

ZACHARY D. KRAVITZ
Direct: 614.334.6117
zkravitz@taftlaw.com

May 23, 2013

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

Re: In the Matter of the Joint Application of Brainard Gas Corporation, Northeast Ohio Natural Gas Corporation, and Orwell Natural Gas Company for Approval of Long-Term Financing Arrangements.
PUCO Case No. 12-1792-GA-AIS

Dear Ms. McCauley:

On March 30, 2011 the Public Utilities Commission of Ohio entered its Finding and Order in the above-referenced case approving the Joint Application to issue a Senior Secured Note as joint and several obligors to Sun Life Assurance Company for a term loan of up to \$15,334,000. Findings 16 and 17 therein required Brainard, NEONG and ONG to file copies of quarterly and annual financial statements and quarterly reports demonstrating that their coverage ratio and total indebtedness as a percent of their capitalization complies with the coverage ratio requirements of their Note Purchase Agreement and all Subsequent Amendments with Sun Life Assurance Company.

Please find enclosed for filing the required quarterly financial reports and certification of compliance with the coverage ratio covenants for the quarter ended March 31, 2013.

Very truly yours,


Zachary D. Kravitz

ZDK/cls

Sun Life Assurance Company - Senior Secured Guaranteed Notes: Debt Covenant Calculations

ENTER DATE OF CERTIFICATE **Mar. 31, 2013**

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

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

| | | |
|-------|--|---------------|
| a. | Consolidated EBITDA Available for Interest Charges | \$ 16,979,523 |
| b. | Consolidated Annual Interest Charges | \$ 2,868,822 |
| Ratio | = a ÷ b | 5.92x |
| | Minimum Required | 2.0x |
| a. | Obligors EBITDA Available for Interest Charges | \$ 4,398,258 |
| b. | Obligors Annual Interest Charges | \$ 1,172,297 |
| Ratio | = a ÷ b | 3.75x |
| | Minimum Required | 2.0x |

B. Section 10.4 Debt to Capitalization Ratio

| | | |
|-------|-----------------------------|----------------|
| a. | Consolidated Funded Debt | \$ 62,536,954 |
| b. | Consolidated Capitalization | \$ 142,699,054 |
| Ratio | = a ÷ b | 44% |
| | Maximum Allowable | 60% |
| a. | Obligors Funded Debt | \$ 21,742,199 |
| b. | Obligors Capitalization | \$ 58,749,968 |
| Ratio | = a ÷ b | 37% |
| | Maximum Allowable | 60% |

C. Section 10.5 Restrictions on Dividends and Distributions

| | | |
|-------|--|------------|
| a. | Obligors Dividends/Distributions | \$ - |
| b. | Obligors Net Income | \$ 757,273 |
| Ratio | = a ÷ b | 0.0% |
| | Note: Sun Life has granted a waiver through 12/31/12 for this covenant | |
| | Maximum Allowable | 70.0% |

D. Section 9.1 Debt Service Reserve Fund

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

| | |
|---|--------------|
| DSRF Balance as of 3/31/13 | \$ 1,078,365 |
| Estimated Interest payable for next 12 months | \$ 1,072,476 |
| Covenant met | Yes |

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

By: Larry Brannard 5/13/13
 Name: Larry Brannard
 Title: Controller

Gas Natural Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
March 31, 2013 and December 31, 2012 (Unaudited)

| | March 31, 2013 | December 31, 2012 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,791,739 | \$ 3,435,417 |
| Marketable securities | 348,525 | 344,346 |
| Accounts receivable | | |
| Trade, less allowance for doubtful accounts of \$1,428,317 and \$1,389,762 respectively | 12,946,479 | 11,933,201 |
| Related parties | 133,383 | 322,557 |
| Unbilled gas | 4,458,200 | 4,612,258 |
| Note receivable - related parties, current portion | 12,976 | 12,615 |
| Inventory | | |
| Natural gas and propane | 842,893 | 5,092,240 |
| Materials and supplies | 1,934,660 | 1,835,816 |
| Prepaid income taxes | 449,369 | 498,297 |
| Prepayments and other | 1,975,078 | 2,224,267 |
| Recoverable cost of gas purchases | 4,013,859 | 2,329,524 |
| Deferred tax asset | 828,730 | 828,730 |
| Total current assets | 30,775,891 | 33,668,968 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Property, plant and equipment | 168,844,488 | 165,662,163 |
| Less accumulated depreciation, depletion and amortization | (48,414,865) | (47,034,673) |
| PROPERTY, PLANT AND EQUIPMENT, net | 120,429,623 | 118,627,490 |
| OTHER ASSETS | | |
| Notes receivable - related parties, less current portion | 119,321 | 122,650 |
| Regulatory assets | | |
| Property taxes | 237,049 | 307,732 |
| Income taxes | 452,645 | 452,645 |
| Rate case costs | 172,085 | 176,250 |
| Debt issuance costs, net of amortization | 1,701,307 | 1,798,720 |
| Goodwill | 14,891,377 | 14,891,377 |
| Customer relationships | 610,792 | 616,500 |
| Investment in unconsolidated affiliate | 320,651 | 321,731 |
| Restricted cash | 2,826,309 | 3,150,847 |
| Other assets | 1,862,715 | 328,549 |
| Total other assets | 23,194,251 | 22,167,001 |
| TOTAL ASSETS | \$174,399,765 | \$174,463,459 |

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

Gas Natural Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
March 31, 2013 and December 31, 2012 (Unaudited)

| | March 31, 2013 | December 31, 2012 |
|---|-------------------|----------------------|
| <u>LIABILITIES AND CAPITALIZATION</u> | | |
| CURRENT LIABILITIES | | |
| Checks in excess of amounts on deposit | \$ 845,468 | \$ 720,840 |
| Lines of credit | 18,329,755 | 24,260,755 |
| Accounts payable | | |
| Trade | 9,796,294 | 9,201,722 |
| Related parties | 127,546 | 51,797 |
| Notes payable, current portion | 633,646 | 633,498 |
| Accrued liabilities | | |
| Taxes other than income | 2,267,622 | 2,548,717 |
| Vacation | 112,378 | 115,956 |
| Employee benefit plans | 213,092 | 145,959 |
| Interest | 352,848 | 191,263 |
| Deferred payments received from levelized billing | 1,677,691 | 2,822,926 |
| Customer deposits | 736,141 | 744,974 |
| Related parties | 550,960 | 595,240 |
| Obligation under capital lease - current | 167,318 | 167,318 |
| Other current liabilities | 1,008,415 | 729,550 |
| Over-recovered gas purchases | 612,943 | 1,185,034 |
| Total current liabilities | 37,432,517 | 44,115,249 |
| LONG-TERM LIABILITIES | | |
| Deferred investment tax credits | 150,051 | 155,317 |
| Deferred tax liability, less current portion | 8,032,328 | 5,144,002 |
| Asset retirement obligation | 1,892,986 | 1,850,379 |
| Customer advances for construction | 1,029,900 | 1,009,232 |
| Regulatory liability for income taxes | 83,161 | 83,161 |
| Regulatory liability for gas costs | 2,661 | 20,743 |
| Long-term obligation under capital lease, less current portion | 2,040,508 | 2,040,508 |
| Total long-term liabilities | 13,231,595 | 10,303,344 |
| NOTES PAYABLE, less current portion | 43,573,552 | 43,700,742 |
| COMMITMENTS AND CONTINGENCIES (see Note 11) | | |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$0.15 par value, 1,500,000 shares authorized, no shares issued or outstanding | | |
| Common stock, \$0.15 par value, 15,000,000 shares authorized, 8,389,752 and 8,369,752 shares issued and outstanding, respectively | 1,258,463 | 1,255,463 |
| Capital in excess of par value | 44,413,800 | 44,256,493 |
| Accumulated other comprehensive income | 68,354 | 65,789 |
| Retained earnings | 34,421,484 | 30,766,379 |
| Total stockholders' equity | 80,162,101 | 76,344,124 |
| TOTAL CAPITALIZATION | 123,735,653 | 120,044,866 |
| TOTAL LIABILITIES AND CAPITALIZATION | \$174,399,765 | \$174,463,459 |

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

Gas Natural Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2013 and 2012 (Unaudited)

| | March 31, | |
|---|--------------|--------------|
| | 2013 | 2012 |
| REVENUES | | |
| Natural gas operations | \$39,944,662 | \$29,848,085 |
| Marketing and production | 3,571,779 | 1,907,094 |
| Pipeline operations | 98,287 | 107,784 |
| Propane operations | 1,702,874 | 1,969,158 |
| Total revenues | 45,317,302 | 33,772,121 |
| COST OF SALES | | |
| Natural gas purchased | 24,116,421 | 17,236,894 |
| Marketing and production | 2,860,035 | 1,395,416 |
| Propane purchased | 1,153,641 | 1,431,269 |
| Total cost of sales | 28,130,097 | 20,063,579 |
| GROSS MARGIN | 17,187,205 | 13,708,542 |
| OPERATING EXPENSES | | |
| Distribution, general, and administrative | 5,674,987 | 5,212,920 |
| Maintenances | 968,679 | 296,235 |
| Depreciation and amortization | 1,495,833 | 1,243,344 |
| Accretion | 42,607 | 38,080 |
| Taxes other than income | 929,804 | 937,490 |
| Total operating expenses | 8,511,910 | 7,728,069 |
| OPERATING INCOME | 8,675,295 | 5,980,473 |
| LOSS FROM UNCONSOLIDATED AFFILIATE | (1,080) | (2,744) |
| OTHER INCOME, net | 7,869 | 46,670 |
| ACQUISITION EXPENSE | (175,879) | (118,723) |
| INTEREST EXPENSE | (809,556) | (664,069) |
| INCOME BEFORE INCOME TAXES | 7,696,651 | 5,241,610 |
| INCOME TAX EXPENSE | (2,908,926) | (1,958,763) |
| NET INCOME | 4,787,725 | 3,282,847 |
| EARNINGS PER SHARE - BASIC AND DILUTED | \$ 0.57 | \$ 0.40 |
| WEIGHTED AVERAGE DIVIDENDS DECLARED PER COMMON SHARE | \$ 0.135 | \$ 0.135 |
| WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC | 8,384,863 | 8,154,734 |
| WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED | 8,385,644 | 8,162,957 |
| OTHER COMPREHENSIVE INCOME, NET OF TAX OF \$1,894 and \$5,480, respectively | | |
| Unrealized gain on available for sale securities | 2,565 | 9,146 |
| COMPREHENSIVE INCOME | \$ 4,790,288 | \$ 3,291,993 |

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

Gas Natural Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Three Months Ended March 31, 2013 and 2012 (Unaudited)

| | Common Shares | Common Stock | Capital In Excess Of Par Value | Accumulated Other Comprehensive Income | Retained Earnings | Total |
|--|------------------|--------------------|--------------------------------------|---|----------------------|---------------------|
| BALANCE AT DECEMBER 31, 2011 | <u>8,154,301</u> | <u>\$1,223,145</u> | <u>\$41,978,799</u> | <u>\$ 80,405</u> | <u>\$31,489,678</u> | <u>\$74,772,027</u> |
| Net income | — | — | — | — | 3,282,847 | 3,282,847 |
| Other Comprehensive Income | — | — | — | 9,146 | — | 9,146 |
| Stock issued for services | 1,125 | 169 | 12,473 | — | — | 12,642 |
| Stock option expense | — | — | 2,351 | — | — | 2,351 |
| Dividends declared | — | — | — | — | (1,100,934) | (1,100,934) |
| BALANCE AT MARCH 31, 2012 | <u>8,155,426</u> | <u>\$1,223,314</u> | <u>\$41,993,623</u> | <u>\$ 89,551</u> | <u>\$33,671,591</u> | <u>\$76,978,079</u> |
| BALANCE AT DECEMBER 31, 2012 | <u>8,369,752</u> | <u>\$1,255,463</u> | <u>\$44,256,493</u> | <u>\$ 65,789</u> | <u>\$30,766,379</u> | <u>\$76,344,124</u> |
| Net income | — | — | — | — | 4,787,723 | 4,787,723 |
| Other Comprehensive Income | — | — | — | 2,565 | — | 2,565 |
| Exercise of stock options @ \$7.10 to \$8.85 | 20,000 | 3,000 | 156,500 | — | — | 159,500 |
| Stock option expense | — | — | 807 | — | — | 807 |
| Dividends declared | — | — | — | — | (1,132,618) | (1,132,618) |
| BALANCE AT MARCH 31, 2013 | <u>8,389,752</u> | <u>\$1,258,463</u> | <u>\$44,413,800</u> | <u>\$ 68,354</u> | <u>\$34,421,484</u> | <u>\$80,162,101</u> |

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

Gas Natural Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2013 and 2012 (Unaudited)

| | 2013 | 2012 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 4,787,723 | \$ 3,282,847 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 1,495,833 | 1,243,344 |
| Accretion | 42,607 | 38,080 |
| Amortization of debt issuance costs | 104,065 | 77,022 |
| Stock based compensation | 807 | 14,993 |
| Loss on sale of fixed assets | 29,121 | 7,747 |
| Loss from unconsolidated affiliate | 1,089 | 2,741 |
| Investment tax credit | (5,265) | (5,265) |
| Deferred income taxes | 2,886,719 | 211,376 |
| Changes in assets and liabilities | | |
| Accounts receivable, including related parties | (644,105) | 817,669 |
| Unbilled gas | 154,058 | 1,579,685 |
| Natural gas and propane inventory | 4,249,347 | 5,146,734 |
| Accounts payable, including related parties | 833,005 | (2,982,618) |
| Recoverable/refundable cost of gas purchases | (2,376,426) | (1,479,205) |
| Prepayments and other | 249,189 | 135,676 |
| Other assets | 68,961 | 1,442,540 |
| Other liabilities | (923,539) | (1,158,078) |
| Net cash provided by operating activities | 11,051,174 | 8,375,288 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (3,419,636) | (4,366,485) |
| Proceeds from sale of fixed assets | 10,811 | 17,302 |
| Proceeds from related party notes receivable | 2,968 | 2,496 |
| Purchase of 8500 Station Street | (1,650,000) | — |
| Restricted cash - capital expenditures fund | 325,421 | — |
| Customer advances for construction | 20,668 | 35,498 |
| Contributions in aid of construction | (52,410) | 48,210 |
| Net cash used in investing activities | (4,656,758) | (4,262,979) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from lines of credit | 3,907,000 | 2,551,000 |
| Repayment on lines of credit | (9,338,000) | (8,060,000) |
| Repayments of notes payable | (127,042) | (1,905) |
| Debt issuance costs | (6,652) | (116,579) |
| Exercise of stock options | 159,500 | — |
| Restricted cash - debt service fund | (883) | (8,740) |
| Dividends paid | (1,131,717) | (1,100,884) |
| Net cash used in financing activities | (7,037,794) | (6,737,108) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (643,378) | (2,624,799) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | \$ 3,435,117 | \$10,504,845 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 2,791,739 | \$ 7,880,046 |

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

Gas Natural's Ohio Companies

Consolidated Income Statement By Company

For the 3 Months Ended March 31, 2013

| | Orwell Natural Gas | Clarion Gas | Walker Gas | Spelman Pipeline | Lightning Pipeline | Brainard Gas | Northeast Ohio Natural Gas | Great Plains Natural Gas | Kidron Pipeline | Consolidated Eliminations | Interco. | Final |
|--------------------------------------|-----------------------|-----------------|------------------|---------------------|-----------------------|------------------|-------------------------------|-----------------------------|--------------------|------------------------------|-------------------|---------------------|
| UTILITY REVENUE: | | | | | | | | | | | | |
| Gas Sales Residential | \$2,578,539 | \$51,429 | \$92,391 | | | \$19,027 | \$4,525,362 | | | \$7,266,748 | | \$7,266,748 |
| Gas Sales Commercial | 1,086,753 | 21,983 | 1,251 | | | 63,744 | 2,407,821 | | | 3,581,552 | | 3,581,552 |
| Gas Sales Industrial | 26,776 | | 0 | | | | 145,252 | | | 172,028 | | 172,028 |
| Transmission of Gas | 215,185 | | | 24,207 | | 57,721 | 234,048 | | | 531,161 | | 531,161 |
| Other Miscellaneous Sales | 6,855 | 271 | 144 | | | 200 | 10,661 | | | 26,460 | | 26,460 |
| Service Fees | 222,527 | 10,918 | 8,156 | | | 5,399 | 385,276 | | 8,329 | 632,276 | | 632,276 |
| Total Utility Revenue | \$4,136,535 | \$84,601 | \$101,942 | \$24,207 | \$0 | \$146,091 | \$7,708,420 | \$0 | \$8,329 | \$12,210,225 | \$0 | \$12,210,225 |
| | \$3,974,625 | \$55,188 | \$96,570 | \$37,000 | | \$120,082 | \$7,038,025 | | \$9,850 | \$11,360,330 | | |
| COST OF GAS SOLD: | | | | | | | | | | | | |
| Purchased Gas Cost | \$2,223,967 | \$62,516 | \$67,724 | \$0 | \$0 | \$43,689 | \$4,723,844 | \$0 | \$1,041 | \$7,090,295 | \$0 | \$7,090,295 |
| Deferred Gas Cost | (38,972) | | | \$0 | | \$34,500 | \$4,335,177 | | \$1,440 | \$6,508,089 | | |
| Purchased Gas Expenses | 4,829 | | | | | \$102,402 | \$2,804,576 | | \$7,258 | \$5,119,230 | | \$5,119,230 |
| Encroachment Gas/Other Cost | 1,657 | | | | | (21,224) | 48,219 | | 1,041 | 54,089 | | 54,089 |
| Total Gas Cost | \$2,191,481 | \$62,516 | \$67,724 | \$0 | \$0 | \$43,689 | \$4,723,844 | \$0 | \$1,041 | \$7,090,295 | \$0 | \$7,090,295 |
| | \$2,253,194 | \$33,285 | \$47,493 | \$0 | | \$34,500 | \$4,335,177 | | \$1,440 | \$6,508,089 | | |
| GROSS MARGIN | \$1,945,054 | \$22,085 | \$34,218 | \$24,207 | \$0 | \$102,402 | \$3,084,576 | \$0 | \$7,258 | \$5,119,230 | \$0 | \$5,119,230 |
| | \$1,907,076 | \$20,106 | \$33,876 | \$24,207 | | \$102,402 | \$3,072,766 | | \$7,258 | \$5,119,230 | | \$5,119,230 |
| GROSS MARGIN PERCENTAGE | 47.00% | 26.10% | 33.57% | 100.00% | 0.00% | 70.00% | 39.72% | 0.00% | 87.33% | 41.83% | 0.00% | 41.83% |
| | \$1,721,431 | \$21,594 | \$33,077 | \$37,000 | \$0 | \$98,822 | \$2,899,838 | \$0 | \$7,258 | \$4,852,241 | | \$4,852,241 |
| OPERATING EXPENSES: | | | | | | | | | | | | |
| Direct Labor | \$359,907 | | | \$33,846 | | 24,000 | \$665,393 | | | \$959,146 | | \$959,146 |
| Management Fee | 0 | | | | | | | | | 24,000 | (24,000) | 0 |
| Capitalized Labor | (134,253) | | | 0 | | | (126,867) | | | (261,120) | | (261,120) |
| Operations Expense | 233,798 | 9,554 | 10,588 | 18,728 | | 4,412 | 347,267 | | 279 | 624,626 | | 624,626 |
| Corporate Overheads | 131,918 | | | 2,314 | | 5,785 | 194,300 | | | 334,317 | | 334,317 |
| Maintenance Expense | 25,990 | 5,581 | 36 | 1,165 | | 157 | 76,217 | | 0 | 109,146 | | 109,146 |
| Depreciation Expense | 188,900 | 3,068 | 1,016 | 15,491 | | 4,070 | 293,233 | | 10,492 | 516,270 | | 516,270 |
| Amortization Expense | 375 | | | | | | 6,027 | 3,545 | 1,767 | 11,714 | | 11,714 |
| Gross Receipts Tax | | | | | | (778) | (45,353) | | | (46,131) | | (46,131) |
| Personal Property Tax | 75,000 | | | 123 | | 2,249 | 87,277 | | | 164,649 | | 164,649 |
| General Taxes | 9,769 | 0 | | | | 271 | 10,758 | | | 20,798 | | 20,798 |
| Store Revenue | (41,836) | | | | | | | | | (41,836) | | (41,836) |
| Store Expenses | 48,853 | | | | | | | | | 48,853 | | 48,853 |
| Total Operating Expenses | \$898,421 | \$18,203 | \$11,640 | \$71,667 | \$0 | \$40,166 | \$1,408,252 | \$3,545 | \$12,538 | \$2,464,432 | (\$24,000) | \$2,440,432 |
| | \$930,177 | \$15,415 | \$12,430 | \$56,239 | | \$37,357 | \$1,473,274 | \$2,333 | \$13,294 | \$2,540,769 | | \$2,540,769 |
| INCOME (LOSS) FROM OPERATIONS | \$1,046,733 | \$3,882 | \$22,578 | (\$47,461) | \$0 | \$62,236 | \$1,676,324 | (\$3,545) | (\$5,280) | \$2,655,498 | \$24,000 | \$2,679,498 |
| | \$791,254 | \$16,468 | \$26,647 | (\$19,239) | \$0 | \$58,225 | \$1,415,564 | (\$2,583) | (\$5,894) | \$2,311,472 | | \$2,311,472 |
| OTHER INCOME & EXPENSES: | | | | | | | | | | | | |
| Material Sales Revenue | | | | | | | | | | | | |
| Other Income - Anchor Hocking | | | | | | | \$12,463 | | | \$12,463 | | \$12,463 |
| Gain/Loss on Disposal of Property | | | | | | | 16,115 | | | 16,115 | | 16,115 |
| Inventory Variance Expense | (1,558) | | | | | | (4,768) | | | (4,768) | | (4,768) |
| Interest Income | 1,128 | | | | | | 1,315 | 65 | | (1,558) | | (1,558) |
| Non-Operating Income | 24,000 | 1 | | 3,132 | 0 | 0 | 56,508 | | | 2,509 | (24,000) | 2,508 |
| | 24,000 | A | | 3,132 | 0 | 0 | 56,508 | | | 83,641 | | 59,641 |

Gas Natural's Ohio Companies

Intercompany Eliminations:

A) Eliminate the Management Fee Income and Expense between Brainard and Orwell

Gas Natural's Ohio Companies
Consolidated Balance Sheet By Entity
As of March 31, 2013

| ASSETS | Orwell Natural Gas | Clarion Gas | Walker Gas | Spelman Pipeline | Lightning Pipeline | Brainard Gas | Northeast Ohio Natural Gas | Great Plains Natural Gas | Kidron Pipeline | Consolidated | Interco. Eliminations | Final |
|---|-----------------------|------------------|------------------|---------------------|-----------------------|------------------|-------------------------------|-----------------------------|--------------------|----------------------|--------------------------|---------------------|
| PROPERTY, PLANT & EQUIP : | | | | | | | | | | | | |
| Land and Land Rights | 18,985,430 | 286,875 | 146,938 | 3,218,675 | | 538,810 | \$1,195,697 | | 105,078 | \$1,588,327 | | \$1,588,327 |
| Mains, Meters, and Stations | | | | | | | 27,612,721 | | 143,894 | 50,355,717 | | 50,355,717 |
| Gas & Oil Wells | 757,674 | 5,928 | 4,216 | 25,174 | | | 878,164 | | 1,088 | 682,704 | | 682,704 |
| Construction Equipment & Tools | 638,580 | 20,306 | | 69,570 | | | 1,206,724 | | | 1,672,244 | | 1,672,244 |
| Vehicles | 159,373 | | | | | | 1,935,180 | | | 1,935,180 | | 1,935,180 |
| Buildings & Structures | 307,252 | 324 | 324 | | | | 1,733,930 | | | 1,893,303 | | 1,893,303 |
| Furniture & Fixtures | (5,243,518) | (66,189) | | (43,005) | | (98,328) | 199,843 | | | 507,743 | | 507,743 |
| Accumulated Depreciation | \$15,604,791 | \$247,244 | \$127,788 | \$3,663,044 | \$0 | \$440,482 | \$20,664,745 | | (122,379) | (17,759,443) | \$0 | \$0 |
| Net Plant & Equipment | | | | | | | | | | \$40,875,775 | | \$40,875,775 |
| Construction Work in Process | \$912,954 | \$0 | | \$1,519,802 | | \$186,617 | \$367,256 | | \$13,200 | 2,999,829 | | 2,999,829 |
| Total Property, Plant & Equip. | \$16,517,745 | \$247,244 | \$127,788 | \$5,182,846 | \$0 | \$627,099 | \$21,032,001 | \$0 | \$140,881 | \$43,875,604 | \$0 | \$43,875,604 |
| CURRENT ASSETS: | | | | | | | | | | | | |
| Cash | \$208,857 | \$12,585 | \$15,971 | \$4,039 | | \$23,660 | \$643,851 | | \$46,105 | \$953,158 | | \$953,158 |
| Restricted Cash | 427,099 | | | | | 4,843 | 1,510,930 | | | 2,075,008 | | 2,075,008 |
| Trade Accounts Receivable | 1,523,276 | 27,042 | 48,181 | 588 | | 55,329 | 3,070,206 | | | 4,724,622 | | 4,724,622 |
| Other Accounts Receivable | 11,159 | | | (7,778) | | 0 | 25,009 | | 416 | 28,806 | | 28,806 |
| Related Party Receivables | 1,481,435 | 243,030 | 246,444 | 38,896 | 1,743,267 | 14,294 | 9,386,523 | 290,139 | 276 | 13,444,304 | (8,976,158) | 4,468,145 |
| Inventory, Materials & Supplies | 414,563 | 0 | | | | 2,564 | 335,133 | | | 749,696 | | 749,696 |
| Inventory, Gas Storage | 50,418 | 0 | 3,390 | | | 142 | 68,928 | | | 125,300 | | 125,300 |
| Prepayments | 36,826 | 0 | 0 | 3,678 | | 0 | 92,034 | | | 132,480 | | 132,480 |
| Investment in Subsidiaries | 316,632 | | | | 16,115,920 | (78,255) | 105,078 | 11,728,515 | | 28,266,145 | (28,266,146) | (1) |
| Unrecovered Gas Cost | (509,489) | 3,399 | 27,288 | | | | 1,507,713 | | | 1,350,654 | | 1,350,654 |
| Total Current Assets | \$3,958,576 | \$286,056 | \$341,272 | \$39,423 | \$17,859,187 | \$22,567 | \$17,145,505 | \$12,150,790 | \$46,797 | \$51,850,173 | (\$37,242,304) | \$14,607,869 |
| OTHER ASSETS: | | | | | | | | | | | | |
| Goodwill | \$592,136 | \$44,641 | \$67,065 | | \$3,608,165 | \$126,273 | \$2,586,767 | \$6,528,135 | | \$13,551,182 | | \$13,551,182 |
| Deferred Tax Asset | 566,603 | | | | 142,351 | 46,898 | 1,060,712 | 39,797 | 150 | 1,856,361 | | 1,856,361 |
| Other Assets | 20,710 | | | | | 0 | 14,132 | | | 34,992 | | 34,992 |
| Intangibles - Debt Issuance | 199,635 | | | | | 2,065 | 376,034 | 10,636 | | 578,370 | | 578,370 |
| Intangibles - Other | 0 | | | | | 0 | 26,284 | | | 26,284 | | 26,284 |
| Intangibles - Cust. Relationships | 40,125 | | | | | 0 | 570,667 | | | 610,792 | | 610,792 |
| Total Other Assets | \$1,409,209 | \$44,641 | \$67,065 | \$0 | \$3,750,516 | \$175,236 | \$4,634,576 | \$6,576,568 | \$160 | \$16,657,961 | \$0 | \$16,657,961 |
| TOTAL ASSETS | \$21,885,530 | \$572,941 | \$535,125 | \$5,222,299 | \$21,609,703 | \$874,902 | \$42,812,002 | \$18,727,358 | \$187,878 | \$112,583,738 | (\$37,242,304) | \$75,441,434 |
| LIABILITIES & EQUITY: | | | | | | | | | | | | |
| SHAREHOLDER'S EQUITY: | | | | | | | | | | | | |
| Common Stock | \$467,667 | | | | \$1,250 | \$500 | \$591,500 | \$500 | | \$1,061,417 | (\$1,059,167) | \$2,250 |
| Paid-In-Capital | 11,512,964 | 404,699 | 374,504 | 4,555,749 | 16,045,989 | 149,177 | 16,895,594 | 11,728,015 | 105,078 | 31,781,759 | (27,206,979) | 34,574,780 |
| Dividends Paid | (592,305) | | | | | | (1,996,252) | | | (2,688,557) | | (2,688,557) |
| Prior Year Retained Earnings | (2,333,599) | 134,141 | 100,124 | (153,601) | 2,399,358 | 45,477 | 881,682 | 633,014 | (112,860) | 1,613,436 | | 1,613,436 |
| Retained Earnings (EOPS), Current | 502,249 | 3,697 | 22,578 | (44,289) | 15,781 | 37,599 | 910,978 | (21,521) | 15,250 | 1,523,079 | | 1,523,079 |
| Total Shareholder's Equity | \$9,556,973 | \$542,441 | \$497,206 | \$4,367,519 | \$18,463,378 | \$233,149 | \$17,283,492 | \$12,360,008 | (\$13,032) | \$63,291,134 | (\$28,266,146) | \$35,024,988 |
| CURRENT LIABILITIES: | | | | | | | | | | | | |
| Trade Accounts Payable | \$236,402 | \$494 | \$51 | \$1,339 | | \$3,701 | \$478,603 | | \$246 | \$720,836 | | \$720,836 |

Gas Natural's Ohio Companies
Consolidated Balance Sheet By Entity
As of March 31, 2013

| | Orwell | Clarion Gas | Walker Gas | Spelman | Lightning Pipeline | Brainard Gas | Northeast Ohio Natural Gas | Great Plains Natural Gas | Kidron Pipeline | Consolidated | Interco. Eliminations | Final |
|------------------------------|--------------|-------------|------------|-------------|--------------------|--------------|----------------------------|--------------------------|-----------------|---------------|-----------------------|--------------|
| Gas Accounts Payable | 484,925 | 18,301 | 12,634 | | | 11,749 | 981,316 | | | 1,488,925 | | 1,488,925 |
| Budget Bal Owed to Customers | 83,772 | 6,710 | 4,040 | | | 2,119 | 218,841 | | | 315,482 | | 315,482 |
| Customer Deposits | 38,860 | | | | | 4,340 | 75,229 | | | 119,429 | | 119,429 |
| Related Party Payables | 3,289,011 | 8,078 | 17,754 | 847,321 | 707,334 | 287,219 | 4,452,167 | 4,019,145 | 35,012 | 13,663,041 | (8,976,158) | 4,686,883 |
| Accrued Taxes Payable | 281,147 | 867 | 40 | 5,383 | 0 | 9,528 | 489,828 | 0 | | 736,793 | | 736,793 |
| Accrued Gross Recaptis Tax | 168,392 | | | | | 5,708 | 369,013 | | | 573,113 | | 573,113 |
| Deferred Tax Liability | 3,810,491 | | | | 353,173 | 160,888 | 4,674,453 | (10,432) | | 8,988,573 | | 8,988,573 |
| Accrued Liabilities | 79,399 | 1,050 | 4,400 | 707 | | 5 | 59,239 | 20,750 | 1,094 | 208,644 | | 208,644 |
| Total Current Liabilities | \$8,462,399 | \$35,600 | \$38,919 | \$864,750 | \$1,060,507 | \$485,257 | \$11,809,689 | \$4,029,463 | \$36,352 | \$26,812,836 | (\$8,976,158) | \$17,836,678 |
| LONG TERM DEBT: | | | | | | | | | | | | |
| Long Term Debt | \$3,091,572 | \$0 | | | \$2,085,818 | \$89,375 | \$13,718,901 | \$2,337,887 | | 21,323,553 | | \$21,323,553 |
| Asset Retirement Obligation | 774,586 | | | | | 17,121 | 0 | | 164,508 | 956,215 | | 956,215 |
| Total Long Term Debt | \$3,866,158 | \$0 | \$0 | \$0 | \$2,085,818 | \$106,496 | \$13,718,901 | \$2,337,887 | \$164,508 | \$22,279,768 | \$0 | \$22,279,768 |
| TOTAL LIABILITIES | \$12,328,557 | \$35,600 | \$38,919 | \$864,750 | \$3,146,325 | \$591,753 | \$25,528,590 | \$6,367,350 | \$200,860 | \$49,092,604 | (\$8,976,158) | \$40,116,446 |
| TOTAL LIABILITIES & EQUITY | \$24,885,630 | \$577,941 | \$635,125 | \$5,222,269 | \$4,609,703 | \$694,907 | \$42,812,082 | \$18,777,358 | \$187,828 | \$112,383,738 | (\$9,724,304) | \$75,141,434 |

0 0 0 0 0 0 0 0 0 0 0 0 0

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

5/23/2013 4:16:45 PM

in

Case No(s). 12-1792-GA-AIS

Summary: Report Quarterly financial reports for the quarter ended March 31, 2013
electronically filed by Mr. Zachary D. Kravitz on behalf of Orwell Natural Gas Company and
Northeast Ohio Natural Gas Corporation and Brainard Gas Corporation