Notes will be the joint and several obligation of Joint Applicants, secured by a first lien security interest on Joint Applicants' undertakings and assets, including an assignment of all material leases and contracts. Joint Applicants note that by combining their debt requirements, they create larger debt issues at more attractive interest rates and lower transaction costs than would otherwise be available.
 5. The Notes will be guaranteed by Gas Natural, Inc., the holding company that owns all of the stock of Brainard, and by the parent companies of NEONG and ONG (Great Plains Gas Company for NEONG and Lightning Pipeline Company, Inc. for ONG). The Notes will also be guaranteed by any existing or future subsidiary of Gas Natural Inc. (subject to all required regulatory approvals), and by Richard M. Osborne, individually and as Trustee of the Richard M. Osborne Trust. By virtue of these guarantees of the Notes issued by Joint Applicants, greater interest is created from lenders than would be the case if each Joint Applicant financed on its own.
 6. This Commission has previously authorized affiliated public utilities under its jurisdiction to jointly and severally guarantee the long term debt of their parent company issued on their behalf. See Entry on Rehearing (May 17, 2001) in Case No. 01-593-GA-AIS, *In the Matter of the Applications of Indiana Gas Company, Inc. and Vectren Energy Delivery of Ohio, Inc. for Authority to Issue Long-Term Debt, to Issue and Sell Common and/or Preferred Stock, and to Enter into Rate Risk Management Transactions*. Joint Applicants submit that the same logical basis applies here, where public utilities seek approval to

issue notes directly and be jointly and severally liable thereon, with parent company guarantee, as in the cited precedent where the utilities jointly and severally guaranteed holding company-issued debt obtained for the utilities' long term financing requirements.

7. Brainard proposes to apply the proceeds from the Notes to repay a short term loan in the amount of \$52,174.23, and transaction expenses.
8. ONG proposes to apply the proceeds from the Notes to
 - a. Refinance existing long term debt in the amount of \$4,118,533;
 - b. Repay existing line of credit balance in the amount of \$1,499,170;
 - c. Refinance vehicle/equipment loans in the amount of \$110,991; and
 - d. Repay parent company short term loans in the amount of \$500,619; and
 - f. Transaction expenses.
9. NEONG proposes to apply the proceeds from the Notes to:
 - a. Refinance existing long term debt in the amount of \$6,666,071;
 - b. Pay off the long term debt of its non-regulated affiliate, Great Plains Land Development Company which it will acquire through merger contemporaneously with the receipt of proceeds of the Notes. The debt of Great Plains Land Development Company in the amount of \$764,543 relates exclusively to two parcels of real estate and buildings and improvements thereon which NEONG currently leases from Great Plains Land Development Company and utilizes as offices and operations centers. The properties are a 14,662 square foot facility on 13.96 acres at 5640 Lancaster-Newark Road, Pleasantville, Ohio, and a 10,507 square foot facility on 2.82 acres at 9081 State Route 250, Strasburg, Ohio. The estimated value of the properties is \$1,284,000 and \$804,000, respectively. Great Plains Land Development Company has no other debts or assets.

- c. Repay existing line of credit balance in the amount of \$2,100,000;
- d. Refinance vehicle/equipment loans in the amount of \$216,329; and
- e. Repay short term parent company loans in the amount of \$1,465,810; and
- f. Transaction expenses.

10. Applicant's Financial Reporting. Pursuant to Ohio Rev. Code §4905.41, Joint Applicants submit the following as part of this Application:

- a. Exhibit A includes the proposed Note Purchase Agreement for which Joint Applicants seek approval.
- b. Exhibit B is a Balance sheet for the twelve months ended December 31, 2008 and December 31, 2009 for each Joint Applicant.
- c. Exhibit C is an Income statement for the same periods for each Joint Applicant.

11. NEONG and ONG note that their existing debt facilities mature on November 29 and 30, 2010 respectively, when balloon payments will be due. Joint Applicants request that the Commission grant its approval of this Joint Application as soon as possible in order to have the note proceeds available to meet these maturing obligations.

WHEREFORE, Brainard Gas Corporation, Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company respectfully request that the Commission enter an Order that:

- a. Approves Joint Applicants' proposed issuance of senior secured notes to Sun Life Assurance Company as described in this Application and in Joint Applicants' evidence submitted herein; and
- b. Authorizes Joint Applicants to use the cash proceeds arising from the long term debt facility approved herein for the purposes set forth in this Application.

Respectfully submitted this 8 day of October, 2010.

**Brainard Gas Corporation, Northeast Ohio
Natural Gas Corporation
Orwell Natural Gas Company**

By: 

Thomas J. Smith
President and Secretary

Of Counsel:

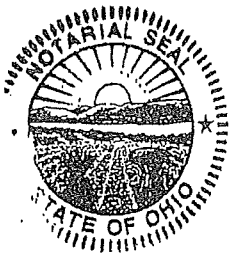
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VERIFICATION


STATE OF OHIO)
COUNTY OF LAKE) ss:

Personally appeared before me, and being first duly cautioned and sworn, Thomas J. Smith, the President and Secretary of Brainard Gas Corporation, Northeast Ohio Natural Gas Corporation, and Orwell Natural Gas Company states that he did sign the foregoing Application, and that the statements contained therein are true and correct as he believes.

Sworn and subscribed before me this 8 day of October, 2010.



MEGAN GENTILE
NOTARY PUBLIC - OHIO
MY COMMISSION EXPIRES 7/18/15



Notary Public

EXHIBIT A
Note Purchase Agreement
(To be submitted October 12, 2010)

EXHIBIT B
Balance Sheets

BRAINARD GAS CORP.
Balance Sheets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,200	\$ 34,602
Accounts receivable - net	101,884	92,608
Related party receivables	7,816	-
Prepaid expenses & other current assets	285	7,617
Regulatory asset - deferred gas cost	-	20,592
Deferred tax asset - current	27,262	-
Total current assets	<u>144,447</u>	<u>155,419</u>
Property and Equipment		
Pipelines, meters, stations & equipment	<u>486,878</u>	<u>471,771</u>
Accumulated Depreciation	<u>(65,777)</u>	<u>(46,566)</u>
Property & Equipment - Net	<u>421,101</u>	<u>425,205</u>
Other Assets		
Organizational costs - net	11,583	6,371
Deferred tax asset - long term	37,201	-
Total other assets	<u>48,784</u>	<u>6,371</u>
Total Assets	<u>\$ 614,332</u>	<u>\$ 586,995</u>
LIABILITIES & SHAREHOLDER'S EQUITY		
Current Liabilities		
Notes payable - current	\$ 49,361	\$ 98,307
Accounts payable	12,533	75,507
Related party payables	261,186	308,517
Customer deposits	8,041	6,045
Regulatory liability - over-recovered gas cost	68,873	-
Accrued expenses	53,418	61,132
Total current liabilities	<u>453,412</u>	<u>549,508</u>
Long-Term Liabilities		
Regulatory liability - asset retirement obligation	9,508	7,393
Deferred tax liability - long term	71,133	-
Total long-term liabilities	<u>80,641</u>	<u>7,393</u>
Total Liabilities	<u>534,053</u>	<u>556,901</u>
Shareholder's Equity		
Common stock - no par value, authorized, issued and outstanding shares	500	500
Additional paid-in capital	29,594	29,594
Retained earnings (deficit)	50,185	-
Total shareholder's equity	<u>80,279</u>	<u>30,094</u>
Total Liabilities and Shareholder's Equity	<u>\$ 614,332</u>	<u>\$ 586,995</u>

The accompanying notes are an integral part of these financial statements.

Northeast Ohio Natural Gas Corp.
4th Qtr 2008 Audit Balance Sheet
Period to Date
For the Period from December 1, 2008 to December 31, 2008

Period to Date

ASSETS

Property & Equipment

Land & Land Rights	210,340.76
Pipelines, Meters, Stations & Equipment	21,891,709.23
Construction Equipment & Tools	1,015,682.00
Vehicles	1,117,747.06
Office Furniture & Equipment	270,716.49
Construction In Process	279,341.84
Accumulated Depreciation	-8,425,806.77

Net Property & Equipment 16,359,730.61

CURRENT ASSETS

Cash & Cash Equivalents	311,696.51
Accounts Receivable - Net of Allowance	4,969,207.00
Related Party Receivables	4,307,278.12
Inventory	975,299.12
Investment	
Prepaid Expenses & Other Current Assets	146,283.74
Deferred Gas Cost	647,099.30

TOTAL CURRENT ASSETS 11,356,863.79

OTHER ASSETS

Other Assets	1,000.00
Acquisition Adjustment	2,271,972.97

Total Other Assets 2,272,972.97

TOTAL ASSETS 29,989,567.37

Northeast Ohio Natural Gas Corp.
4th Qtr 2008 Audit Balance Sheet
Period to Date
For the Period from December 1, 2008 to December 31, 2008

Period to Date

SHAREHOLDERS' EQUITY & LIABILITIES

Common Stock - No Par Value	
Authorized - 750 shares	
Issued & Outstanding - 100 shares	591,500.00
Additional Paid-In Capital	10,119,684.43
Dividends Paid	
Retained Earnings (Loss) Prior	1,446,921.76
Retained Earnings (Loss) Current	-1,943,031.46
Total Shareholders' Equity	<u>10,215,074.73</u>
Current Liabilities	
Line of Credit	2,100,000.00
Notes Payable - Due Within One Year	678,661.64
Accounts Payable	5,533,122.69
Related Party Payables	1,332,884.26
Deferred Charges	2,452.18
Deferred Revenue	552,364.03
Accrued Expenses	2,162,050.84
Total Current Liabilities	<u>12,361,535.64</u>
Other Liabilities	
Notes Payable - Due After One Year	7,313,575.00
Customer Deposits	99,382.00
Total Liabilities	<u>19,774,492.64</u>
Total Liabilities & Shareholders' Equity	<u>29,989,567.37</u>

Northeast Ohio Natural Gas Corp.
Audit Year End Balance Sheet
Period to Date
For the Period from December 1, 2009 to December 31, 2009

Period to Date

ASSETS

Property & Equipment	
Land & Land Rights	210,340.76
Pipelines, Meters, Stations & Equipment	22,873,327.69
Construction Equipment & Tools	786,613.59
Vehicles	1,026,923.30
Office Furniture & Equipment	185,712.48
Construction in Process	156,390.54
Accumulated Depreciation	-9,036,699.04
Net Property & Equipment	<u>16,202,609.32</u>

CURRENT ASSETS

Cash & Cash Equivalents	153,465.02
Accounts Receivable - Net of Allowance	3,101,968.38
Related Party Receivables	6,540,791.10
Inventory	768,760.35
Investment	
Prepaid Expenses & Other Current Assets	227,984.20
Deferred Gas Cost	-758,418.27
Deferred Tax Asset - Current	

TOTAL CURRENT ASSETS 10,034,550.78

OTHER ASSETS

Other Assets	1,000.00
Acquisition Adjustment	2,271,972.97
Deferred Tax Asset - Long Term	
Customer Relationships	

Total Other Assets 2,272,972.97

TOTAL ASSETS 28,510,133.07

Northeast Ohio Natural Gas Corp.
Audit Year End Balance Sheet
Period to Date
For the Period from December 1, 2009 to December 31, 2009

Period to Date

SHAREHOLDERS' EQUITY & LIABILITIES

Common Stock - No Par Value	
Authorized - 750 shares	
Issued & Outstanding - 100 shares	591,500.00
Additional Paid-In Capital	10,119,684.43
Dividends Paid	
Retained Earnings (Loss) Prior	-496,109.70
Retained Earnings (Loss) Current	1,647,866.92
Total Shareholders' Equity	<u>11,862,941.65</u>
Current Liabilities	
Bank Overdraft	
Line of Credit	2,100,000.00
Notes Payable - Due Within One Year	655,600.83
Accounts Payable	2,249,664.08
Related Party Payables	1,583,683.03
Deferred Charges	
Deferred Revenue	1,034,809.99
Deferred Tax Liability	
Accrued Expenses	2,174,939.65
Total Current Liabilities	<u>9,798,697.56</u>
Other Liabilities	
Notes Payable - Due After One Year	6,731,136.86
Customer Deposits	117,357.00
Deferred Tax Liability - Long Term	
Total Liabilities	<u>16,647,191.42</u>
Total Liabilities & Shareholders' Equity	<u><u>28,510,133.07</u></u>

Orwell Natural Gas
AUDIT YEAR END BALANCE SHEET

Period to Date

For the Period from December 1, 2008 to December 31, 2008

Period to Date

ASSETS

Property and Equipment

Land and Land Rights	90,794.00
Pipeline, Meters, Stations and Equipment	11,017,154.91
Construction Equipment and Tools	489,625.62
Vehicles	515,618.55
Leasehold Improvements	84,957.89
Office Furniture and Equipment	237,309.55
Construction in Process	462,674.65

12,898,135.17

Less: Accumulated Depreciation

3,404,962.07

Net Property and Equipment

9,493,173.10

Investment in PA Companies

316,632.14

Current Assets

Cash and Cash Equivalents	43,855.20
Accounts Receivable - Net of Allowance	1,850,542.65
Gas Imbalance	

Inventory	241,102.00
Related Party Receivables	493,161.17
Prepaid Expenses & Other Current Assets	59,111.86
Regulatory Asset - Unrecovered Gas Cost	-299,896.68
Note Receivable - Due Within One Year	8,318.62
Deferred Tax Assets - Current	

Total Current Assets

2,396,194.82

Other Assets

Deferred Charges - Net	17,014.32
Note Receivable - Due After One Year	64,149.52
Goodwill	
Customer Relationships	
Other Assets	1,000.00
Deferred Tax Asset - Long Term	

Total Other Assets

82,163.84

Total Assets

12,288,163.90

Orwell Natural Gas
AUDIT YEAR END BALANCE SHEET
Period to Date
For the Period from December 1, 2008 to December 31, 2008

Period to Date

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' Equity

Common Stock - No Par Value	
Authorized - 3,750 shares	
Issued and Outstanding - 2,100 shares	467,667.00
Additional Paid-In Capital	461,840.17
Dividends Paid	
Retained Earnings (Loss) Prior	-15,541.94
Retained Earnings (Loss) Current	637,761.29

Total Shareholders' Equity 1,551,726.52

Current Liabilities

Bank Overdraft	
Line of Credit - Due Within One Year	306,535.65
Notes Payable - Due Within One Year	4,648,232.84
Deferred Compensation - Current Portion	
Accounts Payable	3,411,708.89
Related Party Payable	261,630.81
Deferred Revenue	311,402.81
Accrued Expenses	1,051,116.35
Deferred Tax Liability - Current	

Total Current Liabilities 9,990,627.35

Other Liabilities

Notes Payable - Due After One Year	143,240.63
Regulatory Liability - Asset Retirement Obligation	527,238.57
Deferred Compensation - Net of Current Portion	44,051.83
Customer Deposits	31,279.00
Deferred Tax Liability - Long Term	

Total Liabilities 10,736,437.38

Total Liabilities and Shareholders' Equity 12,288,163.90

Orwell Natural Gas
AUDIT YEAR END BALANCE SHEET

Period to Date

For the Period from December 1, 2009 to December 31, 2009

Period to Date

ASSETS

Property and Equipment

Land and Land Rights	133,360.00
Pipeline, Meters, Stations and Equipment	12,206,769.31
Construction Equipment and Tools	484,936.92
Vehicles	440,369.40
Leasehold Improvements	95,388.58
Office Furniture and Equipment	257,453.38
Construction in Process	627,117.63

14,245,395.22

Less: Accumulated Depreciation 3,770,821.24

Net Property and Equipment 10,474,573.98

Investment in PA Companies 316,632.14

Current Assets

Cash and Cash Equivalents	67,818.78
Accounts Receivable - Net of Allowance	1,559,472.63
Gas Imbalance	

Inventory	317,615.54
Related Party Receivables	730,843.31
Prepaid Expenses & Other Current Assets	36,642.28
Regulatory Asset - Unrecovered Gas Cost	124,621.35
Note Receivable - Due Within One Year	8,919.98
Deferred Tax Assets - Current	

Total Current Assets 2,845,933.87

Other Assets

Deferred Charges - Net	83,772.67
Note Receivable - Due After One Year	55,229.54
Goodwill	
Customer Relationships	
Other Assets	1,000.00
Deferred Tax Asset - Long Term	

Total Other Assets 140,002.21

Total Assets 13,777,142.20

Orwell Natural Gas
AUDIT YEAR END BALANCE SHEET

Period to Date

For the Period from December 1, 2009 to December 31, 2009

Period to Date

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' Equity

Common Stock - No Par Value	
Authorized - 3,750 shares	
Issued and Outstanding - 2,100 shares	467,687.00
Additional Paid-In Capital	496,311.68
Dividends Paid	
Retained Earnings (Loss) Prior	622,219.35
Retained Earnings (Loss) Current	808,983.71

Total Shareholders' Equity	2,395,181.74
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Current Liabilities

Bank Overdraft	
Line of Credit - Due Within One Year	1,499,189.80
Notes Payable - Due Within One Year	4,348,727.92
Deferred Compensation - Current Portion	
Accounts Payable	3,701,753.46
Related Party Payable	
Deferred Revenue	267,698.65
Accrued Expenses	955,764.12
Deferred Tax Liability - Current	

Total Current Liabilities	10,773,113.95
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Other Liabilities

Notes Payable - Due After One Year	97,712.94
Regulatory Liability - Asset Retirement Obligation	477,938.57
Deferred Compensation - Net of Current Portion	
Customer Deposits	33,195.00
Deferred Tax Liability - Long Term	

Total Liabilities	11,381,960.46
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Total Liabilities and Shareholders' Equity	13,777,142.20
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Exhibit C
Income Statements

BRAINARD GAS CORP.
Statements of Operations
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenue - Natural Gas Operations	\$ 439,253	\$ 405,711
Cost of Sales - Natural Gas Purchases	<u>214,414</u>	<u>203,324</u>
Gross Profit	<u>224,839</u>	<u>202,387</u>
Operating Expenses		
Administrative expenses	989	838
Advertising, promotion & travel	-	114
Bad debt expense	1,040	1,331
Bank fees	234	136
Depreciation, amortization and accretion	16,114	11,238
General insurance	1,729	1,228
Management fees	96,000	96,000
Outside services	1,288	777
Pipeline supplies & other expense	1,397	454
Professional fees	19,447	23,854
Miscellaneous expense	491	44
Repairs & maintenance	5,809	4,546
Salaries & benefits	-	925
State & local taxes	16,979	27,085
Vehicle rentals & expense	263	181
Total operating expenses	<u>161,780</u>	<u>168,751</u>
Income from Operations	<u>63,059</u>	<u>33,636</u>
Other Income (Expense)		
Income from non-utility operations	317	973
Interest expense	<u>(7,020)</u>	<u>(6,667)</u>
Total other income (expense)	<u>(6,703)</u>	<u>(5,694)</u>
Income Before Provision for Income Tax	56,356	27,942
Provision for Income Tax	<u>6,171</u>	<u>500</u>
Net Income	<u>\$ 50,185</u>	<u>\$ 27,442</u>

The accompanying notes are an integral part of these financial statements.

Northeast Ohio Natural Gas Corp.
Audit Year End Income Statement
 Period and Year to Date
 For the Period from December 1, 2008 to December 31, 2008

	Current Period	Year to Date
REVENUE - NATURAL GAS OPERATIONS	4,170,512.39	27,030,330.22
COST OF SALES	3,371,692.42	21,045,657.83
GROSS PROFIT	798,819.97	5,984,672.39
GROSS PROFIT PERCENTAGE	0.19	0.22
OPERATING EXPENSES		
Salaries & Benefits	365,843.86	1,884,371.54
Depreciation & Amortization	82,244.30	824,510.99
Administrative Expenses	21,783.52	248,158.15
State & Local Taxes	159,190.86	430,615.50
Vehicle Rentals & Expense	8,248.33	73,529.59
Rent	24,523.92	293,590.58
Professional Fees	41,150.20	148,178.26
Outside Services	3,320.33	68,569.31
Repairs & Maintenance	-955.59	127,388.92
Bank Fees	8,240.03	168,224.59
General Insurance	6,961.54	76,932.56
Advertising, Promotion & Travel	2,906.64	30,452.17
Utilities	1,510.44	15,691.69
Pipeline Supplies & Other Expense	38,824.40	325,508.13
Corporate Overhead		
Total Operating Expenses	761,792.78	4,715,721.98
INCOME FROM OPERATIONS	37,027.19	1,268,950.41
OTHER INCOME (EXPENSE)		
Income from Non-Utility Operations	112,139.12	394,756.51
Interest Expense	-31,845.98	-464,751.53
Gain (Loss) Disposal of Property	-18,461.16	-13,772.44
Inventory Variance		
Total Other Income (Expense)	-61,831.98	83,767.46
INCOME (LOSS) BEFORE TAX EXPENSE	98,859.17	1,185,182.95
Tax (Expense) Recovery		
Provision for Income Taxes - Def Current		
NET INCOME (LOSS)	98,859.17	1,185,182.95

Northeast Ohio Natural Gas Corp.
Summary Income Statement
Period and Year to Date
For the Period from December 1, 2009 to December 31, 2009

	Current Period	Year to Date
OPERATING REVENUE		
UTILITY REVENUE		
Gas Sales Residential	1,581,235.66	11,339,041.28
Gas Sales Commercial	800,439.48	6,880,578.28
Gas Sales Industrial	46,176.86	1,016,359.48
Service Charges	105,067.20	1,243,274.90
Transmission of Gas	56,050.08	405,452.65
Other Miscellaneous Revenue	16,076.57	222,608.82
Total Utility Revenue	2,605,045.85	21,107,313.41
STORE REVENUE		
Store Sales		
Store Cost of Goods Sold		
Total Store Income(Loss)		
Total Operating Revenue	2,605,045.85	21,107,313.41
Purchased Gas Cost - City Gate	1,743,152.26	13,699,008.31
Deferred Gas Cost	-42,963.66	1,405,517.57
Purchased Gas Expenses	1,434.09	56,343.95
Encroachment Gas Cost	21,136.00	-405,375.73
PURCHASED GAS COST	1,722,758.69	14,755,492.10
GROSS MARGIN	882,287.16	6,351,821.31
GROSS MARGIN PERCENTAGE	0.34	0.30
OPERATING EXPENSES		
Direct Labor	285,877.44	2,211,625.04
Accrued Benefits	1,294.35	53,601.17
Capitalized Labor	-31,454.75	-342,998.50
Operations Expense	95,382.26	1,185,041.63
Maintenance Expense	9,773.08	143,817.95
Misc Expense		
Depreciation & Amortization	295,229.82	1,095,268.22
Amortization-Customer Relationships		
Gross Receipts Tax	43,432.05	43,432.05
Personal Property Tax	5,655.53	323,115.53
General Taxes	2,649.37	25,264.27
Provision For Income Taxes - Def Current		
Total Operating Expenses	707,839.15	4,738,169.36
INCOME (LOSS) FROM OPERATIONS	174,448.01	1,613,651.95

Northeast Ohio Natural Gas Corp.
Summary Income Statement
Period and Year to Date
For the Period from December 1, 2009 to December 31, 2009

	Current Period	Year to Date
OTHER INCOME & EXPENSES		
Material Sales Revenue	12,793.73	62,464.91
Other Inc Anchor Hocking	6,068.07	64,013.38
Gain/Loss on Disposal of Property		-33,549.45
Non Op Inc	16,402.91	197,122.31
Non Op Exp	864.78	253.96
Total Other Income & (Expenses)	36,129.49	290,305.11
Interest & Related Charges		
Interest Expense ST Debt	24,754.27	253,346.77
Interest Expense & Late Fees		2,743.37
Penalties		
Total Interest & Related Charges	24,754.27	256,090.14
INCOME (LOSS) BEFORE TAX EXPENSE	185,823.23	1,647,866.92
Income Tax Expense		
NET INCOME (LOSS)	185,823.23	1,647,866.92

Orwell Natural Gas
AUDIT YEAR END INCOME STATEMENT
Period and Year to Date
For the Period from December 1, 2008 to December 31, 2008

	Current Period	Year to Date
Revenue - Natural Gas Operations	1,653,330.11	10,276,689.80
Cost of Sales - Natural Gas Purchases	1,078,584.68	7,045,167.01
Gross Profit	574,745.43	3,231,522.79
Gross Profit Percentage	0.35	0.31
Operating Expenses		
Administrative Expenses	31,756.00	236,844.77
Advertising, Promotion, and Travel	2,139.73	22,996.83
Bad Debt Expense		
Depreciation, Amortization, and Accretion	-78,737.50	389,363.66
Field Maintenance Supplies	-2,572.17	77,520.16
General Insurance	5,145.05	57,392.85
Management Fees		16,000.00
Outside Services	5,605.42	54,883.00
Pipeline Supplies and Other Expense	400.00	902.13
Professional Fees	46,896.94	186,764.94
Rent	17,120.87	204,466.42
Repairs and Maintenance	3,396.09	46,041.12
Salaries and Benefits	128,951.03	671,357.04
State and Local Taxes	42,534.05	259,829.82
Utilities	1,558.64	19,146.86
Vehicle Rentals and Expense	9,738.09	159,950.04
Corporate Overhead		
Total Operating Expenses	213,932.24	2,403,459.64
Income (Loss) from Operations	360,813.19	828,063.15

STORE REVENUE & (EXPENSES)

Store Sales
Store Sales Propane
Store Sales Discounts
Store Cost of Goods Sold
Rent
Salaries & Benefits
Advertising
Office Maintenance
Office Supplies & Other
Depreciation
Bad Debt
Inventory Variance
Tax Expense - State and Local

GROSS PROFIT (LOSS) STORE SALES

Orwell Natural Gas
 AUDIT YEAR END INCOME STATEMENT
 Period and Year to Date
 For the Period from December 1, 2008 to December 31, 2008

	Current Period	Year to Date
Other Income (Expense)		
Merchandise Sales		
Merchandise Cost		-900.00
Interest Income	430.01	7,383.11
Interest Expense	-38,475.51	-322,029.65
Management Fee	9,667.00	131,004.00
Other Income		
Gain (Loss) on Disposal of Property	226.97	-5,739.32
Inventory Variance Expense		
Income Tax Expense		
Provision for Income Taxes - Deferred Current		
Net Income	334,661.66	637,761.29

Orwell Natural Gas
Summary Income Statement
Period and Year to Date
For the Period from December 1, 2009 to December 31, 2009

	Current Period	Year to Date
OPERATING REVENUE		
UTILITY REVENUE		
Gas Sales Residential	823,224.65	5,258,626.87
Gas Sales Commercial	386,833.83	2,482,699.93
Gas Sales Industrial	9,592.69	72,545.76
Transmission of Gas	65,523.91	412,159.99
Other Misc Sales	455.26	55,927.95
Service Fees	64,589.00	714,250.00
Volume Bank Revenue	126.61	1,371.55
Total Utility Revenue	1,350,345.95	8,997,582.05
 Total Operating Revenue	 1,350,345.95	 8,997,582.05
 Purchased Gas	 848,295.95	 5,901,544.35
Deferred Gas Cost	-3,662.35	-424,518.03
Purchased Gas Expense	27.50	7,785.50
Encroachment Gas Cost		
Total Purchased Gas Cost	844,661.10	5,484,811.82
 GROSS MARGIN	 505,684.85	 3,512,770.23
GROSS MARGIN PERCENT	0.37	0.39
OPERATING EXPENSES		
Salaries & Benefits	189,220.06	1,452,451.88
Capitalized Labor	-55,821.00	-507,586.50
Professional Fees	-10,962.62	153,479.38
Management Fees		
Repairs & Maintenance	5,777.32	86,866.99
Administrative Expenses	77,415.76	766,795.37
Depreciation & Amortization	-13,890.55	378,515.27
Amortization-Customer Relationships		
State & Local Taxes	33,698.60	249,353.41
Gross Receipts Tax	9,267.29	9,267.29
Bad Debt Expense (Recovery)		
Provision for Income Taxes - Def Current		
Total Operating Expenses	234,704.86	2,589,143.09
 INCOME (LOSS) FROM OPERATIONS	 270,979.99	 923,627.14

Orwell Natural Gas
Summary Income Statement
Period and Year to Date
For the Period from December 1, 2009 to December 31, 2009

	Current Period	Year to Date
STORE REVENUE & (EXPENSES)		
Store Sales	6,628.38	99,741.68
Store Sales Propane	11,904.73	74,649.66
Store Sales Discounts		-7,284.85
Store Cost of Goods Sold	-12,317.94	-69,109.62
Rent	-1,000.00	-12,000.00
Salaries & Benefits	-3,369.04	-45,620.79
Advertising		-752.63
Office Maintenance	-2,063.29	-8,922.55
Office Supplies & Other	-889.60	-4,467.52
Depreciation	-42.08	-1,711.30
Bad Debt		-2,988.95
Inventory Variance	1,547.05	839.09
Tax Expense - State and Local	2,086.76	3,324.38
GROSS PROFIT (LOSS) STORE SALES	-1,688.55	19,047.84
OTHER INCOME & (EXPENSES)		
Material Sales Revenue		2,040.35
Cost of Goods Sold - Materials		-1,681.60
Gain/Loss on Disposal of Property	-11,287.76	-24,286.56
Inventory Variance Expense	-3,883.25	1,591.73
Interest Income	378.38	4,789.39
Non Op Inc	8,000.00	106,002.00
Non Op Exp		-1,334.96
Total Other Income & (Expenses)	-6,792.63	87,120.35
Interest & Related Charges		
Interest Expense ST Debt	17,776.08	217,052.14
Interest Expense LT Debt	86.13	3,633.98
Leased Vehicle Expense		
Penalties		125.50
Total Interest & Related Charges	17,862.21	220,811.62
INCOME (LOSS) BEFORE TAX EXPENSE	244,636.60	808,983.71
Income Tax Expense		
NET INCOME (LOSS)	244,636.60	808,983.71

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Case No(s). 10-2330-GA-AIS

Summary: Application Joint Application of Brainard Gas Corporation, Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company for Approval of Long Term Financing Arrangements and for Expedited Consideration electronically filed by Mr. Andrew J Sonderman on behalf of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company and Brainard Gas Corporation and Smith, Thomas Mr.