BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Northeast Ohio natural Gas Corporation and Orwell Natural Gas Company.	:	Case Nos. 12-209-GA-GCR 12-212-GA-GCR
In the Matter of the Regulation of the Uncollectible Expense Riders of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company.	:	Case Nos. 12-309-GA-UEX 12-312-GA-UEX

PREFILED TESTIMONY
OF

ROGER L. SARVER

UTILITIES DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO

Staff Exhibit _____

July 1, 2013

1. Q. Please state your name and your business address.

A. My name is Roger L. Sarver. My business address is 180 East Broad Street, Columbus, Ohio 43215-3793.

2. Q. By whom are you employed, and in what capacity?

A. I am employed by The Public Utilities Commission of Ohio as an Energy Specialist for the Utilities Department.

3. Q. Please describe your educational background.

A. In 1987, I graduated from West Liberty State College with a Bachelor of Science degree in Business Administration. In 1998, I graduated from Capital University with a Masters in Business Administration.

4. Q. Please describe your professional experience.

A. From 1987 through 1988, I worked for small CPA firms performing financial audits of non-profit organizations, balance sheet and income statement preparation for clients, and associated tax forms. I started with the Public Utilities Commission of Ohio in 1988 as a Gas Analyst 2. As a Gas Analyst, I reviewed tariff filings, prepared entries for Commission consideration, and assisted and led Gas Cost Recovery (GCR) financial audits of local distribution companies. I was promoted to Gas Cost Recovery Supervisor in 1995. As GCR Supervisor, I had overall responsibility for all

Commission initiated GCR audits (financial and management /performance audits). I assumed my current position as an Energy Specialist in 1998. As it relates to GCR audits, that position includes the same responsibilities that I had as the GCR Supervisor.

5. Q. What is the purpose of your testimony?

A. I'm submitting testimony in support of Staff's audit report in Case No. 12-209-GA-GCR of Northeast Ohio Natural Gas Corporation (NEO) and 12-212-GA-GCR of Orwell Natural Gas Company (Orwell) collectively referred to as the "Companies".

6. Q. What did Staff consider in preparation of its 2012 audits of Orwell and NEO?

A. Staff considered in the 2012 audits experiences that it has accumulated through the 2010 audits of Orwell and Northeast (RS - 1 and 2), the preparation and presentation of testimony in the 2010 cases (RS - 3), the 2010 hearings, post hearing settlement discussions and preparation of a stipulation (RS - 4) and the Commission Opinion and Order (O&O) in these cases. In addition to the 2010 cases, Staff met with the Companies and their attorney to address the requirements of drafting a request for proposal for the solicitation of an asset manager. Over the years Staff has developed

a greater understanding of the Companies' procurement practices, regulatory compliance and management philosophy.

7. Q. What was the key point that Staff learned from its 2010 audits of Orwell and NEO?

A. The point that Staff took from its 2010 audits of Orwell and NEO was that the Companies' decisions were driven by their affiliated/related parties' interests, which resulted in higher purchased gas costs for their sales customers with minimal benefit. The Companies entered into service contracts with related parties that were unsigned, unexecuted and/or executed in a fashion that exceeded the terms of the contracts, if a contract even existed. This resulted in Orwell and NEO paying higher than normal prices for gas. At time the audits were concluding, the Companies' management believed that the related parties were providing benefits. But no analyses of existing resources or issued request for bids for similar services from third parties were made available to Staff.

8. Q. What did Staff recommend in the 2010 cases to minimize the influence of the related parties on Orwell and NEO?

A. Staff found that Orwell and NEO were in the best position to procure their own interstate and local supplies and they had the personnel capable of performing the gas procurement functions. Based on these findings, Staff rec-

ommended the Companies terminate their supply agreements with the related parties and, in the interim, initiate the process of buying their own gas individually or combined. Staff also recommended that a request for proposal be developed by the Companies to solicit bids for an asset manager.

9. Q. What did Staff learn from the 2010 hearings?

A. Staff found that its findings were largely substantiated through the companies' witnesses and those of the Office of Consumers' Counsel (OCC).

10. Q. Did the parties reach a settlement in the 2010 cases?

A. Yes. Staff, OCC and the Companies reached a settlement and a stipulation was signed on August 18, 2011.

11. Q. Were there key provisions of the stipulation that Staff believed, if implemented, would alleviate its related party concerns?

A. Yes. First, Staff agreed that several related party contracts would be terminated. Second, the stipulation stated that Gas Natural Service Company (GNS) would act as a gas procurement manager and would be free of the restrictions currently in place by virtue of the terminated contracts between GNS and John D. Oil Gas Marketing , LLC (JDOG).

Finally, the parties agreed that the intended date for the first competitive bidding process would be November 1, 2011.

12. Q. Did the provisions of the 2010 stipulation alleviate Staff's related party concerns?

A. No. What Staff learned was the drafting of a request for proposal (RFP) for the competitive bidding process did not take a few weeks as the signatory parties had anticipated, but rather the Companies completed it over a year later, and omitted Staff comments. See Staff witness Donlon's testimony for greater detail on the RFP process.

13. Q. What did Staff discover in the course of the 2012 audits of Orwell and Northeast as it related to the 2010 stipulation?

A. Staff discovered that, even though GNS was to act as gas procurement manager and asset manager for the Companies and Brainard Natural Gas Company, GNS simply verified the rates and quantities billed to it by JDOG and then passed the bills along to the companies. GNS did not solicit offers from other marketers. Second, Staff discovered the agency fees billed by JDOG to the Companies for interstate purchases continued after the Commission the issuance of the O&O in October 2011. JDOG continued to bill the agency fees to the Companies through November 2012 without a contract. These are just two examples of where Staff thought the

changes agreed to in the stipulation would allow the Companies to operate more independently of the related parties. The executives (Board of Directors and Officers) for these Companies are the same executives for the related parties, including JDOG.

14. Q. What were Staff's recommendations in the 2012 cases?

A. Staff made the following recommendations in its audit report of NEO and Orwell:

- Staff recommends NEO and Orwell examine its least cost options for meeting its sales customers' requirements through its different supply sources on a monthly basis. Staff believes the solicitation of bids from non-affiliated marketers as well as futures pricing will allow the companies to alter its supply mix within the physical constraints of their systems to accommodate lower priced supplies on a month to month basis.

- Staff recommended in the prior audit that the Companies reject supply and asset management agreements with its related party marketer JDOG. Staff believed these contracts were terminated with the Commission's Opinion and Order on October 26, 2011, in which it adopted the stipulation between the Companies, Staff and OCC. The pricing of local production was a concern that Staff raised in the prior audit and that pricing was still in place through a portion of this audit. Therefore, Staff recommends the Commission adopt Staff's alternative pricing of

local production in this audit period. Staff believes the JDOG pricing structure should be replaced with the following pricing structure based on the underlying pricing terms paid to local producers.

Local Producers	Avg. NYMEX for the Audit Period	Staff Alterna-tive Premium NYMEX Plus	JDOG Premium NYMEX Plus	Difference
Cobra	$3.834	$0.50	$1.091	$0.591
NEO non-Cobra	$3.82	$0.70	$1.61	$0.91
Orwell	$4.01	$0.25	$1.46	$1.21

- Staff found JDOG billed its agency/broker fees to the Companies for the entire audit. The Companies ceased seeking recovery of these fees through their GCRs as of September 2011. These agency/broker fees were paid out of the Companies' non-GCR revenue, thus reducing funds available for operations and dividends. In the event that either of these Companies files an application for rate relief or issuance of security/debt, Staff recommends that all costs for which the Company seeks to recover through their rates and/or riders be closely examined.

- Staff recommends that only the Commission approved tariff provisions be offered to the Companies' customers.

- Staff recommends that NEO and Orwell use in their GCR filings their monthly sales volumes less free gas, as Staff has in its Actual and Balance Adjustment calculations. Staff also recommends increasing NEO's sales volumes for the months

of March, 2010 through May, 2010 by 181,172 Mcf. Staff has accounted for these items in its AA and BA calculations.

- Staff recommends the Commission adopt its AA calculations for NEO and Orwell. Staff's calculation recognized on a weighted average basis, the prices paid to producers plus a premium to compensate JDOG for their services. This is Staff's proposed alternative pricing of local purchases as shown below.

- The differences between the Staff and the Companies' AA calculations are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment for Orwell of $234,801 in the customers' favor, and a reconciliation adjustment for NEO of $2,457,141, also in the customers' favor. These reconciliation adjustments should be applied in the first GCR filing following the Opinion and Order in this case.

- The differences between the Staff and the Companies' calculations of the BA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment for Orwell of $16,280 in the customer's favor and a reconciliation adjustment for NEO of $2,201,232 in the company's favor. These reconciliation adjustments should be applied in the first GCR filing following the Opinion and Order in this case.

- Staff recommends that Orwell monitor its unaccounted-for-gas UFG levels as it changes out meter devices and adds new metering devices for system growth.

- Staff recommends the Commission find the RFP process did not lead to competitive bids as required by the Stipulation and as ordered by the Commission in Case No. 10-209-GA-GCR, *et al.* Staff recommends that the bidder that was selected by the Companies be rejected. Staff also recommends that the Commission reject the results of the RFP process and order the Companies to start a new RFP process that includes the input of Staff, OCC and the companies' technical and operational staff.

- Staff recommends that the Commission reject any RFP and bid selection that the Companies may initiate prior to the incorporation of Staff and OCC input, starting as soon as March 2013.

15. Q. Did Staff find that the same problems the Companies had experienced during the 2010 Audit Period continued to occur during the 2012 Audit Period?

A. Yes. Many of the same problems existed. Part of this is due to the fact that a substantial amount of time passed from the end of the 2010 Audit Periods and the time the Commission signed its Opinion and Order.

16. Q. When did the 2010 purchased gas cost audit periods end for Orwell and NEO?

A. Orwell's purchased gas cost audit period ended in June 2010 and NEO's ended in August 2009.

17. Q. What were the 2012 purchased gas cost audit periods for Orwell and NEO?

A. Staff audited the purchased gas costs for NEO from September, 2009 through May, 2012 (33 months) and for Orwell from July, 2010 to June, 2012 (24 months).

18. Q. How much time elapsed between the start of the 2012 purchased gas cost periods and the Commission's 2010 Opinion and Order?

A. Sixteen months elapsed between the start of Orwell's purchased gas cost period and the signing of the O&O. For NEO, twenty-six months elapsed between the start of its purchased gas cost period and the Commission's 2010 O&O.

19. Q. Prior to the Commission's O&O, did the Companies alter their purchasing practices substantially during these periods?

A. No. Other than the introduction of Gas Natural Service to monitor the purchases of supplies from JDOG and the formalizing of supply contracts, it remained relatively the same.

20. Q. Did the purchasing practices of Orwell and NEO change substantially after the Commission signed its 2010 O&O?

A. No. Staff noted there were marginal changes in how JDOG priced its local production, primarily that local production which was purchased on Cobra's systems for NEO, but overall the concerns raised by Staff in the 2010 audits were still evident in these audits.

21. Q. What was Staff primary concern as it initiated its 2012 audit?

A. Staff's primary concern was JDOG's procurement of gas for these Companies. Staff noted numerous instances in the 2010 audits where these Companies were used to the advantage of JDOG and to the detriment of their customers. Staff believes that disparity existed in this audit period also.

22. Q. In the 2010 audits, what led Orwell to procure its supplies from JDOG?

A. At the start of the audit, Orwell was supplied gas by Orwell Natural Gas Marketing (ONG). Shortly thereafter, ONG was merged into JDOG. Following the merger, JDOG increased its premiums to procure interstate and local supplies. At approximately the same time, Orwell's name was being used by JDOG in the interstate market to purchase quantities of gas in excess of Orwell's sales customers' requirements in order to facilitate

JDOG's non-sales transactions. Staff found this treatment by JDOG of Orwell's credit occurred at the beginning of the 2012 audit.

23. Q. In the 2010 audits, what led NEO to procure its supplies from JDOG?

A. At the start of the 2010 audit, NEO procured the vast majority of its inter-state and local supplies. NEO still has the personnel necessary to procure supplies effectively in the interstate and intrastate markets and could acquire the supplies for Orwell and Brainard Natural Gas Company with minimal personnel changes. NEO began to procure increasingly more of its supplies from JDOG. Both the regulated utilities and the related party had the same executive officers. These officers held the positions of Chairman - CEO, President, and Vice-President and Controller for Orwell, NEO and JDOG. With this organizational structure, JDOG was free to utilize NEO's name and credit in the market to purchase supplies for its transportation customers and Great Plains Exploration, another affiliate.

24. Q. What is your recommendation for addressing the conflict of interest that exists with the Companies' upper management and upper management of the related party marketer?

A. The Companies' management has continually shown inconsistencies and a trend to put the interest of related parties ahead of the interests of the gas customers. Staff therefore recommends, that a Commission-ordered

investigation be opened into the Companies and all affiliated/related Ohio regulated parties, including but not limited to Northeast Ohio Natural Gas Corporation, Orwell Natural Gas Company, Brainard Natural Gas Company, Cobra Pipeline and Orwell Trumbull Pipeline. The Commission-ordered investigation should include but not be limited to a forensic audit and a management performance audit. The audits should be conducted by third party auditors chosen through an RFP process initiated by Staff. The audits shall be paid for by the Companies and should not be recoverable through rates of any kind.

25. Q. Does Staff have any additional recommendations?

A. Yes. Staff found that the purchasing of local production requires the Companies involvement to ensure that the quantities billed by the producers are representative of the volumes the Companies have sold to their customers. The required involvement of the Companies, coupled with their past experience in procuring local production leads Staff to recommend that at a minimum, the Companies should procure their own local production directly from producers and cease purchases of local production from JDOG.

26. Q. Do the Companies have the personnel required to procure local production directly from producers?

A. Yes. At the start of the 2010 audits, the Companies were negotiating and procuring local production directly from the producers.

27. Q. Would the Companies contracting directly with the local producers simplify the RFP process?

A. Yes. By contracting directly with the local producers, the Companies and potential bidders can focus on the procurement of interstate supplies and not the complexities of accounting for and reconciling local production purchases with customers sales.

28. Q. Do you have any corrections to the 2012 audit report?

A. Yes. In the Staff report, Staff referenced an organizational chart that was inadvertently omitted from the report on page 8, Table 1. Staff has included the organizational chart as RS - 5. The second correction that needs to be made is to the audit report on page 15 in the second column of the table. The amount designated as $4.40 Dth should be changed to $4.40 Mcf. The third change is to purchased gas costs and volumes from JDOG for Cobra Holmesville. Staff has reduced its alternative pricing of local production by $56,262 and volumes by 75,504 Dth. Staff has incorporated these changes into its revised AA calculation as shown in RS - 6. In its review of its purchased gas cost calculation, Staff discovered that it had not copied a formula in some months resulting in the inclusion of JDOG agency fees in

its purchased gas costs. Staff has corrected the formula, omitted the fees and incorporated the changes in Staff Revised AA.

29. Q. Can you briefly describe Staff's analysis of local production as is contained in Section III of Staff's 2012 audit report?

A. Staff started by examining the prices paid by Orwell and NEO to JDOG for local production. Staff then calculated the premiums earned by JDOG as the difference between the costs charged to NEO and Orwell less the amounts paid to local producers, delivery charges and shrink. This last step allowed Staff to determine the magnitude of the premiums that JDOG was earning on local production.

30. Q. What did Staff find in the premiums earned by JDOG on local production?

A. Staff found the prices JDOG charged to the Companies distorted the cost of purchasing local production to where, in most months, these purchases exceeded the cost of purchasing interstate supplies, which should not have been the case. Because of this inherent flaw, Staff sought to create pricing consistent with the underlying prices paid to producers.

31. Q. What did Staff utilize as a basis for pricing of local production to the Companies?

A. Staff utilized the local production purchase agreements and pricing sheets that were provided in the 2010 audits. These agreements/sheets represented the value a buyer was willing to pay for local production at various locations. These agreements were all priced using NYMEX.

32. Q. How did the Staff organize the local production purchase agreements?

A. Staff organized the purchase agreements based on how JDOG billed local production to the Companies. JDOG billed Orwell a single invoice that included fixed and monthly variable prices. JDOG invoiced NEO separately for Cobra, non-Cobra and Gatherco. JDOG invoiced separated costs and volumes between Churchtown, Holmesville and North Trumbull. JDOG invoiced NEO for non-Cobra volumes using fixed and monthly variable pricing. NEO received a separate invoice from JDOG for Gatherco.

33. Q. After the local production purchase agreements were organized according to JDOG invoicing, what did Staff do next?

A. Staff first removed fixed prices and Gatherco pricing from its analysis. Second, Staff utilized the NYMEX based purchase agreement price paid to each producer times the monthly volumes that producer supplied to Orwell or NEO based upon JDOG's invoices. Third, Staff summed on a monthly basis, all of the producer purchases and volumes. The final step was to divide the monthly purchase costs by the monthly purchase volumes to

arrive at a price per unit. This was done for Orwell, Cobra and non-Cobra purchases.

34. Q. What were the results of all of these calculations?

A. Staff determined on a weighted average cost per Dth or MCF for the audit periods that the producers on Orwell were paid $4.11 per Mcf by JDOG, producers on Cobra were paid $3.376 per Dth and non-Cobra producers were paid $4.40 per Mcf by JDOG.

35. Q. What were the weighted average NYMEX prices during the audit periods?

A. The average NYMEX for Orwell was $4.01 per MCF. The average NYMEX for NEO Cobra was $3.834 per Dth and $3.82 per Mcf for non-Cobra.

36. Q. How did the weighted average NYMEX prices paid by JDOG to producers compare to the weighted average NYMEX price for the audit periods?

A. Staff found that, on average, JDOG paid producers on the Orwell system tens cents above NYMEX. For producers supplying NEO, Cobra producers on average were paid approximately forty-six cents less than NYMEX and non-Cobra producers were paid on average fifty-eight cents above NYMEX.

37. Q. In the audit period, did Staff provide a table with the weighted average NYMEX calculations?

A. Yes. On page 15 of the audit report this table was provided.

Systems	Avg. NYMEX Price	Weighted Avg. Price Paid to Producers	Volumes Billed to Companies by JDOG Dth	Weighted Difference
Cobra	$3.834	$3.376 Dth	953,472 Dth	$(0.458)
Non-Cobra	$3.82	$4.40 Dth	280,003 Mcf	$0.580
Orwell	$4.01	$4.11 Mcf	63,693 Mcf	$0.10

38. Q. What did Staff conclude based on these weighted average NYMEX prices that producers were paid by JDOG?

A. Staff found that weighted average prices paid to producers less the weighted average NYMEX represented a basis upon which to add a premium to recognize JDOG services. Staff found the negative basis on Cobra was consistent with what other marketers on Cobra were paying, and reflected the ceiling price created by pricing on TCO. Staff found that the fifty-eight cent basis on non-Cobra was likely the result of the producers delivering into an isolated system such as Orrville, where local production was the only supply for the utility. At the same time, though, the utility was the only market for the producers, therefore the higher positive basis worked to the benefit of both parties. Staff found that the ten cent basis on Orwell was likely the result of producers delivering into some small

isolated areas, but most producers were delivering into systems that had multiple supply sources, thus limiting the positive basis.

39 Q. Did Staff recognize in its purchased cost calculations the basis noted in question 40?

A. No. Staff included in its purchased cost calculation the following table on page 5 and 25. This table recognizes in the column titled "Staff Alternative Premium NYMEX Plus" amounts added to NYMEX to arrive at the gas costs for the three categories of local production listed below.

Local Producers	Avg. NYMEX for the Audit Period	Staff Alterna-tive Premium NYMEX Plus	JDOG Premium NYMEX Plus	Difference
Cobra	$3.834	$0.50	$1.091	$0.591
NEO non-Cobra	$3.82	$0.70	$1.61	$0.91
Orwell	$4.01	$0.25	$1.46	$1.21

40 Q. What does the "Staff Alternative Premiums NYMEX Plus" represent?

A. Alternative Premiums NYMEX Plus represents an amount that Staff has added to the monthly NYMEX closing price to compensate JDOG for the costs that it has incurred to purchase local production, transportation and processing fees, shrinkage and still earn a premium as shown on RS -7 for Cobra Churchtown and RS - 8 for Cobra Holmesville.

41. Q. Do the Staff Alternative Premiums allow JDOG to earn a premium on the local purchases that it sells to NEO and Orwell?

A. Yes. As shown on RS - 7, the all in cost of providing NEO customers with local production on Cobra Churchtown is shown in the shaded Column 10. When summed the column totals $2,434,032. This represents the costs that JDOG may have incurred to provide customers with gas. Staff uses the word "may" because Staff questions the applicability of the processing fee JDOG incorporated into its calculation for volumes of gas that do not flow through the processing plant as required under the Cobra tariffs. This aside, the revenue that is produced under Staff's Alternative Premium by adding fifty cents to the NYMEX monthly closing prices for the audit period are shown in column 4, the other shaded column, which totaled $2,555,472. When column 10 is subtracted from column 4, the result is $121,440. This amount divided by the volumes sold to NEO Churchtown customers produces twenty-one cents per Dth premium, which is considerably less than the ninety- six cent premium JDOG earned during the audit period.

42. Q. Is this consistent with the findings of the Companies' witness Overcast?

A. No. Mr. Overcasts assert that Staff's Alternative Premiums will not allow JDOG to generate the revenues necessary to cover its cost of procuring local production and associated transportation services and shrinkage. As Staff RS – 7 and RS - 8 shows for the Churchtown and Holmesville

systems, Staff's Alternative Premium generated sufficient revenue to cover all costs as well as a premium of over twenty cents per unit.

43. Q. Mr. Overcast's testimony asserts that all local production was re-priced using the Staff's Alternative Premium. Is that correct?

A. No. Staff did not re-price the fixed priced or Gatherco purchases using the Staff's Alternative Premium. Staff did not re-price the fixed price purchases in any way and only reduced the Gatherco prices by the fifteen cent per unit premium that JDOG had added.

44. Q. The Companies' witness Overcast stated that Staff's underlying local purchase agreements cannot be relied upon as a basis for determining the prices JDOG paid to producers and its Alternative Premium. Do you agree with his finding?

A. No. The local purchase agreements supplied to Staff in its 2010 audits were executed from 2007 through 2010, with most of them occurring in 2007 and 2008. At the time, producers were receiving the benefit of a favorable NYMEX to TCO Appalachian basis differential of twenty-five cents in 2006 to as high as thirty-five cents in 2008. This differential has since dropped significantly, reaching a low in 2012 of four tenths of one cent, which would mean that if a local producer were to negotiate a new purchase during the 2012 audit periods, their purchase agreement with

JDOG or any other marketer would produce considerably less revenue than they did in 2007, 2008 or 2009. This too means that if the producers did renegotiate their agreements from those provided to Staff in the prior audit, the producers were paid less for their production, and Staff's pricing in its report overstated the costs paid to producers and understate the premiums earned by JDOG.

45 Q. The Companies witness Overcast questions Staff's use of NYMEX as a market based price. Why did Staff use NYMEX in its pricing?

A. Staff used NYMEX as the pricing index because all of the Companies local purchases were based on NYMEX as shown on RS - 9 and RS – 10. Both of these exhibits show that the pricing index for local production starts with NYMEX. Staff in its calculation used the same starting point.

46. Q. Mr. Overcast finds that Orwell and NEO benefited by $39,000 and $747,000 respectively, by buying local production vs. interstate supplies. Do you agree with his findings?

A. I agree with Mr. Overcast in that local production should be the lowest priced gas available to Orwell and NEO customers, but I do not agree with his calculations as shown on his Schedules 1 and 2.

47. Q. What do you disagree with in Mr. Overcast's Schedules 1 and 2?

A. In his calculations, Mr. Overcast calculates the city-gate cost of gas. In his calculations for customers served behind Dominion East Ohio's system (DEO), these customers' city-gate service is priced by taking city-gate deliveries to DEO and then increasing them by the cost to move this gas across the DEO system to the Orwell and NEO systems. The true city gate price for customers behind DEO is the city-gate price to DEO, because there was no local production during the audit that was delivered directly into the Orwell and NEO systems, thus bypassing DEO distribution and the associated charges. Absent the ability to bypass the DEO system in its entirety, interstate and local production would have paid the DEO transportation charges. To make these comparisons realistic in regards to the physical requirements of moving gas to customers behind the DEO system, Mr. Overcast should have excluded the DEO charges. The exclusion of the DEO charges alone would have reduced his column titled "Transportation cost w/o local" by approximately $1.75 million for NEO and nearly four hundred thousand dollars for Orwell.

48. Q. Did Mr. Overcast's Schedules 1 and 2 include any other costs in the "Transportation cost w/o local" column hat simply inflated the cost of interstate supplies?

A. Yes. Mr. Overcast in his comparison included the demand charges paid by NEO to TCO under the column titled "Transportation cost w/o local".

These demand charges were approximately $31,100 per month for the six summer months and $39,500 per month for the six winter months. These TCO demand charges for the audit period were approximately $1.178 million. On the Orwell system his calculations included the fixed monthly lease charge of $1,100 per month or $26,400 for the audit period.

49. Q. Why would these TCO demand and monthly lease charges be applicable to all volumes, not just interstate?

A. These TCO demand charges were applicable to interstate and local production volumes and these services were utilized to move local production from Cobra onto TCO to NEO customers. These TCO services provided firm transportation and storage services that increased the ability of JDOG to sell to NEO local production. For Orwell, the monthly lease charges were for distribution pipe, and indistinguishable as to supply source.

50. Q. If the DEO, TCO and monthly lease charges are removed from Mr. Overcast's Schedules 1 and 2 columns titled "Transportation cost w/o local, does interstate purchases exceed local production purchases?

A. No. With the elimination of these charges the interstate purchases were less expensive than local production purchases.

51. Q. Does this conclude your testimony?

A. Yes, it does. However, I reserve the right to submit supplemental testimony as described herein, as new information subsequently becomes available or in response to positions taken by other parties.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Prefiled Testimony of Roger L. Sarver, submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served via electronic mail, upon the following parties of record, this 1st day of July, 2013.

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A report by the Staff of the Public Utilities Commission of Ohio

Orwell Natural Gas Company
10-212-GA-GCR

Financial Audit of the Gas Cost Recovery Mechanisms for the Effective GCR Periods July 1, 2008 through June 30, 2010

November 24, 2010

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
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Certificate of Accountability

The Staff has completed the required audit of the Orwell Natural Gas Company ordered by the Public Utilities Commission of Ohio (PUCO or Commission), of the Gas Cost Recovery (GCR) rates for the periods July 31, 2008 through June 30, 2010; for conformity in all material respects with the procedural aspects of the uniform purchase gas adjustment as set forth in Chapter 4901:1-14 and related appendices, Administrative Code, and the Commission Entry in Case No. 10-212-GA-GCR.

Our audit has revealed certain findings, as discussed in this audit report, which should be addressed in this proceeding. The Staff notes that the Company has calculated its Gas Cost Recovery rates for the periods under investigation in accordance with the uniform purchase gas adjustment as set forth in Chapter 4901:1-14, Administrative Code, and related appendices, except for those instances noted in the audit report.

The Staff has performed an investigation into these specific areas and respectfully submits its findings and recommendations.

Steve Puican
Division Chief

Roger Sarver
Gas Specialist

Jacob Nicodemus
Utility Analyst

Section I

Executive Summary

Audit Work Program

Staff's investigation consisted of several components. Staff initially submitted a data request to Orwell requesting documentation necessary to recalculate the Company's purchase gas costs, purchase volumes, customer billings, sales volumes and informational items such as number of customers and transportation through-put. Staff reviewed and evaluated the data responses along with relevant documents from within the Commission in preparation for the audit. Staff conducted investigative interviews with appropriate company personnel and examined related party suppliers invoices, supplier invoices and company created spreadsheet at the Company's office in Mentor, Ohio.

Recommendations

Following is a summary of the Staff's recommendations contained in Chapters III through IX of this report:

Staff recommends Orwell examine on a monthly basis its least cost options for meeting its sales customers' requirements through its different supply sources. Staff believes that the solicitation of bids from non-affiliated markets and futures pricing will allow Orwell to alter its supply mix within the physical constraints of its system to accommodate less expensive gas supplies on a month to month basis.

Staff recommends that Orwell reject all of the supply and asset management agreements with affiliated companies during the audit period, including agreements entered in 2010. Staff can find little evidence of Orwell negotiating for the benefit of it or its sales customers, or limited evidence of the parties' enforcement of the contractual terms and conditions in their agreements

Staff recommends that Orwell, along with Northeast and Brainard, individually or combined, procure gas in sufficient quantities to meet their system(s) sales customers' requirements. In the absence of a supply agreement, Staff would recommend that Orwell, along with Northeast and Brainard, meet with staff to develop a request for proposal (RFP) to submit to suppliers that provide asset management services to small utilities. Staff would require the responses to RFP be sent to staff, who would then meet with the Companies to develop a selection procedure for the selection of a supplier or asset manager.

Staff recommends that Orwell use in its GCR filings its monthly sales volumes less free gas, as Staff has in its Actual and Balance Adjustment calculations.

Staff recommends that the Commission adopt Staff's calculation of purchase gas costs as contained in Staff's actual adjustment. Staff calculation reflects the cost of purchasing gas in the market and moving it to Orwell's system absence any affiliate costs or fees.

Staff recommends that Orwell be allowed to recover only the cost of procuring gas in the market, absent any affiliate charges associated with service fees, fixed priced commodity or interest on any unpaid invoices incurred under the imprudent affiliate supply agreements as contained in Staff's AA calculation.

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of $ 1,305,250 in the customers' favor. This reconciliation adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Staff recommends that Orwell provide documentation of any refund that may have been disbursed by Columbia Gas Transmission and Columbia Gulf Transmission between April 2008 and June 2010.

The differences between the Staff and Company's calculations of the BA are not self-correcting through the GCR mechanism. Staff recommends a net reconciliation adjustment of $13,680 in the customer's favor. This reconciliation adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Staff recommends Orwell monitor its UFG levels as it changes out meter devices and adds new metering devices for system growth.

The total Actual and Balance Adjustments for the audit period are as follows:

Actual Adjustment	($1,305,250)
Balance Adjustment	($13,680)
Total Adjustment	($1,318,930)

Section II

Introduction

Orwell Natural Gas Company (Orwell or Company) is a small local distribution company serving customers in Ashtabula, Geauga, Lake, and Trumbull counties. Orwell was formed by Willard Scott in 1986 to serve the Village of Orwell under the provisions of a municipal ordinance. In 1987 Orwell filed an application for approval of rules and regulations governing the distribution and sale of gas which was approved by the Commission on February 29, 1988.

On March 2002, Mr. Scott agreed to transfer all of Orwell's stock to Lightning Pipeline Company, Inc. (Lightning). The transfer of stock was approved by the Commission in Case No. 02-915-GA-UNC on May 21, 2002. Lighting stock was held primarily by Richard M. Osborne Trust. Mr. Richard M. Osborne is the sole trustee of this Trust.

On February 16, 2007, in Case No. 07-163-GA-ATA, Orwell filed an application to establish rates and tariffs in its unincorporated areas, along with the filing of its gas cost rate rates (GCR) with the Commission. Prior to this filing Orwell did not file its GCR with the Commission but instead filed its rates with the municipals that it served. On June 27, 2007, the Commission approved Orwell's application and established its initial GCR rate and case number for the filing of its GCRs. In Case No. 08-204-GA-GCR, Staff completed its initial GCR audit of Orwell.

As of December 2009, Orwell served approximately 6,034 residential and 740 commercial customers on four non-contiguous systems through interconnects with two intrastate pipelines, one local distribution company and local production. Orwell also provides transportation service to 146 customers.

Affiliates and Related Parties

Affiliates

At the start of the audit period Orwell was a wholly owned subsidiary of Lightning and Northeast Ohio Natural Gas Corporation (Northeast) was a wholly owned subsidiary of Great Plains Natural Gas Company (GPNGC). Lightning and GPNGC were owned primarily by the Richard M. Osborne Trust. Mr. Richard M. Osborne is the sole trustee of this trust. Mr. Richard M. Osborne is also the sole shareholder of Brainard Gas Corporation (Brainard).

On October 28, 2008, Energy West Incorporated (Energy West), along with Orwell, Northeast Ohio Natural Gas Corporation and Brainard jointly filed an application with the Commission for approval to transfer stock. With approval of the application, all of the stock of the three Ohio gas utilities would be purchased by Energy West. On December 3, 2008, the Commission approved the transfer of stock. In August 2009, Energy, Inc. completed reorganization into a holding company as the successor to Energy West, Inc.

(Energy West), now a direct, wholly-owned subsidiary of Gas Natural, Inc. (Gas Natural). Gas Natural is a publicly trade company. Mr. Osborne is a major shareholder, chief executive officer and chairman of the board of Gas Natural. Gas Natural's organizational structure is shown on Table 1.

Related Parties

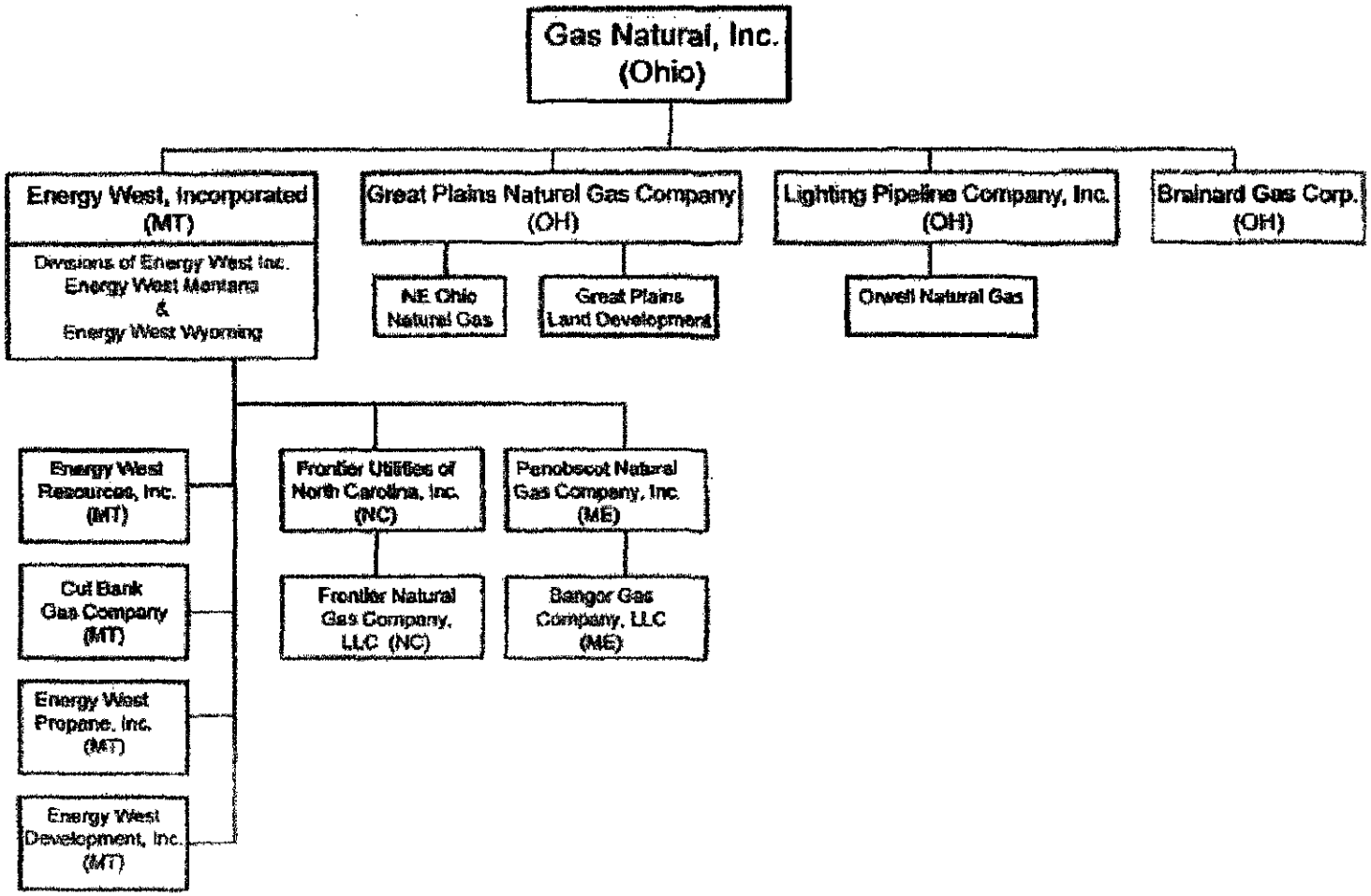
The Richard M. Osborne Trust is also the majority shareholder for the following companies:

Lightning Pipeline Co. II – parent of ONG Marketing,
John D. Oil and Gas Marketing Co., LLC, (JDOG),
Great Plain Exploration, LLC., (GP),
Cobra Pipeline Co., LTD (Cobra) and
Orwell-Trumbull Pipeline Co., LLC (OTP).

All of these related parties conducted business with Orwell during the audit period.

During this audit, Orwell's related party purchases represented the majority of purchase gas volumes and costs billed to the Company's sales customers. In this audit Staff examines these purchases and the related party contracts that support them.

Table I


Gas Natural, Inc. (Ohio)
Energy West, Incorporated (MT)
Divisions of Energy West Inc. Energy West Montana & Energy West Wyoming
Great Plains Natural Gas Company (OH)
NE Ohio Natural Gas
Great Plains Land Development
Lighting Pipeline Company, Inc. (OH)
Orwell Natural Gas
Brainard Gas Corp. (OH)
Energy West Resources, Inc. (MT)
Cut Bank Gas Company (MT)
Energy West Propane, Inc. (MT)
Energy West Development, Inc. (MT)
Frontier Utilities of North Carolina, Inc. (NC)
Frontier Natural Gas Company, LLC (NC)
Penobscot Natural Gas Company, Inc. (ME)
Bangor Gas Company, LLC (ME)

Section III

Expected Gas Cost

The Staff has reviewed Orwell's calculation of its Expected Gas Cost (EGC) for the audit period. The purpose of the EGC mechanism is to match future gas revenues for the upcoming quarter with the anticipated cost to procure gas supplies. It is calculated by extending twelve-month historical purchase volumes from each supplier by the rate that is expected to be in effect during the upcoming GCR quarter. The cost for each supplier is summed and the total is divided by twelve-month historical sales to develop an EGC rate to be applied to customer bills.

Supply Sources

Orwell's gas supplies are delivered from a combination of local production and interstate supplies, even though it does not have any direct connections to an interstate pipeline. In order for Orwell to receive its interstate supplies, volumes are transported to its city-gates through interconnections with Dominion East Ohio Gas (East Ohio), Cobra Pipeline Co., LTD. (Cobra) and Orwell-Trumbull Pipeline Company, LLC (OTPC).

East Ohio is a regulated local distribution company. Orwell has in place a General Transportation Service (GTS) agreement with East Ohio in which gas supplies delivered on behalf of Orwell to East Ohio are then transported on a firm basis to points of interconnect with Orwell's system. The GTS agreement provides that Orwell will pay a monthly administrative fee and a volumetric rate on all transported gas, grossed up for system shrink. During the audit period Orwell utilized the GTS service to serve customers with limited access to other supply sources.

Cobra is an intrastate pipeline. Cobra connects Orwell to Columbia Gas Transmission Corporation (TCO). Cobra was originally part of TCO prior to being sold to Cobra. Cobra initiated service to Orwell in February 2008. Orwell had in place a Transportation Service Agreement with Cobra which contains receipt and delivery points, maximum daily quantity and a volumetric rate.

At the start of the audit period Orwell had a General Transportation Service (GTS) agreement with TCO. The TCO GTS service agreement effectuated the delivery of gas from the market to a point of interconnection with Cobra. The GTS agreement with TCO was a firm transportation and storage service combined into a single service. This allowed Orwell to balance deliveries with physical takes at their city-gate, similar to a no-notice service utilized by larger distribution companies, and enabled Orwell to store gas in the non-heating months. This GTS agreement was later assigned to JDOG in mid 2008. However, Staff could not find in the agreement where Orwell assigned it pipeline capacity or designated JDOG as its agent.

OTPC is an intrastate pipeline. OTPC connects Orwell to North Coast Gas Transmission, LLC (North Coast). North Coast in turn is connected to Crossroads Pipeline with supplies sourced out of the Chicago market. OTPC is a high pressure pipeline operated by Orwell under an agreement approved by the Commission in Case No. 06-476-GA-ATA, on May 26, 2006. OTPC also has local production delivered directly into its system. The North Coast and local production volumes flow to Orwell, its transportation customers and a large portion into East Ohio.

Supply Agreements

At the start of this audit Orwell's commodity purchases were made on a best efforts basis, under a Gas Sales Agreement with ONG Marketing (ONG). Under the terms of this agreement, Orwell was to provide its nominations of its anticipated consumption (nominated volumes) for the upcoming month in writing to ONG. These nominated volumes were to be the basis for which ONG would solicit bids from marketers to serve the Company's anticipated consumption. ONG purchased interstate volumes under Orwell's name and used some of the Company's capacity contracts to move gas to Orwell's system. The ONG agreement was for a two year term, expiring December 2007, continuing on a month to month basis thereafter unless canceled or superseded.

Effective July 1, 2008, Orwell, along with Northeast and Brainard, entered into a 15 year, 3 month "best efforts" Gas Sales Agreement with John D. Oil and Gas Marketing Co., LLC (JDOG). From the documentation provided by Orwell, it appears that this contract became effective with bills starting July 2009. The purchase gas summaries supplied by Orwell during the audit indicate that ONG continued to purchase Orwell's supplies through June 2009, which was one year after the effective date of the JDOG contract.

In keeping with the practice of contracting with related parties, ONG negotiated two Gas Purchase Agreements with Great Plains Exploration, LTD. (GP). The first agreement was to be effective October 2007 to March 2008 and the second agreement was effective October 2008 through September 2009. The agreements provided that ONG would purchase gas from GP at fixed prices for the term of the agreement, and resell that gas to Orwell's sales customers.

The first fixed price agreement between ONG and GP was not signed and was not billed. In the absence of an agreement Orwell purchased gas from GP at variable rates. Emails between the parties indicate that the first agreement at a fixed price of $8.65 per Mcf was still being discussed several weeks after the effective date of October 1st. The second agreement between ONG and GP was signed and billed as the market price of gas was decreasing rapidly by as much a dollar per month and subsequently fell into the three dollar range. The second agreement contained a fixed price of $8.95 per Mcf and was billed starting November 2008.

Sales Volumes

Staff found that in nearly all of the months, Orwell included free gas in its monthly sales volumes. Free gas is gas that is metered by the Company, but not billed. Free gas is typically associated with local production and customers affected by the production.

Purchase Volumes

Staff has reviewed the purchase volumes filed by the Company in its GCR filings and found that for calendar year 2008, Orwell reflected purchase volumes of 18,316 Mcf - 2.8% less than sales volumes. The Company is selling more than it is buying, which is not possible. This is likely the result of metering differences between purchase meters and sales meters. However, for calendar year 2009, Orwell reflected purchase volumes of 28,856 (3.7) more than its sales volumes, or a swing of 6.5% (from -2.8% to 3.7%) in purchase volumes from one year to the next.

Transportation Service

Orwell provides transportation service to 146 customers on its system with Kraftmaid being its largest transportation customer. Of these 146 transportation customers, Staff has learned that approximately 45 of them are residential transportation customers receiving supplies from JDOG. Staff has questioned Orwell as to what tariff provision it has in place that allows it to provide residential transportation service and verified that Orwell does not have any tariff provisions allowing for residential transportation service. Orwell indicated it will cease transportation service to these residential customers as of November 2010 and place them on small general sales service.

Conclusions

Supply Sources

Orwell receives supplies from four different sources (Dominion, Cobra, OTPC and local production. To the extent possible, Orwell can alter its supply mix to maximize the procurement of least cost supplies.

Supply Agreements

Staff found that JDOG utilized TCO contractual entitlements as if it were Orwell without a contractual assignment from Orwell. TCO were assigned to JDOG without a contract. The terms and conditions of the gas sales agreement do not contain any assignment of capacity, so Staff is without an explanation as to how JDOG obtained the rights to the TCO capacity.

Staff finds that the nomination provision of Orwell's agreements with ONG and JDOG could not be verified. Staff repeatedly requested from the Company copies of its nominated volumes and did not receive the requested documentation. Staff does not believe that the Company provided any written nomination to ONG or JDOG prior to mid-2010. Staff believes that ONG and JDOG made nominations without Orwell's input resulting in nomination and subsequent purchases that in some months far exceeded the requirements of Orwell's sales customers. These excess purchases were allocated to GP, but at a discounted rate.

The JDOG gas sales agreement has two major differences from the ONG agreement. The first difference is that the term of the agreement is far longer than any Staff has seen before for any natural gas utility. Typically, sales agreements range from one to three years in length. The gas market is changing rapidly which results in shorter term agreements between pipelines, utilities and marketers.

The second sufficient difference between the ONG and the JDOG agreements is contained in Article 5 "Purchase Price". In this paragraph the three utilities have the options to seek bids from other gas marketers on the five and ten year anniversary dates and provide the acceptable bids to JDOG. JDOG has the option of matching the third party bids, which would result in amendments to its pricing provisions. If JDOG decides not to match a third party's bid, JDOG would provide written notice of its rejection and the price provision would remain the same, effectively making the three utilities captive to this agreement for 15 years. Staff believes this language would not be acceptable to non-affiliated companies. Staff believes that the 15 plus year term and the non-binding bid provisions are detrimental to the interest of the three utilities or their customers.

It is evident that Orwell did not differentiate between its gas sale agreement with ONG and JDOG from July 2008 through June 2009. During this period of time, the JDOG agreement was in effect, but ONG billed Orwell as if ONG was the supplier. Orwell's apathetic approach in enforcing its contract with JDOG resulted in ONG billing Orwell for its purchases from GP at the fixed price of $8.95 per Mcf, when the market price was considerably less. But to ensure that Orwell's sale customers still paid the $8.95 per Mcf fixed price purchases from GP, JDOG signed an identical agreement to the ONG agreement with GP, on the same day, by the same two individuals.

Staff finds it troubling how ONG and JDOG both are willing to obligate Orwell's GCR customers to purchase commodity at a fixed rate from yet another affiliate without the Company's input into the purchasing process. This appears to Staff to do nothing more than add another layer of gas purchase costs onto Orwell's sales customers, at the same time generating additional revenue for the affiliates.

Staff believes that all of these conclusions are the result of affiliate/related party interactions where one party does not enforce the terms and conditions of their contractual agreements, nor does one party protect its interest or the interest of its customers. For Orwell, these costs were passed along through its GCR for dollar for dollar recovery. Orwell therefore is indifferent to the rates imposed by its related parties.

Sales Volumes

The sales volumes used to calculate the Company's actual adjustment (AA) should not include free gas volumes.

Purchase Volumes

Orwell's system balancing reports consistently show that year after year the gas entering (gas in) its system is less than the gas leaving (gas out) its system, which is common for smaller gas companies. Staff believes that with a system that has more sales than purchases, the purchase volumes should be equal to or less than the sales volumes.

Recommendations

Supply Sources

Staff recommends Orwell examine, on a monthly basis, its least cost options for meeting its sales customers' requirements through its different supply sources. Staff believes that the solicitation of bids from the market and futures pricing will allow Orwell to alter its supply mix within the physical constraints of its system to accommodate less expensive gas supplies on a month-to-month basis.

Supply Agreements

Staff has reviewed the applicable ONG and JDOG invoices, summary sheets, supplier invoices, sales volumes and Company-prepared worksheets. Staff has listed numerous concerns with the supply agreements that were the basis for the ONG and JDOG invoices. Staff does not believe that Orwell explored the option of bids or proposals from non-affiliate and unrelated third parties. Even absent such bids, Orwell should have determined that some of the terms and conditions contained in these affiliated agreement were not reasonable and appropriate. And finally, the Company's failure to enforce the terms and conditions of these contracts renders them of no use to Orwell or its customers. Therefore, Staff concludes that these supply agreements that Orwell signed with ONG and JDOG were not prudently entered into, executed or enforced and should be disregarded as a basis for determine purchase gas cost in this audit period and in future GCR filings and audits before the Commission.

Staff recommends that Orwell reject all of the supply and asset management agreements with the related parties during the audit period, including agreements entered in 2010. Staff finds little evidence of Orwell negotiating for the benefit of it or its sales customers, and limited evidence of the parties' enforcement of the contractual terms and conditions in their agreements

As discussed above, Staff has several concerns with Orwell's related party supply agreements. Staff did not find evidence that these supply arrangements provided a net benefit to Orwell or its customers, but rather increased costs to Orwell's customers. While this was all happening, ONG and JDOG had access to the Orwell's name and credit-worthiness in the market, while creating liabilities on Orwell, in order to purchase supplies for GP. Staff believes that Orwell, along with Northeast and Brainard, would benefit more by procuring their own supplies than by contracting for services through related parties. This would limit the utilities gas procurement to their sales customers' requirements and limit their liabilities with their suppliers, ensuring the utilities continued access to gas supplies for their sales customers.

Staff recommends that Orwell, along with Northeast and Brainard, individually or combined, procure gas in sufficient quantities to meet their system(s) sales customers' requirements. In the absence of a supply agreement, Staff would recommend that Orwell, along with Northeast and Brainard, meet with staff to develop a request for proposal (RFP) to submit to suppliers that provide asset management services to small utilities. Staff would require the responses to RFP be sent to staff, who would then meet with the Companies to develop a selection procedure for the selection of a supplier or asset manager.

Sales Volumes

Staff recommends that Orwell use in its GCR filings its monthly sales volumes less free gas, as Staff has in its Actual and Balance Adjustment calculations.

Section IV

Actual Adjustment

The Actual Adjustment reconciles the monthly cost of purchased gas with the EGC billing rate. It is calculated by dividing the total cost of gas purchases for each month of the three-month reporting quarter by total sales for those respective months. The result is the unit book cost of gas, which is the cost incurred by the company for procuring each MCF it sold that month. That unit book cost for each month is compared with the EGC rate which was billed for that quarter. The difference between each monthly unit cost and the EGC, whether positive or negative, is multiplied by the respective monthly jurisdictional sales to identify the total of under or over recoveries of gas costs. The monthly under or over-recoveries are summed and divided by the twelve-month historic jurisdictional sales to develop an Actual Adjustment rate to be included in the GCR for four quarters.

Errors in the Actual Adjustment calculation can result from incorrectly reported purchase gas costs, errors in the stated sales volumes and from the use of the wrong EGC rate.

In the absence of prudent supply agreements, Staff attempted to recalculate all of Orwell's purchase gas costs and volumes for the audit period and additional six months. In order to calculate purchase gas costs for Orwell, Staff started with the supply sources available to the Company. As noted in Section III, Orwell receives supplies from East Ohio, North Coast deliveries through OTPC, TCO through Cobra and local production delivered directly in its system. Staff then reviewed the distribution of Orwell's sales customers based on what pipeline (Cobra or OTPC) or utility (East Ohio) was supplying gas to them. Some systems had more than one supply source, for which allocations were made. Staff used invoices from BP Canada Energy Marketing Corporation (BP), Constellation Energy, Shell Energy, IGS Energy and other non-affiliated marketers whenever possible to develop its purchase gas calculation. Staff also compared volumes that flowed from North Coast into OPTC, Cobra, East Ohio and local production and where appropriate, incorporated those volumes and costs.

Staff has extended its audit of purchase gas costs and volumes through June 2010. Staff noted a trend in the purchases being made by JDOG in Orwell's name at the end of 2009 and believed it would be prudent to examine these purchases now instead of waiting until the 2012 audit.

As noted in Section III, Staff calculated purchase volumes to equal sale volumes for the extended audit period. In some months Staff purchases are above or below sales volumes as were the Company, but at the end of the audit period overall purchases equaled total sale volumes.

Conclusion

Staff has recalculated purchase gas costs for Orwell based on the supplies that were available, at prevailing market prices billed by non-affiliated suppliers, in sufficient quantities to equal the volumes of gas sold to its sales customers. Staff believes its calculation is more representative of the costs to purchase gas in the market and move the gas to Orwell systems for its sales customers.

Recommendation

Staff recommends the Commission find Orwell's affiliate supply agreements to be imprudent and adopt Staff's calculation of purchase gas costs as contained in Staff's actual adjustment. Staff calculation reflects the cost of purchasing gas in the market and moving it to Orwell's system absence any affiliated costs or fees.

Staff recommends that Orwell be allowed to recover only the cost of procuring gas in the market, absent any affiliated charges associated with service fees, fixed priced commodity or interest on any unpaid invoices incurred under the imprudent affiliate supply agreements.

The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of $(1,305,250) in the customers' favor as shown in Table 2. This reconciliation adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Actual Adjustment Calculation
Table II

	Per Staff	Jan-08	Feb-08	Mar-08	AA	Difference
Quarter End: Mar-08	Supply Cost $	$1,067,794	$966,709	$1,003,305		
	Jur. Sales MCF	111,221	116,609	112,158		
	Total Sales MCF	111,221	116,609	112,158		
	Book Cost $/ MCF	$9.6007	$8.2902	$8.9454		
	EGC$/MCF	$8.8923	$9.2639	$10.0932		
	Diff. $/MCF	$0.7084	($0.9737)	($1.1478)		
	Cost Diff. $	$78,789	($113,542)	($128,735)	($163,489)	
	Per Company					
	Supply Cost $	$931,428	$1,040,403	$1,031,250		
	Jur. Sales MCF	110,649	116,676	112,234		
	Total Sales MCF	110,649	116,676	112,234		
	Book Cost $/ MCF	$8.4178	$8.9171	$9.1884		
	EGC$/MCF	$8.8924	$9.2639	$10.0933		
	Diff. $/MCF	($0.4746)	($0.3468)	($0.9049)		
	Cost Diff. $	($52,511)	($40,469)	($101,558)	($194,538)	$31,049

	Per Staff	Apr-08	May-08	Jun-08	AA	Difference
Quarter End: Jun-08	Supply Cost $	$635,170	$329,195	$197,578		
	Jur. Sales MCF	65,845	29,595	19,858		
	Total Sales MCF	65,845	29,595	19,858		
	Book Cost $/ MCF	$9.6464	$11.1233	$9.9496		
	EGC$/MCF	$10.5062	$11.7159	$12.7639		
	Diff. $/MCF	($0.8598)	($0.5926)	($2.8143)		
	Cost Diff. $	($56,614)	($17,538)	($55,886)	($130,038)	
	Per Company					
	Supply Cost $	$537,393	$334,592	$239,545		
	Jur. Sales MCF	65,887	29,609	19,862		
	Total Sales MCF	65,887	29,609	19,862		
	Book Cost $/ MCF	$8.1563	$11.3006	$12.0607		
	EGC$/MCF	$10.5062	$11.7159	$12.7639		
	Diff. $/MCF	($2.3499)	($0.4153)	($0.7032)		
	Cost Diff. $	($154,826)	($12,298)	($13,968)	($181,092)	$51,054

Actual Adjustment Calculation
Table II

	Per Staff	Jul-08	Aug-08	Sep-08	AA	Difference
Quarter	Supply Cost $	$200,138	$141,741	$150,445		
End:	Jur. Sales MCF	18,019	8,360	12,075		
Sep-08	Total Sales MCF	18,019	8,360	12,075		
	Book Cost $/ MCF	$11.1072	$16.9547	$12.4591		
	EGC$/MCF	$14.4123	$11.0157	$11.0157		
	Diff. $/MCF	($3.3051)	$5.9390	$1.4434		
	Cost Diff. $	($59,554)	$49,650	$17,429	$7,526	
	Per Company					
	Supply Cost $	$188,918	$110,726	$146,641		
	Jur. Sales MCF	18,023	8,360	12,077		
	Total Sales MCF	18,023	8,360	12,077		
	Book Cost $/ MCF	$10.4824	$13.2452	$12.1420		
	EGC$/MCF	$14.4123	$11.0156	$9.4838		
	Diff. $/MCF	($3.9299)	$2.2296	$2.5582		
	Cost Diff. $	($70,827)	$18,638	$32,103	($20,086)	$27,612

	Per Staff	Oct-08	Nov-08	Dec-08	AA	Difference
Quarter	Supply Cost $	$517,697	$621,235	$885,122		
End:	Jur. Sales MCF	20,631	54,668	101,448		
Dec-08	Total Sales MCF	20,631	54,668	101,448		
	Book Cost $/ MCF	$25.0930	$11.3637	$8.7249		
	EGC$/MCF	$10.0798	$9.2277	$9.4807		
	Diff. $/MCF	$15.0134	$2.1360	($0.7558)		
	Cost Diff. $	$309,743	$116,771	($76,675)	$349,839	
	Per Company					
	Supply Cost $	$385,415	$732,094	$960,124		
	Jur. Sales MCF	20,646	54,499	102,216		
	Total Sales MCF	20,646	54,499	102,216		
	Book Cost $/ MCF	$18.6681	$13.4332	$9.3931		
	EGC$/MCF	$10.0796	$9.2277	$9.4807		
	Diff. $/MCF	$8.5885	$4.2055	($0.0876)		
	Cost Diff. $	$177,315	$229,194	($8,959)	$397,550	($47,711)

Actual Adjustment Calculation
Table II

	Per Staff	Jan-09	Feb-09	Mar-09	AA	Difference
Quarter End: Mar-09	Supply Cost $	$767,972	$929,811	$850,175		
	Jur. Sales MCF	148,308	135,116	97,964		
	Total Sales MCF	148,308	135,116	97,964		
	Book Cost $/ MCF	$5.1782	$6.8816	$6.6369		
	EGC$/MCF	$9.6449	$9.6792	$9.7661		
	Diff. $/MCF	($4.4667)	($2.7976)	($3.1292)		
	Cost Diff. $	($662,447)	($378,000)	($306,549)	($1,346,996)	
	Per Company					
	Supply Cost $	$1,241,749	$1,006,609	$808,511		
	Jur. Sales MCF	148,875	135,494	98,214		
	Total Sales MCF	148,875	135,494	98,214		
	Book Cost $/ MCF	$8.3409	$7.4292	$8.2322		
	EGC$/MCF	$9.6449	$9.6792	$9.7660		
	Diff. $/MCF	($1.3040)	($2.2500)	($1.5338)		
	Cost Diff. $	($194,131)	($304,863)	($150,642)	($649,636)	($697,360)

	Per Staff	Apr-09	May-09	Jun-09	AA	Difference
Quarter End: Jun-09	Supply Cost $	$395,049	$166,411	$97,461		
	Jur. Sales MCF	70,361	35,436	19,909		
	Total Sales MCF	70,361	35,436	19,909		
	Book Cost $/ MCF	$5.6146	$4.6961	$4.8952		
	EGC$/MCF	$6.4243	$5.9683	$6.1790		
	Diff. $/MCF	($0.8097)	($1.2722)	($1.2838)		
	Cost Diff. $	($56,971)	($45,082)	($25,560)	($127,613)	
	Per Company					
	Supply Cost $	$593,590	$235,721	$79,026		
	Jur. Sales MCF	70,615	35,677	20,068		
	Total Sales MCF	70,615	35,677	20,068		
	Book Cost $/ MCF	$8.4060	$6.6072	$3.9380		
	EGC$/MCF	$6.4242	$5.9682	$6.1789		
	Diff. $/MCF	$1.9818	$0.6390	($2.2409)		
	Cost Diff. $	$139,945	$22,796	($44,971)	$117,770	($245,383)

Actual Adjustment Calculation
Table II

	Per Staff	Jul-09	Aug-09	Sep-09	AA	Difference
Quarter End: Sep-09	Supply Cost $	$84,994	$86,151	$82,172		
	Jur. Sales MCF	18,055	11,428	17,592		
	Total Sales MCF	18,055	11,428	17,592		
	Book Cost $/ MCF	$4.7076	$7.5385	$4.6711		
	EGC$/MCF	$6.2928	$6.0379	$6.0915		
	Diff. $/MCF	($1.5852)	$1.5006	($1.4204)		
	Cost Diff. $	($28,620)	$17,149	($24,987)	($36,458)	
	Per Company					
	Supply Cost $	$120,515	$114,841	$133,543		
	Jur. Sales MCF	18,171	11,323	17,902		
	Total Sales MCF	18,171	11,323	17,902		
	Book Cost $/ MCF	$6.6322	$10.1251	$7.4598		
	EGC$/MCF	$6.2928	$6.0378	$6.0914		
	Diff. $/MCF	$0.3394	$4.0873	$1.3484		
	Cost Diff. $	$6,167	$46,278	$24,497	$76,942	($113,400)

	Per Staff	Oct-09	Nov-09	Dec-09	AA	Difference
Quarter End: Dec-09	Supply Cost $	$331,651	$390,498	$825,879		
	Jur. Sales MCF	29,414	53,449	99,080		
	Total Sales MCF	29,414	53,449	99,080		
	Book Cost $/ MCF	$11.2753	$7.3060	$8.3355		
	EGC$/MCF	$6.2552	$6.5391	$6.6688		
	Diff. $/MCF	$5.0201	$0.7669	$1.4667		
	Cost Diff. $	$147,662	$40,990	$145,320	$333,972	
	Per Company					
	Supply Cost $	$344,153	$411,396	$851,925		
	Jur. Sales MCF	29,663	53,847	100,275		
	Total Sales MCF	29,663	53,847	100,275		
	Book Cost $/ MCF	$11.6022	$7.6401	$8.4959		
	EGC$/MCF	$6.2552	$6.5391	$6.6688		
	Diff. $/MCF	$5.3470	$1.1010	$1.6271		
	Cost Diff. $	$158,607	$59,286	$163,156	$381,049	($47,077)

Actual Adjustment Calculation
Table II

	Per Staff	Jan-10	Feb-10	Mar-10	AA	Difference
Quarter End: Mar-10	Supply Cost $	$1,012,908	$942,787	$639,432		
	Jur. Sales MCF	141,031	138,279	97,288		
	Total Sales MCF	141,031	138,279	97,288		
	Book Cost $/ MCF	$7.1822	$6.8180	$6.5726		
	EGC$/MCF	$6.8745	$7.6756	$7.1422		
	Diff. $/MCF	$0.3077	($0.8576)	($0.5696)		
	Cost Diff. $	$43,395	($118,588)	($55,415)	($130,608)	
	Per Company					
	Supply Cost $	$1,119,840	$554,213	$1,429,173		
	Jur. Sales MCF	142,865	139,744	98,392		
	Total Sales MCF	142,865	139,744	98,392		
	Book Cost $/ MCF	$7.8385	$3.9659	$14.5253		
	EGC$/MCF	$6.8745	$7.6756	$7.1422		
	Diff. $/MCF	$0.9640	($3.7097)	$7.3831		
	Cost Diff. $	$137,715	($518,408)	$726,437	$345,744	($476,352)

	Per Staff	Apr-10	May-10	Jun-10	AA	Difference
Quarter End: Jun-10	Supply Cost $	$272,692	$266,005	$101,929		
	Jur. Sales MCF	62,582	38,145	20,835		
	Total Sales MCF	62,582	38,145	20,835		
	Book Cost $/ MCF	$4.3574	$6.9735	$4.8923		
	EGC$/MCF	$6.1289	$6.5556	$6.6173		
	Diff. $/MCF	($1.7715)	$0.4179	($1.7250)		
	Cost Diff. $	($110,863)	$15,941	($35,940)	($130,862)	
	Per Company					
	Supply Cost $	$131,337	$251,012	$45,961		
	Jur. Sales MCF	62,582	38,145	30,835		
	Total Sales MCF	62,582	38,145	30,835		
	Book Cost $/ MCF	$2.0987	$6.5804	$2.2060		
	EGC$/MCF	$6.1289	$6.5556	$6.6173		
	Diff. $/MCF	($4.0302)	$0.0248	($4.4113)		
	Cost Diff. $	($252,219)	$946	($91,907)	($343,180)	$212,318
						($1,305,250)

Section V

Refund and Reconciliation Adjustment

The Refund and Reconciliation Adjustment (RA) is used to pass through the jurisdictional portion of refunds received from gas suppliers and adjustments ordered by the Commission. Annual interest of ten percent (10 %) is applied to the net jurisdictional amount of the RA, which is then divided by twelve months of historic sales volumes to develop a unit rate to be included in the GCR calculation for four quarters.

Staff reviewed the first quarter of 2008 invoices from TCO and Columbia Gulf Transmission Corporation (Gulf) and did not find any pipeline refunds. As noted in Section III, the TCO GTS was assigned to an affiliate without a contract, so there could be refunds received by the affiliate that are due Orwell. Gulf capacity was assigned to Atmos Energy, but like the TCO assignment, Staff hasn't seen this contract either.

The Staff has reviewed the RA calculated by the Company and found that Orwell properly applied the reconciliation adjustment ordered by the Commission in Case No. 08-204-GA-GCR. Staff found that Orwell passed back to its customers the Commission ordered reconciliation of ($81,492) following the Opinion and Order in that case. Orwell passed back the RA adjustment for the required 12 month or four consecutive quarters.

Recommendation

Absent contracts assigning the TCO and Gulf capacity to an affiliate and a third party, Staff recommends that Orwell be ordered to provide documentation of any refund that may have been disbursed by TCO and Gulf between April 2008 and June 2010.

Section VI

Balance Adjustment

The Balance Adjustment (BA) mechanism corrects for under- or over- recoveries of previously calculated AA's and RA's. The BA is calculated by subtracting the product of the respective AA, and RA rate and the sales to which those rates were applied from the dollar amounts of the respective AA and RA previously included in the GCR and used to generate those adjustment rates. Since those adjustment rates, themselves, were derived by dividing the dollar amounts by historic sales, the BA calculation depicts the differences in revenues generated for each of these adjustment mechanisms using actual versus historical sales. The sum of the differences for the AA and RA calculations is the total BA for the quarter, which is then combined with the quarterly AA adjustment and divided by twelve-months of historical sales to obtain a new AA rate to be included in the GCR. Errors detected in the BA generally are the result of incorrectly reported sales volumes, but also may be due to selecting an incorrect rate from previous AA and RA calculations.

As noted in Section III, Expected Gas Cost Section, the Company's monthly sales volumes for nearly every month contained free gas, which Staff has excluded in its AA and BA calculation. Staff found that for some of the months the AA rates were not consistently applied for 12 months. The application of these rates over varying periods created differences between Staff and Company calculated BAs. Staff also found that the sequencing of the BA calculation was not correct at the start of the audit period but the Company was able to correct by the end of the audit. The difference calculated by Staff was a difference of $13,680 in the customers' favor. The difference between Staff calculated BA and Company filed BA for the audit period is shown in Table III.

Recommendation

The differences between the Staff and Company's calculations of the BA are not self-correcting through the GCR mechanism. Staff recommends a net reconciliation adjustment of $13,680 in the customer's favor. This reconciliation adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Jun-08	Adjustment $	$45,899	$0	$0		
	Rate $/MCF	$0.0831	$0.0000	$0.0000		
	Sales MCF	639,513	639,513	639,513		
	Recovery $	$53,144	$0	$0		
	Balance $	($7,245)	$0	$0	($7,245)	
	Per Company					
	Adjustment $	$0	$0	$0		
	Rate $/MCF	$0.0000	$0.0000	$0.0000		
	Sales MCF	0	0	0		
	Recovery $	$0	$0	$0		
	Balance $	$0	$0	$0	$0	($7,245)

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Sep-08	Adjustment $	($47,106)	$0	$0		
	Rate $/MCF	($0.0818)	$0.0000	$0.0000		
	Sales MCF	526,462	526,462	526,462		
	Recovery $	($43,115)	$0	$0		
	Balance $	($3,991)	$0	$0	($3,991)	
	Per Company					
	Adjustment $	($47,106)	$0	$0		
	Rate $/MCF	($0.0818)	$0.0000	$0.0000		
	Sales MCF	641,396	0	0		
	Recovery $	($52,466)	$0	$0		
	Balance $	$5,360	$0	$0	$5,360	($9,352)

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Dec-08	Adjustment $	($20,291)	$0	$0		
	Rate $/MCF	($0.0348)	$0.0000	$0.0000		
	Sales MCF	670,488	670,488	670,488		
	Recovery $	($8,355)	$0	$0		
	Balance $	($11,936)	$0	$0	($11,936)	
	Per Company					
	Adjustment $	($20,291)	$0	$0		
	Rate $/MCF	($0.0348)	$0.0000	$0.0000		
	Sales MCF	669,811	0	0		
	Recovery $	($23,309)	$0	$0		
	Balance $	$3,018	$0	$0	$3,018	($14,954)

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Mar-09	Adjustment $	$69,688	$0	$0		
	Rate $/MCF	$0.1147	$0.0000	$0.0000		
	Sales MCF	711,888	711,888	711,888		
	Recovery $	$81,653	$0	$0		
	Balance $	($11,965)	$0	$0	($11,965)	
	Per Company					
	Adjustment $	$69,888	$0	$0		
	Rate $/MCF	$0.1147	$0.0000	$0.0000		
	Sales MCF	713,759	0	0		
	Recovery $	$81,868	$0	$0		
	Balance $	($12,200)	$0	$0	($12,200)	$235

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Jun-09	Adjustment $	($202,466)	$0	$0		
	Rate $/MCF	($0.3126)	$0.0000	$0.0000		
	Sales MCF	722,296	722,296	722,296		
	Recovery $	($225,790)	$0	$0		
	Balance $	$23,324	$0	$0	$23,324	
	Per Company					
	Adjustment $	($202,466)	$0	$0		
	Rate $/MCF	($0.3126)	$0.0000	$0.0000		
	Sales MCF	724,762	0	0		
	Recovery $	($226,561)	$0	$0		
	Balance $	$24,095	$0	$0	$24,095	($771)

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Sep-09	Adjustment $	($181,091)	$0	$0		
	Rate $/MCF	$0.2699	$0.0000	$0.0000		
	Sales MCF	730,916	730,916	730,916		
	Recovery $	($206,912)	$0	$0		
	Balance $	$25,821	$0	$0	$25,821	
	Per Company					
	Adjustment $	($181,091)	$0	$0		
	Rate $/MCF	($0.2699)	$0.0000	$0.0000		
	Sales MCF	733,698	0	0		
	Recovery $	($196,025)	$0	$0		
	Balance $	$16,934	$0	$0	$16,934	$8,887

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Dec-09	Adjustment $	($14,726)	$0	$0		
	Rate $/MCF	($0.0230)	$0.0000	$0.0000		
	Sales MCF	736,112	736,112	736,112		
	Recovery $	($16,931)	$0	$0		
	Balance $	$2,205	$0	$0	$2,205	
	Per Company					
	Adjustment $	($14,726)	$0	$0		
	Rate $/MCF	($0.0230)	$0.0000	$0.0000		
	Sales MCF	740,121	740,121	740,121		
	Recovery $	($17,023)	$0	$0		
	Balance $	$2,297	$0	$0	$2,297	($92)

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Mar-10	Adjustment $	$400,568	($85,974)	$0		
	Rate $/MCF	$0.5980	($0.1248)	$0.0000		
	Sales MCF	731,321	731,321	731,321		
	Recovery $	$437,330	($91,269)	$0		
	Balance $	($36,762)	$5,295	$0	($31,467)	
	Per Company					
	Adjustment $	$400,568	$0	$0		
	Rate $/MCF	$0.5980	$0.0000	$0.0000		
	Sales MCF	738,540	738,540	738,540		
	Recovery $	$441,647	$0	$0		
	Balance $	($41,079)	$0	$0	($41,079)	$9,612

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
12 months ending Jun-10	Adjustment $	($661,836)	$0	$0		
	Rate $/MCF	($0.9273)	$0.0000	$0.0000		
	Sales MCF	727,175	727,175	727,175		
	Recovery $	($674,310)	$0	$0		
	Balance $	$12,474	$0	$0	$12,474	
	Per Company					
	Adjustment $	($661,836)	$0	$0		
	Rate $/MCF	($0.9273)	$0.0000	$0.0000		
	Sales MCF	727,175	727,175	727,175		
	Recovery $	($674,310)	$0	$0		
	Balance $	$12,474	$0	$0	$12,474	($0)
						($13,680)

Section VII

Customer Billing

An important component in the GCR process is the proper application of GCR rates to customer bills. The Staff has reviewed and verified the GCR and customer service base rate charges applied to customer bills during the audit period. Although not every bill was examined, several customer bills were verified in each monthly billing period in order to ensure billing accuracy. Staff found that for the months of August and September 2008, Orwell billed the same GCR rate.

Conclusion

Staff has accounted for the same rate being billing for August and September 2008 in it AA calculation.

Recommendation

Staff recommends that the Company verify the GCR rate in effect each month as it is preparing it inputs for billing.

Section VIII

Unaccounted For Gas

Unaccounted-for-gas (UFG) is the difference between gas purchases and gas sales. It is calculated on a twelve-month basis, ending in one of the low usage summer months, August in the case of Orwell, so as to minimize the effects of unbilled volumes on the calculation. The GCR Rule, Chapter 4901:1-14 (FF) (3), Administrative Code, specifies that the Commission may adjust the Company's future GCR rates as a result of UFG above a reasonable level, presumed to be no more than five percent (5 %) for the audit period.

Staff finds that the Company's UFG rate in the 2008 audit was slightly under positive one percent (more purchases than sales). This is in contradiction to Staff finding in Section III under purchase volumes that for the last few years, Orwell system unaccounted for gas rate (UFG) was slightly negative (more sales than purchases). The Staff calculation of UFG from the prior audit was based on ONG invoicing and did not include all of the volumes flowing into and out of Orwell's system. In this audit Staff examined larger volumes of gas representing gas entering the Company system on behalf of sales and transportation customers and their corresponding metered volumes leaving the system.

Table IV
System Average UFG Rates

Twelve Months Ended	Gas In (MCF)	Gas Out (MCF)	UFG (MCF)	UFG
* July 2007	832,706	852,564	-19,857	-2.4%
July 2008	898,235	908,118	- 9,883	-1.1%
July 2009	1,001,593	1,047,790	- 46,197	-4.6%
July 2010	1,097,476	1,115,720	-18,244	-1.7%

Restated (*) unaccounted for gas levels including sales and transportation volumes vs. prior audits calculation using only purchase and sales volumes.

Recommendations

Staff recommendations Orwell's monitor its UFG levels as it changes out meter devices and adds new metering devices for system growth.

The Public Utilities Commission of Ohio
Ted Strickland, Governor
Alan R. Schriber, Chairman

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A report by the Staff of the
Public Utilities Commission of Ohio

Northeast Ohio Natural Gas Corporation
10-209-GA-GCR

Financial Audit of the Gas Cost Recovery
Mechanisms for the Effective GCR Periods
March 1, 2008 through February 28, 2010

November 24, 2010

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Certificate of Accountability

As ordered by the Public Utilities Commission of Ohio (PUCO or Commission), the Staff has completed the required audit of the Northeast Ohio Natural Gas Corporation (Northeast or Company) gas cost recovery (GCR) rates for March 1, 2008 through February 28, 2010. The Staff audited for conformity with the procedural aspects of the uniform purchase gas adjustment as set forth in Chapter 4901:1-14, O.A.C and related appendices, and by Commission Entry signed on January 20, 2010 in Case No. 10-209-GA-GCR.

Our audits have revealed certain findings, as discussed in this audit report, which should be addressed in this proceeding. The Staff notes that at the time of preparing this report, unless otherwise noted, Northeast accurately calculated its gas cost recovery rates for those periods under investigation in accordance with the uniform purchase gas adjustment as set forth in Chapter 4901:1-14, O.A.C, and related appendices, except for those instances noted in this audit report. The Staff has performed investigations into these specific areas and respectfully submits its findings and recommendations.

Steve Puican
Division Chief

Roger Sarver
Gas Specialist

Jacob Nicodemus
Utility Analyst

Section I

Executive Summary

Audit Work Program

The audit investigation consisted of several components. Staff initially reviewed and evaluated relevant documents from within the Commission in preparation for the audit. Staff submitted data requests and reviewed the Company's responses to those requests in order to understand and evaluate the Company's activities. Staff conducted investigative interviews with appropriate company personnel at the Company's offices in Mentor, Ohio and Pleasantville, Ohio. Additionally, staff reviewed and evaluated relevant Company documents as necessary to understand and evaluate the Company's activities.

Recommendations

At the time of preparing this report, unless otherwise noted, Northeast accurately calculated its gas cost recovery rates for the time period discussed in this report. The following is a summary of the Staff's recommendations, which are based on the findings and conclusions presented in this report:

- Staff recommends that the Commission order a reconciliation adjustment of ($1,057,799) in the Customer's favor to correct for the differences identified in the Actual Adjustment.

- Staff recommends a reconciliation adjustment in the amount of ($178,811) in the Customers' favor to correct for differences identified in the Balance Adjustment.

- Staff recommends that Northeast remove free gas volumes from any calculations related to the GCR mechanism.

Section II

Introduction

Background

Northeast Ohio Natural Gas Corporation (Northeast or Company) was founded in 1986. Portions of Northeast's operations were obtained from the former Ellis T. Myers Company pursuant to the Commission's December 16, 1986 Finding and Order in Case No. 86-2198-GA-ATR. Historically, the Company and its predecessor operations had relied upon the availability of local production to serve its customers' requirements. Since 1986, Northeast has increasingly relied upon interstate natural gas transmission pipelines to meet the needs of its growing customer base.

In 1996, Northeast was acquired by Marbel Energy Corporation (Marbel). In 1998, Marbel was acquired by FE Holding, LLC, in a joint venture between FirstEnergy Corporation (FirstEnergy) and Belden & Blake Corporation (B&B), of which both First Energy and B&B were equal owners.

In June 2003, Northeast was purchased by Great Plains Natural Gas Company (Great Plains) based in Mentor, Ohio. Great Plains is owned by Mr. Richard Osborne, the former Chairman and CEO of Orwell Natural Gas Company (Orwell). This sale was approved by the Commission in Case No. 03-1229-GA-UNC.

In October 2008, Energy West, Incorporated (Energy West), a publicly traded corporation operating public utilities in four other states, entered into a Stock Purchase Agreement with Great Plains. The transfer of all issued and outstanding stock was approved by Finding and Order in Case No. 08-1196-GA-UNC. In January 2010, the transaction closed and Northeast was acquired by Energy, Inc, parent company to Energy West.

Related Parties

At the start of the audit period, Northeast was a wholly owned subsidiary of Great Plains Natural Gas Company (GPNGC) and Orwell was a wholly owned subsidiary of Lightning Pipeline Company, Inc. (Lightning). Lightning and GPNGC were owned primarily by the Richard M. Osborne Trust. Mr. Richard M. Osborne is the sole trustee of this trust.

Mr. Osborne also holds shares of stock in the following companies that Northeast has conducted business with during the audit period:

John D. Oil & Gas Marketing Co., LLC,
Cobra Pipeline,

Great Plains Exploration,
Lighting Pipeline Co. II - parent to ONG Marketing

As part of this audit, Staff has examined these related party transactions. Staff findings and recommendations can be found in subsequent sections.

In August 2009, Energy, Inc. completed reorganization into a holding company as the successor to Energy West, Inc., now a direct, wholly-owned subsidiary of Gas Natural, Inc. (Gas Natural). Gas Natural is a publicly trade company. Mr. Osborne is a major shareholder, chief executive officer and chairman of the board of Gas Natural. The organizational chart for Gas Natural is shown on Table 1.

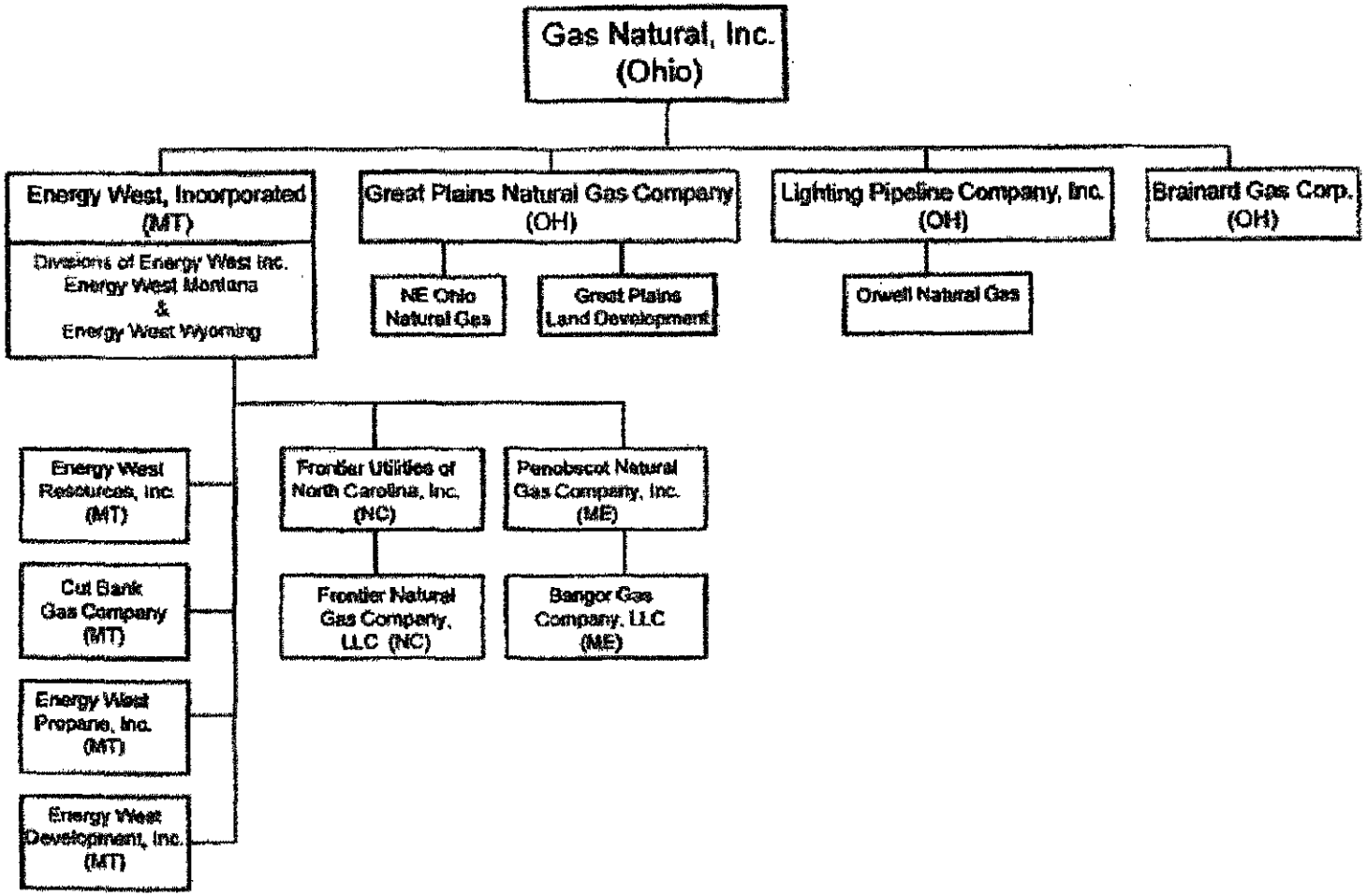
Operations

Northeast currently serves 14,005 residential customers, 1399 commercial and 17 industrial customers, and provides transportation service to 26 customers.

Recommendations

As Northeast's customer base now exceeds 15,000, the Company is required per Chapter 4901:5-7-04, O.A.C to file an annual Long Term Forecast Report by June 30th, 2011.

Table I


Gas Natural, Inc. (Ohio)
Energy West, Incorporated (MT)
Divisions of Energy West Inc. Energy West Montana & Energy West Wyoming
Great Plains Natural Gas Company (OH)
NE Ohio Natural Gas
Great Plains Land Development
Lighting Pipeline Company, Inc. (OH)
Orwell Natural Gas
Brainard Gas Corp. (OH)
Energy West Resources, Inc. (MT)
Cut Bank Gas Company (MT)
Energy West Propane, Inc. (MT)
Energy West Development, Inc. (MT)
Frontier Utilities of North Carolina, Inc. (NC)
Frontier Natural Gas Company, LLC (NC)
Penobscot Natural Gas Company, Inc. (ME)
Bangor Gas Company, LLC (ME)

Section III

Expected Gas Cost

Staff has reviewed Northeast's calculations of its expected gas cost (EGC) for the audit period. The EGC mechanism attempts to match future gas revenues for the upcoming quarter with the anticipated cost to procure gas supplies. It is calculated by extending twelve-month historical purchase volumes from each supplier by the rate that is expected to be in effect during the upcoming period. The cost for each supplier is summed and the total is divided by twelve-month historical sales to develop an EGC rate to be applied to customer bills.

In reviewing the Company's calculations of the EGC, the Staff makes the following observations concerning purchase volumes and sales volumes.

Supply Sources

Northeast's gas is delivered in part by interstate pipeline, with approximately 33% of all supply arriving on Columbia Gas Transmission and Tennessee Gas Pipeline. A local distribution company, Dominion East Ohio, delivers approximately 37% of supply. Approximately 16% of supply is provided by Cobra Pipleine, and the remaining supply requirement is met by local production directly into Northeast's system. Northeast has approximately 13 local producers, the largest of which is Gatherco.

For the first six months of the audit period, approximately 85% of supply was purchased directly from unrelated parties such as IGS, BP, and Constellation. Throughout the audit period, Northeast increasingly utilized the services of John D. Oil and Gas Marketing Co., LLC (JDOG). By the end of this audit period, percentage of supply purchased directly from unrelated parties was approximately 25%.

Since the company has a non-integrated system within its service area, each supply source traditionally was designed to serve specific communities. Northeast continues to improve the reliability of the overall system by increasing the number of interconnects with interstate pipelines along with integrating its individual, smaller distribution systems.

In 2007, Northeast acquired 5,269 residential customers and associated facilities from Columbia Gas of Ohio (Columbia). As part of the purchase agreement approved by Commission Finding and Order in Case No. 07-767-GA-ATR, 40,000 Dth of gas in storage was transferred to Northeast under a storage agreement between Northeast and Columbia Gas Transmission Corporation.

Sales Volumes

Northeast sells gas to domestic, small commercial, and small industrial customers pursuant to tariffs approved by the Commission and also transports gas to 26 transportation customers. Staff has reviewed the Company's sales records and identified no variances in overall monthly sales figures. However, Northeast neglected to exclude free gas volumes from its GCR calculations, which is further detailed in the affected sections.

Recommendations

Staff has no recommendations in this area.

Section IV

Actual Adjustment

The actual adjustment (AA) reconciles the monthly cost of purchased gas with the EGC billing rate. It is calculated by dividing the total cost of gas purchases for each month of the three-month reporting quarter by total sales for those respective months. The result is the unit book cost of gas, which is the cost incurred by the company for procuring each MCF it sold that month. That unit book cost for each month is compared with the EGC rate which was billed for that quarter. The difference between each monthly unit cost and the EGC, whether positive or negative, is multiplied by the respective monthly jurisdictional sales to identify the total under- or over- recoveries of gas costs. The monthly under- or over- recoveries are summed and divided by the twelve-month historic jurisdictional sales to develop an actual adjustment rate, to be included in the GCR for four quarters.

Errors in the actual adjustment calculation can result from incorrectly reported purchase gas costs, errors in the stated sales volumes and from the use of the wrong EGC rate. Staff has reviewed the applicable purchase invoices and monthly billing registers and found errors or omissions in every month's reported purchase gas costs.

Staff recalculated invoices created by Northeast for purchase of local production and found several errors and inconsistencies. To recalculate these invoices, Staff referenced pricing contracts between the Company and local producers, and the Company and JDOG. In the absence of a contract, Staff referenced monthly pricing sheets as provided by Northeast. Throughout the audit, the majority of errors found were in instances where transactions occurred between related parties.

Additionally, sales volume errors were found in each month of the audit period. As noted in the previous section, total sales volumes reported was accurate, however Northeast included in its actual adjustment calculation "free" gas volumes. Free gas is that which is provided at no cost to certain customers on the system due to various special arrangements. Including these free gas volumes as sales volumes in the actual adjustment resulted in a substantial under-collection by the company. Northeast has been advised not to include free gas volumes in the calculation of the actual adjustment reconciliation.

As a result of these errors in purchase gas costs and sales volumes, Staff found Northeast to be over-collected by $1,057,799. Staff and Company AA calculations are shown on Table 2. These calculations are subject to change pending Northeast providing additional detailed documentation of local production pricing arrangements to Staff.

Recommendations

The errors detailed above are not self-correcting through the GCR mechanism. Staff recommends that the Commission order a reconciliation adjustment of ($1,057,799) in the Customer's favor to correct for the differences identified above. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Actual Adjustment Calculation
Table II

	Per Staff	Sep-07	Oct-07	Nov-07	AA	Difference
Quarter End: Nov-07	Supply Cost $	$352,859	$486,516	$1,353,725		
	Jur. Sales MCF	41,507	43,805	87,594		
	Total Sales MCF	41,507	43,805	87,594		
	Book Cost $/ MCF	$8.5011	$11.1064	$15.4546		
	EGC$/MCF	$8.8940	$8.7778	$10.3085		
	Diff. $/MCF	($0.3929)	$2.3286	$5.1461		
	Cost Diff. $	($16,308)	$102,004	$450,766	$536,462	
	Per Company					
	Supply Cost $	$369,638	$486,051	$1,299,267		
	Jur. Sales MCF	41,692	43,993	88,341		
	Total Sales MCF	41,692	43,993	88,341		
	Book Cost $/ MCF	$8.8660	$11.2757	$14.7074		
	EGC$/MCF	$8.8940	$8.7780	$10.3085		
	Diff. $/MCF	($0.0280)	$2.4977	$4.3989		
	Cost Diff. $	($1,167)	$109,881	$388,605	$497,319	$39,143

	Per Staff	Dec-07	Jan-08	Feb-08	AA	Difference
Quarter End: Feb-08	Supply Cost $	$1,501,044	$1,805,005	$2,386,141		
	Jur. Sales MCF	159,570	204,850	245,595		
	Total Sales MCF	159,570	204,850	245,595		
	Book Cost $/ MCF	$9.4068	$8.8114	$9.7158		
	EGC$/MCF	$10.1824	$9.7407	$10.0068		
	Diff. $/MCF	($0.7756)	($0.9293)	($0.2910)		
	Cost Diff. $	($123,762)	($190,367)	($71,468)	($385,597)	
	Per Company					
	Supply Cost $	$1,520,704	$1,816,614	$2,433,351		
	Jur. Sales MCF	160,485	206,783	247,667		
	Total Sales MCF	160,485	206,783	247,667		
	Book Cost $/ MCF	$9.4757	$8.9357	$9.8251		
	EGC$/MCF	$10.1824	$9.7407	$10.0068		
	Diff. $/MCF	($0.7067)	($0.8050)	($0.1817)		
	Cost Diff. $	($113,415)	($166,460)	($45,001)	($324,876)	($60,721)

Northeast Ohio Natural Gas Corporation
Case No. 10-209-GA-GCR

Actual Adjustment Calculation
Table II

	Per Staff	Mar-08	Apr-08	May-08	AA	Difference
Quarter End: May-08	Supply Cost $	$2,621,315	$1,992,697	$1,685,104		
	Jur. Sales MCF	337,686	221,159	112,333		
	Total Sales MCF	337,686	221,159	112,333		
	Book Cost $/ MCF	$7.7626	$9.0103	$15.0010		
	EGC$/MCF	$10.5575	$10.6894	$11.5076		
	Diff. $/MCF	($2.7949)	($1.6791)	$3.4934		
	Cost Diff. $	($943,798)	($371,348)	$392,424	($922,721)	
	Per Company					
	Supply Cost $	$2,648,652	$2,091,201	$1,735,293		
	Jur. Sales MCF	343,837	219,460	113,026		
	Total Sales MCF	343,837	219,460	113,026		
	Book Cost $/ MCF	$7.7032	$9.5288	$15.3530		
	EGC$/MCF	$10.5575	$10.6894	$11.5076		
	Diff. $/MCF	($2.8543)	($1.1606)	$3.8454		
	Cost Diff. $	($981,414)	($254,705)	$434,630	($801,489)	($121,232)

	Per Staff	Jun-08	Jul-08	Aug-08	AA	Difference
Quarter End: Aug-08	Supply Cost $	$1,472,972	$1,006,041	$848,887		
	Jur. Sales MCF	80,411	52,180	55,049		
	Total Sales MCF	80,411	52,180	55,049		
	Book Cost $/ MCF	$18.3181	$19.2803	$15.4205		
	EGC$/MCF	$13.1111	$14.2411	$12.0436		
	Diff. $/MCF	$5.2070	$5.0392	$3.3769		
	Cost Diff. $	$418,699	$262,944	$185,896	$867,539	
	Per Company					
	Supply Cost $	$1,534,214	$1,095,078	$900,703		
	Jur. Sales MCF	80,963	52,277	55,268		
	Total Sales MCF	80,963	52,277	55,268		
	Book Cost $/ MCF	$18.9495	$20.9362	$16.2985		
	EGC$/MCF	$13.1111	$14.2411	$12.0436		
	Diff. $/MCF	$5.8384	$6.6951	$4.2549		
	Cost Diff. $	$472,695	$350,000	$235,138	$1,057,833	($190,294)

Actual Adjustment Calculation
Table II

	Per Staff	Sep-08	Oct-08	Nov-08	AA	Difference
Quarter End: Nov-08	Supply Cost $	$1,117,783	$1,016,766	$1,503,566		
	Jur. Sales MCF	55,145	65,626	141,028		
	Total Sales MCF	55,145	65,626	141,028		
	Book Cost $/ MCF	$20.2699	$15.4932	$10.6615		
	EGC$/MCF	$10.9378	$11.6829	$10.6350		
	Diff. $/MCF	$9.3321	$3.8103	$0.0265		
	Cost Diff. $	$514,620	$250,056	$3,737	$768,413	
	Per Company					
	Supply Cost $	$1,146,340	$1,067,165	$1,293,184		
	Jur. Sales MCF	55,352	65,899	142,058		
	Total Sales MCF	55,352	65,899	142,058		
	Book Cost $/ MCF	$20.7099	$16.1940	$9.1032		
	EGC$/MCF	$11.1205	$11.6829	$10.6350		
	Diff. $/MCF	$9.5894	$4.5111	($1.5318)		
	Cost Diff. $	$530,796	$297,276	($217,605)	$610,467	$157,946

	Per Staff	Dec-08	Jan-09	Feb-09	AA	Difference
Quarter End: Feb-09	Supply Cost $	$2,114,884	$2,651,956	$2,300,913		
	Jur. Sales MCF	238,895	354,818	356,384		
	Total Sales MCF	238,895	354,818	356,384		
	Book Cost $/ MCF	$8.8528	$7.4741	$6.4563		
	EGC$/MCF	$10.6647	$10.6177	$10.2634		
	Diff. $/MCF	($1.8119)	($3.1436)	($3.8071)		
	Cost Diff. $	($432,853)	($1,115,404)	($1,356,790)	($2,905,047)	
	Per Company					
	Supply Cost $	$2,193,448	$2,737,049	$2,570,576		
	Jur. Sales MCF	240,437	358,536	359,784		
	Total Sales MCF	240,437	358,536	359,784		
	Book Cost $/ MCF	$9.1227	$7.6340	$7.1448		
	EGC$/MCF	$10.6647	$10.6177	$10.2634		
	Diff. $/MCF	($1.5420)	($2.9837)	($3.1186)		
	Cost Diff. $	($370,754)	($1,069,764)	($1,122,023)	($2,562,541)	($342,506)

Actual Adjustment Calculation
Table II

	Per Staff	Mar-09	Apr-09	May-09	AA	Difference
Quarter End: May-09	Supply Cost $	$1,455,985	$1,039,701	$733,001		
	Jur. Sales MCF	268,149	172,597	106,186		
	Total Sales MCF	268,149	172,597	106,186		
	Book Cost $/ MCF	$5.4298	$6.0239	$6.9030		
	EGC$/MCF	$9.9390	$7.8498	$7.2909		
	Diff. $/MCF	($4.5092)	($1.8259)	($0.3879)		
	Cost Diff. $	($1,209,137)	($315,145)	($41,189)	($1,565,471)	
	Per Company					
	Supply Cost $	$1,845,263	$1,111,786	$775,913		
	Jur. Sales MCF	270,734	174,277	108,175		
	Total Sales MCF	270,734	174,277	108,175		
	Book Cost $/ MCF	$6.8158	$6.3794	$7.1728		
	EGC$/MCF	$9.9390	$7.8498	$7.2909		
	Diff. $/MCF	($3.1232)	($1.4704)	($0.1181)		
	Cost Diff. $	($845,557)	($256,257)	($12,775)	($1,114,589)	($450,882)

	Per Staff	Jun-09	Jul-09	Aug-09	AA	Difference
Quarter End: Aug-09	Supply Cost $	$893,513	$248,065	$193,742		
	Jur. Sales MCF	125,020	116,440	42,937		
	Total Sales MCF	125,020	116,440	42,937		
	Book Cost $/ MCF	$7.1470	$2.1304	$4.5123		
	EGC$/MCF	$8.0768	$8.2849	$7.0297		
	Diff. $/MCF	($0.9298)	($6.1545)	($2.5174)		
	Cost Diff. $	($116,244)	($716,632)	($108,089)	($940,964)	
	Per Company					
	Supply Cost $	$932,129	$289,696	$221,257		
	Jur. Sales MCF	125,892	117,023	43,484		
	Total Sales MCF	125,892	117,023	43,484		
	Book Cost $/ MCF	$7.4042	$2.4517	$5.0883		
	EGC$/MCF	$8.0768	$8.2849	$7.0297		
	Diff. $/MCF	($0.6726)	($5.8332)	($1.9414)		
	Cost Diff. $	($84,675)	($682,618)	($84,419)	($851,712)	($89,252)

TOTAL: ($1,057,799)

Section V

Refund and Reconciliation Adjustment

The refund and reconciliation adjustment (RA) is used to pass through the jurisdictional portion of refunds received from gas suppliers and adjustments ordered by the Commission. Annual interest of ten percent (10 %) is applied to the net jurisdictional amount of the RA, which is then divided by twelve months of historic sales volumes to develop a volumetric rate to be included in the GCR calculation for four quarters.

The Staff has reviewed the refund and reconciliation adjustments calculated by the Company in the filings under review. In Case No. 08-209-GA-GCR, Northeast was ordered by the Commission to collect from its customers $585,383.08 plus applicable interest. The company appropriately implemented this adjustment for twelve consecutive months beginning in June 2009.

Recommendations

Staff has no recommendations in this area.

Section VI

Balance Adjustment

The balance adjustment (BA) mechanism corrects for under- or over- recoveries of previously calculated AA's and RA's. The BA is calculated by subtracting the product of each respective AA and RA and the sales to which those rates were applied from the dollar amounts of the respective AA or RA previously included in the GCR and used to generate those adjustment rates. Since those adjustment rates, themselves, were derived by dividing the dollar amounts by historic sales, the BA calculation depicts the differences in revenues generated for each of these adjustment mechanisms using actual versus historical sales. The sum of the differences for the AA and RA calculations is the total BA which is the incorporated into the AA calculation.

Errors detected in the balance adjustment are generally the result of incorrectly reported sales volumes, but may also be due to selecting an incorrect previous AA or RA rate for the purpose of calculating a given quarter's balance adjustment. The sequencing of the Actual Adjustments to be reconciled resulted in an over-recovery of by the Company of $178,811.

Additionally, as noted in the Actual Adjustment section, Northeast included as sales volumes, free gas volumes for which there was no payment, resulting in additional under-recovery. Northeast has been advised not to include free gas volumes in the calculation of the balance adjustment reconciliation.

Staff and Company BA calculations are shown on Table 3.

Recommendations

The differences detailed above are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment in the amount of ($178,811) in the Customers' favor. This adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	($337,084)	$0	$0		
End:	Rate $/MCF	($0.2930)	$0.0000	$0.0000		
Nov-07	Sales MCF	1,271,927	1,271,927	1,271,927		
	Recovery $	($372,675)	$0	$0		
	Balance $	$35,591	$0	$0	$35,591	
	Per Company					
	Adjustment $	($150,215)	$0	$0		
	Rate $/MCF	($0.1370)	$0.0000	$0.0000		
	Sales MCF	1,280,886	0	0		
	Recovery $	($175,481)	$0	$0		
	Balance $	$25,266	$0	$0	$25,266	$10,325

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	($150,215)	$0	$0		
End:	Rate $/MCF	($0.1372)	$0.0000	$0.0000		
Feb-08	Sales MCF	1,586,444	1,586,444	1,586,444		
	Recovery $	($217,480)	$0	$0		
	Balance $	$67,265	$0	$0	$67,265	
	Per Company					
	Adjustment $	$635,185	$0	$0		
	Rate $/MCF	$0.5158	$0.0000	$0.0000		
	Sales MCF	1,354,817	0	0		
	Recovery $	$698,815	$0	$0		
	Balance $	($63,630)	$0	$0	($63,630)	$130,895

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	$635,185	$0	$0		
End:	Rate $/MCF	$0.5158	$0.0000	$0.0000		
May-08	Sales MCF	1,573,096	1,573,096	1,573,096		
	Recovery $	$811,403	$0	$0		
	Balance $	($176,218)	$0	$0	($176,218)	
	Per Company					
	Adjustment $	($621,382)	$0	$0		
	Rate $/MCF	($0.4756)	$0.0000	$0.0000		
	Sales MCF	1,584,918	0	0		
	Recovery $	($753,787)	$0	$0		
	Balance $	$132,405	$0	$0	$132,405	($308,623)

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	($621,382)	$0	$0		
End:	Rate $/MCF	($0.4756)	$0.0000	$0.0000		
Aug-08	Sales MCF	1,641,738	1,641,738	1,641,738		
	Recovery $	($780,811)	$0	$0		
	Balance $	$159,429	$0	$0	$159,429	
	Per Company					
	Adjustment $	($621,382)	$0	$0		
	Rate $/MCF	($0.4756)	$0.0000	$0.0000		
	Sales MCF	1,653,787	0	0		
	Recovery $	($786,541)	$0	$0		
	Balance $	$165,159	$0	$0	$165,159	($5,730)

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	$48,117	$0	$0		
End:	Rate $/MCF	$0.0369	$0.0000	$0.0000		
Nov-08	Sales MCF	1,730,632	1,730,632	1,730,632		
	Recovery $	$63,860	$0	$0		
	Balance $	($15,743)	$0	$0	($15,743)	
	Per Company					
	Adjustment $	$48,117	$0	$0		
	Rate $/MCF	$0.0369	$0.0000	$0.0000		
	Sales MCF	1,743,071	0	0		
	Recovery $	$64,319	$0	$0		
	Balance $	($16,202)	$0	$0	($16,202)	$459

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	$522,585	$0	$0		
End:	Rate $/MCF	$0.4080	$0.0000	$0.0000		
Feb-09	Sales MCF	2,070,713	2,070,713	2,070,713		
	Recovery $	$844,851	$0	$0		
	Balance $	($322,266)	$0	$0	($322,266)	
	Per Company					
	Adjustment $	$522,585	$0	$0		
	Rate $/MCF	$0.4080	$0.0000	$0.0000		
	Sales MCF	2,086,893	0	0		
	Recovery $	$851,453	$0	$0		
	Balance $	($328,868)	$0	$0	($328,868)	$6,602

Balance Adjustment Calculation
Table III

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	($388,506)	$0	$0		
End:	Rate $/MCF	($0.2868)	$0.0000	$0.0000		
May-09	Sales MCF	1,946,467	1,946,467	1,946,467		
	Recovery $	($558,247)	$0	$0		
	Balance $	$169,741	$0	$0	$169,741	
	Per Company					
	Adjustment $	($388,508)	$0	$0		
	Rate $/MCF	($0.2868)	$0.0000	$0.0000		
	Sales MCF	1,963,758	0	0		
	Recovery $	($563,205)	$0	$0		
	Balance $	$174,699	$0	$0	$174,699	($4,958)

	Per Staff	AA	RA	BA	Total BA	Difference
Year	Adjustment $	($669,084)	$0	$0		
End:	Rate $/MCF	($0.4222)	$0.0000	$0.0000		
Aug-09	Sales MCF	2,043,224	2,043,224	2,043,224		
	Recovery $	($862,649)	$0	$0		
	Balance $	$193,565	$0	$0	$193,565	
	Per Company					
	Adjustment $	($669,084)	$0	$0		
	Rate $/MCF	($0.4222)	$0.0000	$0.0000		
	Sales MCF	2,061,651	0	0		
	Recovery $	($870,429)	$0	$0		
	Balance $	$201,345	$0	$0	$201,345	($7,780)
					TOTAL:	**($178,811)**

Section VII

Unaccounted-For Gas

Unaccounted-for gas (UFG) is the difference between gas purchase volumes and sales volumes. It is calculated on a twelve-month basis, ending in one of the low-usage summer months, so as to minimize the effects of unbilled volumes on the calculation. Chapter 4901:1-14-08(F)(3), Ohio Administrative Code, specifies that the Commission may adjust the Company's future GCR rates as a result of UFG above a reasonable level, presumed to be no more than 5% for the audit period.

The Staff has performed an analysis of the UFG for the twelve-month periods ending August 2008 and August 2009. The Staff used the total sales volume deliveries divided by the total purchase volume receipts to arrive at the systems' average unaccounted-for gas rates.

The GCR Rule allows for up to five percent UFG.

Table IV
System Average UFG Rates
(unless otherwise indicated, values in MCF)

12 Months Ended	Receipts	Deliveries	UFG	UFG (%)
August 2008	2,867,881	2,801,956	54,322	1.94%
August 2009	3,135,266	3,082,716	42,155	1.37%

Recommendation

Staff has no recommendations in this area.

Section VIII

Customer Billing

An important component in the GCR process is the proper application of GCR rates to customer bills. In order to determine that Northeast properly applied its GCR and base rates during the audit period, Staff reviewed the Company's customer billing records. Using a random sampling, Staff selected customers from the Company's monthly billing registers and recalculated their bills. Staff then compared its recalculated bills to the customer billing register to determine if there were any differences.

Staff found that the Company accurately billed its customers per the GCR rates filed monthly with the Commission.

Recommendation

Staff has no recommendations for this area.

The Public Utilities Commission of Ohio
Ted Strickland, Governor
Alan R. Schriber, Chairman

180 E. Broad Street, Columbus, Ohio 43215-3793
800 | 686-PUCO (7826)

An Equal Opportunity Employer and Service Provider

Staff Ex. 1A

Changes to Roger L. Sarver Filed Testimony of April 18, 2011

1.) Page 5, line 22, change the AA amount from $1,248,093 to $1,263,154

2.) Page 5, line 24, change the BA amount from $16,645 to $15, 473

3.) Page 11, line 4, change Exhibits RS – 1 A, 1 B and 1 C to 1 a, 1 b, and 1 c

4.) Page 14, line 6, change Exhibit RS – 2 to Revised Exhibit RS - 2

5.) Page 14, line 6, change smallest to small

6.) Page 14, line 7, change 1,497 Mcf to -4,019 MCF

7.) Page 14, line 8, change the amount $6,255 to -$-32,995

8.) Page 15, line 9, change Exhibit RS – 3 to Revised Exhibit RS – 3

9.) Page 15, line 10, change amounts of 11,193 Mcf and $65,714 to 1,486 Mcf and $153,098

10.) Page 15, line 12, include "and costs" after the word volumes

11.) Page 17, line 15, change June 2009 to October 2009

12.) Page 21, line 10 , replace Orwell and/or NEO with Great Plains

13.) Page 22, line 3, change Exhibit RS – 13 to Revised Exhibit – 13

14.) Page 24, line 1, change the amount from $1,248,093 to $1,263,154

15.) Page 29, line 1 and 2, include "and cost" after volumes

16.) Page 37, line 15, delete the words "invoices from" and replace with "submitted to JDOG and"

17.) Page 38, line 3, change the amount of $109,875 to $90,900

18.) Page 39, line 1, change the amount of $109,875 to $90,900 and change the amount of $879,556 to $860,580

19.) Page 39, line 20, change the amount from $870,556 to $860,580

20.) Page 39, line 21, change the AA amount from $1,032,515 to $1,051,491

21.) Page 40, line 4, change the amount from $1,032,515 to $1,051,491

22.) Page 40, line 6, change the amount from $853,704 to $872,680

DISM Ex 4

ONG Marketing
Gas Purchases
Oct-08

✓ ties to invoice

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	4,291.600	0.9500	4,077.02	
Dominion	-	-	-	
Cobra	-	#DIV/0!	-	
Commodity:				
Constellation ONG Bowerston	7,011.605	7.6247	$ 53,461.10	← missing $5,446.84
Constellation DEO	2,096.646	8.2999	$ 17,418.59	
Constellation TCO	15,889.749	8.2837	$ 131,308.56	
Appalachian Producer Services (Eclipse)	DEO 2,302.708	7.0312	$ 16,190.80	202,188.25
Great Plains	24,498.400	8.9979	$ 220,434.28	
Independent Energy	1,052.500	7.4720	$ 7,864.29	
Hall & Horning	-	-	$ -	
Stackhouse	1,410.000	7.4720	$ 10,535.52	
Range Resources (Great Lakes)	28.900	7.9720	$ 230.39	
CGAS	50.000	9.2170	$ 460.85	estimate
Petrox King/Nims	20.000	10.0000	$ 200.00	estimate
Local Producers	7,000.000	10.0250	$ 70,175.00	estimate
TOTAL	61,362.508	8.6756	532,356.38	
Accrual Adjustment	974.180	14.6274	14,249.38	
TGP Imbalance (cash out)	206.000	7.7822	1,603.13	
ONG Imbalance Gas	(11,519.350)	10.3141	(118,811.30)	
(Add)Withdraw from Columbia storage	-	-	-	
Storage gas sent to Middfield Meter	-	-	-	
TOTAL GAS PURCHASES	51,023.318	8.4157	429,397.59	

Avg COGS (Orwell Natural Gas)

51,023.318	8.4157	429,397.59
(10,694.100)	7.6877	(82,213.19)
40,329.218	8.6088	347,184.40

	SALES			
	MCFs	Cost/MCF	Amount $	
Bowerston	6,396.000	9.1542	$ 58,568.83	
Painesville Schools (Orwell)	1,416.900	6.3361	$ 8,977.56	
Eye Lighting	258.400	8.9500	$ 2,312.68	
Lake Erie College	2,547.500	9.9900	$ 25,449.53	
Accurate Metal	10.800	8.8500	$ 95.58	
MC Sign	5.800	9.5000	$ 55.10	
PVP	(684.300)	11.7595	(8,047.00)	
NEO (TGP)	741.000	10.8203	8,017.66	
Orwell (cost per MCF sold is ONG cost +.10)	40,329.218	8.7088	351,217.32	
TOTAL	51,023.318	8.7538	446,647.48	

	COGS - ONG			GP%
Bowerston	6,396.0000	7.6247	$ 48,782.57	16.71%
Painesville	1,416.9000	6.7000	$ 9,492.23	-5.74%
Eye Lighting	258.4000	7.9500	$ 2,054.28	11.17%
Lake Erie	2,547.5000	8.6500	$ 22,035.88	13.41%
Accurate	10.8000	7.8500	$ 84.78	11.30%
MC Sign	5.8000	8.5000	$ 49.30	10.63%
PVP	(684.3000)	8.6756	$ (5,936.71)	28.22%
	9,953.1000	7.8924	$ 78,563.32	12.28%
	COGS - ORWELL			
	40,329.2180	8.6088	347,184.40	
		0.0000	$ -	
	40,329.2180	8.6088	347,184.40	1.15%
	COGS - NEO			
	741.0000	7.6247	5,649.87	29.53%
		0.0000	$ -	
	741.0000	7.6247	5,649.87	29.53%
	51,023.3180	$ 8.4157	429,397.59	3.86%
			0.00	

[redacted]	
Total Gross Profit	$ 17,455.16
Gross Margin %	4%
[redacted]	

ONG Marketing
Gas Purchases
Nov-08

✓ ties to invoices

	PURCHASES				
	MCFs	Cost/MCF		Amount $	
Transportation:					
Orwell Trumbull	6,304.300	0.9500		5,989.09	
Dominion	-	-		-	
Cobra	-	#DIV/0!		-	
Commodity:					
IGS TCO	-	#DIV/0!	$	-	
IGS DEO	-	#DIV/0!	$	-	
IGS DEO Reallocation	5,094.778	6.8968	$	35,137.59	✓
Constellation ONG Bowerston/NEO	8,897.455	7.8654	$	69,982.10	✓
Constellation DEO	-	#DIV/0!	$	-	
Constellation TCO	9,871.160	8.3671	$	80,920.00	✓
Shell	6,721.470	7.5904	$	51,018.55	
Integrys	9,871.160	7.3507	$	71,090.00	estimate
Great Plains	42,694.200	8.9600	$	382,113.09	
Independent Energy	1,221.300	6.4690	$	7,900.59	
Hall & Horning	-	-	$	-	
Stackhouse	1,163.000	6.4690	$	7,523.45	✓
Range Resources (Great Lakes)	32.000	6.9691	$	223.01	✓
CGAS	50.000	9.2170	$	460.85	estimate
Petrox King/Nims	20.000	10.0000	$	200.00	estimate
Local Producers	7,000.000	10.0250	$	70,175.00	estimate
TOTAL	92,236.593	8.4881		782,733.32	
Accrual Adjustment	871.580	13.3480		11,634.76	
TGP Imbalance (cash out)	224.000	6.3929		1,880.02	
ONG Imbalance Gas	-	#DIV/0!		-	
(Add)Withdraw from Columbia storage	-	-		-	
TOTAL GAS PURCHASES	93,332.173	8.5313		796,248.10	

DEO

6,950 Dth

$51,018.5

Avg COGS (Orwell Natural Gas)

93,332.173	8.5313	796,248.10
(17,173.200)	7.9303	(136,189.38)
76,158.973	8.6889	660,058.73

	SALES			
	MCFs	Cost/MCF		Amount $
Bowerston	5,206.600	7.3227	$	38,126.50
Painesville Schools (Orwell)	2,364.600	6.3716	$	15,066.28
Eye Lighting	246.400	8.9500	$	2,205.28
Lake Erie College	3,665.600	8.9600	$	36,619.35
Accurate Metal	14.100	8.8504	$	124.79
MC Sign	13.600	9.5000	$	129.20
PVP	1,556.000	10.8024		16,808.55
NEO (TGP)	4,106.300	7.8415		32,199.58
Orwell (cost per MCF sold is ONG cost +.10)	76,158.973	8.7669		667,674.63
TOTAL	93,332.173	8.5675		808,954.16

	COGS - ONG				GP%
Bowerston	5,206.6000	7.8654	$	40,951.88	-7.41%
Painesville	2,364.6000	6.7000	$	15,842.82	-5.15%
Eye Lighting	246.4000	7.8500	$	1,936.88	11.17%
Lake Erie	3,665.6000	8.6500	$	31,707.44	13.41%
Accurate	14.1000	7.8500	$	110.69	11.30%
MC Sign	13.6000	8.5000	$	115.60	10.53%
PVP	1,556.0000	8.4881	$	13,204.45	21.44%
	13,066.9000	7.9506	$	103,691.76	4.33%
	COGS - ORWELL				
	76,158.9730	8.6889		660,058.73	
		0.0000	$	-	
	76,158.9730	8.6889		660,058.73	1.14%
	COGS - NEO				
	4,106.3000	7.8654		32,297.61	-0.30%
		0.0000	$	-	
	4,106.3000	7.8654		32,297.61	-0.30%
	93,332.1730	$ 8.5313		796,248.10	1.57%
				0.00	

[redacted]

Total Gross Profit	$ 12,239.27
Gross Margin %	2%

[redacted]

IEI CORPORATION

FACSIMILE TRANSMITTAL SHEET

TO: Stephen G. Rigo	FROM: Robert J. Hutcheson
COMPANY: Orwell Natural Gas	DATE: 12/1/2008
FAX NUMBER: (440) 205-8680	TOTAL NO. OF PAGES INCLUDING COVER: 10
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE: Production Due	YOUR REFERENCE NUMBER:

INDEPENDENT ENERGY INVESTMENTS CORPORATION
7793 PITTSBURG AVE.
NORTH CANTON, OH 44720

Steve: Below is a summary of NOVEMBER Production numbers for your convenience:

NOVEMBER

Kowalewski #1	OCT ~~257.0~~	@	$6.469 =	$ 1,662.53
Glinak #1	386.4	@	$6.469 =	$ 2,499.62
Mahan #1	130.0	@	$6.469 =	$ 840.97
Szepietowski #1	25.6	@	$6.469 =	$ 165.61
V. Wolfe #1	68.2	@	$6.469 =	$ 441.19
Passek #1	83.1	@	$6.469 =	$ 537.57
Forster #1	19.0	@	$6.469 =	$ 122.91
Schlott #1	71.0	@	$6.469 =	$ 459.30
Scott #1	~~181.0~~	@	$6.469 =	$ 1,170.89
Total:	OCT 1221.3			$ 7,900.59

OCTOBER gas still due: $7,864.29

Cordially,

12/1/08

Robert J. Hutcheson, Treasurer
Independent Energy Investments Corp.

Stackhouse Construction, Inc.

7011 St. Rt. 45
P.O. Box 306
Orwell, OH 44076

Invoice

Date	Invoice #
12/8/2008	21

Bill To
ONG Marketing Inc. 8500 Station St. #100 Mentor, Oh 44060

P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
1,163 ✓	November1, 2008 thru November 30, 2008 MCF	6.469	7,523.45

Phone #
440-437-8919

Total $7,523.45

ONG Marketing
Gas Purchases
Dec-08

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	5,296.500	0.9500	5,031.68	
Dominion	-	-	-	
Cobra	-	#DIV/0!	-	
Commodity:				
IGS TCO	-	#DIV/0!	$ -	
IGS DEO	-	#DIV/0!	$ -	
IGS DEO Reallocation	PEO 8,785.300	8.5305	$ 74,943.00	
Constellation ONG Bowerston	5,802.708	7.8496	$ 45,548.88	
Constellation ONG NEO	4,835.590	8.3072	$ 40,170.80	
Constellation DEO	2,092.648	8.2462	$ 17,303.75	
Constellation TCO	14,506.770	8.3671	$ 121,380.00	
BP	DE 3,747.562	8.0631	$ 30,217.25	
Shell	DE 5,802.708	8.0882	$ 46,950.00	
Great Plains	66,528.100	8.9500	$ 595,426.50	
Independent Energy	1,515.300	6.8880	$ 10,437.40	
Stackhouse	1,164.000	6.8880	$ 8,017.83	
Range Resources (Great Lakes)	124.500	7.3880	$ 919.81	
CGAS	50.000	9.2170	$ 460.85	estimate
Petrox King/Nims	20.000	10.0000	$ 200.00	estimate
Local Producers	4,000.000	10.0250	$ 40,100.00	estimate
TOTAL	118,961.204	8.7188	1,037,138.53	
Accrual Adjustment	(4,162.120)	11.2715	(47,251.93)	
TGP Imbalance (cash out)	315.000	7.5783	2,387.17	
ONG Imbalance Gas	-	#DIV/0!	-	
(Add)/Withdraw from Columbia storage	-	-	-	
TOTAL GAS PURCHASES	115,104.084	8.6207	992,273.77	

✓ ties to invoice

Avg COGS (Orwell Natural Gas)

115,104.084	8.6207	992,273.77
(17,623.300)	7.8095	(137,628.92)
97,480.784	8.7673	854,644.85

	SALES			
	MCFs	Cost/MCF	Amount $	
Bowerston	6,244.500	8.0533	$ 50,288.80	
Painesville Schools (Orwell)	4,404.700	6.4249	$ 28,299.88	
Eye Lighting	754.100	8.9500	$ 6,749.20	
Lake Erie College	-	#DIV/0!	$ -	
Accurate Metal	102.200	8.8500	$ 904.47	
MC Sign	35.500	8.5000	$ 337.25	
PVP	1,446.700	11.0413	15,973.44	
NEO (TGP)	4,835.600	6.4884	30,336.70	
Orwell (cost per MCF sold is ONG cost +.10)	97,480.784	8.9673	874,392.94	
TOTAL	115,104.084	8.7424	1,006,285.28	

	COGS - ONG			GP%
Bowerston	6,244.5000	7.8496	$ 49,018.53	2.63%
Painesville	4,404.7000	6.7000	$ 29,511.49	-4.28%
Eye Lighting	754.1000	8.9500	$ 6,749.20	0.00%
Lake Erie	-	8.8500	$ -	#DIV/0!
Accurate	102.2000	8.9500	$ 914.69	-1.13%
MC Sign	35.5000	8.9500	$ 317.73	5.79%
PVP	1,446.7000	8.7108	$ 12,910.63	21.05%
	12,987.7000	7.8319	$ 99,120.26	2.18%
	COGS - ORWELL			
	97,480.7840	8.7673	854,644.85	
	-	0.0000	$ -	
	97,480.7840	8.7673	854,644.85	1.13%
	COGS - NEO			
	4,835.6000	8.3072	38,508.85	2.11%
		0.0000	$ -	
	4,835.6000	8.3072	38,508.85	2.11%
	115,104.0840	$ 8.6207	992,273.77	1.38%
			0.00	

[redacted]

Gross Margin % 1%

[redacted]

ONG Marketing
Gas Purchases
Jan-09

✓ ties to invoice

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	6,390.300	0.9500	6,070.79	
Dominion	-	-	-	
Commodity:				
IGS DEO	5,802.708	6.2083	$ 36,025.00	
IGS DEO Reallocation	5,380.077	6.7210	$ 36,159.50	
Constellation ONG Bowerston	5,765.696	7.2898	$ 42,593.69	
Constellation ONG NEO	5,189.555	8.0512	$ 48,833.80	
Constellation TCO	16,924.555	8.3671	$ 141,610.00	
Shell	17,388.453	8.0034	$ 139,246.30	
Great Plains	72,014.180	8.9500	$ 644,526.20	
Independent Energy	1,077.700	6.1360	$ 6,612.77	
Stackhouse	926.000	6.1360	$ 5,681.94	
Range Resources (Great Lakes)	127.800	6.6360	$ 848.08	
CGAS	50.000	9.2170	$ 460.85	estimate
Petrox King/Nims	100.000	10.0000	$ 1,000.00	estimate
Local Producers	3,500.000	10.0250	$ 35,087.50	estimate
TOTAL	135,196.854	8.4673	1,144,758.02	
Accrual Adjustment	(4,358.340)	11.5579	(50,373.14)	
TGP Imbalance (cash out)	889.666	6.2498	5,560.34	
ONG Imbalance Gas	19,805.000	8.3671	165,710.97	
(Add)Withdraw from Columbia storage	-	-	-	
TOTAL GAS PURCHASES	151,533.300	8.3523	1,265,656.19	

DEO

DEO

Avg COGS (Orwell Natural Gas)

151,533.300	8.3523	1,265,656.19
(20,419.200)	7.5104	(153,355.52)
131,114.100	8.4835	1,112,300.67

	SALES		
	MCFs	Cost/MCF	Amount $
Bowerston	6,303.500	7.3652	$ 46,426.60
Painesville Schools (Orwell)	5,561.000	6.4486	$ 35,849.40
Eye Lighting	691.200	8.9500	$ 6,188.24
Lake Erie College	-	#DIV/0!	$ -
Accurate Metal	99.800	8.9500	$ 893.23
MC Sign	38.200	8.9500	$ 342.00
PVP	1,260.400	11.1489	14,052.10
NEO (TGP)	6,485.100	8.1269	52,554.16
Orwell (cost per MCF sold is ONG cost +.10)	131,114.100	8.5835	1,125,412.08
TOTAL	151,533.300	8.4584	1,281,726.91

	COGS - ONG				GP%
Bowerston	6,303.5000	7.2898	$	45,951.26	1.02%
Painesville	5,561.0000	6.7000	$	37,258.70	-3.93%
Eye Lighting	691.2000	8.9500	$	6,188.24	0.00%
Lake Erie	-	8.9500	$	-	#DIV/0!
Accurate	99.8000	8.9500	$	893.21	-1.13%
MC Sign	38.2000	8.9500	$	341.89	5.79%
PVP	1,260.4000	8.4673	$	10,672.23	24.05%
	13,954.1000	7.2898	$	101,303.55	1.15%
	COGS - ORWELL				
	131,114.1000	8.4835		1,112,300.67	
		0.0000	$	-	
	131,114.1000	8.4835		1,112,300.67	1.17%
	COGS - NEO				
	6,485.1000	8.0512		52,051.97	0.96%
		0.0000	$	-	
	6,485.1000	8.0512		52,051.97	0.96%
	151,533.3000	$ 8.3523		1,265,656.19	1.25%
				0.00	

Total Gross Profit	$ 15,692.60
Gross Margin %	1%

ONG Marketing
Gas Purchases
Feb-09

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	5,450.600	0.9500	5,178.07	
Dominion	-	-	-	
Cobra	-	#DIV/0!	-	
Commodity:				
Constellation TCO	16,924.565	8.3671	$ 141,610.00	
IGS DEO	-	#DIV/0!	$ -	
IGS DEO Reallocation	-	#DIV/0!	$ -	
Constellation ONG Bowerston	5,828.827	5.8164	$ 31,812.64	
Constellation ONG NEO	4,842.166	6.6132	$ 31,828.00	
Constellation DEO	-	#DIV/0!	$ -	
Constellation TCO	-	#DIV/0!	$ -	
BP	-	#DIV/0!	$ -	
Shell	19,535.793	6.8866	$ 134,144.00	
Integrys	18,955.513	5.5474	$ 105,154.00	
Great Plains	62,863.890	8.9500	$ 562,541.51	
Independent Energy	805.390	4.4760	$ 3,604.52	
Stackhouse	1,112.000	4.4760	$ 4,977.31	
Range Resources (Great Lakes)	182.500	4.9760	$ 908.12	
CGAS	50.000	9.2170	$ 460.85	estimate
Petrox King/Nims	100.000	10.0000	$ 1,000.00	estimate
Local Producers	3,500.000	10.0250	$ 35,087.50	estimate
TOTAL	134,290.254	7.8778	1,057,906.52	
Accrual Adjustment	(3,358.960)	13.2927	(44,649.58)	
TGP Imbalance (cash out)	440.000	5.0410	2,218.05	
ONG Imbalance Gas Cobra	-	#DIV/0!	-	
(Add)Withdraw from Columbia storage	-	-	-	
TOTAL GAS PURCHASES	131,371.294	7.7288	1,015,474.99	

two invoice combined for this total

Avg COGS (Orwell Natural Gas)

131,371.294	7.7288	1,015,474.99
(17,578.300)	6.5163	(114,544.82)
113,792.994	7.9173	900,930.17

	SALES		
	MCFs	Cost/MCF	Amount $
Bowerston	6,413.800	5.7643	$ 36,971.33
Painesville Schools (Orwell)	4,739.100	6.4340	$ 30,491.43
Eye Lighting	639.300	8.9500	$ 5,721.74
Lake Erie College	-	-	$ -
Accurate Metal	72.200	8.6500	$ 638.97
MC Sign	-	-	$ -
PVP	1,383.200	11.1824	15,467.46
NEO (TGP)	4,330.700	7.0268	30,430.13
Orwell (cost per MCF sold is ONG cost +.10)	113,792.994	8.0173	912,309.47
TOTAL	131,371.294	7.8558	1,032,030.53

	COGS - ONG				GP%
Bowerston	6,413.8000	5.6164	$	36,022.49	2.67%
Painesville	4,739.1000	6.7000	$	31,751.67	-4.13%
Eye Lighting	639.3000	8.9500	$	5,721.74	0.00%
Lake Erie	-	8.6500	$	-	#DIV/0!
Accurate	72.2000	8.9500	$	646.19	-1.13%
MC Sign	-	8.6500	$	-	#DIV/0!
PVP	1,383.2000	7.8778	$	10,898.52	29.55%
	13,247.6000	8.4192	$	85,038.60	4.08%
	COGS - ORWELL				
	113,792.9940	7.9173		900,930.17	
		0.0000	$	-	
	113,792.9940	7.9173		900,930.17	1.26%
	COGS - NEO				
	4,330.7000	6.6132		28,505.92	3.04%
		0.0000	$	-	
	4,330.7000	6.6132		28,505.92	3.04%
	131,371.2940	$ 7.7288		1,015,474.99	1.60%
				0.00	

[redacted]

Total Gross Profit	$ 16,140.56
Gross Margin %	2%

[redacted]

ONG Marketing
Gas Purchases
Mar-09

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	7,362.800	0.9500	6,994.66	
Dominion	-	-	-	
Cobra	-	#DIV/0!	-	
Commodity:				
Constellation TCO	12,068.675	8.3871	$ 101,150.00	
IGS DEO	-	#DIV/0!	$ -	
IGS DEO Reallocation	-	#DIV/0!	$ -	
Constellation ONG Bowerston	6,146.035	5.1736	$ 31,797.24	
Constellation ONG NEO	2,486.151	6.7522	$ 16,852.00	
Constellation DEO	-	#DIV/0!	$ -	
Constellation TCO	-	#DIV/0!	$ -	
BP	-	#DIV/0!	$ -	
Shell	DEC 13,671.373	6.6415	$ 90,740.07	
Integrys	11,092.263	5.5009	$ 55,868.00	
Great Plains	57,420.500	8.9500	$ 513,913.48	
Independent Energy	876.700	4.0550	$ 3,556.89	
Stackhouse	1,755.000	4.0550	$ 7,118.26	
Range Resources (Great Lakes)	92.100	4.5550	$ 419.61	
CGAS	20.000	4.3600	$ 87.20	estimate
Petrox King/Nims	100.000	8.2700	$ 827.00	estimate
Local Producers	2,500.000	4.3600	$ 10,900.00	estimate
TOTAL	109,329.097	7.7756	850,123.43	
Accrual Adjustment	101.000	(186.0488)	(18,790.93)	
TGP Imbalance (cash out)	225.000	6.6674	1,504.67	
ONG Imbalance Gas Cobra	4,265.000	6.6516	28,368.99	
(Add)Withdrew from Columbia storage	-	-	-	
TOTAL GAS PURCHASES	113,920.097	7.5597	861,206.16	

✓ two invoices combined for the total

5.94

Avg COGS (Orwell Natural Gas)

113,920.097	7.5597	861,206.16
(19,490.700)	6.9569	(135,594.28)
94,429.397	7.6842	725,611.88

	SALES		
	MCFs	Cost/MCF	Amount $
Bowerston	5,875.300	5.1301	$ 30,140.94
Painesville Schools (Orwell)	3,455.900	5.9900	$ 20,700.84
Eye Lighting	574.100	8.9500	$ 5,138.20
Lake Erie College	-	-	$ -
Accurate Metal	3,072.300	8.9500	$ 27,189.84
MC Sign	1,353.600	6.2663	$ 8,508.15
PVP	2,398.500	11.2656	27,020.55
NEO (TGP)	2,781.000	7.7226	21,322.16
Orwell (cost per MCF sold is ONG cost +.10)	94,429.397	7.7842	735,054.82
TOTAL	113,920.097	7.6815	875,076.50

	COGS - ONG			GP%
Bowerston	5,875.3000	5.1736	$ 30,396.56	-0.85%
Painesville	3,455.9000	6.7000	$ 23,154.53	-11.85%
Eye Lighting	574.1000	8.9500	$ 5,138.20	0.00%
Lake Erie	-	8.6500	$ -	#DIV/0!
Accurate	3,072.3000	8.9500	$ 27,497.09	-1.13%
MC Sign	1,353.6000	8.9500	$ 12,114.72	-42.37%
PVP	2,398.5000	7.7758	$ 18,650.31	30.96%
	16,729.7000	6.9906	$ 116,951.40	-40.90%
	COGS - ORWELL			
	94,429.3969	7.6842	725,611.88	
		0.0000	$ -	
	94,429.3969	7.6842	725,611.88	1.26%
	COGS - NEO			
	2,781.0000	6.7522	18,842.89	12.57%
		0.0000	$ -	
	2,781.0000	6.7522	18,842.89	12.57%
	113,920.0969	$ 7.5597	861,206.16	1.55%

[redacted]

Gross Margin % 2%

[redacted]

IEI CORPORATION

FACSIMILE TRANSMITTAL SHEET

TO: Stephen G. Rigo	FROM: Robert J. Hutcheson
COMPANY: Orwell Natural Gas	DATE: 3/31/2009
FAX NUMBER: (440) 205-8680	TOTAL NO. OF PAGES INCLUDING COVER: 10
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE: Production Due	YOUR REFERENCE NUMBER:

INDEPENDENT ENERGY INVESTMENTS CORPORATION
7793 PITTSBURG AVE.
NORTH CANTON, OH 44720

Steve: Below is a summary of MARCH Production numbers for your convenience:

MARCH

Kowalewski #1 FOB	~~165.0~~	@	$4.056 =	$ 669.24
Olinak #1	338.6	@	$4.056 =	$1,373.36
Mahan #1	105.7	@	$4.056 =	$ 428.72
Szepietowski #1	20.4	@	$4.056 =	$ 82.74
V. Wolfe #1	117.5	@	$4.056 =	$ 476.58
Passek #1	56.5	@	$4.056 =	$ 229.16
Forster #1	20.0	@	$4.056 =	$ 81.12
Schlott #1	11.0	@	$4.056 =	$ 44.62
Scott #1 FOB	~~42.0~~	@	$4.056 =	$ 170.35
Total:	876.7			$ 3,555.89

3/31

Cordially,

Robert J. Hutcheson, Treasurer
Independent Energy Investments Corp.

Stackhouse Construction, Inc.

7011 St. Rt. 45
P.O. Box 306
Orwell, OH 44076

Invoice

Date	Invoice #
4/14/2009	25

Bill To
ONG Marketing Inc. 8500 Station St. #100 Mentor, Oh 44060

P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
	March 1, thru March 31, 2009		
1,755	MCF - Natural Gas	4.056	7,118.28

Phone #		
440-437-8919	**Total**	$7,118.28

ONG Marketing
Gas Purchases
Apr-09

✓ ties to Invoice

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	2,992.600	0.9500	2,842.97	
Dominion	-	-	-	
Cobra	-	#DIV/0!	-	
Commodity:				
IGS DEO	5,387.506	4.3232	$ 23,204.66	
IGS TCO	16,872.821	4.2768	$ 72,668.80	
Constellation ONG Bowerston	5,612.673	4.4033	$ 24,273.45	
Constellation ONG NEO	2,030.948	4.4448	$ 9,026.85	
Appalachian	DEO 72,833.462	4.4255	$ 11,854.44	
Great Plains	34,813.600	8.9500	$ 311,583.61	
Great Plains 1/1/07 - 4/20/09	13,893.100	8.9600	$ 124,343.25	
Independent Energy	1,084.700	3.6310	$ 3,938.55	
Stackhouse	1,478.000	3.6310	$ 5,368.62	
Range Resources (Great Lakes)	57.000	4.1311	$ 235.47	
CGAS	20.000	4.3600	$ 87.20	estimate
Petrox King/Nims	20.000	8.2700	$ 165.40	estimate
Local Producers	4,000.000	4.3600	$ 17,440.00	estimate
TOTAL	87,884.006	6.9040	606,749.06	

Avg COGS (Orwell Natural Gas)

83,639.848	7.0795	593,546.66
(13,284.200)	5.5614	(73,878.59)
70,555.648	7.3854	519,668.27

Accrual Adjustment	(934.000)	0.3350	(312.88)
TGP Imbalance (cash out)	(108.000)	1.7609	(190.18)
Gas transferred from Storage to Orwell's imbalance	(7,931.640)	9.1972	(72,950.72)
(Add)Withdraw from Columbia storage	7,931.640	7.7656	61,565.88
Gain on payback of Cobra imb from storage			11,354.84
ONG Imbalance Gas Cobra	(3,002.160)	9.1987	(27,615.93)
Gain on payback of Cobra imb from April gas purch			14,916.79
TOTAL GAS PURCHASES	83,839.848	7.0795	593,546.66

	SALES		
	MCFs	Cost/MCF	Amount $
Bowerston	5,710.400	4.5475	$ 25,967.82
Painesville Schools (Orwell)	2,370.900	5.9673	$ 14,147.80
Eye Lighting	426.700	8.9500	$ 3,818.97
Lake Erie College	-	-	$ -
Accurate Metal	204.000	8.8500	$ 1,805.40
MC Sign	-	-	$ -
PVP	2,798.500	6.2783	23,166.95
NEO (TGP)	1,773.700	4.7181	8,368.58
Orwell (cost per MCF sold is ONG cost +.10)	70,555.648	7.4854	528,723.64
TOTAL	83,839.848	7.2042	603,999.36

	COGS - ONG			GP%
Bowerston	5,710.4000	4.4033	$ 25,144.64	3.17%
Painesville	2,370.9000	6.7000	$ 15,885.03	-12.26%
Eye Lighting	426.7000	8.9500	$ 3,818.97	0.00%
Lake Erie	-	8.8500	$ -	#DIV/0!
Accurate	204.0000	8.8500	$ 1,825.60	-1.13%
MC Sign	-	8.9500	$ -	#DIV/0!
PVP	2,798.5000	6.9040	$ 18,320.76	18.60%
	11,510.5000	5.7335	$ 65,995.11	1.65%
	COGS - ORWELL			
	70,555.6480	7.3854	519,668.27	
		0.0000	$ -	
	70,555.6480	7.3854	519,668.27	1.34%
	COGS - NEO			
	1,773.7000	4.4448	7,883.47	5.80%
		0.0000	$ -	
	1,773.7000	4.4448	7,883.47	5.80%
	83,839.8480	$ 7.0795	593,546.66	1.73%
			(0.00)	

Total Gross Profit	$ 9,612.95
Gross Margin %	2%

ONG Marketing
Gas Purchases REVISED
May-09

✓ ties to

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	1,516.800	0.9500	1,440.96	
Dominion	-	-	-	
Cobra	-	#DIV/0!	-	
Commodity:				
IGS DEO	2,405.432	3.9910	$ 9,600.08	
IGS TCO	4,850.858	3.8558	$ 18,704.16	
Constellation ONG Bowerston	5,919.330	3.8981	$ 23,074.01	
Constellation ONG NEO	691.862	3.8192	$ 2,642.45	
Constellation - Alleris	69,880.119	3.9454	$ 275,701.80	
NEO (gas Steve transferred from NEO to ONG)	DEO 646.000	3.9900	$ 2,577.54	
Great Plains	19,620.600	8.9500	$ 175,604.37	
Independent Energy	1,165.800	3.3210	$ 3,838.40	
Stackhouse	1,471.000	3.3210	$ 4,885.19	
Range Resources (Great Lakes)	74.800	3.8210	$ 285.81	
Petrox King/Nims	5.000	8.2700	$ 41.35	estimate
Local Producers	3,600.000	4.3600	$ 15,696.00	estimate
TOTAL	110,320.819	4.8413	534,082.12	
Accrual Adjustment	(266.340)	-	(17,814.78)	
TGP Imbalance (cash out)	568.000	5.7436	3,262.36	
Cobra Imbalance	(1,825.000)	3.8558	(7,036.62)	
TOTAL GAS PURCHASES	108,797.479	4.7106	512,502.78	

Avg COGS (Orwell Natural Gas)

108,797.479	4.7106	512,502.78
(80,346.600)	4.0188	(322,895.89)
28,450.879	6.6644	189,606.89

	SALES			
	MCFs	Cost/MCF	Amount $	
Bowerston	6,544.200	4.1322	$ 27,041.83	
Painesville Schools (Orwell)	1,275.900	5.9600	$ 7,542.64	
Eye Lighting	170.900	8.9500	$ 1,529.56	
Accurate Metal	70.000	8.8500	$ 619.50	
PVP	1,759.600	7.8245	13,768.02	
NEO (TGP)	830.800	5.1227	3,231.41	
NEO (Alleris)	69,865.200	4.0400	282,376.61	
Orwell (cost per MCF sold is ONG cost +.10)	28,450.879	6.7644	192,451.98	
TOTAL	108,797.479	4.8591	528,681.55	

	COGS - ONG			GP%
Bowerston	6,544.2000	3.8981	$ 25,509.50	5.87%
Painesville	1,275.9000	6.7000	$ 8,546.53	-11.85%
Eye Lighting	170.9000	8.9500	$ 1,529.56	0.00%
Accurate	70.0000	8.9500	$ 626.50	-1.13%
PVP	1,759.6000	4.8413	$ 8,519.69	38.13%
	9,820.6000	4.5550	$ 44,733.07	10.50%
	COGS - ORWELL			
	28,450.8790	6.6644	189,606.89	
		0.0000	$ -	
	28,450.8790	6.6644	189,606.89	1.48%
	COGS - NEO			
	70,526.0000	3.9441	278,162.82	2.51%
		0.0000	$ -	
	70,526.0000	3.9441	278,162.82	-8608.09%
	108,797.4790	$ 4.7106	512,502.78	3.06%
			0.00	

[redacted]

Total Gross Profit	$ 15,630.89
Gross Margin %	3%

[redacted]

IEI CORPORATION

FACSIMILE TRANSMITTAL SHEET

TO: Stephen G. Rigo	FROM: Robert J. Hutcheson
COMPANY: Orwell Natural Gas	DATE: 5/29/2009
FAX NUMBER: (440) 205-9680	TOTAL NO. OF PAGES INCLUDING COVER: 10
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE: Production Due	YOUR REFERENCE NUMBER:

INDEPENDENT ENERGY INVESTMENTS CORPORATION
7793 PITTSBURG AVE.
NORTH CANTON, OH 44720

Steve: Below is a summary of MAY Production numbers for your convenience:

MAY

Kowalewski #1 APR	~~165.0~~	~~@~~	~~$3.321 =~~	~~$ 547.97~~
Glinak #1	450.7	@	$3.321 =	$1,496.77
Mahan #1	138.5	@	$3.321 =	$ 459.96
Szepietowski #1	40.1	@	$3.321 =	$ 133.17
V. Wolfe #1	130.1	@	$3.321	$ 432.06
Passek #1	64.4	@	$3.321 –	$ 213.87
Forster #1	31.0	@	$3.321 =	$ 102.95
Schlott #1	23.0	@	$3.321 =	$ 76.38
Scott #1 APR	~~113.0~~	~~@~~	~~$3.321~~	~~$ 375.27~~
Total:				**$ 3,838.40**

Cordially,

5/29/09

Robert J. Hutcheson, Treasurer
Independent Energy Investments Corp.

Stackhouse Construction, Inc.

7011 St. Rt. 45
P.O. Box 306
Orwell, OH 44076

Invoice

Date	Invoice #
6/3/2009	27

Bill To
ONG Marketing Inc. 8500 Station St. #100 Mentor, Oh 44060

P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
1,471	May 1 thru May 31,2009 MCF- Natural Gas	3.321	4,885.19

Phone #
440-437-8919

Total $4,885.19

CNG Marketing
Gas Purchases
Jun-09

System Balancing Payment Tab

✓ tied to invoice

	PURCHASES			
	MCFs	Cost/MCF	Amount $	
Transportation:				
Orwell Trumbull	1,394.000	0.9500	1,324.31	
Dominion	-	-	-	
Cobra	-	#DIV/0!	-	
Commodity:				
Constellation TCO	-	#DIV/0!	$ -	
IGS DEO	-	#DIV/0!	$ -	
IGS DEO Reallocation	-	#DIV/0!	$ -	
IGS TCO	-	#DIV/0!	$ -	
Constellation CNG Bowerston	5,337.101	4.5874	$ 24,483.25	✓
Constellation CNG NEO	291.115	3.9984	$ 1,163.40	✓
Constellation TCO	-	#DIV/0!	$ -	✓
Constellation - Alleris	58,222.920	3.9964	$ 232,680.00	✓
Appalachian	-	#DIV/0!	$ -	
BP	-	#DIV/0!	$ -	
Shell	NEO - 1,740.812	3.9995	$ 6,962.40	✓
Integrys	-	#DIV/0!	$ -	✓
Great Plains	10,868.000	8.9898	$ 97,700.89	✓
Independant Energy	1,385.360	3.5380	$ 4,901.18	
Stackhouse	1,321.000	3.6380	$ 4,673.70	estimate
Range Resources (Great Lakes)	125.400	4.0360	$ 506.36	estimate
Petrox King/Nims	5.000	8.2800	$ 41.40	estimate
Local Producers	5,500.000	5.0000	$ 27,500.00	estimate
TOTAL	84,796.648	4.7400	401,935.89	
Accrual Adjustment	329.500	9.6080	3,165.85	
TGP Imbalance (cash out)	537.000	4.3568	2,339.58	
True up to Cobra Cumulative Imbalance	(17,193.840)	4.1085	(70,640.46)	
Cobra Imbalance	324.000	4.7400	1,147.83	
TOTAL GAS PURCHASES	68,793.308	4.9125	337,949.69	

→ TGP sys

Becky is including in Orwell's costs on OCC Supplement Calculation and allocate to non-Orwell customers

~~[illegible]~~
1321
164

Avg COGS (Orwell Natural Gas)

66,793.308	4.9125	337,949.69
(67,497.400)	4.1324	(278,928.70)
1,295.908	45.5441	59,020.99

	SALES		
	MCFs	Cost/MCF	Amount $
Bowerston	5,936.600	4.7621	$ 28,270.88
Painesville Schools (Orwell)	1,163.900	5.9900	$ 6,871.76
Eye Lighting	164.800	8.9500	$ 1,474.98
Accurate Metal	65.300	8.8501	$ 577.91
PVP	1,868.300	8.0348	15,011.48
NEO (TGP)	198.400	0.2124	42.14
NEO (Alleris)	58,100.100	4.1000	238,210.41
Orwell (cost per MCF sold is ONG cost +.10)	1,295.908	45.6441	59,150.58
TOTAL	68,793.308	5.0835	349,710.08

	COGS - ONG			GP%
Bowerston	5,936.6000	4.5874	$ 27,233.37	3.67%
Painesville	1,163.9000	8.7000	$ 7,798.13	-11.85%
Eye Lighting	164.8000	8.9500	$ 1,474.98	0.00%
Accurate	65.3000	8.9500	$ 584.44	-1.13%
PVP	1,868.3000	4.7400	$ 8,855.76	41.01%
	9,198.9000	4.9948	$ 45,946.68	11.18%
	COGS - ORWELL			
	1,295.9080	45.5441	59,020.99	
		0.0000	$ -	
	1,295.9080	45.5441	59,020.99	0.22%
	COGS - NEO			
	58,298.5000	3.9964	232,982.05	2.21%
		0.0000	$ -	
	58,298.5000	3.9964	232,982.05	-662776.23%
	68,793.3080	$ 4.9125	337,949.69	3.36%
			(0.00)	

~~[illegible]~~	
Total Gross Profit	$ 11,199.50
Gross Margin %	3%
~~[illegible]~~	

Orwell Natural Gas Co.
Gas Purchases
Jul-09

VENDOR	PAYMENT AMOUNT	PURCHASES	MCF VOLUME	AVERAGE RATE		
Cobra-Transportation	$ -	$ -	0.0			
DEO Transportation	$ 7,171.57	$ 7,171.57	0.0			
Deo - Adjust June Estimate	$ (561.20)	$ (561.20)				
Orwell Trumbull Pipeline Transportation	$ 6,123.42	$ 6,123.42	0.0			
		$ -	0.0			
		$ -	0.0			
		$ -	0.0			
Shell - DEO	$ 6,663.45	$ 6,663.45	1,503.4	$4.43	✓	
Shell - DEO - Reallocated from NEO	$ 1,818.48	$ 1,818.48	410.3	$4.43	✓	
American Pipeline Systems (JD Oil)	$ 1,640.88	$ 1,640.88	377.3	$4.35	✓	
Annarock (JD Oil)	$ 668.09	$ 668.09	165.0	$4.05	✓	
David R Hill (JD Oil)	$ 798.98	$ 798.98	216.0	$3.70	✓	
Enervest / Belden & Blake (JD Oil)	$ 2,183.30	$ 2,183.30	539.2	$4.05	✓	561+38
Energy Exploration (JD Oil)	$ 1,930.82	$ 1,930.82	478.9	$4.03	✓	
Marge Horvat (JD Oil)	$ 1,691.77	$ 1,691.77	277.3	$6.10	✓	
OH Valley Energy Systems (JD Oil)	$ 9,408.59	$ 9,408.59	1,191.6	$7.90	✓	
Petrox (JD Oil)	$ 2,181.89	$ 2,181.89	260.7	$8.37		263
Alliance Petroleum (JD Oil)	$ 260.34	$ 260.34	56.0	$4.65	✓	
Summit Petroleum (JD Oil)	$ 972.70	$ 972.70	137.0	$7.10	✓	
Gas Acquisition Co.	$ 1,252.51	$ 1,252.51	288.0	$4.35	✓	
Independent Energy Invest Corp (JD Oil)	$ 5,336.99	$ 5,336.99	1,318.1	$4.05	✓	
Stackhouse Construction (JD Oil)	$ 4,834.51	$ 4,834.51	1,194.0	$4.05	✓	
Range Resources	$ 72.33	$ 72.33	15.9	$4.55		
Great Plains Exploration	$ 57,689.02	$ 57,689.02	6,554.1	$8.80		
		$ -		#DIV/0!		
TOTAL		$ 112,138.44	14,982.8			
		$ 12,733.79				
	Total W/O Transportation	$ 99,404.65	14,982.8	$6.63458	Average Gas Purchase Price	
	Storage Withdrawals/(Injections)					
	Gas Used - Never Billed TCO					
	Negative Gas Replaced - TCO					
	Gas Billed - Never Used Cobra					
	Gas Used - Never Billed Cobra					
	Negative Gas Replaced - Cobra			(710.4)		
	Cobra Imbalance - Replacing Gas-Meter 737768	$ (6,287.43)				
	Cobra Imbalance - Replacing Gas-Meter 730993					
	John D Oil & Gas Marketing - monthly recurring	$ 1,100.00				
	Adjustments - Purchased Gas					
NET PURCHASES WITH TRANSPORTATION		$ 108,351.66	14,272.4	$7.59		
NET PURCHASES WITHOUT TRANSPORTATION		$ 94,517.87	14,272.4	$6.62		

ties to payment ~~sheet~~ tab on Orwell system balancing

not on System Balancing Payment Tab

Missing from this summary but listed of Payment Tab

JJ.281

why $8.80 and not $8.95

Amounts from Orwell System Balancing Rep

Orwell Natural Gas Co.
Gas Purchases
Aug-09

VENDOR	PAYMENT AMOUNT	PURCHASES	MCF VOLUME	AVERAGE RATE
Cobra Transportation	$ -	$ -	0.0	
DEO Transportation	$ 7,176.45	$ 7,176.45	0.0	
Orwell Trumbull Pipeline Transportation	$ 7,525.81	$ 7,525.81		
North Coast Gas Transmission	$ 8,139.98	$ 8,139.98	0.0	
		$ -	0.0	
Shell - DEO	$ 6,255.65	$ 6,255.65	1,653.7	$3.78
Shell - DEO - Reallocation	$ 1,000.80	$ 1,000.80	269.7	$3.71
American Pipeline Systems (JD Oil)	$ 1,228.18	$ 1,228.18	325.0	$3.78
Annarock (JD Oil)	$ 545.70	$ 545.70	150.0	$3.64
David R Hill (JD Oil)	$ -	$ -	0.0	#DIV/0!
Enervest / Beiden & Blake (JD Oil)	$ 1,826.48	$ 1,826.48	525.0	$3.48
Energy Exploration (JD Oil)	$ 1,739.45	$ 1,739.45	475.0	$3.66
Marge Horvat (JD Oil)	$ 1,616.50	$ 1,616.50	265.0	$6.10
OH Valley Energy Systems (JD Oil)	$ 9,514.68	$ 9,514.68	1,205.0	$7.90
Petrox (JD Oil)	$ 1,841.40	$ 1,841.40	220.0	$8.37
Alliance Petroleum (JD Oil) ok by	$ 379.35	$ 379.35	93.0	$4.08
Summit Petroleum (JD Oil)	$ 887.50	$ 887.50	125.0	$7.10
Gas Acquisition Co.	$ 997.66	$ 997.66	997.7	$1.00
Independent Energy Invest Corp (JD Oil)	$ 1,051.35	$ 1,051.35	302.2	$3.48
Stackhouse Construction (JD Oil)	$ -	$ -	0.0	#DIV/0!
Range Resources	$ 44.56	$ 44.56	11.2	$3.98
John D Oil - May ONG Estimate	$ (16,056.00)	$ (16,056.00)	(3,600.0)	$4.46
John D Oil - May Actual	$ 23,336.98	$ 23,336.98	5,392.1	$4.33
John D Oil - June ONG Estimate	$ (28,050.00)	$ (28,050.00)	(5,500.0)	$5.10
John D Oil - June Actual	$ 17,777.82	$ 17,777.82	3,479.9	$5.11
Great Plains Exploration	$ 70,901.01	$ 70,901.01	7,921.9	$8.95
		$ -		#DIV/0!
TOTAL		**$ 119,681.31**	14,311.4	
		$ 22,842.24		
	Total W/O Transportation	$ 96,839.07	14,311.4	$6.76659
	Storage Withdrawals/(Injections)			
	Gas Billed - Never Used Cobra			
	Cobra Imbalance - Replacing Gas-Meter 737768	$ (8,400.68)		
	Cobra Imbalance - Replacing Gas-Meter 737768	$ (4,146.86)	(710.4)	
	Cobra Imbalance - Replacing Gas-Meter 730993	$ 1,218.40		
	(Gain) Loss Cobra Imbalance			
	John D Oil & Gas Marketing - monthly recurring	$ 1,100.00		
	Adjustments - Purchased Gas			
NET PURCHASES WITH TRANSPORTATION		$ 109,452.17	13,601.0	$8.05
NET PURCHASES WITHOUT TRANSPORTATION		$ 85,509.93	13,601.0	$6.29

519.4
36
284
422.88
638.96
395.92
1322.
349
~~Hamer plus 3.647.3~~
3.679
112
1124 not shown

Most of the ~~EP~~ Local Prod volumes listed above appear to be estimates I used the Syst Balancin Payment tab for calculating LP volumes and costs

As shown on Syst Balancing Rep Payment Tab

Orwell Natural Gas Co.
Gas Purchases
Sep-09

VENDOR	PAYMENT AMOUNT	PURCHASES	MCF VOLUME	AVERAGE RATE	
Cobra Transportation	$ (3,256.50)	$ (3,256.50)	0.0		
DEO Transportation	$ 7,176.45	$ 7,176.45	0.0		
Orwell Trumbull Pipeline Transportation	$ 9,539.14	$ 9,539.14			
North Coast Gas Transmission	$ -	$ -	0.0		
		$ -	0.0		
Shell - DEO	$ 6,552.00	$ 6,552.00	2,036.9	$3.22	
Shell - DEO - Reallocation to NEO	$ (175.50)	$ (175.50)	(39.0)	$4.50	
American Pipeline Systems (JD Oil)	$ 1,459.35	$ 1,459.35	450.0	$3.24	404.7 3.14+.1
Annarock (JD Oil)	$ 181.90	$ 181.90	50.0	$3.64	200
David R Hill (JD Oil)	$ -	$ -	0.0	#DIV/0!	Same as Aug 284
Enervest / Beiden & Blake (JD Oil)	$ 1,177.20	$ 1,177.20	400.0	$2.94	223.8
Energy Exploration (JD Oil)	$ 60.00	$ 60.00	600.0	$0.10	396
Marge Horvat (JD Oil)	$ 2,440.00	$ 2,440.00	400.0	$6.10	209.7
OH Valley Energy Systems (JD Oil)	$ 9,475.20	$ 9,475.20	1,200.0	$7.90	825
Petrox (JD Oil)	$ 2,511.00	$ 2,511.00	300.0	$8.37	388
Alliance Petroleum (JD Oil)	$ 265.73	$ 265.73	75.0	$3.54	3.44+.1 pricing
Summit Petroleum (JD Oil)	$ 710.00	$ 710.00	100.0	$7.10	70
Gas Acquisition Co.	$ 810.75	$ 810.75	250.0	$3.24	254
Independent Energy Invest Corp (JD Oil)	$ -	$ -	0.0	#DIV/0!	
Stackhouse Construction (JD Oil)	$ 1,471.50	$ 1,471.50	500.0	$2.94	1287 $2.84+.1
Range Resources	$ 58.53	$ 58.53	17.0	$3.44	not listed
		$ -		#DIV/0!	
		$ -		#DIV/0!	
		$ -		#DIV/0!	
		$ -		#DIV/0!	
Great Plains Exploration	$ 89,868.74	$ 89,868.74	10,336.8	$8.69	→ 2
		$ -		#DIV/0!	
TOTAL		**$ 130,325.49**	16,676.7		
		$ 13,459.09			
	Total W/O Transportation	$ 116,866.40	16,676.7	$7.00778	
	Storage Withdrawals/(Injections)				
	Gas Billed - Never Used Cobra				
	Cobra Imbalance - Replacing Gas-Meter 737768	$ (23,355.36)			
	Cobra Imbalance - Replacing Gas-Meter 737768				
	Cobra Imbalance - Replacing Gas-Meter 730993	$ 1,455.47			
	(Gain) Loss Cobra Imbalance				
	John D Oil & Gas Marketing - monthly recurring	$ 1,100.00			
	Adjustments - Purchased Gas				
NET PURCHASES WITH TRANSPORTATION		$ 109,525.60	16,676.7	$6.57	
NET PURCHASES WITHOUT TRANSPORTATION		$ 94,966.51	16,676.7	$5.69	

why this price includes free gas deduct for cost but not for volume

As w/ Aug most of the above figures appear to be estimates, so I'm using the Syst Bal Payment Tab

Staff Ex. No. 5

GAS SALES AGREEMENT

(For gas purchased by ONG Marketing, Inc. from Great Plains Exploration, LLC)

THIS AGREEMENT made and entered in this 1st day of October, 2007 ("Commencement Date"), by and between ONG MARKETING, INC., 8500 Station Street, Suite 100, Mentor, OH 44060, an Ohio Corporation (hereinafter referred to as "Seller"), and ORWELL NATURAL GAS COMPANY, 8500 Station Street, Suite 100, Mentor, OH 44060 (hereinafter referred to as "Buyer").

RECITALS:
WHEREAS, Buyer desires to acquire supplies of natural gas ("gas") and to obtain delivery of such gas to it's facilities through various pipelines owned or leased by others; and

WHEREAS, Seller is in the business of acquiring natural gas supplies for resale; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the parties hereby agree as follows:

ARTICLE 1
AGREEMENT Subject to the terms of this Agreement, Seller does hereby agree to sell to Buyer on a best effort basis and Buyer does hereby agree to purchase, during the term of this Agreement, those quantities of natural gas as described in the Agreement.

ARTICLE 2
TERM OF AGREEMENT The term of this Agreement shall be effective from the Commencement Date and shall continue in full force and effect until September 31, 2008 ("Term").

ARTICLE 3
QUANTITY Buyer agrees to purchase all of its gas requirements from Seller at the location(s) described in the Agreement. Buyer herein affirms that it will purchase volumes from no other supplier unless Seller cannot supply the amounts of gas requested by Buyer. In that event, Buyer, on a temporary basis, may secure the volume of gas that Seller cannot provide from whatever source Buyer chooses.

REIMBURSEMENT To the extent Buyer's monthly consumption result in the imposition of a penalty or balancing charge by any interstate and/or intrastate pipeline utilized to transport gas which is the subject of this Agreement, Buyer shall be responsible for and reimburse Seller for such penalty or balancing charge which is the result of Buyer's monthly nomination or consumption.

ARTICLE 4
DELIVERY POINT AND TRANSPORTATION Any gas purchased hereunder shall be sold by Seller or Seller's agent to Buyer and delivered by Great Plains Exploration, LLC to the pipelines used by Buyer to transport gas to Buyer's pipelines located in Northeastern Ohio ("Delivery Point"). Title to the gas delivered hereunder shall vest in Buyer upon delivery to the Delivery Point. Buyer shall arrange and pay for all gas transportation costs and retainage imposed by downstream pipelines. At and beyond the Delivery Point, Buyer or Buyer's representative shall be in exclusive control and possession and be responsible for any loss of gas, damage, or injury caused thereby.

ARTICLE 5
PURCHASE PRICE The price to be paid by Buyer to Seller for natural gas delivered to Buyer at the Delivery Point during the Term shall be Eight Dollars and Seventy Five Cents ($8.75) per Thousand Cubic Fee ("Mcf") plus any applicable taxes ("Delivered Price").

RIGHT OF LAST REFUSAL At the completion of the Term of this Agreement, Buyer agrees to grant to Seller the right of last refusal to match any bona fide written offer received by Buyer from another supplier to supply the volumes of gas hereunder upon the same terms as offered by such other supplier. Buyer shall forward to Seller a copy of such bona fide offer together with all particulars relating thereto. In the event Seller determines to meet such bona fide offer within fifteen (15) days of receipt of such other offer from Buyer, Buyer's cancellation of this Agreement shall be deemed ineffective and this Agreement shall continue in full force and effect, subject to the revised terms.

ARTICLE 6
BILLING AND PAYMENT Seller shall invoice Buyer for gas delivered pursuant to this Agreement every thirty (30) days. Buyer shall pay the amounts invoiced within ten (10) days of the invoice date. Seller's invoice statement shall report the total volumes of gas sold and delivered to Buyer during the period covered.

A finance charge of one and one-half percent (1 ½%) per month shall be due and payable on all invoices that are not paid within fifteen (15) days of the invoice date. The quantities invoiced by Seller will be based on the quantities delivered by Seller or Seller's agent and measure at the Delivery Point. In the event the actual quantities delivered to

Mentor, OH 44060

ARTICLE 13
ASSIGNMENT All of the covenants, conditions and obligations of this Agreement shall extend to and be binding upon the heirs, personal representatives, successors and assigns respectively of the parties hereto.

ARTICLE 14
CREDIT REQUIREMENTS Buyer and Seller agree that Buyer's compliance with Seller's credit policies and requirements shall be condition precedent to Seller's obligation to deliver natural gas under this Agreement. Furthermore, if the financial status of Buyer becomes unsatisfactory, Buyer upon demand of Seller shall give satisfactory security. Buyer's failure to abide by the provisions of this Article 14 shall be considered a breach hereof and, in such event, payment for all natural delivered hereunder shall be immediately due and owing and shall be paid immediately and Seller October without waiving any rights or remedies it October have, withhold further deliveries until such payment or security is received.

ARTICLE 15
SURVIVAL OBLIGATIONS The obligations of Buyer to make payment for gas received hereunder shall survive the termination or cancellation of this Agreement. The obligations of Seller to indemnify Buyer pursuant to Article 8 ("Warranty of Title and Taxes") and for Buyer to pay for any taxes imposed on the gas shall survive the termination or cancellation of this Agreement. If any provision in this Agreement is determined to be invalid, void, or unenforceable by any court having jurisdiction, then such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant in this Agreement. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Agreement shall be taken and construed as cumulative, that is, in addition to every other remedy provided therein or by law.

ARTICLE 16
COMPLETE AGREEMENT This Agreement represents the complete and entire understanding between the parties, superceding any prior agreements, respecting the subject matter of this transaction. The parties hereto declare that there are no promises, representations, conditions, warranties, other agreements, expressed or implied, oral or written, made or relied upon by either party, except those herein contained.

IN WITNESS WHEREOF, the parties, or their authorized agents, hereto have caused this Agreement to be executed the day and year above written.

WITNESSES:

_____

_____

SELLER: ONG MARKETING, INC.

BY_____
Stephen G. Rigo

ITS Executive Vice President

WITNESSES:

_____

_____

BUYER: ORWELL NATURAL GAS COMPANY

BY_____
Thomas J. Smith

ITS President

Staff Ex. No. 6

ONG Mark and GP

Oct 2007 - March 08

GAS PURCHASE AGREEMENT

Attach Exh P Not Signed Not Billed

THIS AGREEMENT MADE October 1, 2007, by and between ONG MARKETING, INC., an Ohio corporation of 8500 Station Street, Suite 100, Mentor, Ohio 44060 hereinafter referred to as "Buyer", and GREAT PLAINS EXPLORATION, LTD. of 8500 Station Street, Suite 113, Mentor, Ohio 44060 referred to as "Seller".

WITNESSETH:

WHEREAS, Seller has developed a supply of natural gas ("gas") from wells enumerated and described on Exhibit A attached hereto, and which may be amended from time to time by mutual agreement between the parties; and

WHEREAS, Seller is the owner of such gas or is the authorized agent for the owner or owners of such gas and therefore has the authority to contract for the sale of such gas; and

WHEREAS, Seller desires to sell and agrees to sell, for itself and those owners for which it is the authorized selling agent, and to deliver to Buyer the gas produced from the well or wells described on Exhibit A, hereinafter referred to as "the Wells"; and

WHEREAS, Buyer is willing to purchase from Seller the gas produced from the Wells at the rates and subject to the terms, conditions and limitations herein provided.

NOW THEREFORE, in consideration of their mutual covenants and promises herein contained the parties agree as follows:

1. AGREEMENT. Subject to the terms and conditions herein contained, Buyer shall buy the gas owned, produced or purchased by Seller from the Wells. Buyer shall buy up to the Demand Quantity as described in Section Four of this Agreement, excepting only such quantities as described in Sections Eight of this Agreement, plus the quantity of gas that Seller may require for drilling or pumping operations on said premises and such quantity as may be reserved to the landowners by their oil and gas leases.

2. DELIVERY POINT. For the purpose of this Agreement, "Delivery Point(s)" mean the place or places where the gas from Seller's Wells enters Buyers natural gas distribution system(s) as identified on Exhibit B. Title to the gas produced from the Wells shall be transferred from Seller to Buyer at said Delivery Point(s). The right of ingress and egress to the Delivery Point(s) and metering station(s) shall be provided by Seller to Buyer.

3. QUALITY OF GAS. Seller agrees that the gas to be sold and delivered hereunder will be merchantable gas and will upon delivery:

(a) Be similar to the gas now being produced in the general area of the Wells.

(b) Have a composition meeting the following specifications:

Hydrogen Sulfide	0.25 Grain per 100 Standard Cubic Feet Maximum
Total Sulfur	20.0 Grains per 100 Standard Cubic Feet Maximum

Oxygen	0.2 Percent by Volume Maximum
Carbon Dioxide	3.0 Percent by Volume Maximum
Combined Total of Carbon Dioxide and Nitrogen	4.0 Percent by Volume Maximum
Temperature	120 degrees Fahrenheit Maximum
Water	7.0 Pounds per Million Cubic Feet Maximum

(c) Will be merchantable, free of dust, hydrocarbon liquids and other objectionable liquids and solids.

(d) Not contain any noncombustible gases or foreign substances to an extent which would adversely affect Buyer's subsequent sale to purchasers.

(e) Have a gross heating value of not less than one thousand (1000) British Thermal Units per cubic foot, with the gross dry British Thermal Unit content to be computed on the basis of a temperature of sixty (60) degrees Fahrenheit and a pressure equivalent to thirty (30) inches of mercury at thirty-two (32) degrees Fahrenheit and water vapor saturated, as provided by and under tests to be made in accordance with Gaseous Fuels Standard D-900-55 of the American Society for Testing Materials, adopted by the American Standard Association.

Seller shall indemnify Buyer and hold Buyer harmless from any and all actions taken against Buyer involving the quality of gas delivered to the Delivery Point(s).

4. DEMAND QUANTITY AND MINIMUM DELIVERY PRESSURE. For the purpose of this Agreement, the "Demand Quantity" shall be the volume of gas that Seller warrants to have available to sell to Buyer. The Demand Quantity warranted by Seller under this Agreement shall be specified on Exhibit B, which may be amended from time to time by mutual agreement between the parties. Seller shall deliver the Demand Quantity at the Delivery Point(s) above the minimum delivery pressure as specified on Exhibit B.

5. MEASUREMENT OF VOLUMES. The gas to be sold and delivered hereunder shall be measured at the Delivery Point(s), as specified on Exhibit B, by a suitable orifice, turbine or positive displacement meter(s), of standard make to be furnished, installed and kept in repair by Buyer unless there is an agreement to the contrary. The unit of measure shall be that quantity of gas which will occupy one (1) cubic foot at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (thirty (30) inches of mercury), a temperature base of sixty (60) degrees Fahrenheit, (five hundred twenty (520) degrees absolute), and without adjustment for water vapor content. To determine the volume of gas delivered, volumetric calculations shall follow the recommendations of the latest edition of the American Gas Association (A.G.A.) Report No. 3, No. 7 or Section 2.1 of the A.G.A. Gas Measurement Manual for orifice, turbine or positive displacement meters, respectively.

Buyer shall test, and if necessary, adjust and repair said meter(s), based on Buyer's testing requirements. Said meter(s) shall be open to inspection at all times by Seller in the presence of Buyer. In case any question arises as to the accuracy of the measurement, said meter(s) shall be tested upon the demand of any party. The expense of such tests shall be borne by the party demanding same if the meter is found to be correct and by Buyer if found to be incorrect. A registration within three percent (3%) shall be considered correct.

Settlement for any period of inaccurate measurement shall be in accordance with average readings taken during the last preceding ten (10) days when the meter was registering accurately and the first ten (10) days after the meter was restored to accuracy, or by other suitable means as agreed to by both Parties. If requested, Buyer shall send the charts to a representative of Seller for checking, after which they are to be returned to Buyer.

6. PRICE. Buyer shall pay Seller for all gas delivered and measured at the Delivery Point(s). The price to be paid by Buyer to Seller for gas delivered to Buyer at the Delivery Point(s) shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

7. TERM. The term of this Agreement shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

8. RIGHT OF REDUCED PURCHASES. While Buyer agrees to buy gas from said Wells during the term of this Agreement, it is expressly understood and agreed that Buyer may restrict the flow or discontinue the taking of gas when and for such length of time as in Buyer's judgment it is deemed expedient to do so. Buyer's judgement is to be based upon a consideration of the market provided by its customers buying natural gas from it, the rate it pays and charges, its then existing pipeline facilities, the line pressure it deems necessary to maintain, and any other conditions affecting Buyer's ability to take gas under this Agreement. Seller agrees to withhold from delivery all gas under this Agreement, if said deliveries are restricted or discontinued as aforesaid, until such time as Buyer is able to accept and sell the gas delivered to it under this Agreement.

9. PAYMENT. Payment is to be tendered from Buyer to Seller no later than 30 days after Buyer receives the information necessary to determine the payments due to Seller.

10. WELL ABANDONMENT. Should gas underlying Well approach depletion, Seller shall notify Buyer in writing thirty (30) days prior to the abandonment of that Well.

11. WARRANTY OF TITLE AND GAS CLASSIFICATION. Seller warrants the title to the gas hereby sold as and when delivered to Buyer at the Delivery Point(s) and further warrants that all of the gas sold pursuant to this Agreement is exempt from NGPA pricing regulations, and covenants and agrees to indemnify Buyer for and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Buyer hereunder or arising from or attributable to claims or losses related to the NGPA exemption warranty; provided, however, that if any person or party makes claim of any gas delivered to Buyer hereunder adverse to Seller's claim of ownership thereof, or obtains a lien or encumbrance against the same, Buyer may withhold payment for such gas without liability for the payment of interest on the amounts withheld, until such adverse claim or lien is released or disposed of by the parties or by final court action and may pay such withheld amount or amounts to the party or parties finally determined to be entitled thereto. In the event gas from any well subject to this Agreement is not exempt from NGPA pricing regulations, the gas so disqualified will be priced

in accordance with the NGPA regulations or paragraph 5 of this Agreement, whichever price is lower, effective as of the date of initial deliveries from any such disqualified Well. Appropriate refunds will be made by Seller to Buyer in case any gas is re-priced as stated above.

12. ASSIGNMENT. Seller shall not assign this Agreement, in whole or in part, without the written consent of Buyer which shall not be unreasonably withheld. All the covenants and obligations of this Agreement shall extend to and be binding upon the successors and assigns of the respective parties.

13. NOTICES. Notices to Buyer hereunder shall be addressed to it at:

ONG Marketing, Inc.
8500 Station Street, Suite 100
Mentor Ohio 44060
Telephone: (440) 974-5120
Fax: (440) 974-5114

All notices and payments to Seller hereunder shall be made and mailed to:

Great Plains Exploration, LTD
8500 Station Street, Suite 113
Mentor, Ohio 44060
Phone: (440) 951-1111
Fax: (440) 974-6561

Unless otherwise provided herein, any and all notices required or permitted under this Agreement shall be deemed sufficiently given if made in writing and either delivered in person or deposited, postage prepaid, in the United State Post Office, first class mail.

14. TRANSFER OF OWNERSHIP. Any sale, assignment, farmout or other disposition or agreement of or concerning the Well or Wells described herein shall be subject to and expressly made subject to this Agreement.

15. CURING OF DEFAULT. No action shall be brought by Seller against Buyer on account of any claimed failure to take gas in accordance with this Agreement unless sixty (60) days written notice of such claim shall be served upon Buyer, said notice to specify in detail the respects in which it is claimed the Buyer has not remedied such claim within such sixty (60) day period. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

16. AMENDMENT. This Agreement may be amended from time to time to apply to additional Wells by the mutual agreement of the parties. Any such amendment must be approved in writing by the Buyer. All such additional Wells shall be subject to the terms and conditions herein contained.

17. FORCE MAJEURE. Neither party to this Agreement shall be liable for any damage or loss that may be occasioned by any failure, depletion, shortage, or interruption in the production of gas from a well, or any decline in natural pressure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out its obligation under this Agreement, other than the obligations of such party to make payment of amounts due hereunder, then the obligations of such parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any liability so caused. However, the party claiming the existence of force majeure shall use all reasonable efforts to remedy any situation which may interfere with the performance of its obligations hereunder. The term "force majeure" as used herein, and as applied to either party hereto, shall mean acts of the law, acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, fires, floods, washouts, arrests, and restraint of rulers and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, partial or entire failure to such wells, or any other cause, whether of the kind herein enumerated, or otherwise, not reasonably within the control of the party claiming suspension. It is understood that settlement of strikes, lockouts, or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or labor disturbances by acceding to the demands of an opposing party when such course is inadvisable in the discretion or judgment or the party having the difficulty.

18. TITLE AND POSSESSION. Title to the gas subject to this Agreement shall transfer from Seller to Buyer at the Delivery Point(s). Seller shall be deemed to be in control and possession of the gas sold by it hereunder until it shall have been delivered to Buyer at the Delivery Point(s), after which delivery Buyer shall be deemed to be in control and possession thereof. Buyer shall have no responsibility with respect to any gas sold to it hereunder until it is delivered at any such Delivery Point(s), and no responsibility therefor because of anything which may be done, or may happen or arise with respect to said gas before delivery to Buyer at such Delivery Point(s). Seller shall have no responsibility with respect to said gas after its delivery to Buyer and no responsibility because of anything which may be done or may happen or arise with respect to said gas after its delivery to Buyer at such Delivery Point(s).

19. EQUIPMENT. All pipelines, fittings, and other properties furnished under this Agreement shall remain the property of the party paying for the same. Each party may remove its property at the termination of this Agreement.

20. TAXES. In the event any tax is now or hereafter imposed on natural gas, or the production, severance gathering, transportation, sale, delivery or use thereof, or upon the business or privileges or producing, severing, gathering, transporting, selling, delivering, or using natural gas, or if such tax is imposed in any other manner so as to constitute directly or indirectly a charge upon the gas delivered to Buyer hereunder, then the amount of such tax shall be borne by Seller so far as it affects or relates to or is apportionable to the gas delivered to Buyer hereunder. In the event Buyer is required to pay such tax, the amount thereof may be deducted from the payments accruing to Seller under this Agreement.

For gas produced in the State of Ohio, where Buyer is the first purchaser, Seller authorizes Buyer

to reduce payments by the amount assessed pursuant to Section 1510.08 of the Ohio Revised Code, for the Ohio Oil and Gas Energy Education Program (currently $.001 per Mcf).

21. TERMINATION. Seller acknowledges that Buyer is buying Seller's gas as an accommodation to Seller; that there is no agreement to permit Seller or other producers to sell gas upon demand to Buyer, that Buyer may be unable or unwilling to buy gas from all producers with wells in the vicinity, and that this arrangement is undertaken at the request of Seller.

22. INDEMNIFICATION. Seller will indemnify and save harmless Buyer from and against all suits, actions, damages or costs arising out of the loss or damage to the property or any other person or persons whomsoever in the event that any such loss, damages, injury or death shall be caused by any act or omission, or any breach of any statutory duty of Seller or its employees or agents occurring either in the performance of this Agreement, or outside said performance.

23. LEGAL BENEFITS. It is understood and agreed that Seller is not a party to nor a third party beneficiary of Buyer's agreement(s) with ultimate purchaser(s). Since Buyer has many suppliers of gas to the ultimate purchaser(s), it would be impossible to determine the extent of the contribution by any one seller towards Buyer's agreement(s) with ultimate purchaser(s). Therefore, in the event of a dispute between Buyer and the ultimate purchaser(s), Seller may look only to Buyer for payment of gas sold to Buyer, and is not entitled to any damages Buyer may recover from ultimate purchaser(s), if any.

24. ENTIRE AGREEMENT. This Agreement sets forth all understandings between the parties respecting the subject matter of this transaction and all prior agreements, understandings and representations, whether superseded by this written Agreement. No modification or amendment of the Agreement shall be binding on either party unless in writing and agreed to by both parties, except those changes to be made to conform to rules and regulations, as may be imposed by federal, state and local authorities, as well as by any political body. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

25. STATE LAW. This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties have hereunto set their signatures by their officers hereunto duly authorized the day and year first above written.

BUYER: **ONG MARKETING, INC.**

By: Stephen G. Rigg
Its: Executive Vice President

SELLER: **GREAT PLAINS EXPLORATION, LTD.**

By: Richard M. Osborne, Sr.
Its: Managing Member

EXHIBIT A
Dated: October 1, 2007

TO GAS PURCHASE AGREEMENT BETWEEN ONG MARKETING, INC. AND GREAT PLAINS EXPLORATION, LTD. DATED October 1, 2007

DESCRIPTION OF INTERCONNECTS

Various interconnects from the Orwell-Trumbull Pipeline and other points of delivery to pipelines owned by the Orwell Natural Gas Company.

NOTE: the above wells are NOT subject to line loss deductions.

EXHIBIT B

Attached to and made part of the Gas Purchase Agreement dated October 1, 2007, between ONG MARKETING, INC. ("Buyer") and GREAT PLAINS EXPLORATION, LTD ("Seller").

DELIVERY POINT(S): Inlet flange(s) of Seller's meter(s) at the point of interconnection with the various points of sale or any other point(s) reasonably determined by Buyer.

DEMAND QUANTITY: All available for delivery to Orwell Natural Gas Company's GCR customers only (specifically excludes gas delivered by Buyer to Orwell Natural Gas Company's transportation only customers).

MINIMUM DELIVERY PRESSURE: Line pressure

PRICE: **Eight Dollars and Sixty Five Cents ($8.65)** per thousand Cubic Feet (Mcf)

TERM: This contract shall commence with the **October 2007** production and shall remain in effect until the end of the **March 2008** production and from month to month thereafter, unless canceled by either party after the initial term or any subsequent term upon sixty (60) days prior written notice; provided, however, that Buyer and Seller shall have the right to cancel and terminate this entire contract, upon sixty (60) days prior written notice, when and if the Buyer shall fail to have a market for any gas purchased under this agreement after which termination, the parties shall be released from all obligations or liability under the terms hereof.

AGREED TO AND ACCEPTED this 1st day of October, 2007.

BUYER: **ONG MARKETING, INC.**

By: Stephen G. Rigo
Its: Executive Vice President

SELLER: **GREAT PLAINS EXPLORATION, LTD.**

By: Richard M. Osborne
Its: Managing Member

Staff Ex. No. 7

07-52

GAS PURCHASE AGREEMENT

THIS AGREEMENT MADE October 1, 2007, by and between ONG MARKETING, INC., an Ohio corporation of 8500 Station Street, Suite 100, Mentor, Ohio 44060 hereinafter referred to as "Buyer", and GREAT PLAINS EXPLORATION, LTD. of 8500 Station Street, Suite 113, Mentor, Ohio 44060 referred to as "Seller".

WITNESSETH:

WHEREAS, Seller has developed a supply of natural gas ("gas") from wells enumerated and described on Exhibit A attached hereto, and which may be amended from time to time by mutual agreement between the parties; and

WHEREAS, Seller is the owner of such gas or is the authorized agent for the owner or owners of such gas and therefore has the authority to contract for the sale of such gas; and

WHEREAS, Seller desires to sell and agrees to sell, for itself and those owners for which it is the authorized selling agent, and to deliver to Buyer the gas produced from the well or wells described on Exhibit A, hereinafter referred to as "the Wells"; and

WHEREAS, Buyer is willing to purchase from Seller the gas produced from the Wells at the rates and subject to the terms, conditions and limitations herein provided.

NOW THEREFORE, in consideration of their mutual covenants and promises herein contained the parties agree as follows:

1. AGREEMENT. Subject to the terms and conditions herein contained, Buyer shall buy the gas owned, produced or purchased by Seller from the Wells. Buyer shall buy up to the Demand Quantity as described in Section Four of this Agreement, excepting only such quantities as described in Sections Eight of this Agreement, plus the quantity of gas that Seller may require for drilling or pumping operations on said premises and such quantity as may be reserved to the landowners by their oil and gas leases.

2. DELIVERY POINT. For the purpose of this Agreement, "Delivery Point(s)" mean the place or places where the gas from Seller's Wells enters Buyers natural gas distribution system(s) as identified on Exhibit B. Title to the gas produced from the Wells shall be transferred from Seller to Buyer at said Delivery Point(s). The right of ingress and egress to the Delivery Point(s) and metering station(s) shall be provided by Seller to Buyer.

3. QUALITY OF GAS. Seller agrees that the gas to be sold and delivered hereunder will be merchantable gas and will upon delivery:

(a) Be similar to the gas now being produced in the general area of the Wells.

(b) Have a composition meeting the following specifications:

Hydrogen Sulfide	0.25 Grain per 100 Standard Cubic Feet Maximum
Total Sulfur	20.0 Grains per 100 Standard Cubic Feet Maximum

Oxygen	0.2 Percent by Volume Maximum
Carbon Dioxide	3.0 Percent by Volume Maximum
Combined Total of Carbon Dioxide and Nitrogen	4.0 Percent by Volume Maximum
Temperature	120 degrees Fahrenheit Maximum
Water	7.0 Pounds per Million Cubic Feet Maximum

(c) Will be merchantable, free of dust, hydrocarbon liquids and other objectionable liquids and solids.

(d) Not contain any noncombustible gases or foreign substances to an extent which would adversely affect Buyer's subsequent sale to purchasers.

(e) Have a gross heating value of not less than one thousand (1000) British Thermal Units per cubic foot, with the gross dry British Thermal Unit content to be computed on the basis of a temperature of sixty (60) degrees Fahrenheit and a pressure equivalent to thirty (30) inches of mercury at thirty-two (32) degrees Fahrenheit and water vapor saturated, as provided by and under tests to be made in accordance with Gaseous Fuels Standard D-900-55 of the American Society for Testing Materials, adopted by the American Standard Association.

Seller shall indemnify Buyer and hold Buyer harmless from any and all actions taken against Buyer involving the quality of gas delivered to the Delivery Point(s).

4. DEMAND QUANTITY AND MINIMUM DELIVERY PRESSURE. For the purpose of this Agreement, the "Demand Quantity" shall be the volume of gas that Seller warrants to have available to sell to Buyer. The Demand Quantity warranted by Seller under this Agreement shall be specified on Exhibit B, which may be amended from time to time by mutual agreement between the parties. Seller shall deliver the Demand Quantity at the Delivery Point(s) above the minimum delivery pressure as specified on Exhibit B.

5. MEASUREMENT OF VOLUMES. The gas to be sold and delivered hereunder shall be measured at the Delivery Point(s), as specified on Exhibit B, by a suitable orifice, turbine or positive displacement meter(s), of standard make to be furnished, installed and kept in repair by Buyer unless there is an agreement to the contrary. The unit of measure shall be that quantity of gas which will occupy one (1) cubic foot at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (thirty (30) inches of mercury), a temperature base of sixty (60) degrees Fahrenheit, (five hundred twenty (520) degrees absolute), and without adjustment for water vapor content. To determine the volume of gas delivered, volumetric calculations shall follow the recommendations of the latest edition of the American Gas Association (A.G.A.) Report No. 3, No. 7 or Section 2.1 of the A.G.A. Gas Measurement Manual for orifice, turbine or positive displacement meters, respectively.

Buyer shall test, and if necessary, adjust and repair said meter(s), based on Buyer's testing requirements. Said meter(s) shall be open to inspection at all times by Seller in the presence of Buyer. In case any question arises as to the accuracy of the measurement, said meter(s) shall be tested upon the demand of any party. The expense of such tests shall be borne by the party demanding same if the meter is found to be correct and by Buyer if found to be incorrect. A registration within three percent (3%) shall be considered correct.

Settlement for any period of inaccurate measurement shall be in accordance with average readings taken during the last preceding ten (10) days when the meter was registering accurately and the first ten (10) days after the meter was restored to accuracy, or by other suitable means as agreed to by both Parties. If requested, Buyer shall send the charts to a representative of Seller for checking, after which they are to be returned to Buyer.

6. PRICE. Buyer shall pay Seller for all gas delivered and measured at the Delivery Point(s). The price to be paid by Buyer to Seller for gas delivered to Buyer at the Delivery Point(s) shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

7. TERM. The term of this Agreement shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

8. RIGHT OF REDUCED PURCHASES. While Buyer agrees to buy gas from said Wells during the term of this Agreement, it is expressly understood and agreed that Buyer may restrict the flow or discontinue the taking of gas when and for such length of time as in Buyer's judgment it is deemed expedient to do so. Buyer's judgement is to be based upon a consideration of the market provided by its customers buying natural gas from it, the rate it pays and charges, its then existing pipeline facilities, the line pressure it deems necessary to maintain, and any other conditions affecting Buyer's ability to take gas under this Agreement. Seller agrees to withhold from delivery all gas under this Agreement, if said deliveries are restricted or discontinued as aforesaid, until such time as Buyer is able to accept and sell the gas delivered to it under this Agreement.

9. PAYMENT. Payment is to be tendered from Buyer to Seller no later than 30 days after Buyer receives the information necessary to determine the payments due to Seller.

10. WELL ABANDONMENT. Should gas underlying Well approach depletion, Seller shall notify Buyer in writing thirty (30) days prior to the abandonment of that Well.

11. WARRANTY OF TITLE AND GAS CLASSIFICATION. Seller warrants the title to the gas hereby sold as and when delivered to Buyer at the Delivery Point(s) and further warrants that all of the gas sold pursuant to this Agreement is exempt from NGPA pricing regulations, and covenants and agrees to indemnify Buyer for and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Buyer hereunder or arising from or attributable to claims or losses related to the NGPA exemption warranty; provided, however, that if any person or party makes claim of any gas delivered to Buyer hereunder adverse to Seller's claim of ownership thereof, or obtains a lien or encumbrance against the same, Buyer may withhold payment for such gas without liability for the payment of interest on the amounts withheld, until such adverse claim or lien is released or disposed of by the parties or by final court action and may pay such withheld amount or amounts to the party or parties finally determined to be entitled thereto. In the event gas from any well subject to this Agreement is not exempt from NGPA pricing regulations, the gas so disqualified will be priced

in accordance with the NGPA regulations or paragraph 5 of this Agreement, whichever price is lower, effective as of the date of initial deliveries from any such disqualified Well. Appropriate refunds will be made by Seller to Buyer in case any gas is re-priced as stated above.

12. ASSIGNMENT. Seller shall not assign this Agreement, in whole or in part, without the written consent of Buyer which shall not be unreasonably withheld. All the covenants and obligations of this Agreement shall extend to and be binding upon the successors and assigns of the respective parties.

13. NOTICES. Notices to Buyer hereunder shall be addressed to it at:

ONG Marketing, Inc.
8500 Station Street, Suite 100
Mentor Ohio 44060
Telephone: (440) 974-5120
Fax: (440) 974-5114

All notices and payments to Seller hereunder shall be made and mailed to:

Great Plains Exploration, LTD
8500 Station Street, Suite 113
Mentor, Ohio 44060
Phone: (440) 951-1111
Fax: (440) 974-6561

Unless otherwise provided herein, any and all notices required or permitted under this Agreement shall be deemed sufficiently given if made in writing and either delivered in person or deposited, postage prepaid, in the United State Post Office, first class mail.

14. TRANSFER OF OWNERSHIP. Any sale, assignment, farmout or other disposition or agreement of or concerning the Well or Wells described herein shall be subject to and expressly made subject to this Agreement.

15. CURING OF DEFAULT. No action shall be brought by Seller against Buyer on account of any claimed failure to take gas in accordance with this Agreement unless sixty (60) days written notice of such claim shall be served upon Buyer, said notice to specify in detail the respects in which it is claimed the Buyer has not remedied such claim within such sixty (60) day period. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

16. AMENDMENT. This Agreement may be amended from time to time to apply to additional Wells by the mutual agreement of the parties. Any such amendment must be approved in writing by the Buyer. All such additional Wells shall be subject to the terms and conditions herein contained.

17. FORCE MAJEURE. Neither party to this Agreement shall be liable for any damage or loss that may be occasioned by any failure, depletion, shortage, or interruption in the production of gas from a well, or any decline in natural pressure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out its obligation under this Agreement, other than the obligations of such party to make payment of amounts due hereunder, then the obligations of such parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any liability so caused. However, the party claiming the existence of force majeure shall use all reasonable efforts to remedy any situation which may interfere with the performance of its obligations hereunder. The term "force majeure" as used herein, and as applied to either party hereto, shall mean acts of the law, acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, fires, floods, washouts, arrests, and restraint of rulers and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, partial or entire failure to such wells, or any other cause, whether of the kind herein enumerated, or otherwise, not reasonably within the control of the party claiming suspension. It is understood that settlement of strikes, lockouts, or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or labor disturbances by acceding to the demands of an opposing party when such course is inadvisable in the discretion or judgment or the party having the difficulty.

18. TITLE AND POSSESSION. Title to the gas subject to this Agreement shall transfer from Seller to Buyer at the Delivery Point(s). Seller shall be deemed to be in control and possession of the gas sold by it hereunder until it shall have been delivered to Buyer at the Delivery Point(s), after which delivery Buyer shall be deemed to be in control and possession thereof. Buyer shall have no responsibility with respect to any gas sold to it hereunder until it is delivered at any such Delivery Point(s), and no responsibility therefor because of anything which may be done, or may happen or arise with respect to said gas before delivery to Buyer at such Delivery Point(s). Seller shall have no responsibility with respect to said gas after its delivery to Buyer and no responsibility because of anything which may be done or may happen or arise with respect to said gas after its delivery to Buyer at such Delivery Point(s).

19. EQUIPMENT. All pipelines, fittings, and other properties furnished under this Agreement shall remain the property of the party paying for the same. Each party may remove its property at the termination of this Agreement.

20. TAXES. In the event any tax is now or hereafter imposed on natural gas, or the production, severance gathering, transportation, sale, delivery or use thereof, or upon the business or privileges or producing, severing, gathering, transporting, selling, delivering, or using natural gas, or if such tax is imposed in any other manner so as to constitute directly or indirectly a charge upon the gas delivered to Buyer hereunder, then the amount of such tax shall be borne by Seller so far as it affects or relates to or is apportionable to the gas delivered to Buyer hereunder. In the event Buyer is required to pay such tax, the amount thereof may be deducted from the payments accruing to Seller under this Agreement.

For gas produced in the State of Ohio, where Buyer is the first purchaser, Seller authorizes Buyer

to reduce payments by the amount assessed pursuant to Section 1510.08 of the Ohio Revised Code, for the Ohio Oil and Gas Energy Education Program (currently $.001 per Mcf).

21. TERMINATION. Seller acknowledges that Buyer is buying Seller's gas as an accommodation to Seller; that there is no agreement to permit Seller or other producers to sell gas upon demand to Buyer, that Buyer may be unable or unwilling to buy gas from all producers with wells in the vicinity, and that this arrangement is undertaken at the request of Seller.

22. INDEMNIFICATION. Seller will indemnify and save harmless Buyer from and against all suits, actions, damages or costs arising out of the loss or damage to the property or any other person or persons whomsoever in the event that any such loss, damages, injury or death shall be caused by any act or omission, or any breach of any statutory duty of Seller or its employees or agents occurring either in the performance of this Agreement, or outside said performance.

23. LEGAL BENEFITS. It is understood and agreed that Seller is not a party to nor a third party beneficiary of Buyer's agreement(s) with ultimate purchaser(s). Since Buyer has many suppliers of gas to the ultimate purchaser(s), it would be impossible to determine the extent of the contribution by any one seller towards Buyer's agreement(s) with ultimate purchaser(s). Therefore, in the event of a dispute between Buyer and the ultimate purchaser(s), Seller may look only to Buyer for payment of gas sold to Buyer, and is not entitled to any damages Buyer may recover from ultimate purchaser(s), if any.

24. ENTIRE AGREEMENT. This Agreement sets forth all understandings between the parties respecting the subject matter of this transaction and all prior agreements, understandings and representations, whether superseded by this written Agreement. No modification or amendment of the Agreement shall be binding on either party unless in writing and agreed to by both parties, except those changes to be made to conform to rules and regulations, as may be imposed by federal, state and local authorities, as well as by any political body. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

25. STATE LAW. This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties have hereunto set their signatures by their officers hereunto duly authorized the day and year first above written.

BUYER: ONG MARKETING, INC.

By: Stephen G. Rigg
Its: Executive Vice President

SELLER: GREAT PLAINS EXPLORATION, LTD.

By: Richard M. Osborne, Sr.
Its: Managing Member

EXHIBIT A
Dated: October 1, 2007

TO GAS PURCHASE AGREEMENT BETWEEN ONG MARKETING, INC. AND GREAT PLAINS EXPLORATION, LTD. DATED October 1, 2007

DESCRIPTION OF INTERCONNECTS

Various interconnects from the Orwell-Trumbull Pipeline and other points of delivery to pipelines owned by the Orwell Natural Gas Company.

NOTE: the above wells are NOT subject to line loss deductions.

EXHIBIT B

Attached to and made part of the Gas Purchase Agreement dated October 1, 2007, between ONG MARKETING, INC. ("Buyer") and GREAT PLAINS EXPLORATION, LTD ("Seller").

DELIVERY POINT(S): Inlet flange(s) of Seller's meter(s) at the point of interconnection with the various points of sale or any other point(s) reasonably determined by Buyer.

DEMAND QUANTITY: All available for delivery to Orwell Natural Gas Company's GCR customers only (specifically excludes gas delivered by Buyer to Orwell Natural Gas Company's transportation only customers).

MINIMUM DELIVERY PRESSURE: Line pressure

PRICE: **Eight Dollars and Sixty Five Cents ($8.65)** per thousand Cubic Feet (Mcf)

TERM: This contract shall commence with the **October 2007** production and shall remain in effect until the end of the **September 2008** production and from month to month thereafter, unless canceled by either party after the initial term or any subsequent term upon sixty (60) days prior written notice; provided, however, that Buyer and Seller shall have the right to cancel and terminate this entire contract, upon sixty (60) days prior written notice, when and if the Buyer shall fail to have a market for any gas purchased under this agreement after which termination, the parties shall be released from all obligations or liability under the terms hereof.

AGREED TO AND ACCEPTED this 1st day of October, 2007.

BUYER: ONG MARKETING, INC.

_____

By: Stephen G. Rigo
Its: Executive Vice President

SELLER: GREAT PLAINS EXPLORATION, LTD.

_____

By: Richard M. Osborne
Its: Managing Member

Staff Ex. No. 8

01-09
see
exhibit

GAS PURCHASE AGREEMENT

THIS AGREEMENT MADE October 1, 2007, by and between ONG MARKETING, INC., an Ohio corporation of 8500 Station Street, Suite 100, Mentor, Ohio 44060 hereinafter referred to as "Buyer", and GREAT PLAINS EXPLORATION, LTD. of 8500 Station Street, Suite 113, Mentor, Ohio 44060 referred to as "Seller".

WITNESSETH:

WHEREAS, Seller has developed a supply of natural gas ("gas") from wells enumerated and described on Exhibit A attached hereto, and which may be amended from time to time by mutual agreement between the parties; and

WHEREAS, Seller is the owner of such gas or is the authorized agent for the owner or owners of such gas and therefore has the authority to contract for the sale of such gas; and

WHEREAS, Seller desires to sell and agrees to sell, for itself and those owners for which it is the authorized selling agent, and to deliver to Buyer the gas produced from the well or wells described on Exhibit A, hereinafter referred to as "the Wells"; and

WHEREAS, Buyer is willing to purchase from Seller the gas produced from the Wells at the rates and subject to the terms, conditions and limitations herein provided.

NOW THEREFORE, in consideration of their mutual covenants and promises herein contained the parties agree as follows:

1. AGREEMENT. Subject to the terms and conditions herein contained, Buyer shall buy the gas owned, produced or purchased by Seller from the Wells. Buyer shall buy up to the Demand Quantity as described in Section Four of this Agreement, excepting only such quantities as described in Sections Eight of this Agreement, plus the quantity of gas that Seller may require for drilling or pumping operations on said premises and such quantity as may be reserved to the landowners by their oil and gas leases.

2. DELIVERY POINT. For the purpose of this Agreement, "Delivery Point(s)" mean the place or places where the gas from Seller's Wells enters Buyers natural gas distribution system(s) as identified on Exhibit B. Title to the gas produced from the Wells shall be transferred from Seller to Buyer at said Delivery Point(s). The right of ingress and egress to the Delivery Point(s) and metering station(s) shall be provided by Seller to Buyer.

3. QUALITY OF GAS. Seller agrees that the gas to be sold and delivered hereunder will be merchantable gas and will upon delivery:

(a) Be similar to the gas now being produced in the general area of the Wells.

(b) Have a composition meeting the following specifications:

Hydrogen Sulfide	0.25 Grain per 100 Standard Cubic Feet Maximum
Total Sulfur	20.0 Grains per 100 Standard Cubic Feet Maximum

6.455

Oxygen	0.2 Percent by Volume Maximum
Carbon Dioxide	3.0 Percent by Volume Maximum
Combined Total of Carbon Dioxide and Nitrogen	4.0 Percent by Volume Maximum
Temperature	120 degrees Fahrenheit Maximum
Water	7.0 Pounds per Million Cubic Feet Maximum

(c) Will be merchantable, free of dust, hydrocarbon liquids and other objectionable liquids and solids.

(d) Not contain any noncombustible gases or foreign substances to an extent which would adversely affect Buyer's subsequent sale to purchasers.

(e) Have a gross heating value of not less than one thousand (1000) British Thermal Units per cubic foot, with the gross dry British Thermal Unit content to be computed on the basis of a temperature of sixty (60) degrees Fahrenheit and a pressure equivalent to thirty (30) inches of mercury at thirty-two (32) degrees Fahrenheit and water vapor saturated, as provided by and under tests to be made in accordance with Gaseous Fuels Standard D-900-55 of the American Society for Testing Materials, adopted by the American Standard Association.

Seller shall indemnify Buyer and hold Buyer harmless from any and all actions taken against Buyer involving the quality of gas delivered to the Delivery Point(s).

4. DEMAND QUANTITY AND MINIMUM DELIVERY PRESSURE. For the purpose of this Agreement, the "Demand Quantity" shall be the volume of gas that Seller warrants to have available to sell to Buyer. The Demand Quantity warranted by Seller under this Agreement shall be specified on Exhibit B, which may be amended from time to time by mutual agreement between the parties. Seller shall deliver the Demand Quantity at the Delivery Point(s) above the minimum delivery pressure as specified on Exhibit B.

5. MEASUREMENT OF VOLUMES. The gas to be sold and delivered hereunder shall be measured at the Delivery Point(s), as specified on Exhibit B, by a suitable orifice, turbine or positive displacement meter(s), of standard make to be furnished, installed and kept in repair by Buyer unless there is an agreement to the contrary. The unit of measure shall be that quantity of gas which will occupy one (1) cubic foot at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (thirty (30) inches of mercury), a temperature base of sixty (60) degrees Fahrenheit, (five hundred twenty (520) degrees absolute), and without adjustment for water vapor content. To determine the volume of gas delivered, volumetric calculations shall follow the recommendations of the latest edition of the American Gas Association (A.G.A.) Report No. 3, No. 7 or Section 2.1 of the A.G.A. Gas Measurement Manual for orifice, turbine or positive displacement meters, respectively.

Buyer shall test, and if necessary, adjust and repair said meter(s), based on Buyer's testing requirements. Said meter(s) shall be open to inspection at all times by Seller in the presence of Buyer. In case any question arises as to the accuracy of the measurement, said meter(s) shall be tested upon the demand of any party. The expense of such tests shall be borne by the party demanding same if the meter is found to be correct and by Buyer if found to be incorrect. A registration within three percent (3%) shall be considered correct.

Settlement for any period of inaccurate measurement shall be in accordance with average readings taken during the last preceding ten (10) days when the meter was registering accurately and the first ten (10) days after the meter was restored to accuracy, or by other suitable means as agreed to by both Parties. If requested, Buyer shall send the charts to a representative of Seller for checking, after which they are to be returned to Buyer.

6. PRICE. Buyer shall pay Seller for all gas delivered and measured at the Delivery Point(s). The price to be paid by Buyer to Seller for gas delivered to Buyer at the Delivery Point(s) shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

7. TERM. The term of this Agreement shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

8. RIGHT OF REDUCED PURCHASES. While Buyer agrees to buy gas from said Wells during the term of this Agreement, it is expressly understood and agreed that Buyer may restrict the flow or discontinue the taking of gas when and for such length of time as in Buyer's judgment it is deemed expedient to do so. Buyer's judgement is to be based upon a consideration of the market provided by its customers buying natural gas from it, the rate it pays and charges, its then existing pipeline facilities, the line pressure it deems necessary to maintain, and any other conditions affecting Buyer's ability to take gas under this Agreement. Seller agrees to withhold from delivery all gas under this Agreement, if said deliveries are restricted or discontinued as aforesaid, until such time as Buyer is able to accept and sell the gas delivered to it under this Agreement.

9. PAYMENT. Payment is to be tendered from Buyer to Seller no later than 30 days after Buyer receives the information necessary to determine the payments due to Seller.

10. WELL ABANDONMENT. Should gas underlying Well approach depletion, Seller shall notify Buyer in writing thirty (30) days prior to the abandonment of that Well.

11. WARRANTY OF TITLE AND GAS CLASSIFICATION. Seller warrants the title to the gas hereby sold as and when delivered to Buyer at the Delivery Point(s) and further warrants that all of the gas sold pursuant to this Agreement is exempt from NGPA pricing regulations, and covenants and agrees to indemnify Buyer for and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Buyer hereunder or arising from or attributable to claims or losses related to the NGPA exemption warranty; provided, however, that if any person or party makes claim of any gas delivered to Buyer hereunder adverse to Seller's claim of ownership thereof, or obtains a lien or encumbrance against the same, Buyer may withhold payment for such gas without liability for the payment of interest on the amounts withheld, until such adverse claim or lien is released or disposed of by the parties or by final court action and may pay such withheld amount or amounts to the party or parties finally determined to be entitled thereto. In the event gas from any well subject to this Agreement is not exempt from NGPA pricing regulations, the gas so disqualified will be priced

in accordance with the NGPA regulations or paragraph 5 of this Agreement, whichever price is lower, effective as of the date of initial deliveries from any such disqualified Well. Appropriate refunds will be made by Seller to Buyer in case any gas is re-priced as stated above.

12. ASSIGNMENT. Seller shall not assign this Agreement, in whole or in part, without the written consent of Buyer which shall not be unreasonably withheld. All the covenants and obligations of this Agreement shall extend to and be binding upon the successors and assigns of the respective parties.

13. NOTICES. Notices to Buyer hereunder shall be addressed to it at:

ONG Marketing, Inc.
8500 Station Street, Suite 100
Mentor Ohio 44060
Telephone: (440) 974-5120
Fax: (440) 974-5114

All notices and payments to Seller hereunder shall be made and mailed to:

Great Plains Exploration, LTD
8500 Station Street, Suite 113
Mentor, Ohio 44060
Phone: (440) 951-1111
Fax: (440) 974-6561

Unless otherwise provided herein, any and all notices required or permitted under this Agreement shall be deemed sufficiently given if made in writing and either delivered in person or deposited, postage prepaid, in the United State Post Office, first class mail.

14. TRANSFER OF OWNERSHIP. Any sale, assignment, farmout or other disposition or agreement of or concerning the Well or Wells described herein shall be subject to and expressly made subject to this Agreement.

15. CURING OF DEFAULT. No action shall be brought by Seller against Buyer on account of any claimed failure to take gas in accordance with this Agreement unless sixty (60) days written notice of such claim shall be served upon Buyer, said notice to specify in detail the respects in which it is claimed the Buyer has not remedied such claim within such sixty (60) day period. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

16. AMENDMENT. This Agreement may be amended from time to time to apply to additional Wells by the mutual agreement of the parties. Any such amendment must be approved in writing by the Buyer. All such additional Wells shall be subject to the terms and conditions herein contained.

17. FORCE MAJEURE. Neither party to this Agreement shall be liable for any damage or loss that may be occasioned by any failure, depletion, shortage, or interruption in the production of gas from a well, or any decline in natural pressure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out its obligation under this Agreement, other than the obligations of such party to make payment of amounts due hereunder, then the obligations of such parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any liability so caused. However, the party claiming the existence of force majeure shall use all reasonable efforts to remedy any situation which may interfere with the performance of its obligations hereunder. The term "force majeure" as used herein, and as applied to either party hereto, shall mean acts of the law, acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, fires, floods, washouts, arrests, and restraint of rulers and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, partial or entire failure to such wells, or any other cause, whether of the kind herein enumerated, or otherwise, not reasonably within the control of the party claiming suspension. It is understood that settlement of strikes, lockouts, or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or labor disturbances by acceding to the demands of an opposing party when such course is inadvisable in the discretion or judgment or the party having the difficulty.

18. TITLE AND POSSESSION. Title to the gas subject to this Agreement shall transfer from Seller to Buyer at the Delivery Point(s). Seller shall be deemed to be in control and possession of the gas sold by it hereunder until it shall have been delivered to Buyer at the Delivery Point(s), after which delivery Buyer shall be deemed to be in control and possession thereof. Buyer shall have no responsibility with respect to any gas sold to it hereunder until it is delivered at any such Delivery Point(s), and no responsibility therefor because of anything which may be done, or may happen or arise with respect to said gas before delivery to Buyer at such Delivery Point(s). Seller shall have no responsibility with respect to said gas after its delivery to Buyer and no responsibility because of anything which may be done or may happen or arise with respect to said gas after its delivery to Buyer at such Delivery Point(s).

19. EQUIPMENT. All pipelines, fittings, and other properties furnished under this Agreement shall remain the property of the party paying for the same. Each party may remove its property at the termination of this Agreement.

20. TAXES. In the event any tax is now or hereafter imposed on natural gas, or the production, severance gathering, transportation, sale, delivery or use thereof, or upon the business or privileges or producing, severing, gathering, transporting, selling, delivering, or using natural gas, or if such tax is imposed in any other manner so as to constitute directly or indirectly a charge upon the gas delivered to Buyer hereunder, then the amount of such tax shall be borne by Seller so far as it affects or relates to or is apportionable to the gas delivered to Buyer hereunder. In the event Buyer is required to pay such tax, the amount thereof may be deducted from the payments accruing to Seller under this Agreement.

For gas produced in the State of Ohio, where Buyer is the first purchaser, Seller authorizes Buyer

to reduce payments by the amount assessed pursuant to Section 1510.08 of the Ohio Revised Code, for the Ohio Oil and Gas Energy Education Program (currently $.001 per Mcf).

21. TERMINATION. Seller acknowledges that Buyer is buying Seller's gas as an accommodation to Seller; that there is no agreement to permit Seller or other producers to sell gas upon demand to Buyer, that Buyer may be unable or unwilling to buy gas from all producers with wells in the vicinity, and that this arrangement is undertaken at the request of Seller.

22. INDEMNIFICATION. Seller will indemnify and save harmless Buyer from and against all suits, actions, damages or costs arising out of the loss or damage to the property or any other person or persons whomsoever in the event that any such loss, damages, injury or death shall be caused by any act or omission, or any breach of any statutory duty of Seller or its employees or agents occurring either in the performance of this Agreement, or outside said performance.

23. LEGAL BENEFITS. It is understood and agreed that Seller is not a party to nor a third party beneficiary of Buyer's agreement(s) with ultimate purchaser(s). Since Buyer has many suppliers of gas to the ultimate purchaser(s), it would be impossible to determine the extent of the contribution by any one seller towards Buyer's agreement(s) with ultimate purchaser(s). Therefore, in the event of a dispute between Buyer and the ultimate purchaser(s), Seller may look only to Buyer for payment of gas sold to Buyer, and is not entitled to any damages Buyer may recover from ultimate purchaser(s), if any.

24. ENTIRE AGREEMENT. This Agreement sets forth all understandings between the parties respecting the subject matter of this transaction and all prior agreements, understandings and representations, whether superseded by this written Agreement. No modification or amendment of the Agreement shall be binding on either party unless in writing and agreed to by both parties, except those changes to be made to conform to rules and regulations, as may be imposed by federal, state and local authorities, as well as by any political body. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

25. STATE LAW. This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties have hereunto set their signatures by their officers hereunto duly authorized the day and year first above written.

BUYER: ONG MARKETING, INC.

By: Stephen G. Rigg
Its: Executive Vice President

SELLER: GREAT PLAINS EXPLORATION, LTD.

By: Richard M. Osborne, Sr.
Its: Managing Member

EXHIBIT A
Dated: October 1, 2007

TO GAS PURCHASE AGREEMENT BETWEEN ONG MARKETING, INC. AND GREAT PLAINS EXPLORATION, LTD. DATED October 1, 2007

DESCRIPTION OF INTERCONNECTS

Various interconnects from the Orwell-Trumbull Pipeline and other points of delivery to pipelines owned by the Orwell Natural Gas Company.

NOTE: the above wells are NOT subject to line loss deductions.

EXHIBIT B

Attached to and made part of the Gas Purchase Agreement dated October 1, 2007, between ONG MARKETING, INC. ("Buyer") and GREAT PLAINS EXPLORATION, LTD ("Seller").

DELIVERY POINT(S): Inlet flange(s) of Seller's meter(s) at the point of interconnection with the various points of sale or any other point(s) reasonably determined by Buyer.

DEMAND QUANTITY: All available for delivery to Orwell Natural Gas Company's GCR customers only (specifically excludes gas delivered by Buyer to Orwell Natural Gas Company's transportation only customers).

MINIMUM DELIVERY PRESSURE: Line pressure

PRICE: Eight Dollars and Ninety Five Cents ($8.95) per thousand Cubic Feet (Mcf).

TERM: This contract shall commence with the October 2008 production and shall remain in effect until the end of the September 2009 production and from month to month thereafter, unless canceled by either party after the initial term or any subsequent term upon sixty (60) days prior written notice; provided, however, that Buyer and Seller shall have the right to cancel and terminate this entire contract, upon sixty (60) days prior written notice, when and if the Buyer shall fail to have a market for any gas purchased under this agreement after which termination, the parties shall be released from all obligations or liability under the terms hereof.

AGREED TO AND ACCEPTED this 29th day of September, 2008.

BUYER: ONG MARKETING, INC.

By: Stephen G. Rigo
Its: Executive Vice President

SELLER: GREAT PLAINS EXPLORATION, LTD.

By: Richard M. Osborne
Its: Managing Member

Staff Ex. No. 9

OCC 11

GAS SALES AGREEMENT

THIS AGREEMENT made and entered in this 1st day of July, 2008 ("Commencement Date"), by and between JOHN D. OIL & GAS MARKETING CO., LLC, with its offices located at 3511 Lost Nation Road, Willoughby, Ohio 44094, an Ohio Corporation (hereinafter referred to as "Seller"), and NORTHEAST OHIO NATURAL GAS CORP. (hereinafter referred to as "NEO"), ORWELL NATURAL GAS COMPANY (hereinafter referred to as "ONG"), and BRAINARD GAS CORP. (hereinafter referred to as "BGC"), with all of their offices located at 8500 Station Street, Suite 100, Mentor, OH 44060 (hereinafter NEO, ONG and BGC shall be collectively referred to as "Buyer").

RECITALS:
WHEREAS, Buyer desires to acquire supplies of natural gas ("gas") and to obtain delivery of such gas to it's facilities through various pipelines owned or leased by others; and

WHEREAS, Seller is in the business of acquiring natural gas supplies for resale; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the parties hereby agree as follows:

ARTICLE 1
AGREEMENT Subject to the terms of this Agreement, Seller does hereby agree to sell to Buyer on a best effort basis and Buyer does hereby agree to purchase, during the term of this Agreement, those quantities of natural gas as described in the Agreement.

ARTICLE 2
TERM OF AGREEMENT The term of this Agreement shall be effective from the Commencement Date and shall continue in full force and effect until September 31, 2023 ("Term").

ARTICLE 3
QUANTITY Buyer agrees to purchase all of its gas requirements from Seller at the location(s) described in the Agreement. Buyer herein affirms that it will purchase volumes from no other supplier unless Seller cannot supply the amounts of gas requested by Buyer. In that event, Buyer, on a temporary basis, may secure the volume of gas that Seller cannot provide from whatever source Buyer chooses.

NOMINATIONS Buyer shall advise Seller in writing, such notice to be received no later than fifteen (15) days prior to the first day of each month during the term of this Agreement, of Buyer's anticipated consumption of natural gas which buyer wishes to purchase from Seller ("Nominated Volume") hereunder for the following month.

REIMBURSEMENT To the extent Buyer's monthly consumption result in the imposition of a penalty or balancing charge by any interstate and/or intrastate pipeline utilized to transport gas which is the subject of this Agreement, Buyer shall be responsible for and reimburse Seller for such penalty or balancing charge which is the result of Buyer's monthly nomination or consumption.

ARTICLE 4
DELIVERY POINT AND TRANSPORTATION Any gas purchased hereunder shall be sold by Seller or Seller's agent to Buyer and delivered to the pipelines designated by Buyer to transport gas to Buyer's pipelines located in Northeastern Ohio ("Delivery Point"). Title to the gas delivered hereunder shall vest in Buyer upon delivery to the Delivery Point. Buyer shall arrange and pay for all gas transportation costs and retainage imposed by pipelines downstream of the Delivery Point. At and beyond the Delivery Point, Buyer or Buyer's representative shall be in exclusive control and possession and be responsible for any loss of gas, damage, or injury caused thereby.

ARTICLE 5
PURCHASE PRICE The price to be paid by NEO to Seller is set forth in Exhibit "A"; the price to be paid by ONG to Seller is set forth in Exhibit "B"; and the price to be paid by BGG to Seller is seth forth in Exhibit "C". The Delivered Price (as defined in Exhibits "A", "B", and "C") may be modified from time to time subject to the mutual agreement of both Buyer and Seller to reflect the then current market conditions. If the parties cannot agree upon any such modification, the price in effect at that time shall then remain in effect, subject to any future price adjustment as set forth in the following sentence. On the 5th anniversary and 10th anniversary of the Commencement Date of this Agreement (the "Bid Dates"), Buyer shall have the right to seek bona fide third party bids from other gas marketers. Within thirty (30) days of the applicable Bid Date, Buyer shall provide Seller with a copy of any such third party bid that Buyer is willing to accept. Seller shall then have fifteen (15) days from the date of its receipt of any such third party bid in which to: (i) agree to match the third party bid; or (ii) elect not to match the third party bid. If Seller agrees to match the third party bid, the Delivered Price shall be amended to reflect the Delivered Price proposed under the third party bid that Seller agreed to match and Buyer shall be required to reject said thirty party bid. If Seller elects not to match said third party bid, Seller shall deliver written notice to the Buyer of its rejection and the Delivered Price shall continue to be the Delivered Price that was then in effect prior to the date of Buyer's receipt of the third party bids and Buyer shall remain obligated to continue to purchase its gas requirements from Seller under the terms and conditions of this Agreement, and Buyer shall be required to reject said third party bid. Notwithstanding anything hereinabove contained to the contrary, Buyer and Seller will come to mutual

agreement on any Delivered Price reduction, if during the term of this Agreement, Buyer is unable to recover any portion of the Delivered Price from its customers.

RIGHT OF LAST REFUSAL At the completion of the Term of this Agreement, Buyer agrees to grant to Seller the right of last refusal to match any bona fide written offer received by Buyer from another supplier to supply the volumes of gas hereunder upon the same terms as offered by such other supplier. Buyer shall forward to Seller a copy of such bona fide offer together with all particulars relating therein. In the event Seller determines to meet such bona fide offer within fifteen (15) days of receipt of such other offer from Buyer, Buyer's cancellation of this Agreement shall be deemed ineffective and this Agreement shall continue in full force and effect, subject to the revised terms set forth in the third party bona fide offer accepted by the Seller.

ARTICLE 6
BILLING AND PAYMENT Seller shall invoice Buyer for gas delivered pursuant to this Agreement every thirty (30) days. Buyer shall pay the amounts invoiced within ten (10) days of the invoice date. Seller's invoice statement shall report the total volumes of gas sold and delivered to Buyer during the period covered:

A finance charge of one and one-half percent (1 ½%) per month shall be due and payable on all invoices that are not paid within fifteen (15) days of the invoice date. The quantities invoiced by Seller will be based on the quantities delivered by Seller or Seller's agent and measure at the Delivery Point. In the event the actual quantities delivered to Buyer are unavailable, the estimated volumes of gas tendered for delivery by Seller to Buyer shall be invoiced to Buyer. Any appropriate adjustment shall be made in the following billing period. In addition, Seller shall have the option to discontinue delivering gas to Buyer if payment is not received within thirty (30) days of the invoice date.

ARTICLE 7
QUALITY AND MEASUREMENT Seller warrants that gas tendered by Seller shall be delivered at temperatures, pressures, and other conditions acceptable for transportation by Buyer. Measurement of the gas shall be in accordance with the policies and conditions of Buyer. The measurement of gas by meter at the Delivery Point is conclusive on the Buyer and Seller, except when the meter is found to be defective or ceases to register. In the latter event, while the meter is determined to be inoperable, the gas delivered shall be estimated by use of any other appropriate meter(s) or by the amount delivered by the said meter during a previous corresponding period under similar conditions. In the event either party questions the accuracy of the meter, the Seller shall have the meter removed, sealed, tested and repaired. The cost of testing and repairing the meter shall be borne by the party challenging the accuracy of the same if the meter on test proves to be correct, or within three percent (3%) fast or slow, otherwise the cost of testing and repairing the meter shall be borne by the Seller.

ARTICLE 8
WARRANTY OF TITLE AND TAXES Seller warrants title to all gas delivered by it and warrants that such gas is free from all liens and adverse claims. Seller shall indemnify and save Buyer harmless against all suits, debts, damages, costs and expenses arising from adverse claims to the gas delivered by it or taxes, payments or other charges thereon applicable before title to such gas has passed to Buyer at the Delivery Point. Buyer shall pay, or cause to be paid, all taxes, assessments, charges or fees imposed by governmental authorities, (including without limitation, all applicable state sales and use taxes), whether levied upon or assessed against Seller or Buyer, with respect to gas sold and delivered hereunder after title has passed to Buyer at the Delivery Point. Buyer's obligation to pay such taxes, assessments, charges or fees so imposed shall survive any termination of this Agreement. Upon request, Buyer shall execute and deliver to Seller such forms, certificates, or other documents as Seller requires to determine the applicability of any such tax, assessment, charge or fee to the sale and use of the gas delivered hereunder.

ARTICLE 9
GOVERNING LAW The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Ohio.

ARTICLE 10
REGULATORY BODIES This Agreement shall be subject to all the rules and regulations of any duly constituted Federal or State regulatory body having jurisdiction hereunder.

ARTICLE 11
FORCE MAJEURE If either Buyer or Seller is rendered unable, for a period not more than 30 days, wholly or in part, by force majeure to perform its obligations under this Agreement, other than the obligation to make payments then or thereafter due, it is agreed that performance of the respective obligations of the parties hereto to deliver and receive gas, so far as they are affected by such force majeure, shall be suspended from the inception of any such inability until it is corrected but for no longer as practicable after the occurrence of the force majeure. The party claiming such inability shall give notice thereof to the other party as soon as practicable after the occurrence of the force majeure. If such notice is first given by telephone communication, it shall be confirmed promptly in writing giving full particulars. The party claiming such inability shall promptly correct such inability to the extent it shall be corrected through the exercise of reasonable diligence. Force majeure as used herein shall mean acts of god, vandalism, wars, civil unrest, rebellion, blockades, strikes, lightning fires, floods, explosions, hurricanes, breakage of machinery or pipelines, failure or freezing of wells or pipelines, availability of gas supply, failure of third party pipelines to transport gas hereunder, permanent plant closing and other causes not within the control of the party claiming a force majeure situation If at some future date there is a change in

any law, rule or regulation, and by such change, governmental certificate or authorization is required, or Seller is prevented, prohibited or frustrated from carrying out the terms of this Agreement in the manner contemplated hereunder, then this Agreement, at the sole discretion of Seller, shall be canceled.

ARTICLE 12
NOTICES Whenever, under the terms of this Agreement, any notice, invoice, or payment is required or permitted to be given by one party to the other, it shall be given in writing and shall be deemed to have been sufficiently given for all purposes hereof if sent by U.S. mail, postage prepaid, to the parties at the addresses set forth below:

SELLER: JOHN D. OIL & GAS MARKETING CO., LLC
3511 Lost Nation Road
Willoughby, OH 44094
Phone: 440 255-1945; Fax: 440 255-1985

BUYER: NORTHEAST OHIO NATURAL GAS CORP.
8500 Station Street, Suite 100
Mentor, OH 44060

ARTICLE 13
ASSIGNMENT All of the covenants, conditions and obligations of this Agreement shall extend to and be binding upon the heirs, personal representatives, successors and assigns respectively of the parties hereto, provided, however, that this Agreement shall not be assigned by either party without the written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no consent shall be required if either party assigns this Agreement to an affiliated entity. For purposes of this Agreement, an affiliated entity shall mean any entity or person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first entity or person. In addition, Buyer shall not be permitted to withhold its consent if Seller assigns this Agreement to an entity or a person which, at the time of such assignment, has been engaged in the business of acquiring natural gas supplies for resale.

ARTICLE 14
CREDIT REQUIREMENTS Buyer and Seller agree that Buyer's compliance with Seller's credit policies and requirements shall be condition precedent to Seller's obligation to deliver natural gas under this Agreement. Furthermore, if the financial status of Buyer becomes unsatisfactory, Buyer upon demand of Seller shall give satisfactory security. Buyer's failure to abide by the provisions of this Article 14 shall be considered a breach hereof and, in such event, payment for all natural delivered hereunder shall be immediately due and owing and shall be paid immediately and Seller shall without waiving any rights or remedies it shall have, withhold further deliveries until such payment or security is received.

ARTICLE 15
SURVIVAL OBLIGATIONS The obligations of Buyer to make payment for gas received hereunder shall survive the termination or cancellation of this Agreement. The obligations of Seller to indemnify Buyer pursuant to Article 8 ("Warranty of Title and Taxes") and for Buyer to pay for any taxes imposed on the gas shall survive the termination or cancellation of this Agreement. If any provision in this Agreement is determined to be invalid, void, or unenforceable by any court having jurisdiction, then such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant in this Agreement. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Agreement shall be taken and construed as cumulative, that is, in addition to every other remedy provided therein or by law.

ARTICLE 16
COMPLETE AGREEMENT This Agreement represents the complete and entire understanding between the parties, superceding any prior agreements, respecting the subject matter of this transaction. The parties hereto declare that there are no promises, representations, conditions, warranties, other agreements, expressed or implied, oral or written, made or relied upon by either party, except those herein contained.

IN WITNESS WHEREOF, the parties, or their authorized agents, hereto have caused this Agreement to be executed the day and year above written.

WITNESSES:

SELLER:
JOHN D. OIL & GAS MARKETING CO., LLC

BY [signature]

BY Richard M. Osborne

ITS Managing Member

Exhibit "A"

The price to be paid by NEO to Seller for the natural gas delivered to NEO at the Delivery Point during the Term shall be the greater of (a) NYMEX plus seventy-five cents ($.75) per Thousand Cubic feet ("Mcf") plus any applicable transportation costs, shrinkage costs and taxes or (b) market price, plus any applicable transportation costs, shrinkage and taxes.

NEO initials: _____

Seller Initials: RO.

Exhibit "B"

The price to be paid by ONG to Seller for the natural gas delivered to ONG at the Delivery Point during the Term shall be the greater of (a) NYMEX plus seventy-five cents ($.75) per Thousand Cubic feet ("Mcf") plus any applicable transportation costs, shrinkage costs and taxes or (b) market price, plus any applicable transportation costs, shrinkage and taxes.

ONG initials: TB

Seller Initials: RO.

Exhibit "C"

The price to be paid by BGC to Seller for the natural gas delivered to BGC at the Delivery Point during the Term shall be the greater of (a) NYMEX plus seventy-five cents ($.75) per Thousand Cubic feet ("Mcf") plus any applicable transportation costs, shrinkage costs and taxes or (b) market price, plus any applicable transportation costs, shrinkage and taxes.

BGC initials: _____

Seller Initials: RO

#9

Staff Ex. No. 10

JDOG and three utilities 2008-2023

GAS SALES AGREEMENT

THIS AGREEMENT made and entered in this 1st day of July, 2008 ("Commencement Date"), by and between JOHN D. OIL & GAS MARKETING CO., LLC, with its offices located at 3511 Lost Nation Road, Willoughby, Ohio 44094, an Ohio Corporation (hereinafter referred to as "Seller"), and NORTHEAST OHIO NATURAL GAS CORP. (hereinafter referred to as "NEO"), ORWELL NATURAL GAS COMPANY (hereinafter referred to as "ONG"), and BRAINARD GAS CORP. (hereinafter referred to as "BGC"), with all of their offices located at 8500 Station Street, Suite 100, Mentor, OH 44060 (hereinafter NEO, ONG and BGC shall be collectively referred to as "Buyer").

RECITALS:
WHEREAS, Buyer desires to acquire supplies of natural gas ("gas") and to obtain delivery of such gas to it's facilities through various pipelines owned or leased by others; and

WHEREAS, Seller is in the business of acquiring natural gas supplies for resale; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the parties hereby agree as follows:

ARTICLE 1
AGREEMENT Subject to the terms of this Agreement, Seller does hereby agree to sell to Buyer on a best effort basis and Buyer does hereby agree to purchase, during the term of this Agreement, those quantities of natural gas as described in the Agreement.

best effort

ARTICLE 2
TERM OF AGREEMENT The term of this Agreement shall be effective from the Commencement Date and shall continue in full force and effect until September 31, 2023 ("Term").

15 yr plus term

ARTICLE 3
QUANTITY Buyer agrees to purchase all of its gas requirements from Seller at the location(s) described in the Agreement. Buyer herein affirms that it will purchase volumes from no other supplier unless Seller cannot supply the amounts of gas requested by Buyer. In that event, Buyer, on a temporary basis, may secure the volume of gas that Seller cannot provide from whatever source Buyer chooses

NOMINATIONS Buyer shall advise Seller in writing, such notice to be received no later than fifteen (15) days prior to the first day of each month during the term of this Agreement, of Buyer's anticipated consumption of natural gas which buyer wishes to purchase from Seller ("Nominated Volume") hereunder for the following month.

Nominate Volume in Writing

REIMBURSEMENT To the extent Buyer's monthly consumption result in the imposition of a penalty or balancing charge by any interstate and/or intrastate pipeline utilized to transport gas which is the subject of this Agreement, Buyer shall be responsible for and reimburse Seller for such penalty or balancing charge which is the result of Buyer's monthly nomination or consumption.

ARTICLE 4
DELIVERY POINT AND TRANSPORTATION Any gas purchased hereunder shall be sold by Seller or Seller's agent to Buyer and delivered to the pipelines designated by Buyer to transport gas to Buyer's pipelines located in Northeastern Ohio ("Delivery Point"). Title to the gas delivered hereunder shall vest in Buyer upon delivery to the Delivery Point. Buyer shall arrange and pay for all gas transportation costs and retainage imposed by pipelines downstream of the Delivery Point. At and beyond the Delivery Point, Buyer or Buyer's representative shall be in exclusive control and possession and be responsible for any loss of gas, damage, or injury caused thereby.

? JDOG shall arrange and pay for all transp costs

ARTICLE 5
PURCHASE PRICE The price to be paid by NEO to Seller is set forth in Exhibit "A"; the price to be paid by ONG to Seller is set forth in Exhibit "B"; and the price to be paid by BNG to Seller is seth forth in Exhibit "C". The Delivered Price (as defined in Exhibits "A", "B", and "C") may be modified from time to time subject to the mutual agreement of both Buyer and Seller to reflect the then current market conditions. If the parties cannot agree upon any such modification, the price in effect at that time shall then remain in effect, subject to any future price adjustment as set forth in the following sentence. On the 5th anniversary and 10th anniversary of the Commencement Date of this Agreement (the "Bid Dates"), Buyer shall have the right to seek bona fide third party bids from other gas marketers. Within thirty (30) days of the applicable Bid Date, Buyer shall provide Seller with a copy of any such third party bid that Buyer is willing to accept. Seller shall then have fifteen (15) days from the date of its receipt of any such third party bid in which to: (i) agree to match the third party bid; or (ii) elect not to match the third party bid. If Seller agrees to match the third party bid, the Delivered Price shall be amended to reflect the Delivered Price proposed under the third party bid that Seller agreed to match and Buyer shall be required to reject said thirty party bid. If Seller elects not to match said third party bid, Seller shall deliver written notice to the Buyer of its rejection and the Delivered Price shall continue to be the Delivered Price that was then in effect prior to the date of Buyer's receipt of the third party bids and Buyer shall remain obligated to continue to purchase its gas requirements from Seller under the terms and conditions of this Agreement, and Buyer shall be required to reject said third party bid. Notwithstanding anything hereinabove contained to the contrary, Buyer and Seller will come to mutual

What is This

agreement on any Delivered Price reduction, if during the term of this Agreement, Buyer is unable to recover any portion of the Delivered Price from its customers.

RIGHT OF LAST REFUSAL At the completion of the Term of this Agreement, Buyer agrees to grant to Seller the right of last refusal to match any bona fide written offer received by Buyer from another supplier to supply the volumes of gas hereunder upon the same terms as offered by such other supplier. Buyer shall forward to Seller a copy of such bona fide offer together with all particulars relating thereto. In the event Seller determines to meet such bona fide offer within fifteen (15) days of receipt of such other offer from Buyer, Buyer's cancellation of this Agreement shall be deemed ineffective and this Agreement shall continue in full force and effect, subject to the revised terms set forth in the third party bona fide offer accepted by the Seller.

ARTICLE 6
BILLING AND PAYMENT Seller shall invoice Buyer for gas delivered pursuant to this Agreement every thirty (30) days. Buyer shall pay the amounts invoiced within ten (10) days of the invoice date. Seller's invoice statement shall report the total volumes of gas sold and delivered to Buyer during the period covered.

A finance charge of one and one-half percent (1 ½%) per month shall be due and payable on all invoices that are not paid within fifteen (15) days of the invoice date. The quantities invoiced by Seller will be based on the quantities delivered by Seller or Seller's agent and measure at the Delivery Point. In the event the actual quantities delivered to Buyer are unavailable, the estimated volumes of gas tendered for delivery by Seller to Buyer shall be invoiced to Buyer. Any appropriate adjustment shall be made in the following billing period. In addition, Seller shall have the option to discontinue delivering gas to Buyer if payment is not received within thirty (30) days of the invoice date.

ARTICLE 7
QUALITY AND MEASUREMENT Seller warrants that gas tendered by Seller shall be delivered at temperatures, pressures, and other conditions acceptable for transportation by Buyer. Measurement of the gas shall be in accordance with the policies and conditions of Buyer. The measurement of gas by meter at the Delivery Point is conclusive on the Buyer and Seller, except when the meter is found to be defective or ceases to register. In the latter event, while the meter is determined to be inoperable, the gas delivered shall be estimated by use of any other appropriate meter(s) or by the amount delivered by the said meter during a previous corresponding period under similar conditions. In the event either party questions the accuracy of the meter, the Seller shall have the meter removed, sealed, tested and repaired. The cost of testing and repairing the meter shall be borne by the party challenging the accuracy of the same if the meter on test proves to be correct, or within three percent (3%) fast or slow, otherwise the cost of testing and repairing the meter shall be borne by the Seller.

ARTICLE 8
WARRANTY OF TITLE AND TAXES Seller warrants title to all gas delivered by it and warrants that such gas is free from all liens and adverse claims. Seller shall indemnify and save Buyer harmless against all suits, debts, damages, costs and expenses arising from adverse claims to the gas delivered by it or taxes, payments or other charges thereon applicable before title to such gas has passed to Buyer at the Delivery Point. Buyer shall pay, or cause to be paid, all taxes, assessments, charges or fees imposed by governmental authorities, (including without limitation, all applicable state sales and use taxes), whether levied upon or assessed against Seller or Buyer, with respect to gas sold and delivered hereunder after title has passed to Buyer at the Delivery Point. Buyer's obligation to pay such taxes, assessments, charges or fees so imposed shall survive any termination of this Agreement. Upon request, Buyer shall execute and deliver to Seller such forms, certificates, or other documents as Seller requires to determine the applicability of any such tax, assessment, charge or fee to the sale and use of the gas delivered hereunder.

ARTICLE 9
GOVERNING LAW The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Ohio.

ARTICLE 10
REGULATORY BODIES This Agreement shall be subject to all the rules and regulations of any duly constituted Federal or State regulatory body having jurisdiction hereunder.

ARTICLE 11
FORCE MAJEURE If either Buyer or Seller is rendered unable, for a period not more than 30 days, wholly or in part, by force majeure to perform its obligations under this Agreement, other than the obligation to make payments then or thereafter due, it is agreed that performance of the respective obligations of the parties hereto to deliver and receive gas, so far as they are affected by such force majeure, shall be suspended from the inception of any such inability until it is corrected but for no longer as practicable after the occurrence of the force majeure. The party claiming such inability shall give notice thereof to the other party as soon as practicable after the occurrence of the force majeure. If such notice is first given by telephone communication, it shall be confirmed promptly in writing giving full particulars. The party claiming such inability shall promptly correct such inability to the extent it shall be corrected through the exercise of reasonable diligence. Force majeure as used herein shall mean acts of god, vandalism, wars, civil unrest, rebellion, blockades, strikes, lightning fires, floods, explosions, hurricanes, breakage of machinery or pipelines, failure or freezing of wells or pipelines, availability of gas supply, failure of third party pipelines to transport gas hereunder, permanent plant closing and other causes not within the control of the party claiming a force majeure situation. If at some future date there is a change in

any law, rule or regulation, and by such change, governmental certificate or authorization is required, or Seller is prevented, prohibited or frustrated from carrying out the terms of this Agreement in the manner contemplated hereunder, then this Agreement, at the sole discretion of Seller, shall be canceled.

ARTICLE 12
NOTICES Whenever, under the terms of this Agreement, any notice, invoice, or payment is required or permitted to be given by one party to the other, it shall be given in writing and shall be deemed to have been sufficiently given for all purposes hereof if sent by U.S. mail, postage prepaid, to the parties at the addresses set forth below:

SELLER: JOHN D. OIL & GAS MARKETING CO., LLC
3511 Lost Nation Road
Willoughby, OH 44094
Phone: 440 255-1945; Fax: 440 255-1985

BUYER: NORTHEAST OHIO NATURAL GAS CORP.
8500 Station Street, Suite 100
Mentor, OH 44060

ARTICLE 13
ASSIGNMENT All of the covenants, conditions and obligations of this Agreement shall extend to and be binding upon the heirs, personal representatives, successors and assigns respectively of the parties hereto, provided, however, that this Agreement shall not be assigned by either party without the written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no consent shall be required if either party assigns this Agreement to an affiliated entity. For purposes of this Agreement, an affiliated entity shall mean any entity or person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first entity or person. In addition, Buyer shall not be permitted to withhold its consent if Seller assigns this Agreement to an entity or a person which, at the time of such assignment, has been engaged in the business of acquiring natural gas supplies for resale.

ARTICLE 14
CREDIT REQUIREMENTS Buyer and Seller agree that Buyer's compliance with Seller's credit policies and requirements shall be condition precedent to Seller's obligation to deliver natural gas under this Agreement. Furthermore, if the financial status of Buyer becomes unsatisfactory, Buyer upon demand of Seller shall give satisfactory security. Buyer's failure to abide by the provisions of this Article 14 shall be considered a breach hereof and, in such event, payment for all natural delivered hereunder shall be immediately due and owing and shall be paid immediately and Seller shall without waiving any rights or remedies it shall have, withhold further deliveries until such payment or security is received.

ARTICLE 15
SURVIVAL OBLIGATIONS The obligations of Buyer to make payment for gas received hereunder shall survive the termination or cancellation of this Agreement. The obligations of Seller to indemnify Buyer pursuant to Article 8 ("Warranty of Title and Taxes") and for Buyer to pay for any taxes imposed on the gas shall survive the termination or cancellation of this Agreement. If any provision in this Agreement is determined to be invalid, void, or unenforceable by any court having jurisdiction, then such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant in this Agreement. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Agreement shall be taken and construed as cumulative, that is, in addition to every other remedy provided therein or by law.

ARTICLE 16
COMPLETE AGREEMENT This Agreement represents the complete and entire understanding between the parties, superceding any prior agreements, respecting the subject matter of this transaction. The parties hereto declare that there are no promises, representations, conditions, warranties, other agreements, expressed or implied, oral or written, made or relied upon by either party, except those herein contained.

IN WITNESS WHEREOF, the parties, or their authorized agents, hereto have caused this Agreement to be executed the day and year above written.

WITNESSES:

SELLER:
JOHN D. OIL & GAS MARKETING CO., LLC

BY [signature]

BY Richard M. Osborne

ITS Managing Member

WITNESSES

BUYER:
NORTHEAST OHIO NATURAL GAS CORP.

BY _____

BY Martin [illegible]

ITS VP

WITNESSES:

ORWELL NATURAL GAS COMPANY

BY _____

BY Thomas Smith

ITS President

WITNESSES:

BUYER: BRAINARD GAS CORP.

BY _____

BY Thomas Smith

ITS President

[illegible]

EXHIBIT "A"

The price to be paid by NEO to Seller for natural gas delivered to NEO at the Delivery Point during the Term shall be the greater of (a) Seller's cost to deliver the gas to the Delivery Point plus Ten Cents ($0.10) per Thousand Cubic Feet ("Mcf") plus any applicable taxes, or (b) the "Delivered Price" per Mcf set forth in the chart below, plus any applicable taxes. The greater of (a) or (b) above shall be referred to in the Agreement as the "Delivered Price".

Location	Contract Term Effective	Expiration	Rollover	Delivered Price
GE (Petrod wells)	05/01/06	04/30/07	Mo to Mo	NYNEX + $0.50
Polin Halmaker	03/14/06	03/13/07	Mo to Mo	NYNEX + $0.50
Ponderosa wells	03/20/06	03/19/07	Mo to Mo	NYNEX + $0.50
West Wooster (Small wells)	07/18/05	06/30/07	Mo to Mo.	$9.500
Mormack Orville	01/01/07	12/31/09	Yr to Yr.	N+$0.60 sum, +$0.65 win
Hutton Wooster	02/01/07	01/31/10		NYNEX + $1.00
Hutton Orville	02/01/07	01/31/10		N+$0.60 sum, $0.65 win
Bands Orville	6/1/2007	5/31/2010	Mo to Mo	N + $0.60 s, $0.65 w/98
Broad Street-Orville	8/1/2007	7/31/2012	Mo to Mo	N + $0.60 s, N + $0.65 w
Pheasants Rd (Wooster)	8/1/2007	5/31/2012	Mo. to Mo	N + $0.60 s, N + $0.67 w
Orville System	5/1/2007	4/30/2010	Mo to Mo	NYNEX + $0.80
Cobra North Trumbull	2/6/2008	1/31/2009	Mo. to Mo	N + $1.20 x 1.0377
Cobra Holmesville	2/6/2008	1/31/2009	Mo to Mo	N + $1.00 x 1.0377
Cobra Churchtown	2/6/2008	1/31/2009	Mo to Mo	N + $1.05 x 1.0377
Equity Oil and Gas (Fryburg)	8/1/2007	8/1/2008	Mo to Mo	N + $0.75

EXHIBIT "B"

The price to be paid by ONG Buyer to Seller for natural gas delivered to ONG at the Delivery Point during the Term shall be the greater of (a) NYMEX plus seventy-five cents ($.75) per Thousand Cubic Feet ("Mcf") plus any applicable taxes or (b) Seller's cost to deliver the gas to the Delivery Point plus Ten Cents ($0.10) per Thousand Cubic Feet ("Mcf"), plus any applicable taxes. The greater of (a) or (b) above shall be referred to in the Agreement as the "Delivered Price".

ONG price

the greater of NYMEX plus $.75 per MCF

or

Seller's cost to delivery point plus $.10

EXHIBIT "C"

The price to be paid by BGC to Seller for natural gas delivered to BGC at the Delivery Point during the Term shall be the greater of (a) NYMEX plus seventy-five cents ($0.75) per Thousand Cubic Feet ("Mcf") plus any applicable taxes or (b) Seller's cost to deliver the gas to the Delivery Point plus Ten Cents ($.10) per Thousand Cubic Feet ("Mcf"), plus any applicable taxes. The greater of (a) or (b) above shall be referred to in the Agreement as the "Delivered Price".

Staff Ex. No. 11

JDOG and GP 2008-09

GAS PURCHASE AGREEMENT

THIS AGREEMENT MADE October 1, 2008, by and between **JOHN D. OIL & GAS MARKETING CO., LLC**, an Ohio corporation of 8500 Station Street, Suite 100, Mentor, Ohio 44060 hereinafter referred to as "Buyer", and **GREAT PLAINS EXPLORATION, LTD.** of 8500 Station Street, Suite 113, Mentor, Ohio 44060 referred to as "Seller".

WITNESSETH:

WHEREAS, Seller has developed a supply of natural gas ("gas") from wells enumerated and described on Exhibit A attached hereto, and which may be amended from time to time by mutual agreement between the parties; and

WHEREAS, Seller is the owner of such gas or is the authorized agent for the owner or owners of such gas and therefore has the authority to contract for the sale of such gas; and

WHEREAS, Seller desires to sell and agrees to sell, for itself and those owners for which it is the authorized selling agent, and to deliver to Buyer the gas produced from the well or wells described on Exhibit A, hereinafter referred to as "the Wells"; and

WHEREAS, Buyer is willing to purchase from Seller the gas produced from the Wells at the rates and subject to the terms, conditions and limitations herein provided.

NOW THEREFORE, in consideration of their mutual covenants and promises herein contained the parties agree as follows:

1. AGREEMENT. Subject to the terms and conditions herein contained, Buyer shall buy the gas owned, produced or purchased by Seller from the Wells. Buyer shall buy up to the Demand Quantity as described in Section Four of this Agreement, excepting only such quantities as described in Sections Eight of this Agreement, plus the quantity of gas that Seller may require for drilling or pumping operations on said premises and such quantity as may be reserved to the landowners by their oil and gas leases.

2. DELIVERY POINT. For the purpose of this Agreement, "Delivery Point(s)" mean the place or places where the gas from Seller's Wells enters Buyers natural gas distribution system(s) as identified on Exhibit B. Title to the gas produced from the Wells shall be transferred from Seller to Buyer at said Delivery Point(s). The right of ingress and egress to the Delivery Point(s) and metering station(s) shall be provided by Seller to Buyer.

3. QUALITY OF GAS. Seller agrees that the gas to be sold and delivered hereunder will be merchantable gas and will upon delivery:

(a) Be similar to the gas now being produced in the general area of the Wells.

(b) Have a composition meeting the following specifications:

Hydrogen Sulfide	0.25 Grain per 100 Standard Cubic Feet Maximum
Total Sulfur	20.0 Grains per 100 Standard Cubic Feet Maximum

Oxygen	0.2 Percent by Volume Maximum
Carbon Dioxide	3.0 Percent by Volume Maximum
Combined Total of Carbon Dioxide and Nitrogen	4.0 Percent by Volume Maximum
Temperature	120 degrees Fahrenheit Maximum
Water	7.0 Pounds per Million Cubic Feet Maximum

(c) Will be merchantable, free of dust, hydrocarbon liquids and other objectionable liquids and solids.

(d) Not contain any noncombustible gases or foreign substances to an extent which would adversely affect Buyer's subsequent sale to purchasers.

(e) Have a gross heating value of not less than one thousand (1000) British Thermal Units per cubic foot, with the gross dry British Thermal Unit content to be computed on the basis of a temperature of sixty (60) degrees Fahrenheit and a pressure equivalent to thirty (30) inches of mercury at thirty-two (32) degrees Fahrenheit and water vapor saturated, as provided by and under tests to be made in accordance with Gaseous Fuels Standard D-900-55 of the American Society for Testing Materials, adopted by the American Standard Association.

Seller shall indemnify Buyer and hold Buyer harmless from any and all actions taken against Buyer involving the quality of gas delivered to the Delivery Point(s).

4. DEMAND QUANTITY AND MINIMUM DELIVERY PRESSURE. For the purpose of this Agreement, the "Demand Quantity" shall be the volume of gas that Seller warrants to have available to sell to Buyer. The Demand Quantity warranted by Seller under this Agreement shall be specified on Exhibit B, which may be amended from time to time by mutual agreement between the parties. Seller shall deliver the Demand Quantity at the Delivery Point(s) above the minimum delivery pressure as specified on Exhibit B.

5. MEASUREMENT OF VOLUMES. The gas to be sold and delivered hereunder shall be measured at the Delivery Point(s), as specified on Exhibit B, by a suitable orifice, turbine or positive displacement meter(s), of standard make to be furnished, installed and kept in repair by Buyer unless there is an agreement to the contrary. The unit of measure shall be that quantity of gas which will occupy one (1) cubic foot at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (thirty (30) inches of mercury), a temperature base of sixty (60) degrees Fahrenheit, (five hundred twenty (520) degrees absolute), and without adjustment for water vapor content. To determine the volume of gas delivered, volumetric calculations shall follow the recommendations of the latest edition of the American Gas Association (A.G.A.) Report No. 3, No. 7 or Section 2.1 of the A.G.A. Gas Measurement Manual for orifice, turbine or positive displacement meters, respectively.

Buyer shall test, and if necessary, adjust and repair said meter(s), based on Buyer's testing requirements. Said meter(s) shall be open to inspection at all times by Seller in the presence of Buyer. In case any question arises as to the accuracy of the measurement, said meter(s) shall be tested upon the demand of any party. The expense of such tests shall be borne by the party demanding same if the meter is found to be correct and by Buyer if found to be incorrect. A registration within three percent (3%) shall be considered correct.

Settlement for any period of inaccurate measurement shall be in accordance with average readings taken during the last preceding ten (10) days when the meter was registering accurately and the first ten (10) days after the meter was restored to accuracy, or by other suitable means as agreed to by both Parties. If requested, Buyer shall send the charts to a representative of Seller for checking, after which they are to be returned to Buyer.

6. PRICE. Buyer shall pay Seller for all gas delivered and measured at the Delivery Point(s). The price to be paid by Buyer to Seller for gas delivered to Buyer at the Delivery Point(s) shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

7. TERM. The term of this Agreement shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

8. RIGHT OF REDUCED PURCHASES. While Buyer agrees to buy gas from said Wells during the term of this Agreement, it is expressly understood and agreed that Buyer may restrict the flow or discontinue the taking of gas when and for such length of time as in Buyer's judgment it is deemed expedient to do so. Buyer's judgement is to be based upon a consideration of the market provided by its customers buying natural gas from it, the rate it pays and charges, its then existing pipeline facilities, the line pressure it deems necessary to maintain, and any other conditions affecting Buyer's ability to take gas under this Agreement. Seller agrees to withhold from delivery all gas under this Agreement, if said deliveries are restricted or discontinued as aforesaid, until such time as Buyer is able to accept and sell the gas delivered to it under this Agreement.

9. PAYMENT. Payment is to be tendered from Buyer to Seller no later than 30 days after Buyer receives the information necessary to determine the payments due to Seller.

10. WELL ABANDONMENT. Should gas underlying Well approach depletion, Seller shall notify Buyer in writing thirty (30) days prior to the abandonment of that Well.

11. WARRANTY OF TITLE AND GAS CLASSIFICATION. Seller warrants the title to the gas hereby sold as and when delivered to Buyer at the Delivery Point(s) and further warrants that all of the gas sold pursuant to this Agreement is exempt from NGPA pricing regulations, and covenants and agrees to indemnify Buyer for and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Buyer hereunder or arising from or attributable to claims or losses related to the NGPA exemption warranty; provided, however, that if any person or party makes claim of any gas delivered to Buyer hereunder adverse to Seller's claim of ownership thereof, or obtains a lien or encumbrance against the same, Buyer may withhold payment for such gas without liability for the payment of interest on the amounts withheld, until such adverse claim or lien is released or disposed of by the parties or by final court action and may pay such withheld amount or amounts to the party or parties finally determined to be entitled thereto. In the event gas from any well subject to this Agreement is not exempt from NGPA pricing regulations, the gas so disqualified will be priced

in accordance with the NGPA regulations or paragraph 5 of this Agreement, whichever price is lower, effective as of the date of initial deliveries from any such disqualified Well. Appropriate refunds will be made by Seller to Buyer in case any gas is re-priced as stated above.

12. ASSIGNMENT. Seller shall not assign this Agreement, in whole or in part, without the written consent of Buyer which shall not be unreasonably withheld. All the covenants and obligations of this Agreement shall extend to and be binding upon the successors and assigns of the respective parties.

13. NOTICES. Notices to Buyer hereunder shall be addressed to it at:

John D. Oil & Gas Marketing Co., LLC
8500 Station Street, Suite 100
Mentor Ohio 44060
Telephone: (440) 974-5120
Fax: (440) 974-5114

All notices and payments to Seller hereunder shall be made and mailed to:

Great Plains Exploration, LTD
8500 Station Street, Suite 113
Mentor, Ohio 44060
Phone: (440) 951-1111
Fax: (440) 974-6561

Unless otherwise provided herein, any and all notices required or permitted under this Agreement shall be deemed sufficiently given if made in writing and either delivered in person or deposited, postage prepaid, in the United State Post Office, first class mail.

14. TRANSFER OF OWNERSHIP. Any sale, assignment, farmout or other disposition or agreement of or concerning the Well or Wells described herein shall be subject to and expressly made subject to this Agreement.

15. CURING OF DEFAULT. No action shall be brought by Seller against Buyer on account of any claimed failure to take gas in accordance with this Agreement unless sixty (60) days written notice of such claim shall be served upon Buyer, said notice to specify in detail the respects in which it is claimed the Buyer has not remedied such claim within such sixty (60) day period. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

16. AMENDMENT. This Agreement may be amended from time to time to apply to additional Wells by the mutual agreement of the parties. Any such amendment must be approved in writing by the Buyer. All such additional Wells shall be subject to the terms and conditions herein contained.

17. FORCE MAJEURE. Neither party to this Agreement shall be liable for any damage or loss that may be occasioned by any failure, depletion, shortage, or interruption in the production of gas from a well, or any decline in natural pressure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out its obligation under this Agreement, other than the obligations of such party to make payment of amounts due hereunder, then the obligations of such parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any liability so caused. However, the party claiming the existence of force majeure shall use all reasonable efforts to remedy any situation which may interfere with the performance of its obligations hereunder. The term "force majeure" as used herein, and as applied to either party hereto, shall mean acts of the law, acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, fires, floods, washouts, arrests, and restraint of rulers and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, partial or entire failure to such wells, or any other cause, whether of the kind herein enumerated, or otherwise, not reasonably within the control of the party claiming suspension. It is understood that settlement of strikes, lockouts, or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or labor disturbances by acceding to the demands of an opposing party when such course is inadvisable in the discretion or judgment or the party having the difficulty.

18. TITLE AND POSSESSION. Title to the gas subject to this Agreement shall transfer from Seller to Buyer at the Delivery Point(s). Seller shall be deemed to be in control and possession of the gas sold by it hereunder until it shall have been delivered to Buyer at the Delivery Point(s), after which delivery Buyer shall be deemed to be in control and possession thereof. Buyer shall have no responsibility with respect to any gas sold to it hereunder until it is delivered at any such Delivery Point(s), and no responsibility therefor because of anything which may be done, or may happen or arise with respect to said gas before delivery to Buyer at such Delivery Point(s). Seller shall have no responsibility with respect to said gas after its delivery to Buyer and no responsibility because of anything which may be done or may happen or arise with respect to said gas after its delivery to Buyer at such Delivery Point(s).

19. EQUIPMENT. All pipelines, fittings, and other properties furnished under this Agreement shall remain the property of the party paying for the same. Each party may remove its property at the termination of this Agreement.

20. TAXES. In the event any tax is now or hereafter imposed on natural gas, or the production, severance gathering, transportation, sale, delivery or use thereof, or upon the business or privileges or producing, severing, gathering, transporting, selling, delivering, or using natural gas, or if such tax is imposed in any other manner so as to constitute directly or indirectly a charge upon the gas delivered to Buyer hereunder, then the amount of such tax shall be borne by Seller so far as it affects or relates to or is apportionable to the gas delivered to Buyer hereunder. In the event Buyer is required to pay such tax, the amount thereof may be deducted from the payments accruing to Seller under this Agreement.

For gas produced in the State of Ohio, where Buyer is the first purchaser, Seller authorizes Buyer

to reduce payments by the amount assessed pursuant to Section 1510.08 of the Ohio Revised Code, for the Ohio Oil and Gas Energy Education Program (currently $.001 per Mcf).

21. TERMINATION. Seller acknowledges that Buyer is buying Seller's gas as an accommodation to Seller; that there is no agreement to permit Seller or other producers to sell gas upon demand to Buyer, that Buyer may be unable or unwilling to buy gas from all producers with wells in the vicinity, and that this arrangement is undertaken at the request of Seller.

22. INDEMNIFICATION. Seller will indemnify and save harmless Buyer from and against all suits, actions, damages or costs arising out of the loss or damage to the property or any other person or persons whomsoever in the event that any such loss, damages, injury or death shall be caused by any act or omission, or any breach of any statutory duty of Seller or its employees or agents occurring either in the performance of this Agreement, or outside said performance.

23. LEGAL BENEFITS. It is understood and agreed that Seller is not a party to nor a third party beneficiary of Buyer's agreement(s) with ultimate purchaser(s). Since Buyer has many suppliers of gas to the ultimate purchaser(s), it would be impossible to determine the extent of the contribution by any one seller towards Buyer's agreement(s) with ultimate purchaser(s). Therefore, in the event of a dispute between Buyer and the ultimate purchaser(s), Seller may look only to Buyer for payment of gas sold to Buyer, and is not entitled to any damages Buyer may recover from ultimate purchaser(s), if any.

24. ENTIRE AGREEMENT. This Agreement sets forth all understandings between the parties respecting the subject matter of this transaction and all prior agreements, understandings and representations, whether superseded by this written Agreement. No modification or amendment of the Agreement shall be binding on either party unless in writing and agreed to by both parties, except those changes to be made to conform to rules and regulations, as may be imposed by federal, state and local authorities, as well as by any political body. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

25. STATE LAW. This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties have hereunto set their signatures by their officers hereunto duly authorized the day and year first above written.

BUYER: **JOHN D. OIL & GAS MARKETING CO., LLC**

By: Stephen G. Rigg
Its: Executive Vice President

SELLER: **GREAT PLAINS EXPLORATION, LTD.**

By: Richard M. Osborne, Sr.
Its: Managing Member

EXHIBIT A
Dated: October 1, 2008

TO GAS PURCHASE AGREEMENT BETWEEN JOHN D. OIL & GAS MARKETING CO., LLC AND GREAT PLAINS EXPLORATION, LTD. DATED October 1, 2008

DESCRIPTION OF INTERCONNECTS

Various interconnects from the Orwell-Trumbull Pipeline and other points of delivery to pipelines owned by the Orwell Natural Gas Company.

NOTE: the above wells are NOT subject to line loss deductions.

EXHIBIT B

Attached to and made part of the Gas Purchase Agreement dated October 1, 2008, between **JOHN D. OIL & GAS MARKETING CO., LLC** ("Buyer") and **GREAT PLAINS EXPLORATION, LTD** ("Seller").

DELIVERY POINT(S): Inlet flange(s) of Seller's meter(s) at the point of interconnection with the various points of sale or any other point(s) reasonably determined by Buyer.

DEMAND QUANTITY: All available for delivery to Orwell Natural Gas Company's GCR customers only (specifically excludes gas delivered by Buyer to Orwell Natural Gas Company's transportation only customers).

MINIMUM DELIVERY PRESSURE: Line pressure

PRICE: **Eight Dollars and Ninety Five Cents ($8.95)** per thousand Cubic Feet (Mcf).

TERM: This contract shall commence with the **October 2008** production and shall remain in effect until the end of the **September 2009** production and from month to month thereafter, unless canceled by either party after the initial term or any subsequent term upon sixty (60) days prior written notice; provided, however, that Buyer and Seller shall have the right to cancel and terminate this entire contract, upon sixty (60) days prior written notice, when and if the Buyer shall fail to have a market for any gas purchased under this agreement after which termination, the parties shall be released from all obligations or liability under the terms hereof.

AGREED TO AND ACCEPTED this 29th day of September, 2008.

BUYER: **JOHN D. OIL & GAS MARKETING CO., LLC**

By: Stephen G. Rigo
Its: Executive Vice President

SELLER: **GREAT PLAINS EXPLORATION, LTD.**

By: Richard M. Osborne
Its: Managing Member

Staff Ex. No. 12

Orwell is to buy all of its gas from SDCG

GAS PURCHASE AGREEMENT

THIS AGREEMENT MADE October 1, 2009, by and between **ORWELL NATURAL GAS COMPANY**, an Ohio corporation of 8500 Station Street, Suite 100, Mentor, Ohio 44060 hereinafter referred to as "Buyer", and **GREAT PLAINS EXPLORATION, LTD.** of 8500 Station Street, Suite 113, Mentor, Ohio 44060 referred to as "Seller".

WITNESSETH:

WHEREAS, Seller has developed a supply of natural gas ("gas") from wells enumerated and described on Exhibit A attached hereto, and which may be amended from time to time by mutual agreement between the parties; and

WHEREAS, Seller is the owner of such gas or is the authorized agent for the owner or owners of such gas and therefore has the authority to contract for the sale of such gas; and

WHEREAS, Seller desires to sell and agrees to sell, for itself and those owners for which it is the authorized selling agent, and to deliver to Buyer the gas produced from the well or wells described on Exhibit A, hereinafter referred to as "the Wells"; and

WHEREAS, Buyer is willing to purchase from Seller the gas produced from the Wells at the rates and subject to the terms, conditions and limitations herein provided.

NOW THEREFORE, in consideration of their mutual covenants and promises herein contained the parties agree as follows:

1. AGREEMENT. Subject to the terms and conditions herein contained, Buyer shall buy the gas owned, produced or purchased by Seller from the Wells. Buyer shall buy up to the Demand Quantity as described in Section Four of this Agreement, excepting only such quantities as described in Sections Eight of this Agreement, plus the quantity of gas that Seller may require for drilling or pumping operations on said premises and such quantity as may be reserved to the landowners by their oil and gas leases.

2. DELIVERY POINT. For the purpose of this Agreement, "Delivery Point(s)" mean the place or places where the gas from Seller's Wells enters Buyers natural gas distribution system(s) as identified on Exhibit B. Title to the gas produced from the Wells shall be transferred from Seller to Buyer at said Delivery Point(s). The right of ingress and egress to the Delivery Point(s) and metering station(s) shall be provided by Seller to Buyer.

3. QUALITY OF GAS. Seller agrees that the gas to be sold and delivered hereunder will be merchantable gas and will upon delivery:

(a) Be similar to the gas now being produced in the general area of the Wells.

(b) Have a composition meeting the following specifications:

Hydrogen Sulfide	0.25 Grain per 100 Standard Cubic Feet Maximum
Total Sulfur	20.0 Grains per 100 Standard Cubic Feet Maximum

Oxygen	0.2 Percent by Volume Maximum
Carbon Dioxide	3.0 Percent by Volume Maximum
Combined Total of Carbon Dioxide and Nitrogen	4.0 Percent by Volume Maximum
Temperature	120 degrees Fahrenheit Maximum
Water	7.0 Pounds per Million Cubic Feet Maximum

(c) Will be merchantable, free of dust, hydrocarbon liquids and other objectionable liquids and solids.

(d) Not contain any noncombustible gases or foreign substances to an extent which would adversely affect Buyer's subsequent sale to purchasers.

(e) Have a gross heating value of not less than one thousand (1000) British Thermal Units per cubic foot, with the gross dry British Thermal Unit content to be computed on the basis of a temperature of sixty (60) degrees Fahrenheit and a pressure equivalent to thirty (30) inches of mercury at thirty-two (32) degrees Fahrenheit and water vapor saturated, as provided by and under tests to be made in accordance with Gaseous Fuels Standard D-900-55 of the American Society for Testing Materials, adopted by the American Standard Association.

Seller shall indemnify Buyer and hold Buyer harmless from any and all actions taken against Buyer involving the quality of gas delivered to the Delivery Point(s).

4. DEMAND QUANTITY AND MINIMUM DELIVERY PRESSURE. For the purpose of this Agreement, the "Demand Quantity" shall be the volume of gas that Seller warrants to have available to sell to Buyer. The Demand Quantity warranted by Seller under this Agreement shall be specified on Exhibit B, which may be amended from time to time by mutual agreement between the parties. Seller shall deliver the Demand Quantity at the Delivery Point(s) above the minimum delivery pressure as specified on Exhibit B.

5. MEASUREMENT OF VOLUMES. The gas to be sold and delivered hereunder shall be measured at the Delivery Point(s), as specified on Exhibit B, by a suitable orifice, turbine or positive displacement meter(s), of standard make to be furnished, installed and kept in repair by Buyer unless there is an agreement to the contrary. The unit of measure shall be that quantity of gas which will occupy one (1) cubic foot at a pressure base of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (thirty (30) inches of mercury), a temperature base of sixty (60) degrees Fahrenheit, (five hundred twenty (520) degrees absolute), and without adjustment for water vapor content. To determine the volume of gas delivered, volumetric calculations shall follow the recommendations of the latest edition of the American Gas Association (A.G.A.) Report No. 3, No. 7 or Section 2.1 of the A.G.A. Gas Measurement Manual for orifice, turbine or positive displacement meters, respectively.

Buyer shall test, and if necessary, adjust and repair said meter(s), based on Buyer's testing requirements. Said meter(s) shall be open to inspection at all times by Seller in the presence of Buyer. In case any question arises as to the accuracy of the measurement, said meter(s) shall be tested upon the demand of any party. The expense of such tests shall be borne by the party demanding same if the meter is found to be correct and by Buyer if found to be incorrect. A registration within three percent (3%) shall be considered correct.

Settlement for any period of inaccurate measurement shall be in accordance with average readings taken during the last preceding ten (10) days when the meter was registering accurately and the first ten (10) days after the meter was restored to accuracy, or by other suitable means as agreed to by both Parties. If requested, Buyer shall send the charts to a representative of Seller for checking, after which they are to be returned to Buyer.

6. PRICE. Buyer shall pay Seller for all gas delivered and measured at the Delivery Point(s). The price to be paid by Buyer to Seller for gas delivered to Buyer at the Delivery Point(s) shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

7. TERM. The term of this Agreement shall be identified on Exhibit B, which may be amended from time to time by mutual agreement between the parties.

8. RIGHT OF REDUCED PURCHASES. While Buyer agrees to buy gas from said Wells during the term of this Agreement, it is expressly understood and agreed that Buyer may restrict the flow or discontinue the taking of gas when and for such length of time as in Buyer's judgment it is deemed expedient to do so. Buyer's judgement is to be based upon a consideration of the market provided by its customers buying natural gas from it, the rate it pays and charges, its then existing pipeline facilities, the line pressure it deems necessary to maintain, and any other conditions affecting Buyer's ability to take gas under this Agreement. Seller agrees to withhold from delivery all gas under this Agreement, if said deliveries are restricted or discontinued as aforesaid, until such time as Buyer is able to accept and sell the gas delivered to it under this Agreement.

9. PAYMENT. Payment is to be tendered from Buyer to Seller no later than 30 days after Buyer receives the information necessary to determine the payments due to Seller.

10. WELL ABANDONMENT. Should gas underlying Well approach depletion, Seller shall notify Buyer in writing thirty (30) days prior to the abandonment of that Well.

11. WARRANTY OF TITLE AND GAS CLASSIFICATION. Seller warrants the title to the gas hereby sold as and when delivered to Buyer at the Delivery Point(s) and further warrants that all of the gas sold pursuant to this Agreement is exempt from NGPA pricing regulations, and covenants and agrees to indemnify Buyer for and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to the adverse claims of any and all other persons or parties to the gas delivered to Buyer hereunder or arising from or attributable to claims or losses related to the NGPA exemption warranty; provided, however, that if any person or party makes claim of any gas delivered to Buyer hereunder adverse to Seller's claim of ownership thereof, or obtains a lien or encumbrance against the same, Buyer may withhold payment for such gas without liability for the payment of interest on the amounts withheld, until such adverse claim or lien is released or disposed of by the parties or by final court action and may pay such withheld amount or amounts to the party or parties finally determined to be entitled thereto. In the event gas from any well subject to this Agreement is not exempt from NGPA pricing regulations, the gas so disqualified will be priced

in accordance with the NGPA regulations or paragraph 5 of this Agreement, whichever price is lower, effective as of the date of initial deliveries from any such disqualified Well. Appropriate refunds will be made by Seller to Buyer in case any gas is re-priced as stated above.

12. ASSIGNMENT. Seller shall not assign this Agreement, in whole or in part, without the written consent of Buyer which shall not be unreasonably withheld. All the covenants and obligations of this Agreement shall extend to and be binding upon the successors and assigns of the respective parties.

13. NOTICES. Notices to Buyer hereunder shall be addressed to it at:

Orwell Natural Gas Company
8500 Station Street, Suite 100
Mentor Ohio 44060
Telephone: (440) 205-4600
Fax: (440) 974-5114

All notices and payments to Seller hereunder shall be made and mailed to:

Great Plains Exploration, LTD
8500 Station Street, Suite 113
Mentor, Ohio 44060
Phone: (440) 951-1111
Fax: (440) 974-6561

Unless otherwise provided herein, any and all notices required or permitted under this Agreement shall be deemed sufficiently given if made in writing and either delivered in person or deposited, postage prepaid, in the United State Post Office, first class mail.

14. TRANSFER OF OWNERSHIP. Any sale, assignment, farmout or other disposition or agreement of or concerning the Well or Wells described herein shall be subject to and expressly made subject to this Agreement.

15. CURING OF DEFAULT. No action shall be brought by Seller against Buyer on account of any claimed failure to take gas in accordance with this Agreement unless sixty (60) days written notice of such claim shall be served upon Buyer, said notice to specify in detail the respects in which it is claimed the Buyer has not remedied such claim within such sixty (60) day period. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

16. AMENDMENT. This Agreement may be amended from time to time to apply to additional Wells by the mutual agreement of the parties. Any such amendment must be approved in writing by the Buyer. All such additional Wells shall be subject to the terms and conditions herein contained.

17. FORCE MAJEURE. Neither party to this Agreement shall be liable for any damage or loss that may be occasioned by any failure, depletion, shortage, or interruption in the production of gas from a well, or any decline in natural pressure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out its obligation under this Agreement, other than the obligations of such party to make payment of amounts due hereunder, then the obligations of such parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any liability so caused. However, the party claiming the existence of force majeure shall use all reasonable efforts to remedy any situation which may interfere with the performance of its obligations hereunder. The term "force majeure" as used herein, and as applied to either party hereto, shall mean acts of the law, acts of God, strikes, lockouts, or other labor disturbances, acts of the public enemy, war, blockades, insurrections, riots, epidemics, fires, floods, washouts, arrests, and restraint of rulers and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, partial or entire failure to such wells, or any other cause, whether of the kind herein enumerated, or otherwise, not reasonably within the control of the party claiming suspension. It is understood that settlement of strikes, lockouts, or labor disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or labor disturbances by acceding to the demands of an opposing party when such course is inadvisable in the discretion or judgment or the party having the difficulty.

18. TITLE AND POSSESSION. Title to the gas subject to this Agreement shall transfer from Seller to Buyer at the Delivery Point(s). Seller shall be deemed to be in control and possession of the gas sold by it hereunder until it shall have been delivered to Buyer at the Delivery Point(s), after which delivery Buyer shall be deemed to be in control and possession thereof. Buyer shall have no responsibility with respect to any gas sold to it hereunder until it is delivered at any such Delivery Point(s), and no responsibility therefor because of anything which may be done, or may happen or arise with respect to said gas before delivery to Buyer at such Delivery Point(s). Seller shall have no responsibility with respect to said gas after its delivery to Buyer and no responsibility because of anything which may be done or may happen or arise with respect to said gas after its delivery to Buyer at such Delivery Point(s).

19. EQUIPMENT. All pipelines, fittings, and other properties furnished under this Agreement shall remain the property of the party paying for the same. Each party may remove its property at the termination of this Agreement.

20. TAXES. In the event any tax is now or hereafter imposed on natural gas, or the production, severance gathering, transportation, sale, delivery or use thereof, or upon the business or privileges or producing, severing, gathering, transporting, selling, delivering, or using natural gas, or if such tax is imposed in any other manner so as to constitute directly or indirectly a charge upon the gas delivered to Buyer hereunder, then the amount of such tax shall be borne by Seller so far as it affects or relates to or is apportionable to the gas delivered to Buyer hereunder. In the event Buyer is required to pay such tax, the amount thereof may be deducted from the payments accruing to Seller under this Agreement.

For gas produced in the State of Ohio, where Buyer is the first purchaser, Seller authorizes Buyer

to reduce payments by the amount assessed pursuant to Section 1510.08 of the Ohio Revised Code, for the Ohio Oil and Gas Energy Education Program (currently $.001 per Mcf).

21. TERMINATION. Seller acknowledges that Buyer is buying Seller's gas as an accommodation to Seller; that there is no agreement to permit Seller or other producers to sell gas upon demand to Buyer, that Buyer may be unable or unwilling to buy gas from all producers with wells in the vicinity, and that this arrangement is undertaken at the request of Seller.

22. INDEMNIFICATION. Seller will indemnify and save harmless Buyer from and against all suits, actions, damages or costs arising out of the loss or damage to the property or any other person or persons whomsoever in the event that any such loss, damages, injury or death shall be caused by any act or omission, or any breach of any statutory duty of Seller or its employees or agents occurring either in the performance of this Agreement, or outside said performance.

23. LEGAL BENEFITS. It is understood and agreed that Seller is not a party to nor a third party beneficiary of Buyer's agreement(s) with ultimate purchaser(s). Since Buyer has many suppliers of gas to the ultimate purchaser(s), it would be impossible to determine the extent of the contribution by any one seller towards Buyer's agreement(s) with ultimate purchaser(s). Therefore, in the event of a dispute between Buyer and the ultimate purchaser(s), Seller may look only to Buyer for payment of gas sold to Buyer, and is not entitled to any damages Buyer may recover from ultimate purchaser(s), if any.

24. ENTIRE AGREEMENT. This Agreement sets forth all understandings between the parties respecting the subject matter of this transaction and all prior agreements, understandings and representations, whether superseded by this written Agreement. No modification or amendment of the Agreement shall be binding on either party unless in writing and agreed to by both parties, except those changes to be made to conform to rules and regulations, as may be imposed by federal, state and local authorities, as well as by any political body. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

25. STATE LAW. This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties have hereunto set their signatures by their officers hereunto duly authorized the day and year first above written.

BUYER: **ORWELL NATURAL GAS COMPANY**

_____

By: Thomas J. Smith
Its: President

SELLER: **GREAT PLAINS EXPLORATION, LTD.**

_____

By: Richard M. Osborne, Sr.
Its: Managing Member

Not Signed

No wells listed

EXHIBIT A
Dated: October 1, 2009

TO GAS PURCHASE AGREEMENT BETWEEN ORWELL NATURAL GAS COMPANY AND GREAT PLAINS EXPLORATION, LTD. DATED October 1, 2009

DESCRIPTION OF INTERCONNECTS

Various interconnects from the Orwell-Trumbull Pipeline and other points of delivery to pipelines owned by the Orwell Natural Gas Company.

NOTE: the above wells are NOT subject to line loss deductions.

EXHIBIT B

Attached to and made part of the Gas Purchase Agreement dated October 1, 2009, between **ORWELL NATURAL GAS COMPANY** ("Buyer") and **GREAT PLAINS EXPLORATION, LTD** ("Seller").

DELIVERY POINT(S): Inlet flange(s) of Seller's meter(s) at the point of interconnection with the various points of sale or any other point(s) reasonably determined by Buyer.

DEMAND QUANTITY: All available for delivery to Orwell Natural Gas Company's GCR customers only (specifically excludes gas delivered by Buyer to Orwell Natural Gas Company's transportation only customers).

MINIMUM DELIVERY PRESSURE: Line pressure

PRICE: **Six Dollars and Forty Six Cents ($6.46)** per thousand Cubic Feet (Mcf).

TERM: This contract shall commence with the **October 2009** production and shall remain in effect until the end of the **September 2010** production and from month to month thereafter, unless canceled by either party after the initial term or any subsequent term upon sixty (60) days prior written notice; provided, however, that Buyer and Seller shall have the right to cancel and terminate this entire contract, upon sixty (60) days prior written notice, when and if the Buyer shall fail to have a market for any gas purchased under this agreement after which termination, the parties shall be released from all obligations or liability under the terms hereof.

AGREED TO AND ACCEPTED this 29th day of September, 2009.

BUYER: **ORWELL NATURAL GAS COMPANY**

_____

By: Thomas J. Smith
Its: President

SELLER: **GREAT PLAINS EXPLORATION, LTD.**

_____

By: Richard M. Osborne
Its: Managing Member

OBH Ex. 13

Orwell Trumbull Pipeline Company

3611 Lost Nation Road, Suite 213
Willoughby, OH 44094
(440) 255-1945

INVOICE

Bill To:
Orwell Natural Gas
8500 Station Street
Mentor OH 44060

Date: 11/30/09
Invoice #: 257 C
Amount Due: 12/30/2009

MONTH	DESCRIPTION			
November	Commodity - Over Delivered			
	Deliver to Northcoast		53,000.0	Dth
	Net of Northcosat Shrink		52,316.0	Dth
	BTU factor		1.0220	
	Net Delivered MCFs		51,190.0	MCF
	Less Burned MCF		28,434.4	MCF
	Over Delivery		(22,755.6)	
	Rate:	Chicago City Gate (Platts 11/30)	$ 3.58	
		Less Crossroads 100% transport rate	-0.19	
		Subtotal	3.37	
		Crossroads Retainage .975	-$0.08	
		Price per Dth	$3.29	
		BTU rate	1.022	
		Price per MCF	$ 3.33	
	Total		$ (75,776.15)	

*****PLEASE SEND THIS REMITTANCE WITH PAYMENT*****

Bill To:
Orwell Natural Gas
8500 Station Street
Mentor OH 44060

40147 01/00/00
257 C 0
40177 $ -

Amount Paid: _____

Orwell Trumbull Pipeline Company

3511 Lost Nation Road, Suite 213
Willoughby, OH 44094
(440) 255-1945

INVOICE

Bill To:
Orwell Natural Gas
8500 Station Street
Mentor OH 44060

Date: 12/31/09
Invoice #: 265 Commodity
Amount Due: 1/30/2010

MONTH	DESCRIPTION			
December	Commodity - Over Delivered			
	Deliver to Northcoast		128,300.0	Dth
	Net of Northcoast Shrink		126,901.0	Dth
	BTU factor		1.0220	
	Net Delivered MCFs		124,169.3	MCF
	Less Burned MCF		66,766.5	MCF
	Over Delivery		(57,402.8)	
	Rate:	Chicago City Gate (Platts 12/31)	$ 6.02	
		Less Crossroads 100% transport rate	-0.19	
		Subtotal	5.83	
		Crossroads Retainage .975	-$0.15	
		Price per Dth	$5.68	
		BTU rate	1.022	
		Price per MCF	$ 5.81	
	Total		$ (333,470.16)	

*****PLEASE SEND THIS REMITTANCE WITH PAYMENT*****

Bill To:
Orwell Natural Gas
8500 Station Street
Mentor OH 44060

40178 01/00/00
265 Commodity 0
40208 $ -

Amount Paid: _____

Staff Ex. 14

Sarver, Roger

From: Brian Wollet <bwollet@cobrapipeline.com>
Sent: Wednesday, September 15, 2010 12:56 PM
To: Sarver, Roger
Subject: Information requested
Attachments: 2008 2009 System Balancing OTP.xlsx; Volumes 2009 by shipper.xlsx

As we discussed, during this time frame (Jan 08 until November 1, 09), Great Plains bought all the gas and then turned around and sold Orwell (through a marketer ONG/John D. Marketing) the amount that Orwell burned. The rest of the gas went out to Dominion's pipe as Great Plains had sold that gas to other marketers who were on the DEO system.

Let me know if you have any questions and sorry for the delay.

I also attached an analysis I did for 2009 of where the gas went from OTP. Great Plains, out to the marketers on the DEO system made up 65% of all volume on the Orwell Trumbull.

Brian M. Wollet
Gas Supply Analyst
Cobra Pipeline
3511 Lost Nation Road Suite 213
Willoughby, OH 44094
440-255-1945 phone
440-255-1985 fax
440-223-5780 mobile

Staff Ex. 15

Two year term 2006 - 2007 ONG & Orwell

GAS SALES AGREEMENT

THIS AGREEMENT made and entered in this 1st day of January, 2006 ("Commencement Date"), by and between **ONG MARKETING, INC.**, 8500 Station Street, Suite 100, Mentor, OH 44060, an Ohio Corporation (hereinafter referred to as "Seller"), and **ORWELL NATURAL GAS COMPANY**, 8500 Station Street, Suite 100, Mentor, OH 44060 (hereinafter referred to as "Buyer").

RECITALS:
WHEREAS, Buyer desires to acquire supplies of natural gas ("gas") and to obtain delivery of such gas to it's facilities through various pipelines owned or leased by others; and

WHEREAS, Seller is in the business of acquiring natural gas supplies for resale; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the parties hereby agree as follows:

ARTICLE 1
AGREEMENT Subject to the terms of this Agreement, Seller does hereby agree to sell to Buyer on a best effort basis and Buyer does hereby agree to purchase, during the continuing term of this Agreement, those quantities of natural gas as described in the Agreement.

Best effort

ARTICLE 2
TERM OF AGREEMENT The term of this Agreement shall be effective from the Commencement Date and shall continue in full force and effect until **December 31, 2007** ("Initial Term") and from month to month thereafter ("Rollover Periods"), unless canceled by either party after the Initial Term upon thirty (30) days prior written notice or superceded by a new agreement. The Initial Term and any successive Rollover Periods shall be considered the "Term" of this Agreement.

2 year ter

ARTICLE 3
QUANTITY Buyer agrees to purchase all of its gas requirements from Seller at the location(s) described in the Agreement. Buyer herein affirms that it will purchase volumes from no other supplier unless Seller cannot supply the amounts of gas requested by Buyer. In that event, Buyer, on a temporary basis, may secure the volume of gas that Seller cannot provide from whatever source Buyer chooses.

NOMINATIONS Buyer shall advise Seller in writing, such notice to be received no later than fifteen (15) days prior to the first day of each month during the term of this Agreement, of Buyer's anticipated consumption of natural gas which Buyer wishes to purchase from Seller ("Nominated Volume") hereunder for the following month.

REIMBURSEMENT To the extent Buyer's monthly nomination of consumption result in the imposition of a penalty or balancing charge by any interstate and/or intrastate pipeline utilized to transport gas which is the subject of this Agreement, Buyer shall be responsible for and reimburse Seller for such penalty or balancing charge which is the result of Buyer's monthly nomination or consumption.

ARTICLE 4
DELIVERY POINT AND TRANSPORTATION Any gas purchased hereunder shall be sold by Seller or Seller's agent to Buyer and delivered to the facilities of Buyer located in Northeastern Ohio. The interconnect of delivery pipeline(s) and Buyer's facilities shall hereinafter be referred to as the "Delivery Point". Title to the gas delivered hereunder shall vest in Buyer upon delivery to the Delivery Point. Seller shall arrange and pay for all gas transportation costs and retainage imposed by upstream pipelines. As between the parties hereto, Seller shall be responsible for any damage or injury caused by the gas until the same shall have been delivered to the Delivery Point after which delivery Buyer or Buyer's representative shall be in exclusive control and possession thereof and be responsible for any loss of gas, damage, or injury caused thereby.

Title transf from ONG to Orwell at the deliver point

ARTICLE 5
PURCHASE PRICE The price to be paid by Buyer to Seller for natural gas delivered to Buyer at the Delivery Point during the Initial Term or any Rollover Periods shall be Seller's actual delivered cost plus Ten Cents ($0.10) per Thousand Cubic Fee ("Mcf") plus any applicable taxes ("Delivered Price"). Should Buyer elect to cancel this Agreement, said cancellation shall become effective at the close of the calendar month for which gas has been nominated for delivery to Buyer.

Price will be ONG actu cost plus $

RIGHT OF LAST REFUSAL At the completion of the Term of this Agreement, Buyer agrees to grant to Seller the right of last refusal to match any bona fide written offer received by Buyer from another supplier to supply the volumes of gas hereunder upon the same terms as offered by such other supplier. Buyer shall forward to Seller a copy of such bona fide offer together with all particulars relating thereto. In the event Seller determines to meet such bona fide offer within

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fifteen (15) days of receipt of such other offer from Buyer, Buyer's cancellation of this Agreement shall be deemed ineffective and this Agreement shall continue in full force and effect, subject to the revised terms.

ARTICLE 6
BILLING AND PAYMENT Seller shall invoice Buyer for gas delivered pursuant to this Agreement every thirty (30) days. Buyer shall pay the amounts invoiced within ten (10) days of the invoice date. Seller's invoice statement shall report the total volumes of gas sold and delivered to Buyer during the period covered.

A finance charge of one and one-half percent (1 ½%) per month shall be due and payable on all invoices that are not paid within fifteen (15) days of the invoice date. The quantities invoiced by Seller will be based on the quantities delivered by Seller or Seller's agent and measure at the Delivery Point. In the event the actual quantities delivered to Buyer are unavailable, the estimated volumes of gas tendered for delivery by Seller to Buyer shall be invoiced to Buyer. Any appropriate adjustment shall be made in the following billing period. In addition, Seller shall have the option to discontinue delivering gas to Buyer if payment is not received within thirty (30) days of the invoice date.

ARTICLE 7
QUALITY AND MEASUREMENT Seller warrants that gas tendered by Seller shall be delivered at temperatures, pressures, and other conditions acceptable for transportation by Buyer. Measurement of the gas shall be in accordance with the policies and conditions of Buyer. The measurement of gas by meter at the Delivery Point is conclusive on the Buyer and Seller, except when the meter is found to be defective or ceases to register. In the latter event, while the meter is determined to be inoperable, the gas delivered shall be estimated by use of any other appropriate meter(s) or by the amount delivered by the said meter during a previous corresponding period under similar conditions. In the event either party questions the accuracy of the meter, the Seller shall have the meter removed, sealed, tested and repaired. The cost of testing and repairing the meter shall be borne by the party challenging the accuracy of the same if the meter on test proves to be correct, or within three percent (3%) fast or slow, otherwise the cost of testing and repairing the meter shall be borne by the Seller.

ARTICLE 8
WARRANTY OF TITLE AND TAXES Seller warrants title to all gas delivered by it and warrants that such gas is free from all liens and adverse claims. Seller shall indemnify and save Buyer harmless against all suits, debts, damages, costs and expenses arising from adverse claims to the gas delivered by it or taxes, payments or other charges thereon applicable before title to such gas has passed from Seller to Buyer at the Delivery Point. Buyer shall pay, or cause to be paid, all taxes, assessments, charges or fees imposed by governmental authorities, (including without limitation, all applicable state sales and use taxes), whether levied upon or assessed against Seller or Buyer, with respect to gas sold and delivered hereunder after title has passed from Seller to Buyer at the Delivery Point. Buyer's obligation to pay such taxes, assessments, charges or fees so imposed shall survive any termination of this Agreement. Upon request, Buyer shall execute and deliver to Seller such forms, certificates, or other documents as Seller January require to determine the applicability of any such tax, assessment, charge or fee to the sale and use of the gas delivered hereunder.

ARTICLE 9
GOVERNING LAW The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Ohio.

ARTICLE 10
REGULATORY BODIES This Agreement shall be subject to all the rules and regulations of any duly constituted Federal or State regulatory body having jurisdiction hereunder.

ARTICLE 11
FORCE MAJEURE If either Buyer or Seller is rendered unable, for a period not more than 30 days, wholly or in part, by force majeure to perform its obligations under this Agreement, other than the obligation to make payments then or thereafter due, it is agreed that performance of the respective obligations of the parties hereto to deliver and receive gas, so far as they are affected by such force majeure, shall be suspended from the inception of any such inability until it is corrected but for no longer as practicable after the occurrence of the force majeure. The party claiming such inability shall give notice thereof to the other party as soon as practicable after the occurrence of the force majeure. If such notice is first given by telephone communication, it shall be confirmed promptly in writing giving full particulars. The party claiming such inability shall promptly correct such inability to the extent it January be corrected through the exercise of reasonable diligence. Force majeure as used herein shall mean acts of god, vandalism, wars, civil unrest, rebellion, blockades, strikes, lightning fires, floods, explosions, hurricanes, breakage of machinery or pipelines, failure or freezing of wells or pipelines, availability of gas supply, failure of third party pipelines to transport gas hereunder, permanent plant closing and other causes not within the control of the party claiming a force majeure situation. If at some future date there is a change in any law, rule or regulation, and by such change, governmental certificate or authorization is required, or Seller is prevented, prohibited or frustrated from carrying out the terms of this Agreement in the manner contemplated hereunder, then this Agreement, at the sole discretion of Seller, January be canceled.

ARTICLE 12
NOTICES Whenever, under the terms of this Agreement, any notice, invoice, or payment is required or permitted to be given by one party to the other, it shall be given in writing and shall be deemed to have been sufficiently given for all purposes hereof if sent by U.S. mail, postage prepaid, to the parties at the addresses set forth below:

SELLER: ONG MARKETING, INC.
8500 Station Street, Suite 100
Mentor, OH 44060
Phone: 440 974-5120; Fax: 440 205-8680

BUYER: ORWELL NATURAL GAS COMPANY
8500 Station Street, Suite 100
Mentor, OH 44060

ARTICLE 13
ASSIGNMENT All of the covenants, conditions and obligations of this Agreement shall extend to and be binding upon the heirs, personal representatives, successors and assigns respectively of the parties hereto.

ARTICLE 14
CREDIT REQUIREMENTS Buyer and Seller agree that Buyer's compliance with Seller's credit policies and requirements shall be condition precedent to Seller's obligation to deliver natural gas under this Agreement. Furthermore, if the financial status of Buyer becomes unsatisfactory, Buyer upon demand of Seller shall give satisfactory security. Buyer's failure to abide by the provisions of this Article 14 shall be considered a breach hereof and, in such event, payment for all natural delivered hereunder shall be immediately due and owing and shall be paid immediately and Seller January without waiving any rights or remedies it January have, withhold further deliveries until such payment or security is received.

ARTICLE 15
SURVIVAL OBLIGATIONS The obligations of Buyer to make payment for gas received hereunder shall survive the termination or cancellation of this Agreement. The obligations of Seller to indemnify Buyer pursuant to Article 8 ("Warranty of Title and Taxes") and for Buyer to pay for any taxes imposed on the gas shall survive the termination or cancellation of this Agreement. If any provision in this Agreement is determined to be invalid, void, or unenforceable by any court having jurisdiction, then such determination shall not invalidate, void, or make unenforceable any other provision, agreement, or covenant in this Agreement. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Agreement shall be taken and construed as cumulative, that is, in addition to every other remedy provided therein or by law.

ARTICLE 16
COMPLETE AGREEMENT This Agreement represents the complete and entire understanding between the parties, superceding any prior agreements, respecting the subject matter of this transaction. The parties hereto declare that there are no promises, representations, conditions, warranties, other agreements, expressed or implied, oral or written, made or relied upon by either party, except those herein contained.

IN WITNESS WHEREOF, the parties, or their authorized agents, hereto have caused this Agreement to be executed the day and year above written.

WITNESSES:

SELLER: **ONG MARKETING, INC.**

BY _____
Stephen G. Rigo

ITS Executive Vice President

WITNESSES:

BUYER: **ORWELL NATURAL GAS COMPANY**

BY _____
Thomas J. Smith

ITS President

Staff Ex 16

Date	3/28/2008
Trade Date	3/28/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	3/28/2008	**Start Date:**	4/1/2008	**End Date:**	4/30/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	4/1/2008	4/30/2008	1,000	$10.300

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 3/28/2008

Orwell Natural Gas

By: S Rigo

Date: 4/8/08

Staff Ex. ___

Date	11/12/2008
Trade Date	11/12/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0488

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/12/2008	**Start Date:**	11/13/2008	**End Date:**	11/13/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/13/2008	11/13/2008	1,000	$ 7.180

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Bese Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/12/2008

Orwell Natural Gas

By: _____

Date: 11/12/08

Date	11/14/2008
Trade Date	11/14/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Yeager
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Yeager
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/14/2008	**Start Date:**	11/15/2008	**End Date:**	11/17/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/15/2008	11/17/2008	3,000	$ 6.700

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/14/2008

Orwell Natural Gas

By: _____

Date: 11/14/08

Date	11/17/2008
Trade Date	11/17/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/17/2008	**Start Date:**	11/18/2008	**End Date:**	11/18/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/18/2008	11/18/2008	1,000	$ 7.100

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/17/2008

Orwell Natural Gas

By: _____

Date: 11/17/08

Date	11/18/2008
Trade Date	11/18/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/18/2008	**Start Date:**	11/19/2008	**End Date:**	11/19/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/19/2008	11/19/2008	1,000	$ 7.350

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/18/2008

Orwell Natural Gas

By: _____

Date: 11/18/2008

Date	11/19/2008
Trade Date	11/19/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/19/2008	**Start Date:**	11/20/2008	**End Date:**	11/20/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/20/2008	11/20/2008	1,000	$ 7.500

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this *transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and* Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/19/2008

Orwell Natural Gas

By: _____

Date: 11/20/08

NOV-20-2008 THU 11:10 AM GPX FAX No. 1-440-205-3175 P. 001

Date	11/20/2008
Trade Date	11/20/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/20/2008	**Start Date:**	11/21/2008	**End Date:**	11/21/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/21/2008	11/21/2008	1,000	$ 7.500

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/20/2008

Orwell Natural Gas

By: _____

Date: 11/20/08

NOV-20-2008 THU 11:10 AM GPX FAX No. 1-440-205-3175 P. 002

Date	11/21/2008
Trade Date	11/21/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/21/2008	**Start Date:**	11/22/2008	**End Date:**	11/24/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/22/2008	11/24/2008	3,000	$ 7.380

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/21/2008

Orwell Natural Gas

By: _____

Date: 11/22

NOV-24-2008 MON 08:42 AM GPX FAX No. 1-440-205-3175 P. 001

Date	11/24/2008
Trade Date	11/24/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/24/2008	**Start Date:**	11/25/2008	**End Date:**	11/25/2008
Invoice Currency:	US$	**Invoice UoM**	MMBTU	**Deal Type:**	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell	NCGT	11/25/2008	11/25/2008		
Mantua				1,000	$ 7.510

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/24/2008

Orwell Natural Gas

By: _____

Date: 11/24/08

Date	11/25/2008
Trade Date	11/25/2008
NCGT Contract #	IT 30000-A
NCGT Rep.	Calderone
NCGT Rep. Phone #	(614) 545-0492

Buyer:
Attn: Steve Rigo
Orwell Natural Gas
Fax #: (440) 974 - 5114

Seller:
Rep. Michael Calderone
North Coast Gas Transmission
250 East Broad Street
Suite 1220
Columbus, OH 43215
Fax #: (614) 545-0496

Physical Gas Transaction Confirmation For Immediate Delivery

Trade Date:	11/25/2008	Start Date:	11/26/2008	End Date:	12/1/2008
Invoice Currency:	US$	Invoice UoM	MMBTU	Deal Type:	Firm Fixed Quantity
Broker:					

Delivery Point	Pipeline	Start	End	Qty Totals by Delivery Point	Price: US$/MMBTU
Orwell Mantua	NCGT	11/26/2008	12/1/2008	3,000	$ 7.400

This Transaction Confirmation confirms the terms of the transaction between the parties and is subject to the terms and conditions of the Base Contract dated **/**/****. In the event that the parties have not yet executed a Base Contract, this transaction shall be subject to the NAESB Standard 6.31, April 19, 2002 Base Contract and General Terms and Conditions (default elections applying), and upon the execution of a Base Contract between the parties this transaction shall be merged into and governed by such executed Base Contract. Please confirm the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by signing in the space provided below and returning a copy of the executed confirmation to our office by faxing it to (614) 545-0496. Failure to provide a signed copy of this Transaction Confirmation or an objection to any specific terms to which the counterparty does not agree within five (5) business days of receipt of this Transaction Confirmation will be deemed acceptance of the terms hereof.

If you have any questions, please contact the Confirmation Department by fax at (614) 545-0496 or call your North Coast Gas Transmission Rep. directly.

North Coast Gas Transmission

By: Michael Calderone

Date: 11/25/2008

Orwell Natural Gas

By: _____

Date: 11/25/08

Staff Ex 17

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
1/31/2008	280

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	2/25/2008	January	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell - Mantua	117,711	Transportation Commodity Charge	0.30	35,313.30

Thank you for your business and prompt payment.

Total	$35,313.30
Payments/Credits	$-35,313.30
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
2/29/2008	296

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	3/25/2008	February	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell - Mantua	85,695	Transportation Commodity Charge	0.30	25,708.50
IT 30000-A	Orwell - Mantua	17,000	Natural Gas Commodity Sale	9.25059	157,260.00
IT 30000-A	Orwell - Mantua	10,000	Feb. 8, 16, 17, 18, 19, 29	9.5595	95,595.00

Thank you for your business and prompt payment.

Total	$278,563.50
Payments/Credits	$-278,563.50
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
3/31/2008	314

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	4/25/2008	March	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell Mantua	61,070	Transportation Commodity Charge	0.30	18,321.00
IT 30000-A	Orwell Mantua	17,000	March 1,2,3,15,16,17,18,19,20,21,22,23,24	9.87206	167,825.00
IT 30000-A	Orwell Mantua	28,000	Natural Gas Commodity Sale - March 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,20,25,26,27,28,29,30,31	9.82232	275,025.00

Thank you for your business and prompt payment.

Total	$461,171.00
Payments/Credits	$-461,171.00
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

Stephen G. Rigo

From: Michael Calderone [mcalderone@somersetgas.com]
Sent: Friday, March 14, 2008 10:01 AM
To: sgr_sr@sbcglobal.net
Cc: Michael Yeager; Andy Lang

Steve:

This will confirm the sale of 1000 MMBtu/day, delivered to Orwell at Mantua, at a price of 10.73 for gas days March 15, 16 and 17. I appreciate your cooperation in this matter.

North Coast Gas Transmission, LLC
250 E Broad Street, Suite 1220
Columbus, OH 43215

614-545-0488
713-594-1199 (mobile)

mcalderone@somersetgas.com

somersetgas.com

No virus found in this incoming message.
Checked by AVG.
Version: 7.5.519 / Virus Database: 269.21.7/1328 - Release Date: 3/13/2008 11:31 AM

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
4/30/2008	325

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	5/25/2008	April	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell - Mantua	38,430	Transportation Commodity Charge	0.30	11,529.00
IT 30000-A	Orwell - Mantua	4,000	April 5-8	10.30	41,200.00
IT 30000-A	Orwell - Mantua	26,000	Natural Gas Commodity Sale April 1-4, 9-30	10.30	267,800.00

Thank you for your business and prompt payment.

Total	$320,529.00
Payments/Credits	$-320,529.00
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
6/30/2008	347

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	7/25/2008	June	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell - Mantua	1,478	Transportation Commodity Charge	0.30	443.40

Thank you for your business and prompt payment.

Total	$443.40
Payments/Credits	$-443.40
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
7/31/2008	367

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	8/25/2008	July	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Mantua - Orwell	2,364	Transportation Commodity Charge	0.30	709.20

Thank you for your business and prompt payment.

Total	$709.20
Payments/Credits	$-709.20
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
10/31/2008	405

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	11/25/2008	October	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell Mantua	1,383	Transportation Demand Charge	0.38	525.54
IT 30000-A	Orwell Mantua	9,000	Natural Gas Commodity Sale	7.64	68,760.00

Thank you for your business and prompt payment.

Total	$69,285.54
Payments/Credits	$-69,285.54
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
11/30/2008	424

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	12/25/2008	November	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Mantua	15,807	Transportation Commodity Charge	0.38	6,006.66
IT 30000-A	Mantua	29,500	Natural Gas Commodity Sale	7.65356	225,780.00

Thank you for your business and prompt payment.

Total	$231,786.66
Payments/Credits	$-231,786.66
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
12/31/2008	445

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	1/25/2009	December	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell Mantua	68,049	Transportation Commodity Charge	0.38	25,858.62
IT 30000-A	Orwell Mantua	22,975	Natural Gas Commodity Sale	8.04564	184,848.50

Thank you for your business and prompt payment.

Total	$210,707.12
Payments/Credits	$-210,707.12
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
1/31/2009	466

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	2/25/2009	January	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell - Mantua	92,576	Transportation Demand Charge	0.38	35,178.88
IT 30000-A	Orwell - Mantua	25,000	Natural Gas Commodity Sale	8.06	201,500.00

Thank you for your business and prompt payment.

Total	$236,678.88
Payments/Credits	$-236,678.88
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
2/28/2009	487

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	3/25/2009	February	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	ORW - Mantua	51,127	Transportation Commodity Charge	0.38	19,428.26
IT 30000-A	ORW - Mantua	30,000	Natural Gas Commodity Sale	8.06	241,800.00

Thank you for your business and prompt payment.

Total	$261,228.26
Payments/Credits	$-261,228.26
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
3/31/2009	509

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	4/25/2009	March	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell Mantua	84,437	Transportation Demand Charge	0.38	32,086.06
IT 30000-A	Orwell Mantua	17,500	Natural Gas Commodity Sale	8.06	141,050.00

Thank you for your business and prompt payment.

Total	$173,136.06
Payments/Credits	$-173,136.06
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
4/30/2009	526

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	5/25/2009	April	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell Mantua	51,943	Transportation Demand Charge	0.38	19,738.34
IT 30000-A	TCO Oberlin	1,284	Transportation Commodity Charge	0.15	192.60

Thank you for your business and prompt payment.

Total	$19,930.94
Payments/Credits	$-19,930.94
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
5/31/2009	542

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	Web Site
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	6/25/2009	May	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell Mantua	5,053	Transportation Demand Charge	0.38	1,920.14

Thank you for your business and prompt payment.

Total	$1,920.14
Payments/Credits	$-1,920.14
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Invoice

Date	Invoice #
6/30/2009	558

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	7/25/2009	June	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell - Mantua	35,066	Transportation Demand Charge	0.38	13,325.08

Thank you for your business and prompt payment.

Total	$13,325.08
Payments/Credits	$-13,325.08
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

Gas Sales Invoice

Staff Ex. 18

bp

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5252024
Invoice Date 02/12/2008
Contract # 5503044
Delivery Month Jan 2008
Due Date 02/25/2008

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Jan 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 01/01-01/02	2736386 / 30730900	1,000	7.6900 US/MMBTU	7,690.00
Base Commodity 01/03-01/03	2741145 / 30732828	1,000	8.1800 US/MMBTU	8,180.00
Base Commodity 01/04-01/04	2744213 / 30733647	1,000	8.0500 US/MMBTU	8,050.00
Base Commodity 01/05-01/07	2747706 / 30734729	1,500	7.8000 US/MMBTU	11,700.00
Base Commodity 01/10-01/10	2758439 / 30739074	500	8.2300 US/MMBTU	4,115.00
Base Commodity 01/15-01/15	2769895 / 30742831	500	8.6600 US/MMBTU	4,330.00
Base Commodity 01/16-01/16	2773331 / 30743955	1,000	8.6600 US/MMBTU	8,660.00
Base Commodity 01/17-01/17	2777101 / 30745044	1,000	8.5500 US/MMBTU	8,550.00
Base Commodity 01/18-01/18	2782089 / 30746567	1,000	8.5900 US/MMBTU	8,590.00
Base Commodity 01/23-01/23	2788634 / 30749278	3,000	8.6500 US/MMBTU	25,950.00
Base Commodity 01/24-01/24	2792511 / 30750977	3,000	8.4500 US/MMBTU	25,350.00
Base Commodity 01/25-01/25	2797322 / 30752942	3,000	8.3200 US/MMBTU	24,960.00
Base Commodity 01/26-01/28	2802286 / 30754998	9,000	8.2800 US/MMBTU	74,520.00
Total for North Coast Cross (Crossroads N. Cst)		**26,500**		**220,645.00**
Total Amount Due		**26,500**		**220,645.00**

* GST applicable **GST & PST applicable

Any changes to contact name, phone number, fax number, email, or invoice address must be faxed on company letterhead to 403-233-5611.
Please include plant name the change is applicable to. Contact Angela Blanchard at 403- 233-1051 should you have any questions on this requirement.

If you have any invoicing questions, please contact Diana Roessler at (317) 215-6002 or send a facsimile to (317) 215-6029
Or Email: diana.roessler@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

0

For BP use only: 130510 00

Gas Sales Invoice - Revised

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5252023
Invoice Date 02/19/2008
Contract # 5503875
Delivery Month Jan 2008
Due Date 02/25/2008

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8680
Phone # (440) 974-5120

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation.
Please include BP's invoice number.

Natural Gas delivered during Jan 2008

Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 01/01-01/31	2723899 / 30725655	**92,996**	7.5800 US/MMBTU	**704,909.68** r
Total for North Coast Cross (Crossroads N. Cst)		**92,996**		**704,909.68**
Total Amount Due		**92,996**		**704,909.68**
Previous Amount				**704,940.00**
Net Change Amount				**(30.32)**

* GST applicable **GST & PST applicable

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Or Email: diana.roessler@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 988991 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5253753
Invoice Date 03/12/2008
Contract # 5503875
Delivery Month Feb 2008
Due Date 03/25/2008

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8680
Phone # (440) 974-5120

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation.
Please include BP's invoice number.

Natural Gas delivered during Feb 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 02/01-02/29	2807049 / 30757092	87,000	8.4460 US/MMBTU	734,802.00
Total for North Coast Cross (Crossroads N. Cst)		**87,000**		**734,802.00**
Total Amount Due		**87,000**		**734,802.00**

* GST applicable **GST & PST applicable

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Or Email: diana.roessler@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 988991 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number	5255527
Invoice Date	04/11/2008
Contract #	5503875
Delivery Month	Mar 2008
Due Date	**04/25/2008**

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8680
Phone # (440) 974-5120

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation.
Please include BP's invoice number.

Natural Gas delivered during Mar 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 03/01-03/31	2887173 / 30788625	62,000	9.3800 US/MMBTU	581,560.00
Total for North Coast Cross (Crossroads N. Cst)		**62,000**		**581,560.00**
Total Amount Due		**62,000**		**581,560.00**

* GST applicable **GST & PST applicable

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Or Email: diana.roessler@bp.com

BP CANADA ENERGY MARKETING CORP
3484 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 988991 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5256914
Invoice Date 05/09/2008
Contract # 5503044
Delivery Month Apr 2008
Due Date 05/25/2008

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8845
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Apr 2008

Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 04/01-04/30	2969407 / 30819932	39,000	9.8680 US/MMBTU	384,852.00
Total for North Coast Cross (Crossroads N. Cst)		39,000		384,852.00
Total Amount Due		39,000		384,852.00

* GST applicable **GST & PST applicable

Any changes to contact name, phone number, fax number, email, or invoice address must be faxed on company letterhead to 403-233-5611.
Please include plant name the change is applicable to. Contact Angela Blanchard at 403- 233-1051 should you have any questions on this requirement.

If you have any invoicing questions, please contact Julie Coffey at (317) 215-6000 or send a facsimile to (317) 215-6029
Or Email: Julie.Coffey@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5260183
Invoice Date 07/10/2008
Contract # 5503044
Delivery Month Jun 2008
Due Date 07/25/2008

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Jun 2008

Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 06/28-06/30	3218528 / 30928156	1,500	13.3500 US/MMBTU	20,025.00
Total for North Coast Cross (Crossroads N. Cst)		**1,500**		**20,025.00**
Total Amount Due		**1,500**		**20,025.00**

* GST applicable **GST & PST applicable

Any changes to contact name, phone number, fax number, email, or invoice address must be faxed on company letterhead to 403-233-5811.
Please include plant name the change is applicable to. Contact Angela Blanchard at 403- 233-1051 should you have any questions on this requirement.

If you have any invoicing questions, please contact Julie Coffey at (317) 215-6000 or send a facsimile to (317) 215-6029
Or Email: Julie.Coffey@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5262139
Invoice Date 08/14/2008
Contract # 5503044
Delivery Month Jul 2008
Due Date 08/25/2008

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Jul 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 07/01-07/01	3222780 / 30930402	1,200	13.4800 US/MMBTU	16,176.00
Base Commodity 07/02-07/02	3226336 / 30931952	1,200	13.6500 US/MMBTU	16,380.00
Total for North Coast Cross (Crossroads N. Cst)		**2,400**		**32,556.00**
Total Amount Due		**2,400**		**32,556.00**

* GST applicable **GST & PST applicable

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Or Email: Julie.Coffey@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5267219
Invoice Date 11/17/2008
Contract # 5503044
Delivery Month Oct 2008
Due Date 11/25/2008

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Oct 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 10/22-10/22	3541083 / 31064650	1,400	7.1800 US/MMBTU	10,052.00
Total for North Coast Cross (Crossroads N. Cst)		**1,400**		**10,052.00**
Total Amount Due		**1,400**		**10,052.00**

* GST applicable **GST & PST applicable

Any changes to contact name, phone number, fax number, email, or invoice address must be faxed on company letterhead to 403-233-5611.
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If you have any invoicing questions, please contact Kristin Winn at (317) 215-6015 or send a facsimile to (317) 215-6029
Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

For BP use only: 130510 00

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Gas Sales Invoice - Revised

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number	5288098
Invoice Date	01/02/2009
Contract #	5503044
Delivery Month	Nov 2008
Due Date	**01/12/2009**

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation.
Please include BP's invoice number.

Natural Gas delivered during Nov 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 11/01-11/30	3564526 / 31075094	15,000	6.7390 US/MMBTU	101,085.00
Base Commodity 11/14-11/14	3612079 / 31096427	1,000	6.3800 US/MMBTU	6,380.00
Total for North Coast Cross (Crossroads N. Cst)		**16,000**		**107,465.00**
Total Amount Due		**16,000**		**107,465.00**
Previous Amount				**107,465.00**
Net Change Amount				**0.00**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Gas Sales Invoice

bp

BP Canada Energy Marketing Corp.
GST # 863697994
Attention Orwell Gas Accounting
~~ORWELL NATURAL GAS COMPANY~~ ONG
8500 STATION
CLEVELAND OH 44145

23202

Invoice Number 5270757
Invoice Date 01/16/2009
Contract # 5503044
Delivery Month Dec 2008
Due Date 01/25/2009

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-9645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation.
Please include BP's invoice number.

Natural Gas delivered during Dec 2008

Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC			Rama Morris	
Base Commodity 12/01-12/31	3648615 / 31119851	3,875	7.7980 US/MMBTU	30,217.25
Total for DEO North Coast (DEO North Coast)	12046	3,875	Orwell - DEO	30,217.25
Base Commodity 12/01-12/01	3651141 / 31114369	1,000	6.7500 US/MMBTU	6,750.00
Base Commodity 12/09-12/09	3671462 / 31125191	1,700	6.2000 US/MMBTU	10,540.00
Base Commodity 12/13-12/15	3683131 / 31131264	6,000	5.9200 US/MMBTU	35,520.00
Base Commodity 12/06-12/06	3667818 / 31133842	5,100	6.3900 US/MMBTU	32,589.00
Base Commodity 12/16-12/16	3686244 / 31135135	2,000	6.3800 US/MMBTU	12,760.00
Base Commodity 12/17-12/17	3689643 / 31[illegible]	2,000	6.4500 US/MMBTU	12,900.00
Base Commodity 12/18-12/18	3692152 / 31138668	2,000	6.3800 US/MMBTU	12,760.00
Base Commodity 12/19-12/19	3695427 / 31140[illegible]	1,400	6.2000 US/MMBTU	8,680.00
Base Commodity 12/20-12/21	3698653 / 31142125	2,800	6.4500 US/MMBTU	18,060.00
Base Commodity 12/22-12/22	3698670 / 31142135	4,200	6.4500 US/MMBTU	27,090.00
Base Commodity 12/23-12/23	3702892 / 31144625	1,700	6.2800 US/MMBTU	10,676.00
Base Commodity 12/24-12/24	3705792 / 31146665	2,200	6.1000 US/MMBTU	13,420.00
Base Commodity 12/31-12/31	3717818 / 31152868	2,000	6.1900 US/MMBTU	12,380.00
Base Commodity 12/25-12/29	3709921 / 31164781	10,305	6.0100 US/MMBTU	61,933.05
Base Commodity 12/30-12/30	3714688 / 31164784	2,000	6.3500 US/MMBTU	12,700.00
Total for North Coast Cross (Crossroads N. Cst)		46,405	North Coast Del.	288,758.05
Total Amount Due		~~50,280~~		~~318,975.30~~

* GST applicable **GST & PST applicable

Bill to:
Orwell Energy Mktg 30,217.25
~~GTRC~~ 288,758.05

AR 1/29/09

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CO
3464 Solutions Center
Chicago IL 60677

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For BP use only: 130510 00

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Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number	5270335
Invoice Date	01/13/2009
Contract #	5503875
Delivery Month	Dec 2008
Due Date	**01/25/2009**

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8660
Phone # (440) 974-5120

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Natural Gas delivered during Dec 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 12/01-12/31	3637705 / 31112717	27,125	7.7980 US/MMBTU	211,520.75
Total for DEO North Coast (DEO North Coast)		**27,125**		**211,520.75**
Base Commodity 12/01-12/31	3637710 / 31108034	22,506	7.3080 US/MMBTU	164,473.85
Total for North Coast Cross (Crossroads N. Cst)		**22,506**		**164,473.85**
Total Amount Due		**49,631**		**375,994.60**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 988991 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5271609
Invoice Date 02/06/2009
Contract # 5503044
Delivery Month Jan 2009
Due Date 02/25/2009

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

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Natural Gas delivered during Jan 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 01/01-01/02	3721261 / 31155115	1,000	6.1900 US/MMBTU	6,190.00
Base Commodity 01/06-01/06	3726294 / 31157907	500	6.1900 US/MMBTU	3,095.00
Base Commodity 01/03-01/05	3723121 / 31161011	1,500	6.0000 US/MMBTU	9,000.00
Base Commodity 01/07-01/07	3728747 / 31161029	500	6.6000 US/MMBTU	3,300.00
Base Commodity 01/08-01/08	3732706 / 31161097	500	6.5300 US/MMBTU	3,265.00
Base Commodity 01/09-01/09	3735693 / 31162367	1,000	6.3600 US/MMBTU	6,360.00
Base Commodity 01/10-01/12	3740914 / 31164896	3,000	6.3600 US/MMBTU	19,080.00
Base Commodity 01/13-01/13	3743989 / 31166589	1,000	6.4500 US/MMBTU	6,450.00
Base Commodity 01/14-01/14	3747927 / 31168778	1,000	6.5000 US/MMBTU	6,500.00
Base Commodity 01/15-01/15	3751225 / 31170170	2,000	6.5500 US/MMBTU	13,100.00
Base Commodity 01/16-01/16	3755666 / 31171970	3,000	6.7500 US/MMBTU	20,250.00
Base Commodity 01/17-01/20	3758764 / 31173681	8,000	6.2500 US/MMBTU	50,000.00
Base Commodity 01/21-01/21	3761619 / 31175389	2,000	5.4900 US/MMBTU	10,980.00
Base Commodity 01/22-01/22	3764779 / 31177102	2,000	5.3600 US/MMBTU	10,720.00
Base Commodity 01/23-01/23	3768020 / 31178558	2,000	5.1800 US/MMBTU	10,360.00
Base Commodity 01/24-01/26	3774061 / 31181369	8,250	5.3800 US/MMBTU	44,385.00
Base Commodity 01/27-01/27	3777194 / 31182994	2,000	5.3800 US/MMBTU	10,720.00
Base Commodity 01/28-01/28	3782410 / 31185318	2,000	5.3900 US/MMBTU	10,780.00
Base Commodity 01/29-01/29	3786616 / 31187160	2,000	5.3900 US/MMBTU	10,780.00
Base Commodity 01/30-01/31	3792025 / 31189425	4,000	5.2200 US/MMBTU	20,880.00
Total for North Coast Cross (Crossroads N. Cst)		**47,250**		**276,195.00**
Total Amount Due		**47,250**		**276,195.00**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

For BP use only: 130510 00

0

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5271808
Invoice Date 02/06/2009
Contract # 5503875
Delivery Month Jan 2009
Due Date 02/25/2009

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8680
Phone # (440) 974-5120

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Jan 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 01/01-01/31	3705862 / 31146719	46,500	6.0500 US/MMBTU	281,325.00
Total for North Coast Cross (Crossroads N. Cst)		**46,500**		**281,325.00**
Total Amount Due		**46,500**		**281,325.00**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 988991 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5273461
Invoice Date 03/06/2009
Contract # 5503875
Delivery Month Feb 2009
Due Date 03/25/2009

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8680
Phone # (440) 974-5120

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Feb 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: CROSSROADS PIPELINE COMPANY				
Base Commodity 02/14-02/28	3856508 / 31224920	30,000	5.1650 US/MMBTU	154,950.00
Total for Cygnet (Cygnet)		**30,000**		**154,950.00**
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 02/01-02/28	3856508 / 31219268	51,760	5.1650 US/MMBTU	267,340.40
Total for North Coast Cross (Crossroads N. Cst)		**51,760**		**267,340.40**
Total Amount Due		**81,760**		**422,290.40**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

For BP use only: 988991 00

0

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number	5275882
Invoice Date	04/15/2009
Contract #	5503044
Delivery Month	Mar 2009
Due Date	**04/25/2009**

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Mar 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 03/14-03/16	3900336 / 31240150	1,500	4.0500 US/MMBTU	6,075.00
Base Commodity 03/17-03/17	3903932 / 31241927	500	3.9700 US/MMBTU	1,985.00
Base Commodity 03/18-03/18	3906835 / 31243897	1,000	3.8800 US/MMBTU	3,880.00
Base Commodity 03/19-03/19	3909295 / 31245167	1,000	3.8800 US/MMBTU	3,880.00
Base Commodity 03/20-03/20	3912638 / 31246630	1,000	3.8000 US/MMBTU	3,800.00
Base Commodity 03/21-03/23	3916628 / 31248305	3,000	4.0500 US/MMBTU	12,150.00
Total for North Coast Cross (Crossroads N. Cst)		**8,000**		**31,770.00**
Total Amount Due		**8,000**		**31,770.00**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5276151
Invoice Date 04/17/2009
Contract # 5503875
Delivery Month Mar 2009
Due Date 04/25/2009

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8680
Phone # (440) 974-5120

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Mar 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 03/01-03/31	3856508 / 31219268	77,500	5.0250 US/MMBTU	389,437.50
Total for North Coast Cross (Crossroads N. Cst)		**77,500**		**389,437.50**
Total Amount Due		**77,500**		**389,437.50**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

For BP use only: 988991 00

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Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5277186
Invoice Date 05/08/2009
Contract # 5503044
Delivery Month Apr 2009
Due Date 05/25/2009

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Apr 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: CROSSROADS PIPELINE COMPANY				
Base Commodity 04/20-04/30	3925944 / 31281159	13,000	3.8260 US/MMBTU	49,738.00
Total for Cygnet (Cygnet)		**13,000**		**49,738.00**
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 04/01-04/30	3925944 / 31252598	47,000	3.8260 US/MMBTU	179,822.00
Base Commodity 04/10-04/13	3969257 / 31273905	4,000	4.0500 US/MMBTU	16,200.00
Base Commodity 04/17-04/17	3980162 / 31279481	500	3.8900 US/MMBTU	1,945.00
Base Commodity 04/18-04/20	3982210 / 31280334	2,400	3.7900 US/MMBTU	9,096.00
Total for North Coast Cross (Crossroads N. Cst)		**53,900**		**207,063.00**
Total Amount Due		**66,900**		**256,801.00**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

attn: Jennifer

Gas Sales Invoice

bp

BP Canada Energy Marketing Corp.
GST # 363697894
Attention Orwell Gas Accounting NEO
~~ORWELL NATURAL GAS COMPANY~~
8500 STATION
CLEVELAND OH 44145

NCGT 1.06

Fax # (440) 255-8645
Phone #

Invoice Number 5277186
Invoice Date 05/08/2009
Contract # 5503044
Delivery Month Apr 2009
Due Date 05/25/2009
Remit US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

1.012461

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation.
Please include BP's invoice number.

23200-02

Natural Gas delivered during Apr 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: CROSSROADS PIPELINE COMPANY				
Base Commodity 04/20-04/30	3925944 / 31281159	13,000	3.8260 US/MMBTU	49,738.00
Total for Cygnet (Cygnet)		13,000		49,738.00
4/22 1300 - = 1254 *				
51,536 - 50,982				
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 04/01-04/30	3925944 / 31252598	47,000	3.8260 US/MMBTU	179,822.00
Base Commodity 04/10-04/13	3969257 / 31273905	4,000	4.0500 US/MMBTU	16,200.00
Base Commodity 04/17-04/17	3980182 / 31279431	500	3.8900 US/MMBTU	1,945.00
Base Commodity 04/18-04/20	3982210 / 31280334	2,400	3.7900 US/MMBTU	9,096.00
Total for North Coast Cross (Crossroads N. Cst)		53,900		207,063.00
Total Amount Due		66,900		256,801.00

GST applicable *GST & PST applicable

DTC
NEO 14,300 @ 3.8260 = $54,711.80
~~GP 52,600 @ 3.842 = 202,089.20~~
~~$256,801.00~~

Pay 5/11/09

23200002

1,300 went to TCO Oberlin

13000/1.06
1300/1.012461

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CO
3464 Solutions Center
Chicago IL 60677

For BP use only: 130510 00

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Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5279073
Invoice Date 06/10/2009
Contract # 5503044
Delivery Month May 2009
Due Date 06/25/2009

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during May 2009

Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 05/01-05/31	3990494 / 31284560	5,115	3.5610 US/MMBTU	18,214.51
Total for North Coast Cross (Crossroads N. Cst)		**5,115**		**18,214.51**
Total Amount Due		**5,115**		**18,214.51**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Gas Sales Invoice

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5280421
Invoice Date 07/09/2009
Contract # 5503044
Delivery Month Jun 2009
Due Date 07/25/2009

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Jun 2009 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 06/01-06/30	4083744 / 31324459	6,000	3.8280 US/MMBTU	22,968.00
Base Commodity 06/04-06/04	4106451 / 31333874	1,000	3.9700 US/MMBTU	3,970.00
Base Commodity 06/06-06/08	4113614 / 31336697	4,500	3.5700 US/MMBTU	16,065.00
Base Commodity 06/09-06/09	4116859 / 31337914	1,500	3.5900 US/MMBTU	5,385.00
Base Commodity 06/10-06/10	4120717 / 31339764	1,500	3.6200 US/MMBTU	5,430.00
Base Commodity 06/11-06/11	4123469 / 31340830	1,500	3.6800 US/MMBTU	5,520.00
Base Commodity 06/12-06/12	4130121 / 31342640	1,500	3.6400 US/MMBTU	5,460.00
Base Commodity 06/13-06/15	4133170 / 31344030	4,500	3.6500 US/MMBTU	16,425.00
Base Commodity 06/16-06/16	4135782 / 31345378	1,500	3.9500 US/MMBTU	5,925.00
Base Commodity 06/17-06/17	4139579 / 31346922	1,500	4.2900 US/MMBTU	6,435.00
Base Commodity 06/18-06/18	4142638 / 31348343	1,500	4.1700 US/MMBTU	6,255.00
Base Commodity 06/19-06/19	4146425 / 31349784	1,500	4.2800 US/MMBTU	6,420.00
Base Commodity 06/20-06/22	4149433 / 31351183	4,500	4.1200 US/MMBTU	18,540.00
Base Commodity 06/23-06/23	4152497 / 31352555	1,500	4.1400 US/MMBTU	6,210.00
Base Commodity 06/24-06/24	4155984 / 31354361	1,500	4.0500 US/MMBTU	6,075.00
Total for North Coast Cross (Crossroads N. Cst)		**35,500**		**137,083.00**
Total Amount Due		**35,500**		**137,083.00**

* GST applicable **GST & PST applicable

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Or Email: Kristin.Winn@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Staff Ex 20

Gatherco, Inc.
PRODUCER OWNED & OPERATED

Invoice

300 Tracy Bridge Road
Orrville, Ohio 44667
(330) 682-7726
FAX (330) 682-4145
www.gatherco.com

Invoice Number: **DEO200803-09**

Invoice Date: **April 11, 2008**

Sold To: Northeast Ohio Natural Gas Company
3511 LOST NATION RD SUITE 201
WILLOUGHBY, OH 44094

REMIT TO: **Gatherco, Inc.**
300 Tracy Bridge Rd
Orrville, OH 44667

or see ACH instructions below

Shipping Method	Payment Terms	Due Date
Gatherco Lines	Due at end of Month	4/30/08

Quantity	Item	Description	Unit Price	Extension
1,044.00		Natural Gas Sold Via Delivery Meter: February 2008 MCF	11.1877	11,679.96
22,376.00		Excess at index plus $1.50	9.7900	219,061.04
7,755.00		PSID's at index plus $1.50	9.7900	75,921.45

Total Amount Due F ✓**306,662.45**

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT.

CUSTOMER ID: **NORTHOG** *NORTHOG*

Invoice Number: **DEO200803-09**

Northeast Ohio Natural Gas Company
3511 LOST NATION RD SUITE 201
WILLOUGHBY, OH 44094

Invoice Date: **April 11, 2008**

Invoice Total: **306,662.45**

Amount Enclosed pd 6/26/08

ACH INSTRUCTIONS:
Gatherco, Inc.
Account # 01030112488
Huntington National Bank Central Ohio
ABA # 044115090

Gatherco, Inc.
PRODUCER OWNED & OPERATED

Invoice

300 Tracy Bridge Road
Orrville, Ohio 44667
(330) 682-7726
FAX (330) 682-4145
www.gatherco.com

Invoice Number: **DEL200805-08**

Invoice Date: **May 30, 2008**

Sold To: Northeast Ohio Natural Gas Company
3511 LOST NATION RD SUITE 201
WILLOUGHBY, OH 44094

REMIT TO: **Gatherco, Inc.**
300 Tracy Bridge Rd
Orrville, OH 44667

or see ACH instructions below

Shipping Method	Payment Terms	Due Date
Gatherco Lines		6/30/08

Quantity	Item	Description	Unit Price	Extension
153.00		Natural Gas Sold Via Delivery Meter: April 2008 MCF	11.4077	1,745.38
4,658.00		PSID's at Index + $1.50	11.5700	53,893.06
9,963.00		Excess at Index + $1.50	11.5700	115,271.91
494.00		Excess at Index + $1.50 - March deliveries not billed	10.8800	5,374.72
129.00		Excess at Index + $1.50 - February deliveries not billed	9.7900	1,262.91

Total Amount Due A ✓ **177,547.98**

PLEASE DETACH AND RETURN THIS PORTION WITH YOUR PAYMENT.

CUSTOMER ID: **NORTHOG** *NORTHOG*

Northeast Ohio Natural Gas Company
3511 LOST NATION RD SUITE 201
WILLOUGHBY, OH 44094

Invoice Number: **DEL200805-08**

Invoice Date: **May 30, 2008**

Invoice Total: **177,547.98**

Amount Enclosed pd 7/22/08

ACH INSTRUCTIONS:
Gatherco, Inc.
Account # 01030112488
Huntington National Bank Central Ohio
ABA # 044115090

Staff Ex. 21

›bra - Churchtown

	Quantities purchased by NEO Mcf	TCO Appal Rate Dth	Gatherco Price Adder of $1.50 / Mcf Mcf	JDOG rate to NEO Dth	Gatherco System wide Heat Content Converison Dth to Mcf	JDOG Mcf rate less Gatherco Mcf	Additional Cost Paid by NEO to JDOG
	(1)	(2)	"(3) = (2) +$1.50	(4)	(5) = (4)*1.111	(6) = (5) - (3)	(7) = (6) * (1)
Feb-08	15,520	$8.29	$9.79	$9.387	$10.429	$0.639	$9,917
Mar-08	19,144	$9.38	$10.88	$10.356	$11.506	$0.626	$11,980
Apr-08	25,251	$10.07	$11.57	$11.029	$12.253	$0.683	$17,243
May-08	22,727	$11.80	$13.30	$12.795	$14.215	$0.915	$20,797
Jun-08	36,634	$12.36	$13.86	$13.455	$14.948	$1.088	$39,869
Jul-08	33,928	$13.54	$15.04	$14.689	$16.319	$1.279	$43,397
Aug-08	35,973	$9.63	$11.13	$10.654	$11.837	$0.707	$25,421
Sep-08	36,270	$8.59	$10.09	$9.800	$10.888	$0.798	$28,938
Oct-08	20,128	$7.68	$9.18	$8.843	$9.825	$0.645	$12,980
Nov-08	32,031	$6.74	$8.24	$7.802	$8.669	$0.429	$13,727
Dec-08	28,442	$7.13	$8.63	$8.237	$9.152	$0.522	$14,835
Jan-09	29,397	$6.44	$7.94	$7.457	$8.285	$0.345	$10,131
Feb-09	43,590	$4.85	$6.35	$5.734	$6.371	$0.021	$908
Mar-09	37,225	$4.32	$5.82	$5.298	$5.887	$0.067	$2,480
Apr-09	37,659	$3.87	$5.37	$4.857	$5.397	$0.027	$1,004
May-09	36,502	$3.58	$5.08	$4.536	$5.039	($0.041)	-$1,487
Jun-09	31,653	$3.66	$5.16	$4.761	$5.289	$0.129	$4,097
Jul-09	34,606	$4.10	$5.60	$5.187	$5.763	$0.163	$5,650
Aug-09	33,841	$3.48	$4.98	$4.596	$5.106	$0.126	$4,268
	590,522						$266,156

atherco billed on an MCF basis until April 2010 when a new agreement was signed .

obra - Holmesville

	Quantities purchased by NEO Mcf	TCO Appal Rate Dth	Gatherco Price Adder of $1.50 / Mcf Mcf	JDOG rate to NEO Dth	Gatherco System wide Heat Content Converison Dth to Mcf	JDOG Mcf rate less Gatherco Mcf	Additional Cost Paid by NEO to JDOG
	(1)	(2)	"(3) = (2) +$1.50	(4)	(5) = (4)*1.111	(6) = (5) - (3)	(7) = (6) * (1)
Feb-08	487	$8.29	$9.79	$9.335	$10.371	$0.581	$283
Mar-08	724	$9.38	$10.88	$10.304	$11.448	$0.568	$411
Apr-08	1,163	$10.07	$11.57	$10.977	$12.195	$0.625	$727
May-08	716	$11.80	$13.30	$12.743	$14.157	$0.857	$614
Jun-08	4,252	$12.36	$13.86	$13.403	$14.891	$1.031	$4,382
Jul-08	2,999	$13.54	$15.04	$14.637	$16.261	$1.221	$3,663
Aug-08	2,629	$9.63	$11.13	$10.602	$11.779	$0.649	$1,706
Sep-08	2,859	$8.59	$10.09	$9.748	$10.830	$0.740	$2,116
Oct-08	3,099	$7.68	$9.18	$8.791	$9.767	$0.587	$1,820
Nov-08	2,957	$6.74	$8.24	$7.751	$8.611	$0.371	$1,097
Dec-08	1,203	$7.13	$8.63	$8.185	$9.094	$0.464	$558
Jan-09	1,139	$6.44	$7.94	$7.405	$8.227	$0.287	$327
Feb-09	1,136	$4.85	$6.35	$5.682	$6.313	($0.037)	-$42
Mar-09	1,740	$4.32	$5.82	$5.247	$5.829	$0.009	$16
Apr-09	1,825	$3.87	$5.37	$4.806	$5.339	($0.031)	-$57
May-09	1,892	$3.58	$5.08	$4.484	$4.982	($0.098)	-$186
Jun-09	2,275	$3.66	$5.16	$4.709	$5.232	$0.072	$163
Jul-09	2,097	$4.10	$5.60	$5.136	$5.706	$0.106	$221
Aug-09	1,880	$3.48	$4.98	$4.544	$5.048	$0.068	$129
	37,072						$17,950

Cobra - North Trumbull

	Quantities purchased by NEO Mcf	TCO Appal Rate Dth	Gatherco Price Adder of $1.50 / Mcf Mcf	JDOG rate to NEO Dth	Gatherco System wide Heat Content Converison Dth to Mcf	JDOG Mcf rate less Gatherco Mcf	Additional Cost Paid by NEO to JDOG
	(1)	(2)	"(3) = (2) +$1.50	(4)	(5) = (4)*1.111	(6) = (5) - (3)	(7) = (6) * (1)
Feb-08	85	$8.29	$9.79	$9.543	$10.602	$0.812	$69
Mar-08	451	$9.38	$10.88	$10.512	$11.679	$0.799	$360
Apr-08	331	$10.07	$11.57	$11.184	$12.426	$0.856	$283
May-08	300	$11.80	$13.30	$12.950	$14.388	$1.088	$326
Jun-08	418	$12.36	$13.86	$13.610	$15.121	$1.261	$527
Jul-08	411	$13.54	$15.04	$14.844	$16.492	$1.452	$597
Aug-08	517	$9.63	$11.13	$10.810	$12.010	$0.880	$455
Sep-08	585	$8.59	$10.09	$9.956	$11.061	$0.971	$568
Oct-08	587	$7.68	$9.18	$8.999	$9.998	$0.818	$480
Nov-08	395	$6.74	$8.24	$7.958	$8.841	$0.601	$238
Dec-08	187	$7.13	$8.63	$8.393	$9.325	$0.695	$130
Jan-09	92	$6.44	$7.94	$7.613	$8.458	$0.518	$48
Feb-09	234	$4.85	$6.35	$5.890	$6.544	$0.194	$45
Mar-09	594	$4.32	$5.82	$5.454	$6.060	$0.240	$142
Apr-09	471	$3.87	$5.37	$5.013	$5.570	$0.200	$94
May-09	473	$3.58	$5.08	$4.691	$5.212	$0.132	$63
Jun-09	468	$3.66	$5.16	$4.917	$5.462	$0.302	$142
Jul-09	434	$4.10	$5.60	$5.343	$5.936	$0.336	$146
Aug-09	470	$3.48	$4.98	$4.752	$5.279	$0.299	$141
	7,503						$4,853

FILE

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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company.	)))))	Case No. 10-209-GA-GCR Case No. 10-212-GA-GCR

RECEIVED-DOCKETING DIV
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PREPARED TESTIMONY

Of

ROGER L. SARVER
UTILITIES DEPARTMENT
PUBLIC UTILITIES COMMISSION OF OHIO

Staff Exhibit _____

April 18, 2011

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician JM Date Processed APR 19 2011

1. Q. What is your name and business address?

A. My name is Roger L. Sarver. My business address is 180 East Broad Street, Columbus, Ohio 43215-3793.

2. Q. By whom are you employed, and in what capacity?

A. I am employed by The Public Utilities Commission of Ohio as an Energy Specialist for the Utilities Department.

3. Q. Please describe your educational background.

A. In 1987, I graduated from West Liberty State College with a Bachelor of Science degree in Business Administration. In 1998, I graduated from Capital University with a Masters in Business Administration.

4. Q. Please describe your professional experience.

A. From 1987 through 1988, I worked for small CPA firms performing financial audits of non-profit organizations, balance sheet and income statement preparation for clients, and associated tax forms. I started with the Public Utilities Commission of Ohio in 1988 as a Gas Analyst 2. As a Gas analyst, I reviewed tariff filings, prepared entries for Commission consideration, and assisted and led Gas Cost Recovery (GCR) financial audits of local distribution companies. I was promoted to Gas Cost Recovery Supervisor in 1995. As GCR Supervisor, I had overall responsibility for all Commission initiated GCR audits (financial and management

/performance audits). I assumed my current position as an Energy Specialist in 1998. As it relates to GCR audits, that position includes the same responsibilities that I had as the GCR Supervisor.

5. Q. What is the purpose of your testimony?

A. I'm submitting testimony in support of Staff's audit reports in Case No. 10-209-GA-GCR and 10-212-GA-GCR. I will start my testimony with the audit of Orwell Natural Gas Company (Orwell) in Case 10-212-GA-GCR and conclude my testimony with the audit of Northeast Ohio Natural Gas Corporation (Northeast) in Case No. 10-209-GA-GCR.

6. Q. What were Staff's recommendations in these cases?

A. Staff made the following recommendations in its audit report of Orwell:

- Staff recommends Orwell examine on a monthly basis its least cost options for meeting its sales customers' requirements through its different supply sources. Staff believes that the solicitation of bids from non-affiliated markets and futures pricing will allow Orwell to alter its supply mix within the physical constraints of its system to accommodate less expensive gas supplies on a month to month basis.

- Staff recommends that Orwell reject all of the supply and asset management agreements with affiliated companies during the audit period, including agreements entered in 2010. Staff can find little evidence of Orwell negotiating for the benefit of it or its sales customers, or limited evidence of the parties' enforcement of the contractual terms and conditions in their agreements

- Staff recommends that Orwell, along with Northeast and Brainard, individually or combined, procure gas in sufficient quantities to meet their system(s) sales customers' requirements. In the absence of a supply agreement, Staff would recommend that Orwell, along with Northeast and Brainard, meet with staff to develop a request for proposal (RFP) to submit to suppliers that provide asset

management services to small utilities. Staff would require the responses to RFP be sent to staff, who would then meet with the Companies to develop a selection procedure for the selection of a supplier or asset manager.

- Staff recommends that Orwell use in its GCR filings its monthly sales volumes less free gas, as Staff has in its Actual and Balance Adjustment calculations.

- Staff recommends that the Commission adopt Staff's calculation of purchase gas costs as contained in Staff's actual adjustment. Staff calculation reflects the cost of purchasing gas in the market and moving it to Orwell's system absence any affiliate costs or fees.

- Staff recommends that Orwell be allowed to recover only the cost of procuring gas in the market, absent any affiliate charges associated with service fees, fixed priced commodity or interest on any unpaid invoices incurred under the imprudent affiliate supply agreements as contained in Staff's AA calculation.

- The differences between the Staff and Company calculations in the AA are not self-correcting through the GCR mechanism. Staff recommends a reconciliation adjustment of $ 1,305,250 in the customers' favor. This reconciliation adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

- Staff recommends that Orwell provide documentation of any refund that may have been disbursed by Columbia Gas Transmission and Columbia Gulf Transmission between April 2008 and June 2010.

- The differences between the Staff and Company's calculations of the BA are not self-correcting through the GCR mechanism. Staff recommends a net reconciliation adjustment of $13,680 in the customer's favor. This reconciliation adjustment should be applied in the first GCR filing following the Opinion and Order in this case.

- Staff recommends Orwell monitor its UFG levels as it changes out meter devices and adds new metering devices for system growth.

Staff made the following recommendations in its audit report of Northeast:

- Staff recommends that the Commission order a reconciliation adjustment of $(1,057,799) in the Customer's favor to correct for the differences identified in the Actual Adjustment.

- Staff recommends a reconciliation adjustment in the amount of $(178,811) in the customer favor to correct for the differences identified in the Balance Adjustment.

- Staff recommends that Northeast remove free gas volumes from any calculations related to GCR mechanism.

7. Q. Do you have any corrections to the above recommendations?

A. Yes. I will start with the corrections for Orwell. The corrections for Northeast will be towards the end of my testimony. I have three corrections.

The first correction would be to replace the words "affiliate" or "affiliated" as found in the body of the audit report and in the recommendations. The use of the words "affiliate" or "affiliated" were accurate in describing the relationship between Orwell and it suppliers at the start of the audit period and up until the sale of the Company's stock to Energy West, Incorporated. Following the sale of the Company's stock, a more accurate description would be "related parties." I would recommend that words "affiliate" and "affiliated" be replaced with "related party or parties." Staff's second correction is to the recommended AA amount of $1,305,205 in the customer favor. After the audit report was filed, Staff received additional documentation from the Company and made one substantial correction to its calculations. Staff believes the AA amount should be reduced to $1,248,093. The third correction is to the recommended BA amount of $13,680 in the customer's favor. Staff believes the BA amount should be increased to $16,645 in the customer's favor.

8. Q. Do the corrections contained in Answer #7 above, change staff's recommendations with regard to affiliate/related party transactions?

A. No. Staff is still recommending that Orwell reject its contracts with its related party suppliers and asset manager. Staff is deeply troubled by Orwell's contractual relationship with ONG Marketing (ONG), John D. Oil and Gas Marketing, LLC, (JDOG) and Great Plains Exploration, LLC, (Great Plains), as well as the number of personnel that hold the same position within the utility and these related parties. These companies are the related party suppliers. It is my opinion that Orwell imprudently entered into, executed, and enforced contracts with these related parties, which resulted in increased purchase gas costs to Orwell. Staff also believes that these related party relationships exploited Orwell's and Northeast Ohio Natural Gas Corporation (NEO) names and credit in the market. This exploitation of Orwell and NEO could have limited or prevented Orwell's and NEO's ability to procure gas in the market. Without the ability to procure gas, Orwell and NEO could not have met their obligation to serve its sales customers. For this reason I continue to recommend that Orwell reject its contracts with these related parties.

9. Q. What led you to conclude that Orwell imprudently entered into, executed and enforced its contracts with the related party suppliers?

A. There was no single item that caused me to believe that Orwell's agreements with

its related parties were imprudently enter into, executed and enforced. Rather it was the totality of the items listed below that lead me to that conclusion.

The first issue was Orwell's supplier selection process. Orwell should have selected a supplier from a list of suppliers and asset managers serving small utilities. Orwell could have initiated this process with a request for proposal (RFP), with interested suppliers and asset managers submitting bids in response to the RFP. From the bids, the Company could select a supplier based on defined parameters. I asked the Company if there was an RFP process for the selection of a supplier, and was informed that there was no such process.

Second, because there was no selection process, Orwell's agreement with JDOG contained provisions not commonly found in the market, such as the 15-year gas sales agreement and the non-binding bid provision listed in Staff's audit report.

The third issue that I found was that ONG's "Purchase Price" provision did not appear to be symmetrical. It appears that Orwell consistently paid the highest price. An example is the 2007 – 2008 fixed price agreement that ONG negotiated with Great Plains. At the time that the agreement was being negotiated, NYMEX prices were moving upward. ONG's execution of a fixed priced arrangement would have hedged Orwell's exposure to rising prices. Instead of ONG abiding by the fixed price terms of the agreement with Great Plains, they billed Orwell a monthly variable rate that increased as the market increased. By contrast, ONG negotiated and executed a new fixed price agreement with Great Plains in late 2008 while the opposite was occurring in the market. Gas prices were decreasing

rapidly, and sales customers would have benefited from variable rates and not a fixed rate. In that instance ONG signed to the detriment of ratepayers and billed Orwell a fixed $8.95 per Mcf rate. This asymmetry in contract terms is troubling.

The fourth issue that I found was the ONG agreement's Purchase Price, defined as "seller's actual delivery cost plus ten cents" per Mcf. I found that the ONG summaries included quantities of gas purchased for Orwell, as well as NEO and several transportation customers. ONG began its purchase gas cost calculation by subtracting out NEO and transportation customer volumes and assigned costs, leaving the residual volumes and costs to be billed to Orwell. Some transportation customers' assigned costs were lower than the actual cost of gas purchased on their behalf, resulting in an under-recovery of costs from these customers that was ultimately paid by Orwell GCR customers.

The fifth issue that I found was that Orwell did not provide its related party suppliers with nominations. Monthly nominations were to be provided by Orwell to ONG and JDOG as a basis for determining first of the month gas purchases. Instead, ONG and JDOG determined the quantity of gas that it purchased for Orwell and other customers. Orwell purchases were often combined with other ONG and JDOG customers, but with all volumes purchased under Orwell's name, using the Company's credit and transportation agreements. This practice could have been detrimental to Orwell if ONG or JDOG did not pay its bill in full for any of non-Orwell purchases and transportation charges.

Sixth, Orwell continued to pay ONG marketing after it executed a Gas Sales

Agreement with JDOG. The agreement with JDOG was effective July 1, 2008, but ONG continued to bill Orwell for gas purchase through June 2009. JDOG did not start to bill Orwell until July 2009. The Company explained that it did not differentiate between the two gas sales agreements because of an inadvertent error, not discovered for 12 months, caused by accounting system and personnel changes.

Seventh, the Company's gas sales agreement required it pay ONG and JDOG invoices in full within 10 days of the invoice date. Some of the invoices reflected that only partial payments were made, with unpaid balances reaching in excess of three million dollars. This is another instance where the contractual terms were not enforced.

Eighth, JDOG would include an off-setting credit memo from Orwell Trumbull Pipeline Company (OTPC) when Orwell was over-billed for gas purchases from JDOG. OTPC is a related party of Orwell and an affiliate of JDOG. This is unusual because OTPC is an intrastate pipeline that transports gas to Orwell. OTPC does not buy gas in the market. But this arrangement makes it appear that the pipeline was buying gas from a related party, only to resell the gas to another affiliate, Great Plains. The most straight-forward approach would have been for Great Plains to purchase gas in the market and move the gas to OTPC using its own transportation agreements. JDOG's invoices to Orwell including the OTPC credits obfuscated the fact that Orwell's name, credit and pipeline capacity were being used to purchase supplies for Great Plains at discounted rates.

1 The ninth issue that I found was that ONG and JDOG could unilaterally bind
2 Orwell to fixed price commodity agreements that they entered into with Great
3 Plains. Orwell was not a signatory party to these fixed priced agreements, but was
4 obligated to purchase the majority of its volumes from ONG and JDOG at the
5 agreed-upon fixed price. I've seen several fixed priced agreements between gas
6 companies and suppliers, but all of the agreements required that the gas
7 companies, not the supplier, determine the quantity and at what point in time the
8 price was locked in, and not the supplier.
9 The tenth issue that I found was with the General Transportation Service (GTS)
10 with Columbia Gas Transmission Corporation (TCO) during the audit period. The
11 GTS provided Orwell with firm transportation and storage services, plus a
12 balancing service. During the audit period, the TCO GTS service was reportedly
13 assigned to JDOG, but Orwell did not produce any contracts in response to Staff
14 requests where it assigned this capacity or designated a related party as its agent.
15 However, in response to an Office of Consumers' Counsel (OCC) Request for
16 Production of Documents (RPD), Orwell provided a contract in which it assigned
17 it TCO GTS capacity to JDOG. The Company also stated in its response, however,
18 that the contract was never placed into effect.
19 My eleventh issue was the corporate organizational structure. The same
20 individuals functioned as executives for the regulated utility while at the same
21 time functioning in the same position for the unregulated related party marketing
22 company. These same officers held the positions of Chairman - CEO, President,

VP President and Controller for Orwell, NEO and JDOG. There is no evidence that these individuals identified whether they were functioning as an employee of the regulated utility or the unregulated marketer when they initiated transactions. These organizational charts are shown in Exhibit RS – 1 A, 1 B and 1 C.

My final issue is discussed later in my testimony as it relates to the pricing of supplies into OTPC, and Staff's basis for its calculations.

It is the totality of all of these issues that forms the basis of my conclusion that Orwell's contracts with its related parties were imprudent and increased the rates paid by Orwell's customers.

10. Q. As noted above OCC has received a contract through its RPD that Staff did not receive. Were there other contracts that Staff did not receive that OCC did receive?

A. Yes. There were four contracts that Staff did not receive from the Company that OCC received in response to their RPD.

11. Q. With Staff's recommendation to reject all of Orwell related party contracts during the audit period, how would the purchase gas costs be determined?

A. Staff recommended in its audit report that the Commission adopt its purchase gas cost calculation. Staff's calculation reflects the cost of procuring gas in the market and moving it to Orwell's system.

12. Q. What was the basis for Staff's purchase gas cost calculation?

A. In its report, Staff calculated the purchase cost based upon the available supply sources and volumes delivered from those sources. Staff began by examining the Company's supply sources, which include two intrastate pipelines (OTPC and Cobra), a local distribution company (Dominion East Ohio (DEO)), and local production delivered directly into its system. These supply sources provide Orwell with all the means by which to meet its customers' requirements.

13. Q. What documents did Staff examine?

A. Staff examined invoices for gas supplies that were delivered into OTPC, DEO and Cobra. For local production Staff relied on a combination of invoices and monthly system balancing reports.

14. Q. What did Staff find in its examination of these documents?

A. Staff found that approximately 50% of all of Orwell supplies are delivered to Orwell from OTPC, 15% of its supplies are received from DEO, and approximately 35% of the Company's supplies were delivered through a combination of Cobra and local production.

15. Q. Did these supply source percentages differ significantly from the Company's figures?

A. No. The supplies volumes delivered from OTPC, DEO and the combined Cobra

and local production volumes were with two percent or less difference between Staff and Company's calculations.

16. Q. With such small differences in supply volumes, what created the large dollar differences between Staff and Company's calculations?

A. Staff and Company relied on nearly the same volumes from OTPC, DEO, Cobra and local production, but assigned different costs, primarily to the supplies delivered by OTPC. It was the pricing of the gas deliveries on OTPC that resulted in the largest differences.

17. Q. Were all of Staff's supply volumes priced differently than the Company?

A. Yes.

18. Q. What documents did Staff examine to determine the gas prices for OTPC, DEO, Cobra and local production?

A. Staff examined as many non-related party invoices as possible to develop its gas prices.

19. Q. How did Staff incorporate these invoices into its calculations?

A. Because of Staff concerns with the related party transactions, Staff started with non-related invoicing where available to determine the gas costs on DEO and Cobra. Except for TCO GTS deliveries and some local production, Staff was able

to assemble its supplier costs for DEO and Cobra from the invoices provided by Orwell.

20. Q. In Staff's review of non-related party invoices, what did it find for the volumes delivered from DEO?

A. As shown on Exhibit RS–2, Staff and the Company had the smallest volumes and cost differences for DEO. Staff and the Company had differences of 1,497 Mcf and $6,255.

21. Q. To what does Staff attribute this difference in volumes?

A. As shown on Exhibit RS–2, there is no difference in volumes in the majority of the months. When there are differences, it appears to be a timing difference between the month Staff recognized the volumes and when the Company did so. Staff also noted re-allocations contained in the ONG summary sheets that were not in the Company's calculations.

22. Q. To what does Staff attribute the difference in costs on DEO?

A. As stated earlier in my testimony, ONG billing summaries to Orwell also contained volumes and costs for NEO and transportation customers. The Company's calculation of costs from DEO included, at times, volumes and costs from a supplier that were attributable to NEO. These costs were used to calculate an average cost per unit applied to all volumes from DEO. Staff identified only the

costs and volumes labeled DEO on the ONG monthly summaries sheets in its calculation, resulting in cost differences between Company and Staff. Staff also found instances when DEO re-allocated costs and volumes were shown in the ONG summaries and JDOG worksheets, but were not included in the Company's DEO calculations.

23. Q. In Staff's review of non-related party invoices what did it find for the volumes delivered from Cobra?

A. As shown on Exhibit RS–3, the Staff and Company had calculated differences of 11,193 Mcf and $65,714.

24. Q. To what does Staff attribute the differences in volumes?

A. The differences in volumes are a result of how Staff and the Company accounted for purchases delivered through Cobra, GTS storage withdraws and local production. Staff included only those purchases designated as TCO, including all TCO storage activities and local producer volumes and costs. Staff recorded these volumes and costs in the month purchased, thus eliminating imbalances (metered volumes greater than or less than those purchased), except for TCO GTS. Staff recorded purchases in this way because it could neither reconcile the imbalances to Cobra nor determine the underlying costs. This is a significant difference between Staff and Company's calculations. Staff believes these imbalance differences would be zero if the imbalance on Cobra reached zero. Staff also included all local

production costs and volumes that it could identify in its calculation, except for Great Plains costs and volumes. Consistent with how the Company calculated costs for DEO supplies, all of the costs for Cobra deliveries, local production (including estimates), TCO storage withdrawals, imbalances and accrual combined into total monthly volumes and costs, with volumes and costs then allocated to Orwell and transportation customers. Finally, Staff's conversion of volumes from Dth to Mcf, along with Cobra's shrink of three and half percent, resulted in Staff's volumes being consistently less than the Company's.

25. Q. Are there any other differences?

A. Yes. Staff recognized TCO GTS storage withdraws in the months that they occurred using the TCO billings statements, less shrink on Cobra and heating content conversion to Mcf, to determine volumes. Staff used its storage gas cost inventory worksheet that was developed in Case No. 08-204-GA-GCR which carried forward into this audit. Staff notes that approximately 89,200 Dth was injected into GTS storage in May of 2009. On Exhibit RS-4, the May 2009 JDOG summary sheet shows approximately 91,419 Dth being purchased at a rate of $3.621 per Dth, and designating the Orwell GTS contract number. As shown on Exhibit RS–5, TCO delivered 34,350 Dth under Orwell's GTS storage to an interconnect with Cobra. On Exhibit RS–6, the February 2010 JDOG summary shows 28,000 Dth at $7.55 per Dth being the charge to Orwell. It appears that JDOG purchased 91,419 Dth at $3.621 per Dth in May, less shrink of 2,219 Dth

leaving 89,200 Dth to be injected into storage at an average cost per Dth of $3.71 (91,419 times $3.621 = $331,028 divided by 89,200) for the storage gas. When Orwell withdrew the gas it was charged approximately $0.80 per Dth to move the gas to Cobra which brings the average cost per unit of gas from storage to be approximately $4.51 per Dth. JDOG charged $7.55 per Dth or a mark-up of $3.04 per Dth for this same gas. Staff in its calculations reflected the TCO 34,350 Dth deliveries at $4.51 per Dth as the cost incurred to provide gas to Orwell customers. This is clear example of additional costs imposed on Orwell customers because of the JDOG agreement.

26. Q. Staff found that there were sufficient non-related party invoices provided by Orwell for supplies delivered from DEO and Cobra, except for the TCO GTS service. Were there sufficient non-related party invoicing provided by Orwell for the OTPC supplies?

A. No. From January 2008 to June 2009, Great Plains was the only supplier invoice provided by Orwell for the deliveries from OTPC.

27. Q. In the absence of non-related party invoices, what did Staff do?

A. Staff requested documentation directly from the primary gas supplier and pipeline serving OTPC. BP Canada Energy Marketing Corp. (BP) was the primary supplier of gas, and North Coast Gas Transmission LLC (North Coast) transported the BP volumes to OTPC. Staff found that North Coast also sold city-gate gas to

Orwell.

28. Q. What did Staff find in the invoices that it received from BP and North Coast?

A. Staff found that Orwell and NEO were both invoiced for the supplies from BP. Orwell was invoiced for all of the transportation charges on North Coast and any gas that was purchased from North Coast.

29. Q. In the course of Staff audit of Orwell, were these BP and North Coast invoiced amounts included for recovery through Orwell and NEO GCRs?

A. As shown on Exhibit RS–7, Staff found that, for the period of January 2008 to June 2009, approximately $7.6 million was billed to Orwell and NEO for approximately 1,030,000 Dths. Of the amounts billed, only $30,217 for 3,875 Dth were included for recovery through Orwell's GCR and $421,183 for 71,425 Dth were included for recovery through NEO's GCR.

30. Q. If Orwell and NEO were invoiced for these purchases from BP and North Coast, but the costs were not recovered through their GCRs, where were costs recovered?

A. These BP and North Coast costs were billed to Great Plains (Great Plains) as shown Exhibit RS-8, RS–9, RS-10 and RS–11.

31. Q. Why would Great Plains be buying gas if it has its own production?

A. Because Great Plains had substantial gas sales obligations which could not be met

from its own production.

32. Q. Who were these gas sales obligations with?

A. Company witness Steve Rigo states in his testimony that "[i]nitially, Great Plains exclusively sold its production gas to third party marketers IGS and WPS (now Integrys) under fixed price contracts extending for a year or more. In mid 2007, as Great Plains' drilling program was expanding, Great Plains determined that it would have additional supply available for sale." This additional supply was sold to ONG and, later, JDOG at the fixed price agreement level of $8.65 starting October 2007, and $8.95 starting October 2008. This gas was then sold to Orwell.

33. Q. How should the Company's testimony be interpreted?

A. I interpret Mr. Rigo testimony to mean Great Plains first sold its gas production to IGS and Integrys for delivery into DEO's system. Great Plains production volumes in excess of those required to meet IGS and Integrys were sold to ONG and JDOG.

34. Q. Did Great Plains have sufficient production volumes to meets it IGS, Integrys, ONG and JDOG gas sale obligations?

A. No.

35. Q. What is the basis for this conclusion?

A. Staff examined the gas flows into and out of OTPC. Exhibit RS–12, column (3) shows the monthly metered volumes for Great Plains production into OTPC. Column (7) shows volumes flowing out of OTPC into DEO, and column (8) shows Orwell's metered usage off of OTPC. The difference between what Great Plains delivered into OTPC and what was delivered from OTPC to DEO are shown in column (13). Column (14) shows that difference less what was delivered into Orwell.

36. Q. What do these differences reveal?

A. The differences in column (13) showed that Great Plains had sufficient production to meet its obligation into DEO for only five months in 2008. In column (14) Great Plains had sufficient production to meet DEO and Orwell requirements for only one month. These differences grow even larger in 2009, which required ONG and JDOG to purchase supplies from BP and North Coast using the Orwell's and NEO's names and credit, then transporting these volumes under Orwell's transportation agreement to OTPC. With these volumes and its production volumes, Great Plains then could meet its gas sale obligations to IGS, Integrys, ONG and JDOG.

37. Q. How did ONG and JDOG obtain the rights to use Orwell's and NEO's name in the market to buy gas which it sold to Great Plains?

A. Staff is unaware of any contractual arrangement which would allow a marketer to

take on the identity of a utility in order to buy gas on behalf of another entity. This is troubling to Staff and shows ONG and JDOG's unwillingness to consistently abide by the terms of their contracts. This further supports Staff's recommendation that the Commission reject the fixed price agreements between Great Plains and JDOG and ONG, along with the ONG and JDOG gas sales agreements. If these were non-related parties, neither Orwell nor NEO would likely have allowed this to occur.

38. Q. If ONG and JDOG had no contractual rights to enter into purchases from BP and North Coast on behalf of Orwell and/or NEO, how did Staff account for it in their calculations?

A. Staff removed from its calculations the volumes and costs already include for recovery in Orwell and NEO's GCR filings, with the remainder being treated as purchases made by Orwell. Staff did this because North Coast cannot physically deliver gas to NEO system, except for pool transfers. In determining its costs, Staff calculated the monthly price per unit, including shrink on North Coast and conversion to Mcf, for the volumes invoiced by BP and North Coast. Staff separated out the transportation charge from North Coast, and made it a separate line item in its calculation. Some of the volumes purchased from North Coast were city-gate supplies, which include shrink and transportation charges. Staff removed the transportation charges contained in the city-gate purchases and included those charges with the transportation costs for North Coast. For months when the

volumes exceeded the Orwell requirements from OTPC, Staff did not include the volumes or costs for recovery in its calculation. Staff believes that its rationale is consistent with the invoices as shown in Exhibit RS–13 and contractual transportation rights that Orwell has with North Coast and OTPC.

39. Q. Did Staff use only the BP and North Coast volumes and costs for supplies into OTPC?

A. No.

40. Q. What other supply volumes and costs were included in Staff's calculations?

A. For the months when there were insufficient supplies from BP and North Coast to meet the volumes transported on OTPC to Orwell, Staff recognized purchases of local production delivered into OTPC, some of which were volumes from Great Plains.

41. Q. How can Staff recommend that all related party agreements be rejected, but then include Great Plains volumes and costs into its calculations?

A. Staff's calculation treated Great Plains as any other local producer and priced volumes at variable rates tied to the market indices.

42. Q. What were the quantities and prices purchased from local production?

A. The volumes varied by month, with local production being in the summer months

(April through October) and priced monthly at the New York Mercantile Exchange (NYMEX) closing price.

43. Q. With the pricing of the DEO, Cobra and OTPC supplies sources, were there additional costs the Staff included for recovery?

A. Staff included transportation charges for DEO, TCO, Gulf, OTPC, and an ONG Marketing charge of $1,100 per month.

44. Q. Did Staff include in it calculations the ONG and JDOG agency fee of $0.10 per Mcf.

A. No.

45. Q. Why not?

A. As has been demonstrated, ONG and JDOG were not able to operate within the terms of the contracts. ONG and JDOG expanded their role as supplier for Orwell to incorporate the use of the Company's name, credit and transportations services to facilitate transactions to non-Orwell customers. This was clearly outside the terms of any contract, infringed upon Orwell's and NEO's credit rating, and created additional credit risk when non-Orwell customers were slow pay or didn't pay at all. For this reason and the numerous issues listed throughout my testimony, Staff has not included any agency fees and recommends that the Commission rejected all related party gas sales and purchase gas agreements. In the absence of

these rejected contracts, Staff recommends the adoption of a $1,248,093 adjustment through the Actual Adjustment in the customers' favor for the audit period January 2008 through June 2010.

46. Q. Do you have any comments on Company's testimony?

A. Yes.

47. Q. Did you read Mr. Overcast's testimony?

A. Yes.

48. Q. Do you agreement with his assertion that Staff evaluated the results of the contracts based on hindsight and replaced the fixed price contracts with month to month purchases?

A. Staff's recommendation was for rejecting all the supply and asset management agreements with related parties, including the fixed price contracts. That recommendation was not based on an after-the-fact review of the outcome, but rather, the lack of adherence to its terms when it benefited JDOG not to do so is sufficient to demonstrate that this was not an arms length agreement intended to hedge against fluctuations in the market. It is just one of several examples I have discussed in my testimony of how transactions were conducted for the benefit of the unregulated related parties and to the detriment of Orwell's GCR customers. In its audit, Staff examined the fixed price contracts that cover the two year period of

October 2007 through September 2009 and found that, out of those twenty four months, Orwell was billed the correct fixed rate for only nine months, but I don't think Mr. Overcast noted that in his testimony. Staff also examined the JDOG contract that went into effect July 1, 2008, but was not billed under until July 2009. This was also not addressed in his testimony. Staff did not ignore or second guess Orwell decision to enter into these contracts, but rather found that these contracts were not enforced and were therefore not an appropriate basis for determining the costs that Orwell incurred to buy gas for its customers. Staff didn't assume or presume any contractual limitation, availability of commodity in the market, or fail to recognize shrink on pipelines, as Mr. Overcast asserts. Staff used actual costs and volumes invoiced to Orwell and NEO that accounted for prevailing market prices, availability and shrink. This was not hindsight, just actual costs and volumes invoiced to Orwell and NEO.

Staff found that the gas sales obligations Great Plains had with IGS and Integrys made it necessary for ONG and JDOG to enter the market monthly on behalf of Great Plains to buy spot market gas at market rates using Orwell's and NEO's name and credit, and to move the gas under Orwell's transportation agreements on North Coast into OTPC. This was done so that Great Plains could sell the gas back to ONG and JDOG, who then in turn sold it to Orwell as shown on Exhibit 14. Mr. Overcast's testimony was silent on Great Plains obligations to IGS and Integrys or how these prior obligations impacted the quality of service provided under the

Great Plains fixed price contracts. The service that was being provided to Orwell was not the full requirements Great Plains contract that was mentioned in his testimony. These were purchases made from BP and North Coast based strictly on availability, absent a firm gas sale agreement securing the commitments of these suppliers. This gas was moved on an interruptible transportation services (North Coast and OTPC) so that Great Plains could meet its obligations to IGS and Integrys. Great Plains then sold a portion to ONG and JDOG to sell to Orwell under a "best efforts" gas sales agreement, which is also interruptible. Staff findings are in stark contrast to Mr. Overcast's testimony and the testimony presented by the other Company witnesses. Staff found that related parties were permitted to assume the name and credit of regulated utilities, without the contractual right to do so, at the expense of Orwell and its customers, with the potential of limiting the utility's ability to meet its obligations to serve. This finding, and not hindsight, is the basis of Staff's recommendation.

49. Q. In Mr. Overcast's testimony he discusses what the companies would do if the Commission rejects these related party contracts. Do you agree with his approach to selecting a supplier?

A. I agree with Mr. Overcast up to the point where Staff does not participate in the selection process.

50. Q. Mr. Overcast states that "there is no justification for Staff proposal to have RFP

1 responses sent to Staff and for the Companies to then meet with the Staff to select
2 a supplier of an asset manager." Do you agree?
3 A. No. Staff has experienced numerous problems getting complete and accurate
4 documents from these companies. Staff is not willing to forego having complete
5 copies sent directly from all of the bidders. Staff would not have to be a part of the
6 supplier selection process as long as Orwell and NEO submit their selection
7 procedure and evaluations forms to Staff at the time the supplier is selected. This
8 would eliminate any delays associated with coordinating the selection with Staff
9 and would provide Staff with a basis for evaluating the companies' selections in
10 the course of the next audit.
11
12 51. Q. Based on your reading of all of the Company witness testimony, does it change
13 your conclusion that the related party agreements should be rejected?
14 A. No. The Company testimony failed to acknowledge what actually took place
15 during the audit period, and ignored how Mr. Zappitello's Exhibit MSZ-2
16 demonstrates how Orwell is currently sourcing its gas supplies. The Company's
17 current supply sources are more aligned with Staff audit findings and calculations
18 than the Company is arguing occurred during the audit period. During the audit
19 period, the Company numbers did not reflect any North Coast flows until October
20 2009, with 50% plus supplied by Great Plains, a local producer. Currently, North
21 Coast supplies are at 56%, and local production is down to 5%, all without an
22 explanation from the Company as to what changed.

52. Q. Were there any other comments that you wanted to address in your testimony?

A. Yes. In Mrs. Howell's testimony she attached a page from the stipulation in Case No. 09-206-GA-GCR. In that audit Staff found that Brainard was being served by the same "best efforts" gas sale agreement that Orwell was served under for a portion of this audit. Staff recommended in that 2009 GCR case that Brainard attempt to negotiate firm gas sale agreements with pricing provisions that reference or are tied to market indices, as is the case with the Great Plains agreement. Mrs. Howell believes that Staff is recommending fixed price contracts such as the ones with Great Plains. But that was not Staff's recommendation at all. The recommendation first addressed the existing "best efforts" gas sales agreement that should be replaced by firm gas sale agreements. As mention in this report "best efforts" is an interruptible sale service, which could leave the utility without gas supplies. The latter portion of the recommendation dealt with gas sale agreement containing market based pricing provisions, thus allowing the utility to check the pricing accuracy of the supplier bills. Nowhere in that recommendation was there any directive that Brainard fix its gas prices.

53. Q. Did Staff make any changes to its purchase gas calculation based on the Company's testimony?

A. Yes. Staff made one change. In Mrs. Howell testimony, the Company included company use gas in its calculation for which it increased sale volumes. Staff

accounted for company use gas by increasing purchase volumes and not sale volumes, which allows the Company to recover the volumes used by the Company. This does not increase revenue collected which is what occurs when sales volumes are increased.

54. Q. Have you completed your testimony on Orwell?

A. Yes.

55. Q. What is the purpose of your testimony for Northeast in Case No. 10-209-GA-GCR?

A. My testimony will present changes to the Staff Report's initial calculation of Northeast purchased gas costs. Staff has recalculated Northeast's costs based on additional invoices and contracts that were not previously been made available to Staff. I am also proposing a disallowance of certain costs based on my conclusion that agreements entered into between Northeast and related party marketer JDOG imposed unnecessary additional costs on Northeast's ratepayers.

56. Q. How did Northeast purchase gas during the audit period?

A. During the audit period, Northeast purchased gas from four sources: (1) outside parties such as BP and Integrys; (2) unrelated party local sources such as Gatherco; (3) local purchases directly from producers; and (4) local purchases through its related party marketer, JDOG. The percentage of supply purchased

from each of these sources shifted substantially through the audit period. At the beginning of the audit period (September, 2007), 75% of supply was purchased from outside parties, 17% of was purchased through JDOG, and the remaining 8% was purchased directly from producers. By the end of the audit period (August, 2009), 30% of supply was being purchased from outside parties, 67% through JDOG, and 3% purchased directly from local producers. Northeast was provided outside invoices for purchases from unrelated parties and it created payment vouchers for purchases made directly from local producers and purchases through JDOG.

57. Q. What is Staff's recommended Actual Adjustment (AA) for Northeast without any disallowance?

A. Staff recommends an AA adjustment of $1,912,072 in the favor of Northeast. This figure does not include the Balance Adjustment or the disallowance Staff is recommending. Those adjustments will be discussed later in this testimony.

58. Q. Early in your testimony, you listed Staff's recommendations from the Northeast audit report. One of those recommendations was an AA adjustment of $1,057,799 in the customers' favor. What accounts for the difference between this and Staff's revised recommendation?

A. After the filing of the audit report, Northeast made several additional invoices and contracts available that had not previously been presented to Staff. Staff

determined that they were valid invoices for gas purchased during the audit period and should have been included in Northeast's gas cost calculations. There were several other miscellaneous adjustments made to arrive at the Staff's revised AA. After numerous discussions between Staff and Northeast, both sides are in agreement as to the amount of these adjustments to the AA. Company witness Patton confirms that the Staff and Company AA calculations are in agreement, with the exception of the issue, discussed below, regarding some local production purchases through JDOG.

59. Q. What was the issue with the Cobra pipeline that was presented in the Company's testimony?

A. In settlement discussions, Staff presented its purchase gas costs calculations that interpreted the JDOG gas sales agreement Exhibit A to mean local production transported through Cobra was to be sold to Northeast in Mcf. The Company agreed that all local production delivered through non-Cobra and non-TCO delivery paths were to be sold to Northeast by JDOG in Mcf. However, the Company stated that deliveries through Cobra (Churchtown, Holmesville, and North Trumbull) were to be billed by JDOG to Northeast in Dth.

60. Q. What created the confusion with the JDOG agreement?

A. The JDOG gas sale agreement, signed July 1, 2008, provided to Staff during the audit contained an Exhibit A which is attached to my testimony as Exhibit RS-15.

Exhibit RS–15 states that "[t]he price to be paid by NEO to seller for natural gas delivered to NEO at the Delivery Point during the Term shall be the greater of (a) Seller's cost to deliver the gas to the Delivery Point plus Ten Cents ($.10) per Thousand Cubic Feet ("Mcf") plus any applicable taxes, or (b) the "Delivered Price" per Mcf set forth in the chart below, plus any applicable taxes." As the contractual language clearly states, the "Delivered Price" paid by Northeast was to be calculated using Mcf. Staff used Mcfs in its 'Delivered Price" calculations for all of the locations listed on Exhibit RS–15.

61. Q. Does the Company agree that this exhibit was the correct?

A. No. Mr. Whalen's testimony states that three original Cobra contracts signed February 6, 2008, between Northeast and JDOG were purchased in Dths. However, when the July 1, 2008 JDOG gas sale agreement was assembled, the three Cobra contracts listed on Exhibit RS–15 were included on the list, as were other producers' purchases, in Mcfs. Mr. Whalen stated the pricing for the deliveries through the three Cobra points were inadvertently converted from Dth to Mcf by the contract draftsman, and that the mistake was not discovered until this audit.

62. Q. With the JDOG exhibit showing the purchases in Mcf, was Northeast actually billed in Mcf?

A. No. Staff examined the invoices from JDOG to Northeast for local producers

listed on Exhibit RS–15 and found that all but Cobra Churchtown, Holmesville, and North Trumbull were billed in Mcf. The three Cobra points were billed by JDOG to Northeast in Dth.

63. Q. Were these three Cobra points consistently billed in Dths?

A. Yes. Staff found that from February 2008 to August 2009, the Cobra invoices from JDOG to Northeast were billed in Dths.

64. Q. Does Staff accept the Company statement that it was an inadvertent error that was not discovered?

A. Yes. Staff believes that the original February 6, 2008 Cobra agreements were the contracts that were billed and the Cobra errors contained in the July 1, 2008 JDOG gas sales agreement were not followed. Staff finds, however, that this is another instance where the JDOG gas sales agreement terms were not adhered to. Had they been so, the error would likely have been detected in 2008.

65. Q. Does Staff accept the Northeast explanation that Dths were appropriate in the pricing or purchases from JDOG?

A. Yes.

66. Q. What does that do to Staff's AA calculation?

A. When Staff includes the Dth purchases for the three Cobra points into its

calculation the resulting AA is $1,912,072, which is within a dollar of the Company's $1,912, 071.

67. Q. With Staff and Company's AA calculations equal, please explain the disallowance you are recommending and how will that affect the Staff's final AA?

A. The Staff recommended disallowance is based upon the difference between what JDOG paid producers and what JDOG charged Northeast with the majority of the disallowance being for purchases on the Cobra systems.

68. Q. How did Staff determine the differences?

A. During the audit, Staff requested copies of the contracts between JDOG and local producers and the contracts between JDOG and Northeast, some of which are listed on Exhibit RS–15. Staff compared contractual prices paid by JDOG to local producers to prices paid by Northeast for the same production.

69. Q. What did Staff find in the Cobra purchases?

A. All of the agreements between local producers and JDOG started with NYMEX closing price in Dth as the commodity price. The commodity price was reduced for Churchtown and Holmesville, and ten cents was added for North Trumbull. These adjusted commodity prices were then multiplied by .9637, which reduced the prices paid to the producers as shown below.

Churchtown = (NYMEX less $.45) * (.9637)

Holmesville = (NYMEX less $.20) * (.9637)
North Trumbull = (NYMEX plus $.10) * (.9637)

70. Q. What would be an example of the prices paid to producers using the above calculations?

A. If the NYMEX closing price was $5.00, the producers would be paid the following rates per Dth:

Churchtown = ($5.00 - $.45) * (.9637) = $4.385
Holmesville = ($5.00 - $.20) * (.9637) = $4.626
North Trumbull = ($500 + $.10) * (.9637) = $4.914

71. Q. What were the prices charged by JDOG to Northeast for these Cobra points?

A. The Cobra contracts between JDOG and Northeast all started with the NYMEX closing price in Dth as the commodity price. The commodity price was then increased for all of the systems by at least a dollar. These adjusted commodity prices were then multiplied by 1.0377 which increased the prices charged by JDOG to Northeast as shown below.

Churchtown = (NYMEX plus $1.05) * (1.0377)
Holmesville = (NYMEX plus $1.00) * (1.0377)
North Trumbull = (NYMEX plus $1.20) *(1.0377)

72. Q. What would be an example of the prices paid by Northeast to JDOG using the above calculations?

A. Again, if the NYMEX closing price was $5.00, JDOG would have charged

Northeast the following rates per Dth:

Churchtown = ($5.00 + $1.05) * (1.0377) = $6.278
Holmesville = ($5.00 + $1.00) * (1.0377) = $6.226
North Trumbull = ($5.00 + $1.20) *(1.0377) = $6.434

73. Q. When Staff compared the prices paid to the local producer to the price charged to Northeast, what did it find?

A. Staff found the following gross margins per Dth would have been generated by JDOG:

Churchtown = $6.278 less $4.385 = $1.893
Holmesville = $6.226 less $4.626 = $1.600
North Trumbull = $6.434 less $4.914 = $1.518

74. Q. Do those gross margins contain all of the costs incurred by JDOG?

A. No. JDOG would need to reduce the gross margins for shrink (3.5%) and transportation charge ($.50 per Dth) on Cobra to reach its net margin or profit per Dth. The calculation for Churchtown also would need to include a processing charge ($.25 per Dth).

75. Q. What were the net margins after accounting for shrink and transportation on Cobra?

A. As shown in Exhibits RS-16, 17, and 18, Staff calculated net margins for the three Cobra systems in Column 11 for Churchtown and Column 10 for Holmesville and North Trumbull. Staff also calculated the total margins generated by JDOG for the

three points on Cobra for the audit periods as shown on the bottom of each exhibit. The total margin for Curchtown, Holmesville, and North Trumbull were $721,626, $40,429 and $7,625, respectively.

76. Q. Was Staff able to examine all the local producer contracts?

A. No. Staff received approximately 10 contracts between JDOG and local producers.

77. Q. How did Staff determine the price paid to a local producer without a contract?

A. Staff relied on pricing sheets provided by Northeast when no contract was provided.

78. Q. What contracts did Staff receive between JDOG and Northeast?

A. The primary contract that Staff relied upon was the JDOG gas sales agreement in Exhibit RS–15. Staff also used the payment vouchers created by Northeast and invoices from local producers.

79. Q. What did Staff find when it compared the price paid to the producer vs. the price charged to Northeast?

A. Staff found several instances where Northeast paid more per unit (Mcf and Dth) than JDOG did for local production. This margin to JDOG could have been avoided had Northeast contracted directly with the local producers.

80. Q. How much did these margins add for JDOG?

A. Staff calculated the margins for the three Cobra points to be $769,681 and the non-cobra production to be another $109,875.

81. Q. Was the margin paid by Northeast for the local production commensurate with the services provided by JDOG?

A. No. In my opinion, the agreements entered into between Northeast and JDOG were not a result of arms-length negotiations, and only served to increase costs to ratepayers. Staff believes that lack of consistency and lack of transparency were persistent issues throughout the audit period, and directly related to the interjection of JDOG into Northeast's gas purchase practices. Staff is recommending all margins and marketing fees paid to JDOG be disallowed as was recommended in the Orwell audit report. Finally, Staff is recommending a recalculation of Northeast's purchase gas costs to reflect only the amounts that Northeast could have paid had they procured gas directly from suppliers.

82. Q. Is Northeast capable of nominating and purchasing its own gas supply?

A. Yes. Northeast has done so in the past and at least one of the people who were primarily responsible for this activity is still employed by the Northeast.

83. Q. Does the interjection of JDOG provide any benefit to the ratepayers?

A. No. Staff could not find any Northeast ratepayers benefit from the additional

($769,681 plus $109,875) $879,556 paid to JDOG for local production. Staff believes that the gas sales agreements entered into with JDOG were not competitively bid and not prudently entered into. The terms of the agreements extend for 15 years and enable JDOG to essentially increase pricing at will without negotiating with Northeast. Staff does not believe this agreement would have been agreed to had the current organizational structures of JDOG and Northeast not been in place. Staff raised this same issue for Orwell.

84. Q. What are Staff's concerns regarding the organizational structures of Northeast and JDOG?

A. Richard M. Osborne is a major shareholder and Thomas J. Smith is the President of both Northeast and JDOG. Additionally, Northeast's former Controller is now the Controller for JDOG, and according to emails received by Staff, is still participating in the Controller role for Northeast even though she no longer officially holds that title. Staff raised these same concerns for Orwell

85. Q. Northeast has calculated an Actual Adjustment reconciliation of $1,912,071. What accounts for the difference between the Staff's and Northeast's AA calculations?

A. Staff and Northeast's AA calculations are equal at $1,912,071. However, when Staff incorporates the disallowance of $870,556 associated with the JDOG margins, the Staff AA calculation is reduced to $1,032,515 in the Company's favor. Staff believes its AA adjustment reflects the costs prudently incurred by

Northeast to provide services to its customers absent related party fees.

86. Q. What is the Staff recommending?

A. Staff recommends an AA adjustment of $1,032,515 in the Company's favor. Staff is recommending a BA adjustment $178,811 in Northeast's customers' favor, with the net of the adjustments being $853,704 in Northeast's favor. Staff recommends that all related party supply agreements for Northeast be rejected by the Commission, as it did for Orwell, and that Northeast initiate purchasing gas on its own behalf as it develops a request for proposals for its sale customers' supply requirements.

87. Q. Does this conclude your pre-filed testimony?

A. Yes, it does.

PROOF OF SERVICE

I hereby certify that a true copy of the foregoing Testimony of **Roger Sarver,** submitted on behalf of the Staff of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand-delivered, upon the following parties of record, this 18th day of April, 2011.

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Exhibit RS-1a

Orwell
Organizational Chart

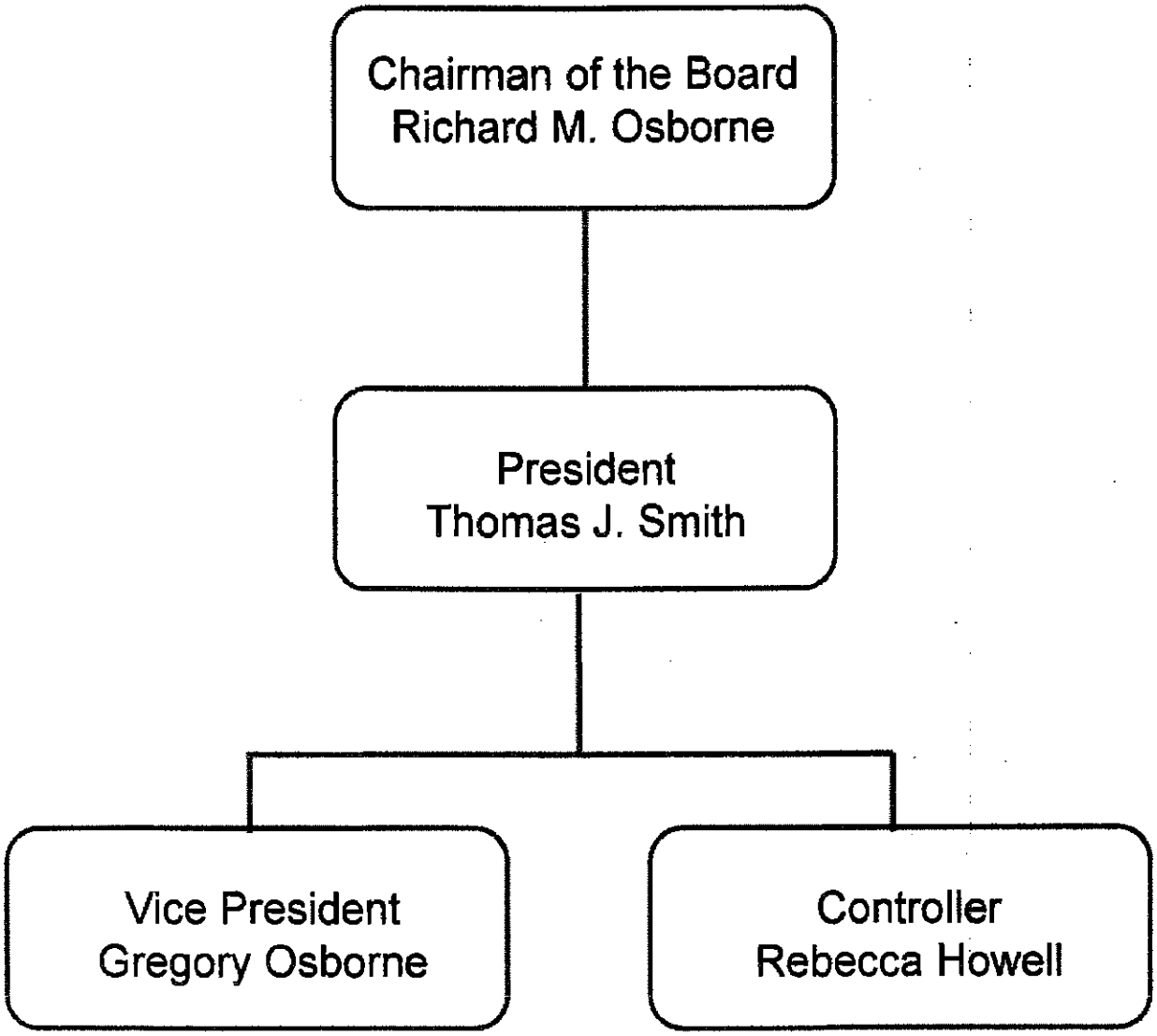


Exhibit RS-1b

Northeast Ohio Organizational Chart

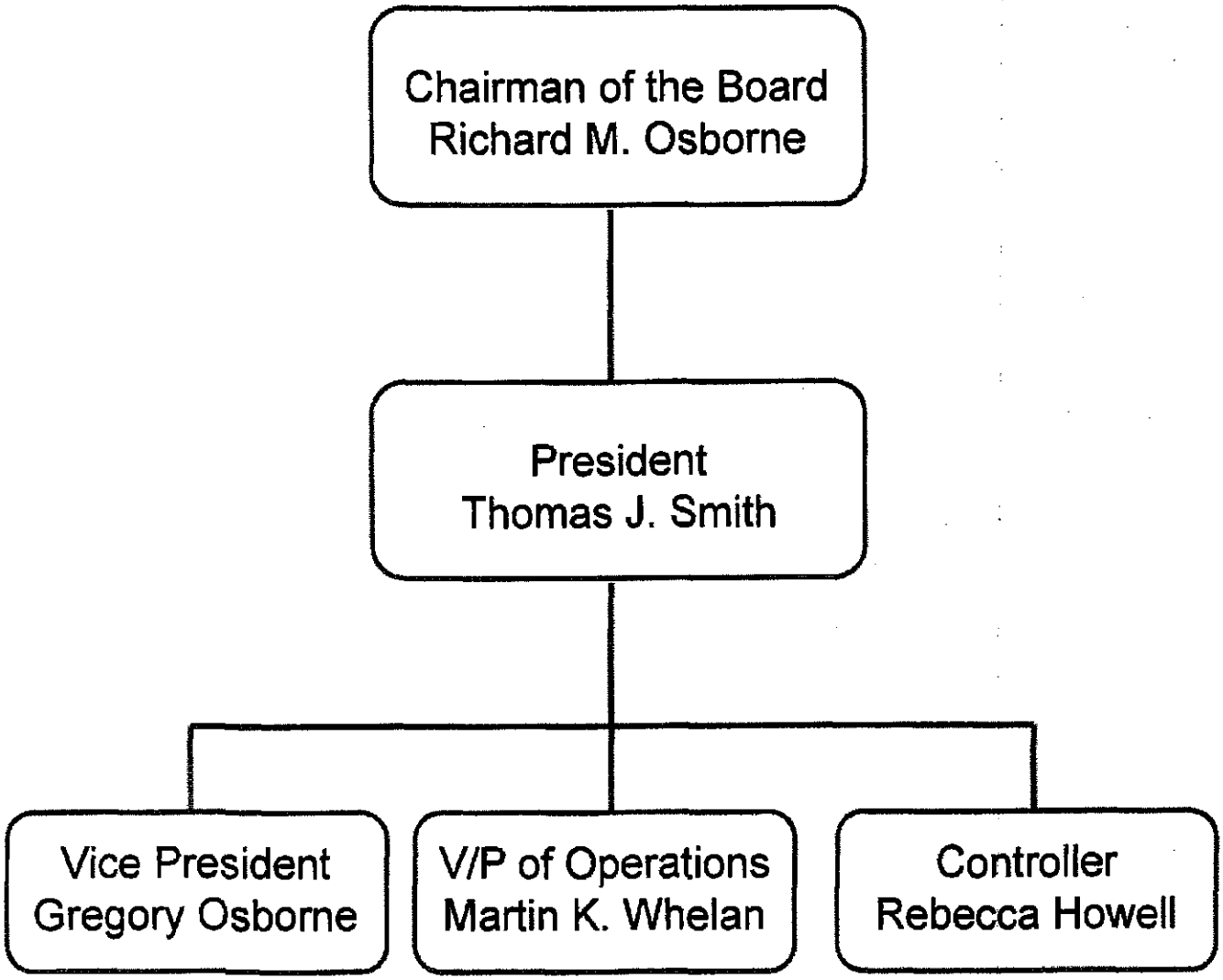
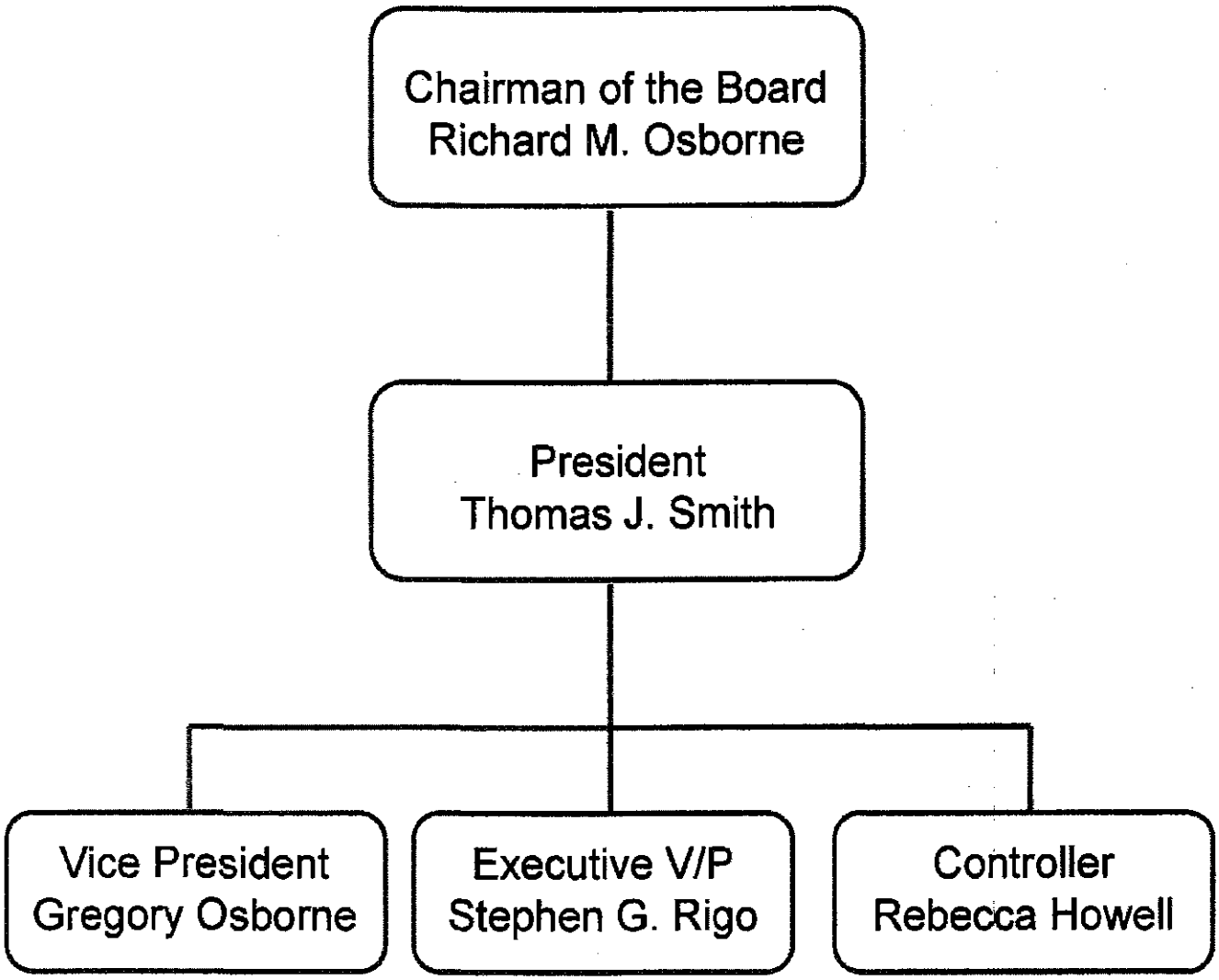


Exhibit RS-1c

JDOG Organizational Chart



DEO

Exhibit RS-2

Month	Staff Volumes MCF (1)	Staff Transport Charges $ (2)	Staff Commodity $ (3)	Company Volumes MCF (4)	Company Transport Charges $ (5)	Company Commodity $ (6)	Differences Volumes MCF (1) - (4)	Differences Transport Charges $ (2) - (5)	Differences Commodity $ (3) - (6)
Jan-08	13,750	$26,398	$123,125	13,750	$26,398	$123,298	0	$0	-$173
Feb-08	18,828	$23,633	$174,509	18,828	$23,633	$176,392	0	$0	-$1,883
Mar-08	15,295	$21,210	$160,253	15,295	$18,858	$161,783	0	$2,352	-$1,530
Apr-08	7,810	$9,964	$84,165	5,342	$10,630	$58,679	2,468	-$666	$25,486
May-08	545	$7,575	$6,850	2,422	$7,872	$26,271	-1,876	-$297	-$19,421
Jun-08	1,458	$6,128	$20,670	2,323	$6,402	$32,450	-865	-$275	-$11,781
Jul-08	1,499	$5,812	$21,770	1,499	$6,038	$21,920	0	-$226	-$150
Aug-08	1,506	$6,100	$13,044	1,499	$6,087	$13,194	7	$13	-$150
Sep-08	2,364	$6,439	$21,537	2,364	$6,650	$21,773	0	-$211	-$236
Oct-08	4,401	$9,270	$33,609	4,401	$9,702	$34,050	0	-$432	-$440
Nov-08	11,816	$16,882	$86,156	11,816	$16,882	$87,338	0	$0	-$1,182
Dec-08	20,434	$24,917	$169,446	20,434	$24,677	$171,489	0	$240	-$2,043
Jan-09	28,581	$31,795	$211,431	28,581	$31,795	$214,289	0	$0	-$2,858
Feb-09	19,536	$24,396	$134,144	19,536	$24,396	$136,098	0	$0	-$1,954
Mar-09	13,871	$18,969	$90,740	13,871	$18,969	$92,127	0	$0	-$1,387
Apr-09	8,001	$13,453	$34,859	8,001	$13,453	$35,659	0	$0	-$800
May-09	3,051	$8,312	$12,178	3,051	$8,312	$12,483	0	$0	-$305
Jun-09	1,741	$7,439	$6,962	1,740	$7,439	$7,136	1	$0	-$174
Jul-09	1,914	$7,172	$8,482	1,914	$7,172	$8,482	0	$0	$0
Aug-09	1,923	$7,176	$7,256	1,923	$7,176	$7,256	0	$0	$0
Sep-09	1,998	$7,129	$6,377	1,998	$7,129	$6,377	0	$0	$0
Oct-09	4,107	$11,231	$17,226	4,107	$11,231	$17,226	0	$0	$0
Nov-09	8,468	$7,704	$50,347	11,057	$7,704	$55,507	-2,589	$0	-$5,160
Dec-09	18,353	$22,920	$95,124	19,544	$22,921	$101,878	-1,191	-$1	-$6,754
Jan-10	20,156	$24,902	$138,217	20,156	$24,902	$138,217	0	$0	$0
Feb-10	21,727	$24,450	$134,042	21,727	$24,450	$134,042	0	$0	$0
Mar-10	18,645	$17,847	$99,100	13,080	$17,847	$72,361	5,566	$0	$26,740
Apr-10	7,275	$12,908	$32,490	7,275	$13,148	$32,490	0	-$240	$0
May-10	5,792	$9,695	$30,310	5,815	$11,451	$30,310	-22	-$1,756	$0
Jun-10	3,604	$9,309	$17,565	3,604	$8,944	$17,665	0	$366	-$100
							1,497	-$1,134	-$6,255

Cobra Pipeline

Exhibit RS-3

Month	Staff					Company			Differences		
	Volumes MCF (1)	Transport Charges $ (2)	Commodity $ (3)	Local Product $ (4)	GTS Storage $ (5)	Volumes MCF (6)	Transport Charges $ (7)	Commodity $ (8)	Volumes MCF (1) - (6)	Transport Charges $ (2) - (7)	Commodity $ (3)+(4)+(5) - (8)
Jan-08	50,482	$16,453	$260,865	$53,221	$84,468	43,232	$0	$322,340	7,251	$16,453	$76,214
Feb-08	26,264	$9,795	$176,630	$60,407	-$140	37,431	$6,278	$309,141	(11,167)	$3,517	-$72,243
Mar-08	30,309	$11,966	$243,784	$63,207	$0	37,996	$19,000	$371,375	(7,687)	-$7,034	-$64,384
Apr-08	26,475	$9,449	$197,281	$76,913	$0	21,425	$2,577	$227,438	5,050	$6,872	$46,756
May-08	9,086	$299	$7,558	$89,546	$0	10,777	$3,060	$104,900	(1,691)	-$2,761	-$7,796
Jun-08	7,943	$434	$12,110	$78,702	$0	11,635	$0	$121,142	(3,692)	$434	-$30,330
Jul-08	8,126	$449	$12,960	$81,216	$0	6,334	$0	$72,848	1,792	$449	$21,327
Aug-08	7,038	$449	$9,269	$55,227	$0	4,185	$1,744	$41,194	2,853	-$1,295	$23,303
Sep-08	8,128	$1,013	$18,656	$50,819	$0	8,389	$0	$81,433	(261)	$1,013	-$11,958
Oct-08	20,804	$7,896	$131,309	$41,513	$0	15,590	$4,022	$123,088	5,214	$3,874	$49,734
Nov-08	24,716	$9,650	$152,010	$40,557	$0	28,144	$4,106	$239,838	(3,428)	$5,544	-$47,271
Dec-08	20,161	$7,238	$121,380	$42,919	$0	15,742	$17,915	$124,537	4,419	-$10,678	$39,762
Jan-09	21,556	$8,444	$141,610	$32,594	$0	36,892	$21,100	$300,198	(15,336)	-$12,656	-$125,994
Feb-09	40,683	$18,207	$246,764	$27,130	$0	36,888	$14,271	$242,873	3,795	$3,936	$31,021
Mar-09	29,307	$12,233	$167,118	$25,869	$0	31,393	$13,431	$188,575	(2,086)	-$1,198	$4,412
Apr-09	30,574	$8,593	$72,587	$27,035	$60,999	16,898	$6,855	$76,164	13,676	$1,738	$84,456
May-09	12,742	$2,518	$18,704	$31,899	$0	7,307	$1,585	$16,705	5,435	$933	$33,898
Jun-09	6,186	$125	$0	$27,038	$0	6,892	$291	$32,838	(706)	-$166	-$5,800
Jul-09	6,515	$125	$0	$32,582	$0	5,801	$125	$28,347	714	$0	$4,235
Aug-09	5,561	$125	$0	$28,195	$0	5,772	$125	$27,094	(211)	$0	$1,101
Sep-09	4,617	$125	$0	$20,864	$0	(482)	$579	-$3,132	5,099	-$454	$23,996
Oct-09	12,249	$3,901	$33,731	$22,539	$0	22,639	$7,755	$71,480	(10,390)	-$3,854	-$15,210
Nov-09	31,506	$11,227	$118,370	$40,232	$0	26,406	$9,806	$149,472	5,100	$1,421	$9,129
Dec-09	39,232	$16,825	$190,406	$29,024	$0	39,423	$17,656	$206,983	(191)	-$831	$12,447
Jan-10	44,406	$19,875	$280,638	$29,345	$0	43,416	$19,574	$276,242	990	$301	$33,741
Feb-10	42,843	$16,574	$0	$58,157	$124,657	38,916	$18,371	$296,213	3,927	-$1,797	-$113,399
Mar-10	31,778	$11,742	$131,587	$44,717	$0	28,027	$12,759	$160,975	3,751	-$1,017	$15,329
Apr-10	16,625	$4,341	$38,808	$36,605	$0	17,444	$6,939	$34,513	(819)	-$2,598	$40,900
May-10	12,985	$2,027	$18,842	$44,938	$0	15,448	$3,930	$75,954	(2,463)	-$1,903	-$12,174
Jun-10	9,701	$1,102	$9,502	$37,069	$0	7,448	$1,250	$26,060	2,253	-$148	$20,511
									11,193	-$1,904	$65,714

Exhibit RS-4

MAY 2009 GAS PURCHASE SUMMARY
06/22/09
Based on gas ordered - actual consumption may vary.

TCO System for:			$3.321	Settle	
	Units		$/Unit	Total $	Seller
Orwell	4,950	Dth	$3.771	$18,704.18	IGS
Orwell		Dth		$0.00	
NEO (pool)	0	Dth		$0.00	
NEO (pool)		Dth		$0.00	
Kraftmaid		Dth	Transp.		
JD Mkt. GTS 37862	91,419	Dth	$3.621	$331,028.20	IGS
JD Mkt. GTS 37859	12,059	Dth	$3.621	$43,665.64	IGS
Total	108,438		$3.629	$393,398.00	

OEO System for:					
Orwell	2,460	Dth	$3.871	$9,520.06	IGS
Orwell		Dth		$0.00	
Orwell	0	Dth	#DIV/0!	$0.00	
Orwell		Dth		$0.00	
Orwell (realloc.)	666	Dth	$3.871	$2,578.09	Buy from NEO
NEO	34,100	Dth	$3.871	$132,001.10	IGS
NEO	(666)	Dth	$3.871	($2,578.09)	Sell to ONG
NEO		Dth	$0.000	$0.00	
NEO	0	Dth	#DIV/0!	$0.00	
NEO (realloc.)	(1,670)	Dth	$3.500	($5,845.00)	Sell back to IGS
Total	35,010		$3.874	$135,635.18	

TGP System for:					
ONG-Shale	5,600	Dth	$3.706	$20,363.00	Constellation
ONG-Shale	600	Dth		$0.00	Constellation
NEO - GCR	713	Dth	$3.706	$2,642.38	Constellation
NEO/Alerts - GCR	72,013	Dth	$3.829	$275,701.77	Constellation
Total	78,926		$3.790	$298,727.15	

Orwell-Trumbull System for					
~~GP/BP5 pool~~ 4211		~~Dth~~ Mcf	4.69	$0.00	19,749.55 - JDGM sell/05
GP & Orwell	5,115	Dth	$3.561	$18,214.52	BP
~~GP & Orwell~~ 3563	0	Dth	#DIV/0! 4.16	~~$0.00~~	~~North Coast~~ 14,820-40
Orwell & GP	5,051	Dth	$0.380	$1,919.40	North Coast
Total	5,115	Dth	$3.939	$20,133.92	

Orwell - Pa. System for:					
Clarion River	930	Dth	$4.016	$3,734.58	Constellation
Clarion River	(157)	Dth	$4.151	($651.72)	Constellation
Clarion River		Dth		$0.00	Constellation
Walker Gas	403	Dth	$4.041	$1,628.52	Constellation
Walker Gas -401.9	~~999~~	Dth	2.3305	~~$0.00~~	Constellation
Total	1,546	Dth	$3.048	$4,711.38	

Brainard System for:					
Jdog Marketing	1,086	Dth	$3.771	$4,091.54	IGS
Jdog Marketing		Dth		$0.00	
Rothenbuhler		Dth	Transport Only		Exelon
Total	1,086		$3.771	$4,091.54	

PA Production for:				
Oz Gas		Dth		$0.00
Oz Gas		Dth		$0.00
	0	Dth	#DIV/0!	$0.00

Total	230,020	$3.71	$856,697.46

MAY 2009 BY SELLER	
IGS	$533,124.71
Constellation	$303,438.83
BP	$18,214.52
North Coast Trans.	$1,919.40
Eckle	
Integrys	
Shell	
Total	$856,697.46

MAY 2009 BY BUYER	
Orwell	$35,594.01
Jdog Marketing	$374,693.84
NEO	$422,184.16
Brainard	$4,091.54
Great Plains	$20,133.92
Oz Gas	$0.00
Total	$856,697.46

Exhibit RS-5

NiSource

COLUMBIA GAS TRANSMISSION, LLC

INVOICE DATE: 3/10/2010
GAS SERVICE INVOICE
FOR ACCOUNTING PERIOD
FEBRUARY 2010

NEXT DUE DATE: 3/22/2010

Orwell Natural Gas Company
Orwell Natural Accounts Payable
8506 Station Street
Mentor OH 44060

SERVICE REQUESTER/DUNS NO
004098 157277492

INVOICE ID AR INVOICE ID
100200102 TR-021000102-51

PREVIOUS BALANCE	23.85
TOTAL PAYMENTS RECEIVED	-23.85
INTEREST	0.00
ADJUSTMENTS	0.00
BALANCE ON 3/01/2010	0.00

********** FEBRUARY 2010 CURRENT MONTH VOLUME(S) **********

SERVICE REQUESTOR CONTRACT NO: 37962 SERVICE CODE: GTS

LN NO	TRANS TYPE	RECEIPT/DRN LOCATION	DELIVERY/DRN LOCATION	QUANTITY	PRICE	AMOUNT DUE
00001	Commodity	INV/Inventory Admin Point	STOR/747019 RP Storage Point TCO	34,350	0.0000	0.0000
00002	Commodity	STOR 747019 RP Storage Point TCO	COBRANT/817345 North Trumbull Delivery - Cobra	34,350	0.7875	27,050.6250
			CONTRACT 37962 TOTAL			27,050.63

SERVICE REQUESTOR CONTRACT NO: 44561 SERVICE CODE: IPP

LN NO	TRANS TYPE	RECEIPT/DRN LOCATION	DELIVERY/DRN LOCATION	QUANTITY	PRICE	AMOUNT DUE
			CONTRACT 44561 TOTAL			0.00

REMIT TO
Columbia Gas Transmission, LLC
P.O. Box 641475
Pittsburgh, PA 15264-1475

REMIT BY ELECTRONIC TRANSFER TO
PAYEE: COLUMBIA GAS TRANSMISSION, LLC
ABA # 043000096
ACCOUNT # 1001742895
PNC BANK NA
PITTSBURGH, PA 15264-1475

TOTAL DUE CURRENT MONTH	27,050.63
INVOICE TOTAL AMT COLUMBIA GAS TRANSMISSION, LLC	27,050.63

CONTACT FOR QUESTIONS Billing Team (713) 267-4725 NGTSbilling@nisource.com

Exhibit RS-6

FEBRUARY 2010 GAS PURCHASE SUMMARY
03/16/10
Based on gas ordered - actual consumption may vary.

TCO System for:			$5.274	Settle		
	Units		$/Unit	Total $	Seller	
Orwell	28,000	Dth	$7.550	$211,400.00	JD Marketing (GTS)	
Brainard	2,240	Dth	$7.550	$16,912.00	JD Marketing (GTS)	
NEO (TCO pool)		Dth		$0.00		
NEO (TCO pool)	79,240	Dth	$5.564	$440,891.36	Shell	Invoice # SES-I-868576-1
NEO (TCO pool)		Dth				
NEO (TCO Pool)		Dth		$0.00		
NEO (GTS)		Dth		$0.00		
Total	109,480		$6.113	$669,203.36		
OEO System for:						
Orwell	22,400	Dth	$5.984	$134,041.60	Shell	SES - I - 868685 - 1
Orwell (reallocation)	(2,250)	Dth	$5.984	($13,464.00)	Shell	
Orwell (reallocation)	(264)	Dth	$5.984	($1,579.78)	Shell	
Orwell		Dth		$0.00		
Orwell		Dth		$0.00		
NEO		Dth		$0.00		
NEO		Dth		$0.00		
NEO	70,000	Dth	$5.924	$414,680.00	BP	Invoice 5295653 3/16/10
NEO	56,000	Dth	$5.984	$335,104.00	Shell	Invoice # SES-I-868576-1
NEO (reallocation)	1,986	Dth	$5.984	$11,884.22	Shell	
Total	147,872		$5.956	$880,666.05		
TGP System for:						
JD Mkt-Shale	5,504	Dth		$0.00	Constellation	
NEO - GCR	5,040	Dth	$5.854	$29,504.16	South Jersey	Invoice # 411-3/15/2010
NEO - GCR	(300)	Dth	$5.854	($1,756.20)	South Jersey	Invoice # 411-3/15/2010 $4.937
Total	10,244		$2.709	$27,747.96		
Orwell-Trumbull System for						
GP LPPS pool		Dth		$0.00		
Orwell	116,500	Dth	$5.769	$672,130.00	BP	Inv. 5294655 & 5295653
Orwell	10,500	Dth	$5.824	$61,155.00	North Coast	Invoice # 695 3/3/10
Orwell	115,044	Dth	$0.380	$43,716.53	North Coast	Invoice # 695 3/3/10
Total	127,000	Dth	$6.118	$777,001.53		
Orwell - Pa. System for:						
Orwell-Clarion River	3,640	Dth	$5.854	$21,308.56	Mid-American	
Orwell-Clarion River	(206)	Dth		$0.00	Carryover to April	Ordered more than burn-gas on NFG
Orwell-Clarion River		Dth		$0.00		
Orwell-Walker Gas	4,480	Dth	$6.244	$27,973.12	Constellation	Invoice # 02-2010-02670
Orwell-Walker Gas	(1,435)	Dth		$0.00	Constellation	
Total	6,479	Dth	$7.606	$49,281.68		
Brainard System for:						
Jdog Marketing		Dth		$0.00		
Jdog Marketing		Dth		$0.00		
Rothenbuhler		Dth	Transport Only		Exelon	
Total	0		#DIV/0!	$0.00		
PA Production for:						
Oz Gas	10,517	Dth	$5.710	$60,052.07	Integrys	
Oz Gas		Dth		$0.00		
	10,517	Dth	$5.710	$60,052.07		
Total	411,692		$5.99	$2,463,952.74		

Exhibit RS-7

BP Invoices

	Invoiced to Orwell				Invoiced to NEO					
Month	Purchase Volumes Dth	Purchase Costs $	Recovered in GCR Dth	Recovered in GCR $	Purcahse Volumes Dth	Purchase Costs $	Recovered in GCR Dth	Recovered in GCR $	Total Cost $	Total Volumes Dth
Jan-08	26,500	$220,645	0	$0	92,996	$704,910	0	$0	$925,555	119,496
Feb-08	0	$0	0	$0	87,000	$734,802	0	$0	$734,802	87,000
Mar-08	0	$0	0	$0	62,000	$581,560	0	$0	$581,560	62,000
Apr-08	39,000	$384,852	0	$0	0	$0	0	$0	$384,852	39,000
May-08	0	$0	0	$0	0	$0	0	$0	$0	0
Jun-08	1,500	$20,025	0	$0	0	$0	0	$0	$20,025	1,500
Jul-08	2,400	$32,556	0	$0	0	$0	0	$0	$32,556	2,400
Aug-08	0	$0	0	$0	0	$0	0	$0	$0	0
Sep-08	0	$0	0	$0	0	$0	0	$0	$0	0
Oct-08	1,400	$10,052	0	$0	0	$0	0	$0	$10,052	1,400
Nov-08	16,000	$107,465	0	$0	0	$0	0	$0	$107,465	16,000
Dec-08	46,405	$318,975	3,875	$30,217	49,631	$375,995	27,125	$211,521	$694,970	96,036
	133,205	$1,094,570	3,875	$30,217	291,627	$2,397,266	27,125	$211,521	$3,491,837	424,832
Jan-09	47,250	$276,195	0	$0	46,500	$281,325	0	$0	$557,520	93,750
Feb-09	0	$0	0	$0	81,760	$422,290	30,000	$154,950	$422,290	81,760
Mar-09	8,000	$31,770	0	$0	77,500	$389,438	0	$0	$421,208	85,500
Apr-09	66,900	$256,801	0	$0	0	$0	14,300	$54,712	$256,801	66,900
May-09	5,115	$18,215	0	$0	0	$0	$0	$0	$18,215	5,115
Jun-09	35,500	$137,083	0	$0	0	$0	$0	$0	$137,083	35,500
	162,765	720,064	0	0	205,760	$1,093,053	44,300	$209,662	$1,813,116	368,525
Totals	295,970	$1,814,634	3,875	$30,217	497,387	$3,490,319	71,425	$421,183	$5,304,953	

NC Inoviced to Orwell

Month	Transportation Volumes Dth	Gas Cost Invoiced to Dth	Total Volumes Delivered Dth	Total Amount Invoiced to Orwell $
Jan-08	117,711	$0	117,711	$35,313
Feb-08	85,695	$27,000	112,695	$278,564
Mar-08	61,070	$45,000	106,070	$461,171
Apr-08	38,430	$30,000	68,430	$320,529
May-08	0	$0	0	$0
Jun-08	1,478	$0	1,478	$443
Jul-08	2,364	$0	2,364	$709
Aug-08	0	$0	0	$0
Sep-08	0	$0	0	$0
Oct-08	1,383	$9,000	10,383	$69,286
Nov-08	15,807	$29,500	45,307	$231,787
Dec-08	68,049	$22,975	91,024	$210,707
	391,987	$163,475	555,462	$1,608,509
Jan-09	92,576	$25,000	117,576	$236,679
Feb-09	51,127	$30,000	81,127	$261,228
Mar-09	84,437	$17,500	101,937	$173,136
Apr-09	51,943	$0	51,943	$19,738
May-09	5,053	$0	5,053	$1,920
Jun-09	35,066	$0	35,066	$13,325
	320,202	$72,500	392,702	706,027
Totals for the 18 months	712,189	$235,975	948,164	$2,314,535

$7,619,488

Exhibit RS-8

JANUARY 2008 GAS PURCHASE SUMMARY
03/06/08
Based on gas ordered - actual consumption may vary.

TCO System for:	Units		Settle $/Unit	Total $	Seller
Orwell	34,100	Dth	$7.650	$260,865.00	IGS
Orwell (owed))	10,404	Dth	$0.000	$0.00	IGS
NEO (pool)	76,625	Dth	$7.456	$570,574.50	IGS
NEO (GTS)	15,000	Dth	$0.000	$0.00	Transfer
Kraftmaid		Dth	Transp.	$0.00	
Orwell (GTS)	(15,000)	Dth	$0.000	$0.00	Transfer
NEO (Pool/GTS)	6,000	Dth	8.35	$50,100.00	IGS
	127,029		$8.940	$881,539.50	

DEO System for:					
Orwell	8,080	Dth	$7.970	$63,836.20	Constellation
Orwell	7,041	Mcf	$0.000	$0.00	DEO Credit
Orwell (realloc.)	6,081	Dth	$9.750	$59,289.75	IGS
NEO	99,200	Dth	$7.920	$785,664.00	Constellation
NEO		Dth		$0.00	
NEO		Dth		$0.00	
NEO (realloc.)	5,298	Dth	$9.750	$51,636.00	IGS
	125,678		$7.842	$960,424.95	

TGP System for:					
ONG-Shale	8,600	Dth	$7.815	$63,142.00	Constellation
ONG - GCR	5,600	Dth	$7.815	$43,784.00	Constellation
ONG - GCR	600	Dth	$8.877	$5,326.32	Constellation
	15,000		$7.864	$102,252.32	

Orwell-Trumbull System for					
GP & Orwell	119,500	Dth	$7.745	$925,585.00	BP
GP & Orwell		Dth	#DIV/0!	$0.00	
Orwell & GP	117,708	Dth	$0.300	$35,312.25	North Coast
Total	119,500	Dth	$8.041	$960,897.25	

Orwell - Pa. System for:					
Clarion River	2,480	Dth	$8.387	$20,800.40	Constellation
Clarion River	652	Dth	$8.925	$5,819.36	Constellation
Walker Gas	1,395	Dth	$7.600	$10,601.00	Constellation
Walker Gas	360	Dth	$8.172	$2,941.92	Constellation
	4,887	Dth	$8.276	$40,442.68	

Brainard System for:					
Jdog Marketing	2,325	Dth	$7.650	$17,786.25	IGS
Jdog (owed)	1,357	Dth	$0.000	$0.00	IGS
Rothenbuhler		Dth	Transport Only		Exelon
	2,325		$7.650	$17,786.25	

PA Production for:			
Oz Gas		Dth	#DIV/0!

Total	392,419	$7.55	$2,963,322.95

JANUARY 2008 BY SELLER	
IGS	$1,010,251.50
Constellation	$992,174.20
BP	$925,585.00
North Coast Trans.	$35,312.25
Eckle	$0.00
Exelon	$0.00
Shell	$0.00
Total	$2,963,322.95
JANUARY 2008 BY BUYER	
Orwell	$424,432.63
Kraftmaid	$0.00
NEO	$1,660,206.82
Brainard	$17,786.25
Great Plains	$960,897.25
Oz Gas	$0.00
Total	$2,963,322.95

$220,645 + $704,940
Less $30.32 Credit

Exhibit RS-9

Gas Sales Invoice - Revised

bp

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5252023
Invoice Date 02/19/2008
Contract # 5503875
Delivery Month Jan 2008
Due Date 02/25/2008

Attention Stephen Rigo
NORTHEAST OHIO NATURAL GAS CORP
8500 STATION STREET SUITE 100
MENTOR OH 44060

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 205-8680
Phone # (440) 974-5120

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Jan 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 01/01-01/31	2723899 / 30725655	92,996	7.5600 US/MMBTU	704,909.68
Total for North Coast Cross (Crossroads N. Cst)		92,996		704,909.68
Total Amount Due		92,996		704,909.68
Previous Amount				704,940.00
Net Change Amount				(30.32)

* GST applicable **GST & PST applicable

Any changes to contact name, phone number, fax number, email, or invoice address must be faxed on company letterhead to 403-233-5611.
Please include plant name the change is applicable to. Contact Angela Blanchard at 403- 233-1051 should you have any questions on this requirement.

If you have any invoicing questions, please contact Diana Roessler at (317) 215-6002 or send a facsimile to (317) 215-6029
Or Email: diana.roessler@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 988991 00

Exhibit RS-10

Gas Sales Invoice

bp

BP Canada Energy Marketing Corp.
TAX ID 36 3697994

Invoice Number 5252024
Invoice Date 02/12/2008
Contract # 5503044
Delivery Month Jan 2008
Due Date 02/25/2008

Attention Orwell Gas Accounting
ORWELL NATURAL GAS COMPANY
8500 STATION
CLEVELAND OH 44145

Remit: US $ WIRE
JPMORGAN CHASE BANK, NA
NEW YORK NY 60670 US
ABA #021000021
Account #1122183

Fax # (440) 255-8645
Phone #

If remitting an amount different than the total amount billed, please note changes on this invoice and fax to the number shown below, including appropriate documentation. Please include BP's invoice number.

Natural Gas delivered during Jan 2008 — Calculations are based on actual quantities

Meter Station	BP ID	MMBTU	Unit Price	Amount Due US
PIPELINE: NORTH COAST GAS TRANSMISSION, LLC				
Base Commodity 01/01-01/02	2736386 / 30730900	1,000	7.6900 US/MMBTU	7,690.00
Base Commodity 01/03-01/03	2741145 / 30732828	1,000	8.1800 US/MMBTU	8,180.00
Base Commodity 01/04-01/04	2744213 / 30733647	1,000	8.0500 US/MMBTU	8,050.00
Base Commodity 01/05-01/07	2747706 / 30734729	1,500	7.8000 US/MMBTU	11,700.00
Base Commodity 01/10-01/10	2758439 / 30739074	500	8.2300 US/MMBTU	4,115.00
Base Commodity 01/15-01/15	2769895 / 30742831	500	8.6600 US/MMBTU	4,330.00
Base Commodity 01/16-01/16	2773331 / 30743955	1,000	8.6600 US/MMBTU	8,660.00
Base Commodity 01/17-01/17	2777101 / 30745044	1,000	8.5500 US/MMBTU	8,550.00
Base Commodity 01/18-01/18	2782089 / 30746567	1,000	8.5900 US/MMBTU	8,590.00
Base Commodity 01/23-01/23	2788634 / 30749278	3,000	8.6500 US/MMBTU	25,950.00
Base Commodity 01/24-01/24	2792511 / 30750977	3,000	8.4500 US/MMBTU	25,350.00
Base Commodity 01/25-01/25	2797322 / 30752942	3,000	8.3200 US/MMBTU	24,960.00
Base Commodity 01/26-01/28	2802286 / 30754998	9,000	8.2800 US/MMBTU	74,520.00
Total for North Coast Cross (Crossroads N. Cst)		**26,500**		**220,645.00**
Total Amount Due		**26,500**		**220,645.00**

* GST applicable **GST & PST applicable

Any changes to contact name, phone number, fax number, email, or invoice address must be faxed on company letterhead to 403-233-5611.
Please include plant name the change is applicable to. Contact Angela Blanchard at 403- 233-1051 should you have any questions on this requirement.

If you have any invoicing questions, please contact Diana Roessler at (317) 215-6002 or send a facsimile to (317) 215-6029
Or Email: diana.roessler@bp.com

BP CANADA ENERGY MARKETING CORP
3464 SOLUTIONS CENTER
CHICAGO IL 60677-300

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For BP use only: 130510 00

Exhibit RS-11

Invoice

North Coast Gas Transmission LLC

250 East Broad Street
Suite 1220
Columbus, OH 43215

Date	Invoice #
1/31/2008	280

Bill To
Orwell Natural Gas Attn: Mike Zappitello 3511 Lost Nation Road Suite 213 Willoughby, OH 44094 USA

Phone #	E-mail
(614) 545-0492	myeager@somersetgas.com
Fax #	**Web Site**
(614) 545-0496	http://www.somersetgas.com

Terms	Due Date	Month	Account #
25th of Month	2/25/2008	January	Orwell

Contract #	Location	Quantity / or ...	Description	Rate	Amount
IT 30000-A	Orwell - Mantua	117,711	Transportation Commodity Charge	0.30	35,313.30

Thank you for your business and prompt payment.

Total	$35,313.30
Payments/Credits	$-35,313.30
Balance Due	$0.00

Wire Transfer:
Huntington National Bank
Columbus, OH
ABA/Routing #: 044000024
For credit to: North Coast Gas Transmission LLC
A/C #: 01892247135

Exhibit RS-12

	Deliveries into OTP						Deliveries out of OTP						Difference		
Month	North Coast Mcf	TCO Middlefield Mcf	Great Plains (all) Mcf	Vrooman Mcf	Haperfield Mcf	D. Hill Mcf	DEO Mcf	Orwell Mcf	ONG Mcf	Brainard Mcf	PCC Mcf	JOOG Mcf	GP less DEO	less Orwell	North Coast Deliveries less GP Obligations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13) = (3) - (7)	(14) = (13)-(8)	
Jan-08	99,669	0	57,465	4,446	1,828	0	100,289	50,081	12,933	707	0	0	-42,824	-92,905	6,764
Feb-08	112,952	1	55,420	3,646	2,019	1,238	100,085	51,672	12,482	1,389	900	0	-44,665	-96,337	16,615
Mar-08	102,080	26	45,903	2,266	1,209	1,857	92,983	45,928	10,241	454	589	0	-47,080	-93,008	9,072
Apr-08	64,467	2,193	54,491	1,712	1,016	1,663	92,980	24,717	4,959	346	315	0	-38,489	-63,206	1,261
May-08	23,052	0	76,287	2,140	1,595	1,065	83,019	16,203	2,937	69	63	0	-6,732	-22,935	117
Jun-08	0	0	50,312	1,749	1,858	347	48,851	5,774	1,165	31	99	0	1,461	-4,313	-4,313
Jul-08	2,973	199	53,673	1,427	1,185	347	56,817	5,755	895	47	97	0	-3,144	-8,899	-5,926
Aug-08	0	0	60,006	1,547	1,244	664	58,532	5,715	765	30	0	0	1,474	-4,241	-4,241
Sep-08	0	0	69,923	1,865	1,927	394	63,475	5,928	1,915	30	305	0	6,448	520	520
Oct-08	18,989	0	107,725	2,860	2,646	642	105,929	21,005	4,712	129	575	0	1,796	-19,209	-220
Nov-08	43,763	0	82,805	1,580	1,548	0	77,697	36,839	6,304	347	916	0	5,108	-31,731	12,032
Dec-08	79,561	0	78,744	1,280	1,541	0	81,347	55,434	5,297	904	1,432	10,137	-2,603	-58,037	21,525
	547,506		792,754				962,004	325,051							
Jan-09	100,832	0	83,569	1,424	1,450	0	84,304	67,306	6,390	892	1,958	15,289	-735	-68,041	32,791
Feb-09	94,049	204	74,096	1,599	1,425	0	82,114	58,091	5,451	573	1,529	12,787	-8,018	-66,109	27,940
Mar-09	84,595	13,643	70,224	1,916	1,161	0	98,892	47,241	7,998	482	1,543	12,034	-28,668	-75,909	8,687
Apr-09	71,040	8,178	74,565	1,855	1,474	0	104,303	31,937	2,993	126	1,474	7,108	-29,738	-61,675	9,365
May-09	19,231	6,626	117,283	2,530	2,214	0	113,787	18,339	1,517	23	1,139	5,156	3,496	-14,843	4,389
Jun-09	41,188	0	79,182	1,645	1,463	0	91,806	9,681	1,346	340	1,026	4,794	-12,624	-22,305	18,883
Jul-09	46,978	0	74,918	1,525	1,358	0	97,293	6,554	1,201	10	803	6,872	-22,375	-28,929	18,049
Aug-09	46,973	0	69,620	1,648	1,265	0	94,157	7,922	0	11	947	6,874	-24,537	-32,459	14,514
Sep-09	54,645	0	63,104	1,644	0	0	92,074	10,337	0	28	825	8,482	-28,970	-39,307	15,338
Oct-09	47,206	9,881	96,725	2,122	0	0	92,519	39,965	0	178	1,515	9,516	4,206	-35,759	11,447
Nov-09	52,050	13,730	57,691	1,402	0	0	76,310	2,850	0	219	1,322	15,096	-18,619	-21,469	30,581
Dec-09	108,561	18,997	55,400	1,305	0	0	83,536	68,006	0	872	1,799	25,949	-28,136	-96,142	12,419
	767,348		916,377				1,111,095	368,229							

Orwell-Trumbull Pipeline

Exhibit RS-13

Month	Staff				Company				Differences			
	Volumes MCF (1)	Transport on North Coast $ (2)	Transportation on OTP $ (3)	Commodity $ (4)	Volumes MCF (5)	Transport on North Coast $ (6)	Transportation on OTP $ (7)	Commodity $ (8)	Volumes MCF (1) - (5)	Transportation on North Coast $ (2) - (6)	Transportation on OTP $ (3) - (7)	Commodity $ (4) - (8)
Jan-08	50,081	$1,100	$47,577	$397,745	57,394	$0	$41,190	$497,270	(7,313)	$1,100	$6,387	-$99,525
Feb-08	51,672	$15,657	$49,088	$453,686	52,558	$0	$49,088	$452,527	(886)	$15,657	$0	$1,159
Mar-08	45,928	$13,916	$43,632	$442,098	45,658	$0	$43,139	$395,304	270	$13,916	$493	$46,794
Apr-08	24,717	$7,489	$23,481	$249,843	21,635	$0	$23,481	$201,207	3,082	$7,489	$0	$48,636
May-08	16,203	$0	$15,393	$182,770	15,312	$0	$15,393	$171,950	891	$0	$0	$10,820
Jun-08	5,774	$443	$5,485	$71,391	5,723	$0	$5,485	$67,077	51	$443	$0	$4,314
Jul-08	5,755	$709	$5,467	$77,302	5,367	$0	$5,467	$68,864	388	$709	$0	$8,438
Aug-08	5,215	$0	$4,954	$48,067	4,460	$0	$4,954	$41,657	755	$0	$0	$6,410
Sep-08	5,769	$0	$5,480	$48,421	3,042	$0	$5,480	$25,887	2,727	$0	$0	$22,534
Oct-08	20,849	$3,946	$19,806	$155,528	20,259	$0	$19,806	$184,357	590	$3,946	$0	-$28,829
Nov-08	36,985	$14,195	$35,135	$265,548	34,834	$0	$35,138	$315,247	2,151	$14,195	-$3	-$49,699
Dec-08	62,278	$23,902	$59,164	$434,895	59,785	$0	$59,164	$541,053	2,493	$23,902	$0	-$106,158
Jan-09	71,077	$27,279	$67,523	$457,621	65,624	$0	$67,523	$593,896	5,453	$27,279	$0	-$136,275
Feb-09	62,581	$24,019	$59,452	$393,854	57,403	$0	$59,452	$519,499	5,178	$24,019	$0	-$125,645
Mar-09	48,828	$18,740	$46,387	$268,813	48,965	$0	$48,732	$443,130	(137)	$18,740	-$2,345	-$174,317
Apr-09	32,093	$12,317	$32,144	$126,107	45,705	$0	$32,363	$413,633	(13,613)	$12,317	-$219	-$287,526
May-09	18,104	$1,919	$18,780	$62,509	18,104	$0	$19,074	$163,839	0	$1,919	-$294	-$101,330
Jun-09	9,522	$3,655	$10,592	$34,530	9,474	$0	$11,046	$85,740	48	$3,655	-$454	-$51,210
Jul-09	6,446	$2,474	$7,492	$26,478	6,446	$0	$8,123	$58,334	(0)	$2,474	-$631	-$31,856
Aug-09	7,922	$3,040	$8,758	$30,476	7,922	$0	$9,526	$71,693	0	$3,040	-$768	-$41,217
Sep-09	10,041	$3,854	$10,896	$34,994	10,041	$0	$11,539	$90,871	0	$3,854	-$643	-$55,877
Oct-09	39,733	$12,844	$37,746	$177,357	40,126	$6,004	$37,747	$200,814	(393)	$6,840	-$1	-$23,457
Nov-09	28,435	$10,913	$26,828	$124,541	29,744	$11,043	$27,013	$127,374	(1,310)	-$130	-$185	-$2,833
Dec-09	66,767	$25,625	$63,189	$381,661	69,634	$22,023	$63,428	$393,588	(2,867)	$3,602	-$239	-$11,927
Jan-10	65,806	$25,256	$62,516	$430,561	68,872	$21,590	$62,723	$436,579	(3,066)	$3,666	-$207	-$6,018
Feb-10	71,579	$27,472	$68,000	$419,967	75,042	$25,534	$70,375	$432,355	(3,463)	$1,938	-$2,375	-$12,388
Mar-10	43,819	$16,818	$41,628	$216,633	45,048	$12,198	$43,854	$231,612	(1,229)	$4,620	-$2,226	-$14,979
Apr-10	25,280	$9,702	$24,016	$108,757	25,977	$1,175	$26,135	$118,342	(698)	$8,527	-$2,119	-$9,585
May-10	26,840	$10,301	$25,498	$123,295	27,481	$5,241	$27,532	$129,021	(641)	$5,060	-$2,034	-$5,726
Jun-10	4,503	$1,728	$4,277	$20,276	4,608	$831	$6,281	$20,944	(106)	$897	-$2,004	-$668
									(11,645)	$213,675	-$9,866	-$1,227,942

Exhibit RS-14

JDOG Purchases for Great Plains

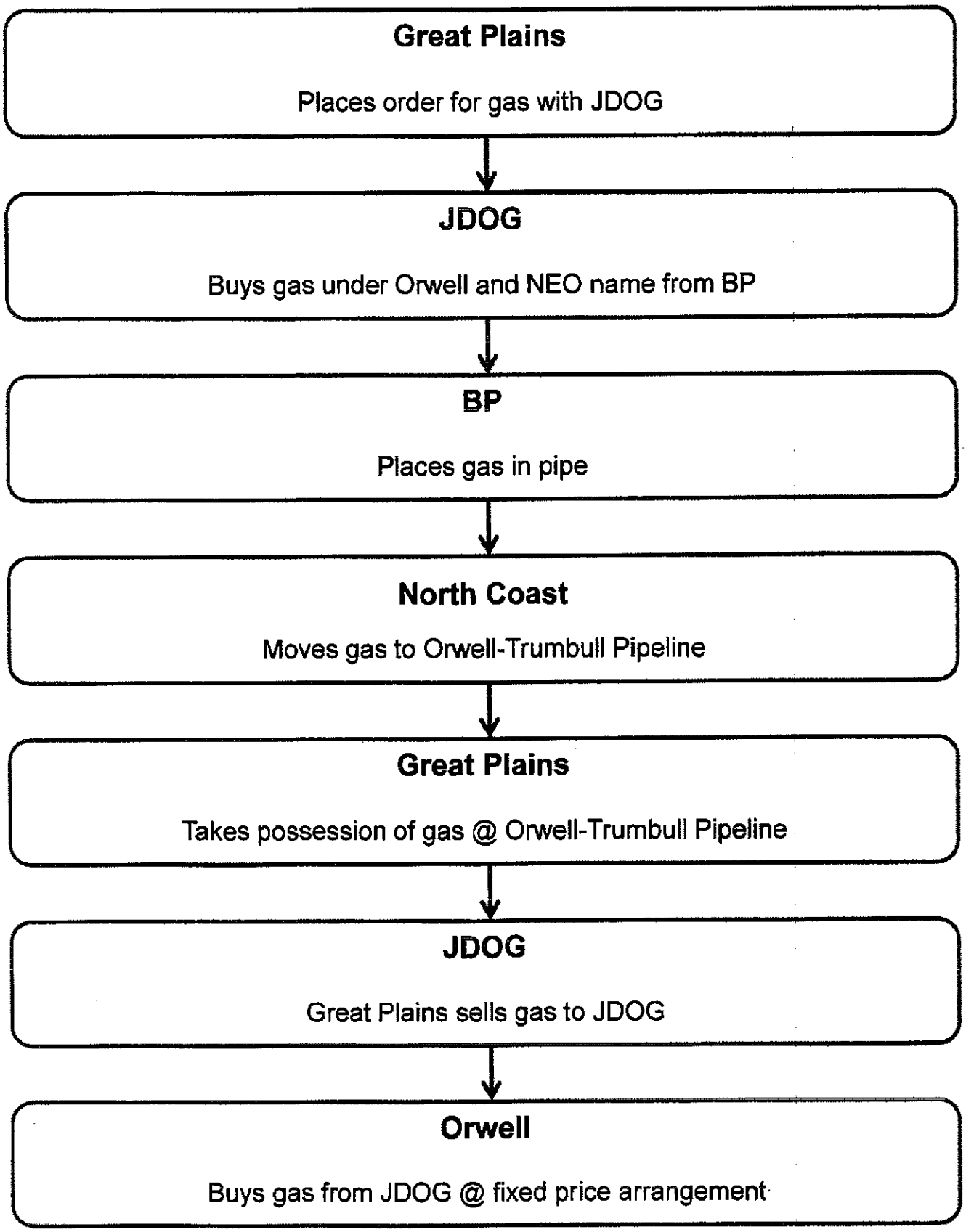

EXHIBIT "A"

The price to be paid by NEO to Seller for natural gas delivered to NEO at the Delivery Point during the Term shall be the greater of (a) Seller's cost to deliver the gas to the Delivery Point plus Ten Cents ($0.10) per Thousand Cubic Feet ("Mcf") plus any applicable taxes, or (b) the "Delivered Price" per Mcf set forth in the chart below, plus any applicable taxes. The greater of (a) or (b) above shall be referred to in the Agreement as the "Delivered Price".

	Contract Term			
Location	Effective	Expiration	Rollover	Delivered Price
GE (Petroxl wells)	05/01/06	04/30/07	Mo. to Mo.	NYNEX + $0.50
Polin Hatmaker	03/14/06	03/13/07	Mo. to Mo.	NYNEX + $0.50
Ponderosa wells	03/20/06	03/19/07	Mo. to Mo.	NYNEX + $0.50
West Wooster (Smail wells)	07/18/05	06/30/07	Mo. to Mo.	$9.800
Mormack Orrville	01/01/07	12/31/09	Yr. to Yr.	N+$0.60 sum, +$0.65 win
Hutton Wooster	02/01/07	01/31/10		NYNEX + $1.00
Hutton Orrville	02/01/07	01/31/10		N+$0.60 sum, $0.65 win
Bands Orrville	6/1/2007	5/31/2010	Mo. to Mo.	N + $0.60 s, $0.65 w/98
Broad Street-Orrville	8/1/2007	7/31/2012	Mo. to Mo.	N + $0.60 s, N + $0.65 w
Pheasants Rd.(Wooster)	6/1/2007	5/31/2012	Mo. to Mo.	N + $0.60 s, N + $0.67 w
Orrville System	5/1/2007	4/30/2010	Mo. to Mo.	NYMEX + $0.80
Cobra North Trumbull	2/6/2008	1/31/2009	Mo. to Mo.	N + $1.20 x 1.0377
Cobra Holmesville	2/6/2008	1/31/2009	Mo. to Mo.	N + $1.00 x 1.0377
Cobra Churchtown	2/6/2008	1/31/2009	Mo. to Mo.	N + $1.05 x 1.0377
Equity Oil and Gas (Fryburg)	9/1/2007	8/1/2008	Mo. to Mo.	N + $0.75

Cobra Churchtown

Exhibit RS-16

Month	Contract Price paid by NEO $/Dth	Quantities purchased by NEO Dth	Invoiced Amount to NEO $	Price paid by JDOG to Producer $	Quantities purchased by JDOG from producer Dth	Price paid by JDOG to Producer $	Processing fee paid by JDOG $	Transport Charge Paid by JDOG $	Total Cost to Purchase Gas by JDOG for sale to NEO $	Total Profit to JDOG $	Profit per Dth $/Dth
	(1)	(2)	(3) = (1) * (2)	(4)	(5) = (2) * 1.036	(6) = (4) * (5)	(7) = (5) * .25	(8) = (2) * .5	(9) = (6)+(7)+(8)	(10)= (3) - (9)	(11) = (10) / (2
Feb-08	$9.387	17,838	$167,445	$7.272	18,485	$134,423	$4,621	$8,919	$147,963	$19,482	$1.092
Mar-08	$10.356	21,510	$222,758	$8.172	22,290	$182,157	$5,572	$10,755	$198,485	$24,273	$1.128
Apr-08	$11.029	28,787	$317,492	$8.797	29,831	$262,411	$7,458	$14,394	$284,263	$33,230	$1.154
May-08	$12.795	26,248	$335,843	$10.437	27,200	$283,880	$6,800	$13,124	$303,804	$32,039	$1.221
Jun-08	$13.455	40,564	$545,748	$11.050	42,035	$464,476	$10,509	$20,282	$495,267	$50,482	$1.244
Jul-08	$14.689	38,200	$561,120	$12.196	39,585	$482,765	$9,896	$19,100	$511,762	$49,359	$1.292
Aug-08	$10.654	40,151	$427,769	$8.449	41,607	$351,526	$10,402	$20,076	$382,004	$45,766	$1.140
Sep-08	$9.800	40,417	$396,087	$7.656	41,883	$320,637	$10,471	$20,209	$351,316	$44,771	$1.108
Oct-08	$8.843	23,336	$206,360	$6.767	24,182	$163,643	$6,046	$11,668	$181,357	$25,003	$1.071
Nov-08	$7.802	36,836	$287,395	$5.801	38,172	$221,415	$9,543	$18,418	$249,376	$38,019	$1.032
Dec-08	$8.237	31,666	$260,548	$6.204	32,814	$203,589	$8,204	$15,833	$227,626	$32,922	$1.040
Jan-09	$7.457	32,685	$243,699	$5.480	33,870	$185,595	$8,468	$16,343	$210,405	$33,294	$1.019
Feb-09	$5.734	48,457	$277,852	$3.880	50,214	$194,823	$12,554	$24,229	$231,605	$46,247	$0.954
Mar-09	$5.298	43,030	$227,973	$3.475	44,590	$154,956	$11,148	$21,515	$187,618	$40,355	$0.938
Apr-09	$4.857	43,829	$232,206	$3.066	45,418	$139,231	$11,355	$21,915	$172,500	$59,706	$1.362
May-09	$4.536	42,276	$191,764	$2.767	43,809	$121,210	$10,952	$21,138	$153,300	$38,464	$0.910
Jun-09	$4.761	37,192	$177,071	$2.976	38,541	$114,693	$9,635	$18,596	$142,924	$34,147	$0.918
Jul-09	$5.187	40,572	$210,447	$3.372	42,043	$141,769	$10,511	$20,286	$172,566	$37,881	$0.934
Aug-09	$4.596	39,684	$182,388	$2.823	41,123	$116,077	$10,281	$19,842	$146,200	$36,188	$0.912
		673,278							Churchtown	$721,626	

Cobra Holmesville

Exhibit RS-17

Month	Contract Price paid by NEO $/Dth	Quantities purchased by NEO Dth	Invoiced Amount to NEO $	Price paid by JDOG to Producer $	Quantities purchased by JDOG from producer Dth	Price paid by JDOG to Producer $	Transport Charge Paid by JDOG $	Total Cost to Purchase Gas by JDOG for sale to NEO $	Total Profit to JDOG $	Profit per Dth $/Dth
	(1)	(2)	(3) = (1) * (2)	(4)	(5) = (2) * 1.036	(6) = (4) * (5)	(7) = (2) * .5	(8) = (6)+(7)	(9)= (3) - (8)	(10) = (9) / (2)
Feb-08	$9.335	525	$4,546	$7.513	545	$4,091	$263	$4,354	$193	$0.366
Mar-08	$10.304	756	$7,790	$8.413	783	$6,591	$378	$6,969	$821	$1.086
Apr-08	$10.977	1,204	$13,216	$9.038	1,248	$11,276	$602	$11,878	$1,338	$1.112
May-08	$12.743	773	$9,850	$10.678	801	$8,553	$387	$8,940	$911	$1.178
Jun-08	$13.403	4,312	$57,789	$11.291	4,468	$50,451	$2,156	$52,607	$5,183	$1.202
Jul-08	$14.637	3,160	$46,253	$12.437	3,275	$40,724	$1,580	$42,304	$3,949	$1.250
Aug-08	$10.602	2,771	$29,378	$8.690	2,871	$24,952	$1,386	$26,338	$3,040	$1.097
Sep-08	$9.748	3,020	$29,439	$7.897	3,130	$24,712	$1,510	$26,222	$3,217	$1.065
Oct-08	$8.791	3,264	$28,694	$7.008	3,382	$23,704	$1,632	$25,336	$3,358	$1.029
Nov-08	$7.751	3,112	$24,121	$6.041	3,225	$19,483	$1,556	$21,039	$3,082	$0.990
Dec-08	$8.185	1,277	$10,442	$6.445	1,323	$8,529	$639	$9,167	$1,274	$0.998
Jan-09	$7.405	1,206	$8,930	$5.721	1,250	$7,149	$603	$7,752	$1,178	$0.977
Feb-09	$5.682	1,198	$6,807	$4.121	1,241	$5,116	$599	$5,715	$1,092	$0.911
Mar-09	$5.247	1,842	$9,664	$3.716	1,909	$7,094	$921	$8,015	$1,649	$0.895
Apr-09	$4.806	1,933	$10,140	$3.306	2,003	$6,623	$966	$7,589	$2,550	$1.320
May-09	$4.484	2,005	$8,990	$3.008	2,078	$6,249	$1,003	$7,252	$1,739	$0.867
Jun-09	$4.709	2,420	$11,396	$3.217	2,508	$8,067	$1,210	$9,277	$2,119	$0.876
Jul-09	$5.136	2,226	$11,433	$3.613	2,307	$8,334	$1,113	$9,447	$1,986	$0.892
Aug-09	$4.544	1,996	$9,083	$3.064	2,068	$6,336	$998	$7,333	$1,750	$0.877
		39,000							$40,429	

Cobra North Trumbull

Exhibit RS-18

Month	Contract Price paid by NEO $/Dth	Quantities purchased by NEO Dth	Invoiced Amount to NEO $	Price paid by JDOG to Producer $	Quantities purchased by JDOG from producer Dth	Price paid by JDOG to Producer $	Transport Charge Paid by JDOG $	Total Cost to Purchase Gas by JDOG for sale to NEO $	Total Profit to JDOG $	Profit per Dth $/Dth
	(1)	(2)	(3) = (1) * (2)	(4)	(5) = (2) * 1.036	(6) = (4) * (5)	(7) = (2) * .5	(8) = (6)+(7)	(9)= (3) - (8)	(10 = (9) / (2
Feb-08	$9.543	89	$811	$7.802	92	$718	$44	$763	$48	$0.541
Mar-08	$10.512	471	$4,951	$8.702	488	$4,247	$236	$4,483	$468	$0.994
Apr-08	$11.184	346	$4,089	$9.327	359	$3,344	$173	$3,517	$572	$1.652
May-08	$12.950	314	$4,066	$10.967	325	$3,568	$157	$3,725	$341	$1.086
Jun-08	$13.610	438	$5,961	$11.580	454	$5,256	$219	$5,475	$487	$1.111
Jul-08	$14.844	431	$6,398	$12.726	447	$5,684	$216	$5,899	$499	$1.157
Aug-08	$10.810	546	$5,902	$8.979	566	$5,080	$273	$5,353	$549	$1.005
Sep-08	$9.956	618	$6,153	$8.186	640	$5,242	$309	$5,551	$601	$0.973
Oct-08	$8.999	621	$5,588	$7.297	644	$4,696	$311	$5,006	$582	$0.937
Nov-08	$7.958	417	$3,319	$6.331	432	$2,736	$209	$2,944	$374	$0.898
Dec-08	$8.393	199	$1,668	$6.734	206	$1,389	$100	$1,488	$180	$0.904
Jan-09	$7.613	98	$746	$6.010	102	$610	$49	$659	$87	$0.885
Feb-09	$5.890	247	$1,455	$4.410	256	$1,129	$124	$1,252	$203	$0.820
Mar-09	$5.454	623	$3,400	$4.005	646	$2,587	$312	$2,899	$501	$0.804
Apr-09	$5.013	495	$2,699	$3.596	513	$1,844	$248	$2,092	$608	$1.228
May-09	$4.691	498	$2,336	$3.297	516	$1,701	$249	$1,950	$386	$0.775
Jun-09	$4.917	491	$2,414	$3.506	509	$1,784	$246	$2,029	$385	$0.784
Jul-09	$5.343	456	$2,436	$3.902	473	$1,844	$228	$2,072	$365	$0.800
Aug-09	$4.752	494	$2,352	$3.353	511	$1,715	$247	$1,961	$391	$0.792
		7,892							$7,625	

17

FILE

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company	)	Case No. 10-209-GA-GCR Case No. 10-212-GA-GCR
In the Matter of the Uncollectible Expense Riders Contained Within the Rate Schedules of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company	)	Case No. 10-309-GA-UEX Case No. 10-312-GA-UEX

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STIPULATION AND RECOMMENDATION

I. BACKGROUND

Rule 4901:1-30, Ohio Administrative Code ("O.A.C.") provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in such proceeding. Pursuant to Rule 4901:1-10(C), O.A.C. the Staff of the Public Utilities Commission of Ohio ("Staff") is considered a party for the purpose of entering into a stipulation under 4901:1-1-30, O.A.C.

The purpose of this document is to set forth the understanding of Northeast Ohio Natural Gas Corporation ("Northeast"), Orwell Natural Gas Company ("Orwell"; Northeast and Orwell also collectively referred to as "Companies"), the Office of the Ohio Consumers' Counsel ("OCC") and the Staff (collectively, the "Signatory Parties") and to resolve all issues pertaining to Northeast and Orwell in these proceedings.

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II. STIPULATION AND RECOMMENDATION

A. It is understood by the Signatory Parties that this Stipulation and Recommendation is not binding upon the Public Utilities Commission of Ohio ("Commission"). This Stipulation and Recommendation is based upon the Signatory Parties' desire to arrive at a reasoned and reasonable result considering the law, facts and circumstances in this case. Accordingly, the Signatory Parties believe this Stipulation and Recommendation should be given careful consideration by the Commission and should be adopted. This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of all issues in these proceedings; violates no regulatory principle; and is the product of serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the Signatory Parties to settle these cases. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by a wide range of interests, including the Staff.

B. This Stipulation is a compromise involving a balance of competing positions, and it does not necessarily reflect the positions that one or more of the Signatory Parties have taken during the course of litigation in these cases. The Signatory Parties believe that this Stipulation represents a reasonable compromise of varying interests when it is considered in its

entirety. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, each Signatory Party shall have the right, within thirty days of issuance of the Commission's order, to file an application for rehearing, or to terminate and withdraw from the Stipulation by filing a notice with the Commission in this proceeding, with service to all Parties. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification, any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Party seeking rehearing or terminating and withdrawing from this Stipulation pursuant to this provision, the Signatory Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Stipulation or proposes a reasonable equivalent thereto to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, this proceeding shall go forward from the procedural point at which this Stipulation was filed, and the Signatory Parties will be afforded the opportunity to brief all issues which shall be decided based upon the

evidentiary record and briefs as if this Stipulation never had been executed.

C. For purposes of resolving all issues presented in these proceedings, the Signatory Parties stipulate, agree, and recommend that the Commission make the following findings and issue its Order ("Order") in this proceeding as set forth below.

III. GCR FINANCIAL AUDIT MATTERS

A. On November 24, 2010, Staff filed its Report of its Financial Audit of the Gas Cost Recovery ("GCR") Mechanisms for Northeast for the effective GCR Periods March 1, 2008 through February 28, 2010 and for Orwell for the effective GCR Periods July 1, 2008 through June 30, 2010. Evidentiary hearings were conducted on May 9 - 13 and May 23, 2011. Following the conclusion of the evidentiary hearings the Signatory Parties engaged in a series of discussions leading to this Stipulation. The Signatory Parties agree to the following recommendations:

1. Recommendations pertaining to Orwell:

a. The Signatory Parties agree that Orwell overcollected $948,937 from customers during the audited periods, and agree that this overcollected amount will thus be reflected in the Actual Adjustment ("AA") for refund to customers. The Balance Adjustment ("BA") should be a refund of $15,473 to customers. The Signatory Parties agree that a Reconciliation Adjustment of $964,410 should be made in the customers' favor and should thus be refunded by Orwell to customers over a twenty-four month period commencing in the month after the Commission's

Order adopting this Stipulation.[1]

b. The Reconciliation Adjustment ("RA") refund to be made by Orwell will not include interest on the unpaid balance.

2. Recommendations pertaining to Northeast:

a. The Signatory Parties agree that Northeast undercollected $1,279,446 from customers during the audited periods, and agree that this undercollected amount will thus be reflected in the AA. In addition, the Signatory Parties further agree that the BA was overcollected and should be a refund of $178,811 to customers. Finally, the Signatory Parties agree that a RA of $1,100,635 should be collected by Northeast through the GCR mechanism over a twenty-four month period commencing in the month after the Commission's findings and Order adopting this Stipulation.[2]

b. The RA to be collected by Northeast shall include interest at an annual rate of ten percent on the unrecovered balance.

3. Recommendations pertaining to both Companies:

a. The Companies and their affiliated natural gas company Brainard

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[1] In its Report submitted on November 24, 2010 in Case No. 10-212-GA-GCR, Staff had originally recommended, as a litigation position, that Orwell had overcollected from customers during the audit periods, and determined that this overcollection would be reflected in the AA as a refund of $1,305,250. Additionally, the BA was also an overcollection from customers and should be a refund of $13,680, resulting in an RA in the customers' favor of $1,318,930. Staff Report, p. 3.

[2] In its Report submitted on November 24, 2010 in Case No. 10-209-GA-GCR, Staff had recommended an overcollection from customers during the audit periods resulting in an AA of $1,068,218. The Staff had determined that the BA was overcollected from customers in the amount of $178,811 thereby resulting in an RA of $1,247,029. However, Staff had noted at p.6 of the Report that the AA calculation was subject to change pending Northeast providing additional documentation regarding purchases of local production. After this documentation was provided, Staff revised this recommendation in the testimony of its witness R. Sarver. Staff recommended that Northeast had actually undercollected from customers resulting in an AA of $1,032,515, so that Staff's litigation position was to recommend an RA of $860,658 to be collected from customers.

Gas Corporation ("Brainard") will terminate their currently effective contracts for purchases of local production and the arrangement of purchases of natural gas in the interstate market, and such other contracts as must be terminated in order to effectuate the termination of those contracts, all as identified in Attachment A to this Stipulation and Recommendation, forthwith upon the entry of the Commission's Order adopting this Stipulation and Recommendation.

b. Gas Natural Service Company will continue to act as gas procurement manager and asset manager for the Companies and Brainard free of the restrictions currently in place by virtue of the terminated contracts identified in Attachment A to this Stipulation and Recommendation pending the implementation of competitive bidding for the gas supply requirements of the Companies. Gas Natural Service Company will receive any FERC ordered refunds or rebates allocated to each upstream pipeline capacity contract it is managing, and flow such refunds and rebates through to Northeast and Orwell's GCR customers.

c. The Companies and Brainard will not permit their available lines of credit to be employed to acquire natural gas for non-utility affiliated companies or related parties.

d. Gas Natural Service Company will not acquire natural gas on behalf of the Companies or Brainard for non-GCR customers, including shrinkage, fuel and company use gas.

e. Gas Natural Service Company will coordinate with Staff and the OCC in designing and implementing the request for proposal(s) ("RFP") and the selection criteria that identifies in detail all services to be provided by the successful bidder. OCC shall have the right to fully participate in the RFP process to the extent it determines necessary in order to assure that Northeast and Orwell GCR customers are protected from the potential harm from onerous contract terms procuring their natural gas requirements and/or managing their capacity and storage assets. The request for proposal process shall lead to the receipt of competitive bids to manage the interstate transportation and storage capacity assets of the Companies and procure the gas requirements of the Companies' GCR customers and Brainard's GCR customers in the local and interstate markets. It is agreed that bids received from competitive bidders will be provided to Gas Natural Service Company, the Companies and Brainard, Staff and the OCC contemporaneously. Gas Natural Service Company will select the successful bidder in consultation with Brainard, Northeast and Orwell. It is the intention of the Signatory Parties that the competitive bidding process will be completed by November 1, 2011.

f. Marketers who are affiliated with or related parties to the Companies and Brainard shall be accorded the opportunity to participate in the competitive bidding process on the identical terms and access to information as non-affiliated marketers.

g. After the effective date of termination of contracts identified in Attachment A to this Stipulation and Recommendation, and until the date of initiation of gas procurement services and/or asset management services by the successful competitive bidder, Gas Natural Service Company will continue to acquire local gas supplies for the Companies from John D. Oil and Gas Marketing. The Companies agree that such purchases from John D. will be subject to Staff review in future GCR proceedings.

h. Staff and OCC will not assert a claim for civil forfeiture pursuant to Ohio Revised Code Sections 4905.22 or 4905.54 with respect to any purchases made by the Companies pursuant to the contracts to be terminated as identified in Attachment A to this Stipulation and Recommendation, during the GCR periods covered by the audits in these proceedings and in any subsequent periods covered by future GCR audits.

i. Except as specified herein, this Stipulation and Recommendation shall not preclude any Party from taking any position with respect to GCR audits for any periods subsequent to the audit periods in these proceedings.

IV. UNCOLLECTIBLE EXPENSE RIDER AUDITS

On November 24, 2010, Staff filed its Audit Reports covering the Uncollectible Expense Mechanisms of Northeast and Orwell for the period January 2007 through December 2009. In each audit, the Signatory Parties agree with the

findings and recommendations of Staff in those reports and recommend that the Commission adopt the Uncollectible Expense Audit findings and recommendations submitted by Staff in these proceedings.

V. PROCEDURAL MATTERS

A. The Signatory Parties agree that the proofs of publication submitted in the GCR proceedings as Company Exhibit 1 and admitted into the record demonstrate that reasonable and adequate notice of these proceedings has been published in compliance with the Commission's rules and Orders of the Attorney Examiner.

B. The Signatory Parties agree that the Companies' testimony, Staff's testimony and OCC's testimony, including pre-filed testimony and that presented orally at the evidentiary hearings and the exhibits admitted into evidence in the record of these proceedings support the reasonableness of this Stipulation and Recommendation, taken as a whole, consistent with the criteria that the Commission has adopted for purposes of evaluation of settlements.

C. Notwithstanding anything to the contrary in any pre-filed testimony or testimony submitted orally at the evidentiary hearings in these proceedings, the Signatory Parties agree that, to the extent that any specific recommendations or positions proposed by the witnesses in these proceedings are not explicitly adopted by this Stipulation and Recommendation, said recommendations or positions are excluded from and not supported by the Signatory Parties as part of this Stipulation and Recommendation.

D. The Signatory Parties agree and intend to support the reasonableness of this Stipulation and Recommendation before the Commission and in any appeal from

the Commission's adoption or enforcement of this Stipulation and Recommendation. If not finally adopted by the Commission or if rejected by any appellate court, this Stipulation and Recommendation shall not prejudice any of the positions taken by any Signatory Party on any issue before the Commission in this or any other proceeding, is not an admission of fact by any of the Signatory Parties, and shall not be admissible evidence in this or any other proceeding. This Stipulation and Recommendation is submitted for purposes of this case only, and it and any ruling adopting it may not be relied upon or used in any other proceeding except as necessary to enforce the terms of this Stipulation and Recommendation. Except as necessary to enforce the terms of this Stipulation and Recommendation, neither this Stipulation nor the information and data contained herein or attached, nor the Commission Order approving the Stipulation shall be cited as precedent in any future proceeding for or against any Signatory Party, or the Commission itself, if the Commission approves this Stipulation and Recommendation. Nor shall the acceptance of any provision as part of the settlement agreement be cited by any Signatory Party or the Commission in any forum so as to imply or state that any Signatory Party agrees with any specific provision of the settlement.

[Remainder of page left blank intentionally]

Agreed upon and submitted this 18th day of August, 2011.

On Behalf of the Staff of the Public Utilities Commission of Ohio

Werner L. Margard III, Counsel of Record
Steven L. Beeler
Devin D. Parram
Assistant Attorneys General
Public Utilities Commission of Ohio
180 East Broad Street, 6th Floor
Columbus, Ohio 43215

On Behalf of the Office of the Ohio Consumers' Counsel

Joseph P. Serio, Counsel of Record
Larry S. Sauer
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, Ohio 43215

On Behalf of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company

Andrew J. Sonderman
Kegler Brown Hill & Ritter LPA
Capitol Square, Suite 1800
65 East State Street
Columbus, Ohio 43215-4294

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Terminated Per Stipulation

Asset Management Agreement ORWELL2010-GTS-TC0 #1.1	Executed 1/03/10 (Naming JDOG asset manager; never posted)
Asset Management Agreement ORWELL2011-GTS-TC0 #1.2 Exh. OCC-3	Executed 2/24/11 (with reversion clause)
Storage Service Agreement JOHND2008-FSS-TCO #1	Executed5/09/08
Storage Service Transportation Agreement JOHND2008-SST-TCO #2	
Asset Management Agreement JOHND2011-SSTFSS-TCO #2.1 Exh. OCC-4	Executed 2/24/11
Intrastate Natural Gas Sales Contract JOHND2011-INTRASTATEsales-Service Company #2.1 Exh. OCC-5	Executed 2/23/11
Brokerage Contract for Interstate Natural Gas Sales JOHND2011-InterstateSales-Service Company #3.1 Exh. OCC-7	Executed 2/23/11
Interstate Gas Sales Contract ServiceCompany2011-InterstateSales-LDCs #4.1 Exh. OCC-9	Executed 2/23/11
Intrastate Natural Gas Sales Contract ServiceCompany2011-INTRASTATEsales-LDCs #5.1 Exh. OCC-11	Executed 2/23/11
Intrastate Gas Sales Contract JOHND2008-INTRASTATEsales-LDCs #1.1, OCC Exh. 1, Att. 2;	Effective 7/01/08
Appointment of Natural Gas Agent JOHND2008-InterstateSales-LDCs #1 OCC Exh. 1, Att. 3	Executed January 3, 2010 Superseded by JOHND2008-InterstateSales-LDCs #1.1 (with reversion clause)
JohnD2008-InterstateSales-LDCs #1.1	Executed 2/24/11 (with reversion clause)
Intrastate Gas Sales Contract JohnD2008-INTRASTATEsales-LDCs #1.1.1	Executed 2/24/11 (with reversion clause)
Asset Management Agreement NEO2010-GTS-TCO #1.1.1	Executed 1/03/10 (naming JDOG asset manager; never posted)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Terminated Per Stipulation

Asset Management Agreement NEO2011-GTS-TCO#1.2	Executed 2/24/11 (naming GNI Service Co. as JDOG asset manager)
Intrastate Gas Sale Contract GreatPlains 2011-INTRASTATEsales-Service Company #1.1	Executed April 1, 2011 (amended GreatPlains2011-INTRASTATEsales-Service Company # 1)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Continued After Stipulation

Asset Management Agreement Orwell 1993 EFT-NATFUEL #1	EFT Service Agreement executed 8/01/93
Asset Management Agreement Orwell 1993-EFT-NATFUEL #1.1 Exh. OCC-2	Executed 2/23/11
Operational Balancing Agreement NEO1993-OBA-Tennessee #1	Executed 9/01/1993
Interstate Transportation NEO2004-GTS-TCO #1	GTS service agreement executed 11/01/04 rolled over to NEO2008-GTS-TCO #1.1
Interstate Transportation NEO2008-GTS-TCO#1.1	GTS service agreement executed 5/09/08 rolled over from NEO2004-GTS-TCO #1
Interstate Transportation NEO2008-FTS-TCO #1	FTS service agreement executed 5/0/08
Asset Management Agreement NEO2011-FTS-TCO#1.1	Executed 2/23/11 Note: remains in effect pending selection of successful bidder by competitive bid
Interstate Transportation ORWELL2004-GTS-TCO#1	GTS service agreement executed 1/14/04
Interstate Transportation ORWELL2008-GTS-TCO #1.0.1	Executed 2/24/11 rescinding Asset Management Agreement with JDOG/never posted
Base Contract for Sale and Purchase of Natural Gas JOHND2011-INTRASTATESales-Service Company #2 Exh. OCC-6	Executed 2/23/11 Note: Remains in effect pending selection of successful bidder by competitive bids
Base Contract for Sale and Purchase of Natural Gas JOHND2011-InterstateSales-Service Company #3 Exh. OCC-8	Executed 2/23/11 Note: Remains in effect pending selection of successful bidder by competitive bids

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Continued After Stipulation

Base Contract for Sale and Purchase of Natural Gas ServiceCompany2011-InterstateSales-LDCs #4 Exh. OCC-10	Executed 2/23/11 Note: remains effective indefinitely
Base Contract for Sale and Purchase of Natural Gas ServiceCompany2011-INTRASTATEsales-LDCs #5 Exh. OCC-12	Executed 2/23/11 Note: remains effective indefinitely
GTS Service Agreement No. 37962 Orwell2004-GTS-TCO #1 Exh. OCC-1, Att. 8	Executed 1/14/04
Asset Management Agreement Orwell2010-GTS-TCO #1.1 Exh. OCC-1, Att. 12/Att. 24	Executed 1/03/10 Assigned to Service Company by ORWELL2011-GTS-TCO #1.2
Base Contract for Sale and Purchase of Natural Gas GreatPlains2011-INTRASTATEsales-Service Company #1	Executed 4/01/11 Note: Remains in effect pending selection of successful bidder by competitive bid
Intrastate Transportation Agreement Orwell2010-IT-Northcoast #1	Latest Amendment executed 6/08/10
Intrastate Transportation Agreement NEO2010-IT-NorthCoast #1	Executed 9/20/2010
Intrastate Transportation Agreement NEO2005-GTS-Dominion East Ohio #1	Executed 4/18/2005
Intrastate Transportation Agreement NEO2008-IT_Cobra Pipeline #1	Holmesville System Executed 1/24/2008
Intrastate Transportation Agreement NEO2008-IT-Cobra Pipeline #2	Churchtown System Executed 1/24/08
Intrastate Transportation Agreement NEO2008-IT-CobraPipeline #3	North Trumbull System Executed 1/24/08
Intrastate Transportation Agreement ORWELL2008-IT-CobraPipeline #1	Executed 1/24/08
Intrastate Transportation Agreement ORWELL2008-GDS-Columbia of Pa. #1	Executed 11/04/08
Intrastate Transportation Orwell, Brainard/Orwell-Trumbull OrwellBrainard2008IT-Orwell-Trumbull #1	07/01/08 interruptible transportation agreement

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts Expired or Previously Terminated

Gas Sales Agreement JohnD2008-INTRASTATEsales-LDCs #1.0 Exh. OCC-1, Att. 23	Executed July 1, 2008 Note: had been rescinded by JohnD2008-INTRASTATE-LDCs #1.0.1 and superseded by JOHND2008-INTRASTATE-LDCs #1.1
Gas Purchase Agreement ONG Marketing and Great Plains Exploration GREATPLAINS2007-INTRASTATEsales-ONG #1 Exh. OCC-1, Att. 5	Effective October 1, 2007 Superseded by Gas Purchase Agreement effective October 1, 2008 Exh. OCC-1, Att. 6
Assignment Orwell2008-GTS-TCO #1.0 Exh. OCC-1, Att. 10	Executed 7/01/08, never posted on EBB and not effective Rescinded by subsequent agreement Orwell2008-GTS-TCO #1.0.1 Exh. OCC-1, Att. 11
Gas Sales Agreement ONG Marketing and Orwell Natural Gas Company ONG2006-INTRASTATEsales-Orwell #1 Exh. OCC-1, Att. 14	Executed 1/01/06
Gas Sales Agreement ONG Marketing and Orwell Natural Gas Company Exh. OCC-1, Att. 15	Dated October 1, 2007 Never executed
Gas Purchase Agreement JDOG Marketing and Great Plains Exploration Exh. OCC-1, Att. 16	Executed October 1, 2008
Gas Purchase Agreement Orwell Natural Gas Company and Great Plains Exploration Exh. OCC-1, Att. 17	Dated 10/01/09 Never Executed
Gas Purchase Agreement ONG Marketing and Great Plains Exploration Exh. OCC-1, Att. 18	Dated 10/01/07 Never Executed by Great Plains
Gas Purchase Agreements John D. and Northeast Ohio Cobra Systems (Churchtown, Holmesville, North Trumbull) Exh. OCC-1, Att. 29	Executed 2/06/2008 Superseded by JOHND2008 INTRASTATEsales LDCS #1.1, (OCC Exh. 1, Att. 2)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts Expired or Previously Terminated

Gas Purchase Agreement ONG Marketing and Northeast Ohio ONG2006-InterstateSales-NEO#1	Executed 10/01/06 Superseded by JOHND2008-Interstate Sales-LDCs #1
Gas Purchase Agreement ONG Marketing and Northeast Ohio ONG2006-InterstateSales-Orwell#1	Executed 10/01/06 Superseded by JOHND2008-InterstateSales-LDCs#1
Asset Management Agreement NEO and John D. NEO2008-GTS-TCO #1.0	Executed -7/01/08, Rescinded by NEO2008-GTS-TCO #1.0.1

17

FILE

BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Regulation of the Purchased Gas Adjustment Clauses Contained Within the Rate Schedules of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company	)	Case No. 10-209-GA-GCR Case No. 10-212-GA-GCR
In the Matter of the Uncollectible Expense Riders Contained Within the Rate Schedules of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company	)	Case No. 10-309-GA-UEX Case No. 10-312-GA-UEX

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I. BACKGROUND

Rule 4901:1-30, Ohio Administrative Code ("O.A.C.") provides that any two or more parties to a proceeding may enter into a written or oral stipulation concerning the issues presented in such proceeding. Pursuant to Rule 4901:1-10(C), O.A.C. the Staff of the Public Utilities Commission of Ohio ("Staff") is considered a party for the purpose of entering into a stipulation under 4901:1-1-30, O.A.C.

The purpose of this document is to set forth the understanding of Northeast Ohio Natural Gas Corporation ("Northeast"), Orwell Natural Gas Company ("Orwell"; Northeast and Orwell also collectively referred to as "Companies"), the Office of the Ohio Consumers' Counsel ("OCC") and the Staff (collectively, the "Signatory Parties") and to resolve all issues pertaining to Northeast and Orwell in these proceedings.

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II. STIPULATION AND RECOMMENDATION

A. It is understood by the Signatory Parties that this Stipulation and Recommendation is not binding upon the Public Utilities Commission of Ohio ("Commission"). This Stipulation and Recommendation is based upon the Signatory Parties' desire to arrive at a reasoned and reasonable result considering the law, facts and circumstances in this case. Accordingly, the Signatory Parties believe this Stipulation and Recommendation should be given careful consideration by the Commission and should be adopted. This Stipulation is supported by adequate data and information; represents a just and reasonable resolution of all issues in these proceedings; violates no regulatory principle; and is the product of serious bargaining among knowledgeable and capable parties in a cooperative process undertaken by the Signatory Parties to settle these cases. While this Stipulation is not binding on the Commission, it is entitled to careful consideration by the Commission, where, as here, it is sponsored by a wide range of interests, including the Staff.

B. This Stipulation is a compromise involving a balance of competing positions, and it does not necessarily reflect the positions that one or more of the Signatory Parties have taken during the course of litigation in these cases. The Signatory Parties believe that this Stipulation represents a reasonable compromise of varying interests when it is considered in its

entirety. This Stipulation is expressly conditioned upon adoption in its entirety by the Commission without material modification by the Commission. Should the Commission reject or materially modify all or any part of this Stipulation, each Signatory Party shall have the right, within thirty days of issuance of the Commission's order, to file an application for rehearing, or to terminate and withdraw from the Stipulation by filing a notice with the Commission in this proceeding, with service to all Parties. Upon the Commission's issuance of an entry on rehearing that does not adopt the Stipulation in its entirety without material modification, any Party may terminate and withdraw from the Stipulation by filing a notice with the Commission within thirty (30) days of the Commission's entry on rehearing. Prior to any Party seeking rehearing or terminating and withdrawing from this Stipulation pursuant to this provision, the Signatory Parties agree to convene immediately to work in good faith to achieve an outcome that substantially satisfies the intent of the Stipulation or proposes a reasonable equivalent thereto to be submitted to the Commission for its consideration. Upon notice of termination or withdrawal by any Party, pursuant to the above provisions, the Stipulation shall immediately become null and void. In such event, this proceeding shall go forward from the procedural point at which this Stipulation was filed, and the Signatory Parties will be afforded the opportunity to brief all issues which shall be decided based upon the

evidentiary record and briefs as if this Stipulation never had been executed.

C. For purposes of resolving all issues presented in these proceedings, the Signatory Parties stipulate, agree, and recommend that the Commission make the following findings and issue its Order ("Order") in this proceeding as set forth below.

III. GCR FINANCIAL AUDIT MATTERS

A. On November 24, 2010, Staff filed its Report of its Financial Audit of the Gas Cost Recovery ("GCR") Mechanisms for Northeast for the effective GCR Periods March 1, 2008 through February 28, 2010 and for Orwell for the effective GCR Periods July 1, 2008 through June 30, 2010. Evidentiary hearings were conducted on May 9 - 13 and May 23, 2011. Following the conclusion of the evidentiary hearings the Signatory Parties engaged in a series of discussions leading to this Stipulation. The Signatory Parties agree to the following recommendations:

1. Recommendations pertaining to Orwell:

a. The Signatory Parties agree that Orwell overcollected $948,937 from customers during the audited periods, and agree that this overcollected amount will thus be reflected in the Actual Adjustment ("AA") for refund to customers. The Balance Adjustment ("BA") should be a refund of $15,473 to customers. The Signatory Parties agree that a Reconciliation Adjustment of $964,410 should be made in the customers' favor and should thus be refunded by Orwell to customers over a twenty-four month period commencing in the month after the Commission's

Order adopting this Stipulation.[1]

b. The Reconciliation Adjustment ("RA") refund to be made by Orwell will not include interest on the unpaid balance.

2. Recommendations pertaining to Northeast:

a. The Signatory Parties agree that Northeast undercollected $1,279,446 from customers during the audited periods, and agree that this undercollected amount will thus be reflected in the AA. In addition, the Signatory Parties further agree that the BA was overcollected and should be a refund of $178,811 to customers. Finally, the Signatory Parties agree that a RA of $1,100,635 should be collected by Northeast through the GCR mechanism over a twenty-four month period commencing in the month after the Commission's findings and Order adopting this Stipulation.[2]

b. The RA to be collected by Northeast shall include interest at an annual rate of ten percent on the unrecovered balance.

3. Recommendations pertaining to both Companies:

a. The Companies and their affiliated natural gas company Brainard

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[1] In its Report submitted on November 24, 2010 in Case No. 10-212-GA-GCR, Staff had originally recommended, as a litigation position, that Orwell had overcollected from customers during the audit periods, and determined that this overcollection would be reflected in the AA as a refund of $1,305,250. Additionally, the BA was also an overcollection from customers and should be a refund of $13,680, resulting in an RA in the customers' favor of $1,318,930. Staff Report, p. 3.

[2] In its Report submitted on November 24, 2010 in Case No. 10-209-GA-GCR, Staff had recommended an overcollection from customers during the audit periods resulting in an AA of $1,068,218. The Staff had determined that the BA was overcollected from customers in the amount of $178,811 thereby resulting in an RA of $1,247,029. However, Staff had noted at p.6 of the Report that the AA calculation was subject to change pending Northeast providing additional documentation regarding purchases of local production. After this documentation was provided, Staff revised this recommendation in the testimony of its witness R. Sarver. Staff recommended that Northeast had actually undercollected from customers resulting in an AA of $1,032,515, so that Staff's litigation position was to recommend an RA of $860,658 to be collected from customers.

Gas Corporation ("Brainard") will terminate their currently effective contracts for purchases of local production and the arrangement of purchases of natural gas in the interstate market, and such other contracts as must be terminated in order to effectuate the termination of those contracts, all as identified in Attachment A to this Stipulation and Recommendation, forthwith upon the entry of the Commission's Order adopting this Stipulation and Recommendation.

b. Gas Natural Service Company will continue to act as gas procurement manager and asset manager for the Companies and Brainard free of the restrictions currently in place by virtue of the terminated contracts identified in Attachment A to this Stipulation and Recommendation pending the implementation of competitive bidding for the gas supply requirements of the Companies. Gas Natural Service Company will receive any FERC ordered refunds or rebates allocated to each upstream pipeline capacity contract it is managing, and flow such refunds and rebates through to Northeast and Orwell's GCR customers.

c. The Companies and Brainard will not permit their available lines of credit to be employed to acquire natural gas for non-utility affiliated companies or related parties.

d. Gas Natural Service Company will not acquire natural gas on behalf of the Companies or Brainard for non-GCR customers, including shrinkage, fuel and company use gas.

e. Gas Natural Service Company will coordinate with Staff and the OCC in designing and implementing the request for proposal(s) ("RFP") and the selection criteria that identifies in detail all services to be provided by the successful bidder. OCC shall have the right to fully participate in the RFP process to the extent it determines necessary in order to assure that Northeast and Orwell GCR customers are protected from the potential harm from onerous contract terms procuring their natural gas requirements and/or managing their capacity and storage assets. The request for proposal process shall lead to the receipt of competitive bids to manage the interstate transportation and storage capacity assets of the Companies and procure the gas requirements of the Companies' GCR customers and Brainard's GCR customers in the local and interstate markets. It is agreed that bids received from competitive bidders will be provided to Gas Natural Service Company, the Companies and Brainard, Staff and the OCC contemporaneously. Gas Natural Service Company will select the successful bidder in consultation with Brainard, Northeast and Orwell. It is the intention of the Signatory Parties that the competitive bidding process will be completed by November 1, 2011.

f. Marketers who are affiliated with or related parties to the Companies and Brainard shall be accorded the opportunity to participate in the competitive bidding process on the identical terms and access to information as non-affiliated marketers.

g. After the effective date of termination of contracts identified in Attachment A to this Stipulation and Recommendation, and until the date of initiation of gas procurement services and/or asset management services by the successful competitive bidder, Gas Natural Service Company will continue to acquire local gas supplies for the Companies from John D. Oil and Gas Marketing. The Companies agree that such purchases from John D. will be subject to Staff review in future GCR proceedings.

h. Staff and OCC will not assert a claim for civil forfeiture pursuant to Ohio Revised Code Sections 4905.22 or 4905.54 with respect to any purchases made by the Companies pursuant to the contracts to be terminated as identified in Attachment A to this Stipulation and Recommendation, during the GCR periods covered by the audits in these proceedings and in any subsequent periods covered by future GCR audits.

i. Except as specified herein, this Stipulation and Recommendation shall not preclude any Party from taking any position with respect to GCR audits for any periods subsequent to the audit periods in these proceedings.

IV. UNCOLLECTIBLE EXPENSE RIDER AUDITS

On November 24, 2010, Staff filed its Audit Reports covering the Uncollectible Expense Mechanisms of Northeast and Orwell for the period January 2007 through December 2009. In each audit, the Signatory Parties agree with the

findings and recommendations of Staff in those reports and recommend that the Commission adopt the Uncollectible Expense Audit findings and recommendations submitted by Staff in these proceedings.

V. PROCEDURAL MATTERS

A. The Signatory Parties agree that the proofs of publication submitted in the GCR proceedings as Company Exhibit 1 and admitted into the record demonstrate that reasonable and adequate notice of these proceedings has been published in compliance with the Commission's rules and Orders of the Attorney Examiner.

B. The Signatory Parties agree that the Companies' testimony, Staff's testimony and OCC's testimony, including pre-filed testimony and that presented orally at the evidentiary hearings and the exhibits admitted into evidence in the record of these proceedings support the reasonableness of this Stipulation and Recommendation, taken as a whole, consistent with the criteria that the Commission has adopted for purposes of evaluation of settlements.

C. Notwithstanding anything to the contrary in any pre-filed testimony or testimony submitted orally at the evidentiary hearings in these proceedings, the Signatory Parties agree that, to the extent that any specific recommendations or positions proposed by the witnesses in these proceedings are not explicitly adopted by this Stipulation and Recommendation, said recommendations or positions are excluded from and not supported by the Signatory Parties as part of this Stipulation and Recommendation.

D. The Signatory Parties agree and intend to support the reasonableness of this Stipulation and Recommendation before the Commission and in any appeal from

the Commission's adoption or enforcement of this Stipulation and Recommendation. If not finally adopted by the Commission or if rejected by any appellate court, this Stipulation and Recommendation shall not prejudice any of the positions taken by any Signatory Party on any issue before the Commission in this or any other proceeding, is not an admission of fact by any of the Signatory Parties, and shall not be admissible evidence in this or any other proceeding. This Stipulation and Recommendation is submitted for purposes of this case only, and it and any ruling adopting it may not be relied upon or used in any other proceeding except as necessary to enforce the terms of this Stipulation and Recommendation. Except as necessary to enforce the terms of this Stipulation and Recommendation, neither this Stipulation nor the information and data contained herein or attached, nor the Commission Order approving the Stipulation shall be cited as precedent in any future proceeding for or against any Signatory Party, or the Commission itself, if the Commission approves this Stipulation and Recommendation. Nor shall the acceptance of any provision as part of the settlement agreement be cited by any Signatory Party or the Commission in any forum so as to imply or state that any Signatory Party agrees with any specific provision of the settlement.

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Agreed upon and submitted this 18th day of August, 2011.

On Behalf of the Staff of the Public Utilities Commission of Ohio

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On Behalf of Northeast Ohio Natural Gas Corporation and Orwell Natural Gas Company

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ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Terminated Per Stipulation

Asset Management Agreement ORWELL2010-GTS-TC0 #1.1	Executed 1/03/10 (Naming JDOG asset manager; never posted)
Asset Management Agreement ORWELL2011-GTS-TC0 #1.2 Exh. OCC-3	Executed 2/24/11 (with reversion clause)
Storage Service Agreement JOHND2008-FSS-TCO #1	Executed5/09/08
Storage Service Transportation Agreement JOHND2008-SST-TCO #2	
Asset Management Agreement JOHND2011-SSTFSS-TCO #2.1 Exh. OCC-4	Executed 2/24/11
Intrastate Natural Gas Sales Contract JOHND2011-INTRASTATEsales-Service Company #2.1 Exh. OCC-5	Executed 2/23/11
Brokerage Contract for Interstate Natural Gas Sales JOHND2011-InterstateSales-Service Company #3.1 Exh. OCC-7	Executed 2/23/11
Interstate Gas Sales Contract ServiceCompany2011-InterstateSales-LDCs #4.1 Exh. OCC-9	Executed 2/23/11
Intrastate Natural Gas Sales Contract ServiceCompany2011-INTRASTATEsales-LDCs #5.1 Exh. OCC-11	Executed 2/23/11
Intrastate Gas Sales Contract JOHND2008-INTRASTATEsales-LDCs #1.1, OCC Exh. 1, Att. 2;	Effective 7/01/08
Appointment of Natural Gas Agent JOHND2008-InterstateSales-LDCs #1 OCC Exh. 1, Att. 3	Executed January 3, 2010 Superseded by JOHND2008-InterstateSales-LDCs #1.1 (with reversion clause)
JohnD2008-InterstateSales-LDCs #1.1	Executed 2/24/11 (with reversion clause)
Intrastate Gas Sales Contract JohnD2008-INTRASTATEsales-LDCs #1.1.1	Executed 2/24/11 (with reversion clause)
Asset Management Agreement NEO2010-GTS-TCO #1.1.1	Executed 1/03/10 (naming JDOG asset manager; never posted)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Terminated Per Stipulation

Asset Management Agreement NEO2011-GTS-TCO#1.2	Executed 2/24/11 (naming GNI Service Co. as JDOG asset manager)
Intrastate Gas Sale Contract GreatPlains 2011-INTRASTATEsales-Service Company #1.1	Executed April 1, 2011 (amended GreatPlains2011-INTRASTATEsales-Service Company # 1)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Continued After Stipulation

Asset Management Agreement Orwell 1993 EFT-NATFUEL #1	EFT Service Agreement executed 8/01/93
Asset Management Agreement Orwell 1993-EFT-NATFUEL #1.1 Exh. OCC-2	Executed 2/23/11
Operational Balancing Agreement NEO1993-OBA-Tennessee #1	Executed 9/01/1993
Interstate Transportation NEO2004-GTS-TCO #1	GTS service agreement executed 11/01/04 rolled over to NEO2008-GTS-TCO #1.1
Interstate Transportation NEO2008-GTS-TCO#1.1	GTS service agreement executed 5/09/08 rolled over from NEO2004-GTS-TCO #1
Interstate Transportation NEO2008-FTS-TCO #1	FTS service agreement executed 5/0/08
Asset Management Agreement NEO2011-FTS-TCO#1.1	Executed 2/23/11 Note: remains in effect pending selection of successful bidder by competitive bid
Interstate Transportation ORWELL2004-GTS-TCO#1	GTS service agreement executed 1/14/04
Interstate Transportation ORWELL2008-GTS-TCO #1.0.1	Executed 2/24/11 rescinding Asset Management Agreement with JDOG/never posted
Base Contract for Sale and Purchase of Natural Gas JOHND2011-INTRASTATESales-Service Company #2 Exh. OCC-6	Executed 2/23/11 Note: Remains in effect pending selection of successful bidder by competitive bids
Base Contract for Sale and Purchase of Natural Gas JOHND2011-InterstateSales-Service Company #3 Exh. OCC-8	Executed 2/23/11 Note: Remains in effect pending selection of successful bidder by competitive bids

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts To Be Continued After Stipulation

Base Contract for Sale and Purchase of Natural Gas ServiceCompany2011-InterstateSales-LDCs #4 Exh. OCC-10	Executed 2/23/11 Note: remains effective indefinitely
Base Contract for Sale and Purchase of Natural Gas ServiceCompany2011-INTRASTATEsales-LDCs #5 Exh. OCC-12	Executed 2/23/11 Note: remains effective indefinitely
GTS Service Agreement No. 37962 Orwell2004-GTS-TCO #1 Exh. OCC-1, Att. 8	Executed 1/14/04
Asset Management Agreement Orwell2010-GTS-TCO #1.1 Exh. OCC-1, Att. 12/Att. 24	Executed 1/03/10 Assigned to Service Company by ORWELL2011-GTS-TCO #1.2
Base Contract for Sale and Purchase of Natural Gas GreatPlains2011-INTRASTATEsales-Service Company #1	Executed 4/01/11 Note: Remains in effect pending selection of successful bidder by competitive bid
Intrastate Transportation Agreement Orwell2010-IT-Northcoast #1	Latest Amendment executed 6/08/10
Intrastate Transportation Agreement NEO2010-IT-NorthCoast #1	Executed 9/20/2010
Intrastate Transportation Agreement NEO2005-GTS-Dominion East Ohio #1	Executed 4/18/2005
Intrastate Transportation Agreement NEO2008-IT_Cobra Pipeline #1	Holmesville System Executed 1/24/2008
Intrastate Transportation Agreement NEO2008-IT-Cobra Pipeline #2	Churchtown System Executed 1/24/08
Intrastate Transportation Agreement NEO2008-IT-CobraPipeline #3	North Trumbull System Executed 1/24/08
Intrastate Transportation Agreement ORWELL2008-IT-CobraPipeline #1	Executed 1/24/08
Intrastate Transportation Agreement ORWELL2008-GDS-Columbia of Pa. #1	Executed 11/04/08
Intrastate Transportation Orwell, Brainard/Orwell-Trumbull OrwellBrainard2008IT-Orwell-Trumbull #1	07/01/08 interruptible transportation agreement

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts Expired or Previously Terminated

Gas Sales Agreement JohnD2008-INTRASTATEsales-LDCs #1.0 Exh. OCC-1, Att. 23	Executed July 1, 2008 Note: had been rescinded by JohnD2008-INTRASTATE-LDCs #1.0.1 and superseded by JOHND2008-INTRASTATE-LDCs #1.1
Gas Purchase Agreement ONG Marketing and Great Plains Exploration GREATPLAINS2007-INTRASTATEsales-ONG #1 Exh. OCC-1, Att. 5	Effective October 1, 2007 Superseded by Gas Purchase Agreement effective October 1, 2008 Exh. OCC-1, Att. 6
Assignment Orwell2008-GTS-TCO #1.0 Exh. OCC-1, Att. 10	Executed 7/01/08, never posted on EBB and not effective Rescinded by subsequent agreement Orwell2008-GTS-TCO #1.0.1 Exh. OCC-1, Att. 11
Gas Sales Agreement ONG Marketing and Orwell Natural Gas Company ONG2006-INTRASTATEsales-Orwell #1 Exh. OCC-1, Att. 14	Executed 1/01/06
Gas Sales Agreement ONG Marketing and Orwell Natural Gas Company Exh. OCC-1, Att. 15	Dated October 1, 2007 Never executed
Gas Purchase Agreement JDOG Marketing and Great Plains Exploration Exh. OCC-1, Att. 16	Executed October 1, 2008
Gas Purchase Agreement Orwell Natural Gas Company and Great Plains Exploration Exh. OCC-1, Att. 17	Dated 10/01/09 Never Executed
Gas Purchase Agreement ONG Marketing and Great Plains Exploration Exh. OCC-1, Att. 18	Dated 10/01/07 Never Executed by Great Plains
Gas Purchase Agreements John D. and Northeast Ohio Cobra Systems (Churchtown, Holmesville, North Trumbull) Exh. OCC-1, Att. 29	Executed 2/06/2008 Superseded by JOHND2008 INTRASTATEsales LDCS #1.1, (OCC Exh. 1, Att. 2)

ATTACHMENT A TO STIPULATION AND RECOMMENDATION
Case No. 10-209-GA-GCR
Case No. 10-212-GA-GCR

Contracts Expired or Previously Terminated

Gas Purchase Agreement ONG Marketing and Northeast Ohio ONG2006-InterstateSales-NEO#1	Executed 10/01/06 Superseded by JOHND2008-Interstate Sales-LDCs #1
Gas Purchase Agreement ONG Marketing and Northeast Ohio ONG2006-InterstateSales-Orwell#1	Executed 10/01/06 Superseded by JOHND2008-InterstateSales-LDCs#1
Asset Management Agreement NEO and John D. NEO2008-GTS-TCO #1.0	Executed -7/01/08, Rescinded by NEO2008-GTS-TCO #1.0.1

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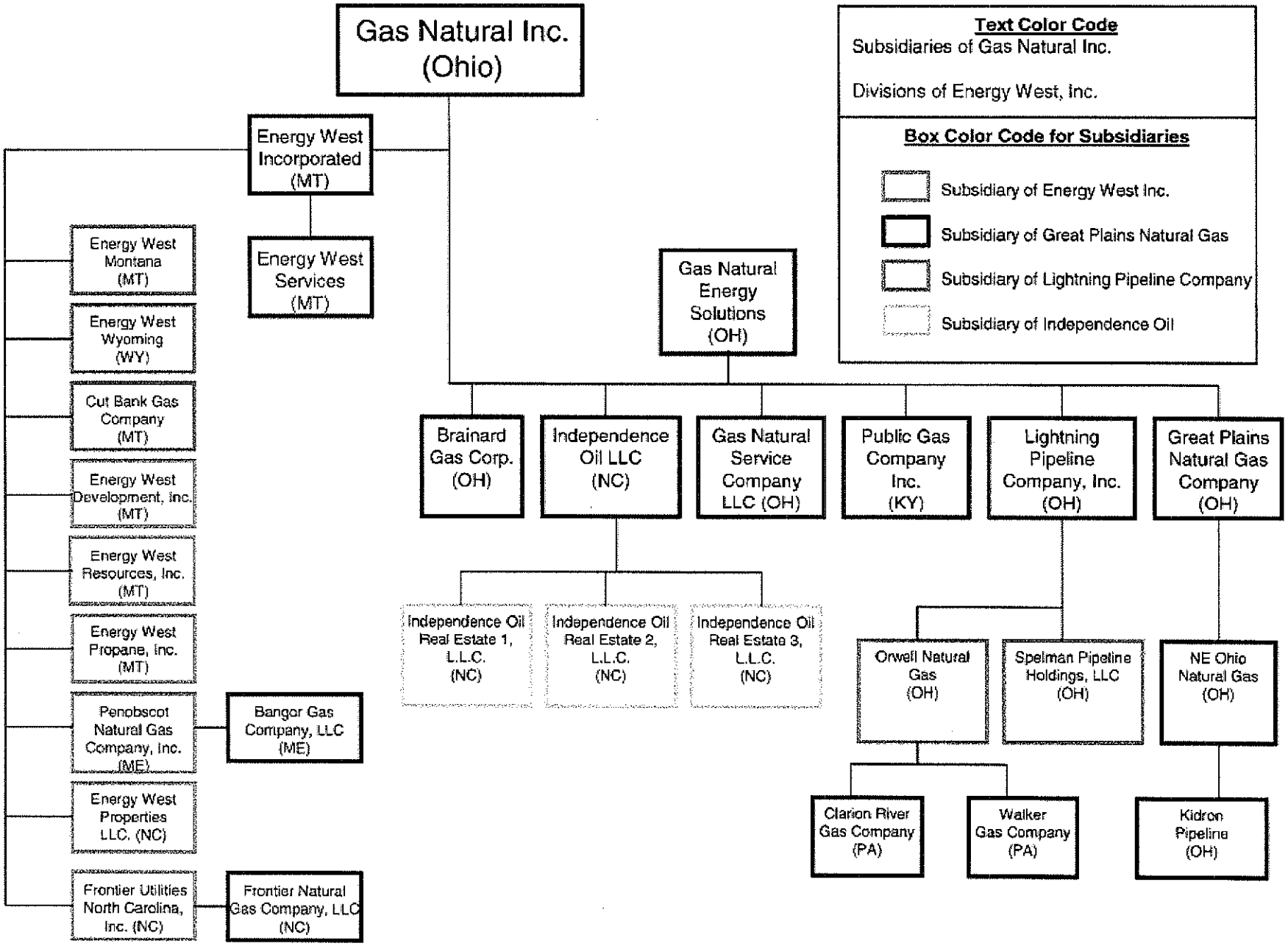
Gas Natural Inc. (Ohio)
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Subsidiary of Independence Oil
Energy West Incorporated (MT)
Energy West Services (MT)
Energy West Montana (MT)
Energy West Wyoming (WY)
Cut Bank Gas Company (MT)
Energy West Development, Inc. (MT)
Energy West Resources, Inc. (MT)
Energy West Propane, Inc. (MT)
Penobscot Natural Gas Company, Inc. (ME)
Bangor Gas Company, LLC (ME)
Energy West Properties LLC. (NC)
Frontier Utilities North Carolina, Inc. (NC)
Frontier Natural Gas Company, LLC (NC)
Gas Natural Energy Solutions (OH)
Brainard Gas Corp. (OH)
Independence Oil LLC (NC)
Gas Natural Service Company LLC (OH)
Public Gas Company Inc. (KY)
Lightning Pipeline Company, Inc. (OH)
Great Plains Natural Gas Company (OH)
Independence Oil Real Estate 1, L.L.C. (NC)
Independence Oil Real Estate 2, L.L.C. (NC)
Independence Oil Real Estate 3, L.L.C. (NC)
Orwell Natural Gas (OH)
Spelman Pipeline Holdings, LLC (OH)
NE Ohio Natural Gas (OH)
Clarion River Gas Company (PA)
Walker Gas Company (PA)
Kidron Pipeline (OH)

Northeast Ohio Natural Gas Corporation
12-209-GA-GCR
Actual Adjustment Calculation

	Per Staff	Sep-09	Oct-09	Nov-09	AA	Difference
Quarter End: Nov-09	Supply Cost $	$301,714	$564,740	$717,812		
	Jur. Sales MCF	42,288	60,945	125,387		
	Total Sales MCI	42,288	60,945	125,387		
	Book Cost $/ M	$7.1348	$9.2664	$5.7248		
	EGC$/MCF	$6.8994	$7.1507	$7.5469		
	Diff. $/MCF	$0.2354	$2.1157	($1.8221)		
	Cost Diff. $	$9,955	$128,942	($228,468)	($89,572)	
	Per Company					
	Supply Cost $	$75,959	$251,762	$680,256		
	Jur. Sales MCF	42,754	61,731	127,552		
	Total Sales MCI	42,754	61,731	127,552		
	Book Cost $/ M	$1.7767	$4.0784	$5.3332		
	EGC$/MCF	$6.8994	$7.1507	$7.5469		
	Diff. $/MCF	($5.1227)	($3.0723)	($2.2137)		
	Cost Diff. $	($219,015)	($189,656)	($282,361)	($691,032)	$601,460

	Per Staff	Dec-09	Jan-10	Feb-10	AA	Difference
Quarter End: Feb-10	Supply Cost $	$1,322,285	$1,757,758	$1,625,396		
	Jur. Sales MCF	184,727	356,016	327,933		
	Total Sales MCI	184,727	356,016	327,933		
	Book Cost $/ M	$7.1580	$4.9373	$4.9565		
	EGC$/MCF	$7.0157	$7.7574	$7.3267		
	Diff. $/MCF	$0.1423	($2.8201)	($2.3702)		
	Cost Diff. $	$26,287	($1,004,002)	($777,266)	($1,754,981)	
	Per Company					
	Supply Cost $	$1,424,692	$2,111,650	$1,950,510		
	Jur. Sales MCF	187,122	362,221	333,197		
	Total Sales MCI	187,122	362,221	333,197		
	Book Cost $/ M	$7.6137	$5.8297	$5.8539		
	EGC$/MCF	$7.0157	$7.7574	$7.3267		
	Diff. $/MCF	$0.5980	($1.9277)	($1.4728)		
	Cost Diff. $	$111,899	($698,253)	($490,732)	($1,077,086)	($677,895)

Northeast Ohio Natural Gas Corporation
12-209-GA-GCR
Actual Adjustment Calculation

	Per Staff	Mar-10	Apr-10	May-10	AA	Difference
Quarter End: May-10	Supply Cost $	$1,277,554	$892,707	$819,014		
	Jur. Sales MCF	278,732	159,703	88,761		
	Total Sales MCI	278,732	159,703	88,761		
	Book Cost $/ M	$4.5834	$5.5898	$9.2272		
	EGC$/MCF	$7.7974	$6.9757	$8.6155		
	Diff. $/MCF	($3.2140)	($1.3859)	$0.6117		
	Cost Diff. $	($895,845)	($221,332)	$54,295	($1,062,882)	
	Per Company					
	Supply Cost $	$1,475,597	$450,722	$776,985		
	Jur. Sales MCF	178,619	112,764	54,641		
	Total Sales MCI	178,619	112,764	54,641		
	Book Cost $/ M	$8.2611	$3.9970	$14.2198		
	EGC$/MCF	$7.7974	$6.9757	$8.6155		
	Diff. $/MCF	$0.4637	($2.9787)	$5.6043		
	Cost Diff. $	$82,826	($335,891)	$306,226	$53,161	($1,116,043)

	Per Staff	Jun-10	Jul-10	Aug-10	AA	Difference
Quarter End: Aug-10	Supply Cost $	$501,849	$381,220	$373,838		
	Jur. Sales MCF	53,971	46,271	45,642		
	Total Sales MCI	53,971	46,271	45,642		
	Book Cost $/ M	$9.2986	$8.2389	$8.1907		
	EGC$/MCF	$8.3681	$8.5548	$8.5616		
	Diff. $/MCF	$0.9305	($0.3159)	($0.3709)		
	Cost Diff. $	$50,220	($14,617)	($16,928)	$18,674	
	Per Company					
	Supply Cost $	$823,820	$477,134	$392,344		
	Jur. Sales MCF	53,971	46,271	45,652		
	Total Sales MCI	53,971	46,271	45,652		
	Book Cost $/ M	$15.2642	$10.3118	$8.5943		
	EGC$/MCF	$8.3681	$8.5548	$8.5616		
	Diff. $/MCF	$6.8961	$1.7570	$0.0327		
	Cost Diff. $	$372,187	$81,297	$1,493	$454,977	($436,303)

Northeast Ohio Natural Gas Corporation
12-209-GA-GCR
Actual Adjustment Calculation

	Per Staff	Sep-10	Oct-10	Nov-10	AA	Difference
Quarter End: Nov-10	Supply Cost $	$282,284	$592,036	$936,547		
	Jur. Sales MCF	44,829	64,928	127,775		
	Total Sales MCF	44,829	64,928	127,775		
	Book Cost $/ M	$6.2969	$9.1183	$7.3297		
	EGC$/MCF	$8.4223	$8.2358	$8.2995		
	Diff. $/MCF	($2.1254)	$0.8825	($0.9698)		
	Cost Diff. $	($95,279)	$57,299	($123,916)	($161,896)	
	Per Company					
	Supply Cost $	$412,630	$655,014	$1,019,326		
	Jur. Sales MCF	44,829	64,928	127,775		
	Total Sales MCF	44,829	64,928	127,775		
	Book Cost $/ M	$9.2046	$10.0883	$7.9775		
	EGC$/MCF	$8.4223	$8.2358	$8.2995		
	Diff. $/MCF	$0.7823	$1.8525	($0.3220)		
	Cost Diff. $	$35,070	$120,280	($41,144)	$114,206	($276,102)

	Per Staff	Dec-10	Jan-11	Feb-11	AA	Difference
Quarter End: Feb-11	Supply Cost $	$2,082,465	$2,176,151	$1,747,588		
	Jur. Sales MCF	222,054	371,870	371,102		
	Total Sales MCF	222,054	371,870	371,102		
	Book Cost $/ M	$9.3782	$5.8519	$4.7092		
	EGC$/MCF	$7.0110	$6.6994	$6.8375		
	Diff. $/MCF	$2.3672	($0.8475)	($2.1283)		
	Cost Diff. $	$525,646	($315,160)	($789,816)	($579,330)	
	Per Company					
	Supply Cost $	$2,204,311	$2,252,711	$1,714,798		
	Jur. Sales MCF	222,054	371,870	371,102		
	Total Sales MCF	222,054	371,870	371,102		
	Book Cost $/ M	$9.9269	$6.0578	$4.6208		
	EGC$/MCF	$7.0110	$6.6994	$6.8375		
	Diff. $/MCF	$2.9159	($0.6416)	($2.2167)		
	Cost Diff. $	$647,488	($238,592)	($822,621)	($413,725)	($165,605)

Northeast Ohio Natural Gas Corporation
12-209-GA-GCR
Actual Adjustment Calculation

	Per Staff	Mar-11	Apr-11	May-11	AA	Difference
Quarter	Supply Cost $	$1,268,218	$779,498	$539,937		
End:	Jur. Sales MCF	263,991	219,214	114,707		
May-11	Total Sales MCI	263,991	219,214	114,707		
	Book Cost $/ M	$4.8040	$3.5559	$4.7071		
	EGC$/MCF	$7.4469	$7.2466	$6.8410		
	Diff. $/MCF	($2.6429)	($3.6907)	($2.1339)		
	Cost Diff. $	($697,702)	($809,053)	($244,773)	($1,751,528)	
	Per Company					
	Supply Cost $	$1,249,782	$814,662	$564,317		
	Jur. Sales MCF	263,991	219,214	114,707		
	Total Sales MCI	263,991	219,214	114,707		
	Book Cost $/ M	$4.7342	$3.7163	$4.9196		
	EGC$/MCF	$7.4469	$7.2466	$6.8410		
	Diff. $/MCF	($2.7127)	($3.5303)	($1.9214)		
	Cost Diff. $	($716,128)	($773,891)	($220,398)	($1,710,417)	($41,111)

	Per Staff	Jun-11	Jul-11	Aug-11	AA	Difference
Quarter	Supply Cost $	$385,111	$374,778	$277,039		
End:	Jur. Sales MCF	61,505	50,115	40,526		
Aug-11	Total Sales MCI	61,505	50,115	40,526		
	Book Cost $/ M	$6.2615	$7.4784	$6.8361		
	EGC$/MCF	$6.9005	$6.0002	$6.2443		
	Diff. $/MCF	($0.6390)	$1.4782	$0.5918		
	Cost Diff. $	($39,302)	$74,080	$23,983	$58,762	
	Per Company					
	Supply Cost $	$412,777	$411,909	$440,585		
	Jur. Sales MCF	61,505	50,115	40,526		
	Total Sales MCI	61,505	50,115	40,526		
	Book Cost $/ M	$6.7112	$8.2193	$10.8716		
	EGC$/MCF	$6.9005	$6.0002	$6.2443		
	Diff. $/MCF	($0.1893)	$2.2191	$4.6273		
	Cost Diff. $	($11,643)	$111,210	$187,526	$287,093	($228,331)

Northeast Ohio Natural Gas Corporation
12-209-GA-GCR
Actual Adjustment Calculation

	Per Staff	Sep-11	Oct-11	Nov-11	AA	Difference
Quarter	Supply Cost $	$326,190	$513,080	$663,524		
End:	Jur. Sales MCF	49,037	66,039	128,770		
Nov-11	Total Sales MCF	49,037	66,039	128,770		
	Book Cost $/ M	$6.6519	$7.7693	$5.1528		
	EGC$/MCF	$6.1064	$5.6913	$5.0957		
	Diff. $/MCF	$0.5455	$2.0780	$0.0571		
	Cost Diff. $	$26,750	$137,229	$7,353	$171,331	
	Per Company					
	Supply Cost $	$460,594	$657,620	$975,301		
	Jur. Sales MCF	49,037	66,039	128,770		
	Total Sales MCF	49,037	66,039	128,770		
	Book Cost $/ M	$9.3928	$9.9580	$7.5740		
	EGC$/MCF	$6.1064	$5.6913	$5.0957		
	Diff. $/MCF	$3.2864	$4.2667	$2.4783		
	Cost Diff. $	$161,155	$281,769	$319,130	$762,054	($590,723)

	Per Staff	Dec-11	Jan-12	Feb-12	AA	Difference
Quarter	Supply Cost $	$1,002,091	$1,323,672	$1,241,019		
End:	Jur. Sales MCF	199,127	277,970	297,932		
Feb-12	Total Sales MCF	199,127	277,970	297,932		
	Book Cost $/ M	$5.0324	$4.7619	$4.1654		
	EGC$/MCF	$5.4638	$4.6352	$4.3255		
	Diff. $/MCF	($0.4314)	$0.1267	($0.1601)		
	Cost Diff. $	($85,903)	$35,219	($47,699)	($98,384)	
	Per Company					
	Supply Cost $	$1,091,142	$1,345,512	$841,974		
	Jur. Sales MCF	199,127	277,970	297,932		
	Total Sales MCF	199,127	277,970	297,932		
	Book Cost $/ M	$5.4796	$4.8405	$2.8261		
	EGC$/MCF	$5.4638	$4.6352	$4.3255		
	Diff. $/MCF	$0.0158	$0.2053	($1.4994)		
	Cost Diff. $	$3,146	$57,067	($446,719)	($386,506)	$288,122

Northeast Ohio Natural Gas Corporation
12-209-GA-GCR
Actual Adjustment Calculation

	Per Staff	Mar-12	Apr-12	May-12	AA	Difference
Quarter	Supply Cost $	$745,298	$449,881	$287,292		
End:	Jur. Sales MCF	243,633	131,411	115,282		
May-12	Total Sales MCI	243,633	131,411	115,282		
	Book Cost $/ M(	$3.0591	$3.4235	$2.4921		
	EGC$/MCF	$4.6672	$4.3646	$4.6264		
	Diff. $/MCF	($1.6081)	($0.9411)	($2.1343)		
	Cost Diff. $	($391,786)	($123,671)	($246,046)	($761,503)	
	Per Company					
	Supply Cost $	$825,082	$445,721	$299,590		
	Jur. Sales MCF	243,633	131,411	115,282		
	Total Sales MCI	243,633	131,411	115,282		
	Book Cost $/ M(	$3.3866	$3.3918	$2.5988		
	EGC$/MCF	$4.6672	$4.3646	$4.6264		
	Diff. $/MCF	($1.2806)	($0.9728)	($2.0276)		
	Cost Diff. $	($311,997)	($127,837)	($233,745)	($673,579)	($87,924)
					Total Actual Adjustment	**($2,730,454)**

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Cobra Churchtown

Month	NYMEX $/Dth	Contract Price Paid by NEO $/Dth (1)	Quantities purchased by NEO Dth (2)	Invoiced Amount to NEO $ (3) = (1) * (2)	Staff Adder to NYMEX $/Dth 0.5 (4)	Invoiced Amount less Staff Calcul NYM plus add	Price paid by JDOG to Producer $ (5)	Quantities Purchased by JDOG from producer Dth (6) = (2) * 1.035	Price paid by JDOG to Producer $ (7) = (5) * (6)	Processing fee paid by JDOG $ (8) = (2) * .25	Transport Charge Paid by JDOG $ (9) = (2) * .5	Total Cost to Purchase Gas by JDOG for sale to NEO $ (10) = (7) + (8) + (9)	Total Profit to JDOG $ (11) = (3) - (10)
Sep-09	$2.843	0	0	$0			$2.306	0	$0	$0	$0	$0	$0
Oct-09	$3.729	0	0	$0			$3.160	0	$0	$0	$0	$0	$0
Nov-09	$4.289	$5.540	11,788	$65,306	$56,453	$8,853	$3.700	12,201	$45,138	$2,947	$5,894	$53,979	$11,327
Dec-09	$4.486	$0.000	0	$0			$3.889	0	$0	$0	$0	$0	$0
Jan-10	$5.814	$7.550	18,760	$141,638	$118,451	$23,187	$5.169	19,417	$100,370	$4,690	$9,380	$114,440	$27,198
Feb-10	$5.274	$0.000	0	$0			$4.649	0	$0	$0	$0	$0	$0
Mar-10	$4.816	$0.000	0	$0			$4.208	0	$0	$0	$0	$0	$0
Apr-10	$3.842	$0.000	0	$0			$3.269	0	$0	$0	$0	$0	$0
May-10	$4.271	$5.120	0	$0			$3.682	0	$0	$0	$0	$0	$0
Jun-10	$4.155	$0.000	0	$0			$3.571	0	$0	$0	$0	$0	$0
Jul-10	$4.717	$5.984	22,010	$131,708	$114,826	$16,882	$4.112	22,780	$93,675	$5,503	$11,005	$110,183	$21,525
Aug-10	$4.774	$6.044	43,149	$260,793	$227,568	$33,225	$4.167	44,659	$186,097	$10,787	$21,575	$218,458	$42,334
Sep-10	$3.651	$4.878	27,900	$136,096	$115,813	$20,283	$3.085	28,877	$89,078	$6,975	$13,950	$110,003	$26,093
Oct-10	$3.837	$5.071	27,000	$136,917	$117,099	$19,818	$3.264	27,945	$91,214	$6,750	$13,500	$111,464	$25,453
Nov-10	$3.292	$4.506	27,000	$121,662	$102,384	$19,278	$2.739	27,945	$76,537	$6,750	$13,500	$96,787	$24,875
Dec-10	$4.267	$5.517	18,000	$99,306	$85,806	$13,500	$3.678	18,630	$68,529	$4,500	$9,000	$82,029	$17,277
Jan-11	$4.216	$5.465	27,000	$147,555	$127,332	$20,223	$3.629	27,945	$101,421	$6,750	$13,500	$121,671	$25,884
Feb-11	$4.316	$5.568	27,000	$150,336	$130,032	$20,304	$3.726	27,945	$104,114	$6,750	$13,500	$124,364	$25,972
Mar-11	$3.793	$5.026	27,000	$135,702	$115,911	$19,791	$3.222	27,945	$90,029	$6,750	$13,500	$110,279	$25,423
Apr-11	$4.240	$5.489	27,000	$148,203	$127,980	$20,223	$3.652	27,945	$102,067	$6,750	$13,500	$122,317	$25,886
May-11	$4.377	$5.632	20,000	$112,640	$97,540	$15,100	$3.784	20,700	$78,338	$5,000	$10,000	$93,338	$19,302
Jun-11	$4.326	$5.579	25,000	$139,475	$120,650	$18,825	$3.735	25,875	$96,651	$6,250	$12,500	$115,401	$24,074
Jul-11	$4.357	$5.611	27,000	$151,497	$131,139	$20,358	$3.765	27,945	$105,218	$6,750	$13,500	$125,468	$26,029
Aug-11	$4.370	$5.620	25,000	$140,500	$121,750	$18,750	$3.778	25,875	$97,748	$6,250	$12,500	$116,498	$24,002
Sep-11	$3.857	$5.020	8,000	$40,160	$34,856	$5,304	$3.283	8,280	$27,186	$2,000	$4,000	$33,186	$6,974
Oct-11	$3.759	$4.880	16,000	$78,080	$68,144	$9,936	$3.189	16,560	$52,808	$4,000	$8,000	$64,808	$13,272
Nov-11	$3.524	$4.677	30,000	$140,310	$120,720	$19,590	$2.962	31,050	$91,983	$7,500	$15,000	$114,483	$25,827
Dec-11	$3.364	$4.680	27,125	$126,945	$104,811	$22,134	$2.808	28,074	$78,839	$6,781	$13,563	$99,183	$27,762
Jan-12	$3.084	$4.400	25,575	$112,530	$91,661	$20,869	$2.538	26,470	$67,191	$6,394	$12,788	$86,373	$26,157
Feb-12	$2.678	$3.890	44,950	$174,856	$142,851	$32,004	$2.147	46,523	$99,891	$11,238	$22,475	$133,604	$41,252
Mar-12	$2.446	$3.530	16,000	$56,480	$47,136	$9,344	$1.924	16,560	$31,854	$4,000	$8,000	$43,854	$12,626
Apr-12	$2.191	$3.240	7,000	$22,680	$18,837	$3,843	$1.678	7,245	$12,156	$1,750	$3,500	$17,406	$5,274
May-12	$2.036	$3.070	6,200	$19,034	$15,723	$3,311	$1.528	6,417	$9,808	$1,550	$3,100	$14,458	$4,576
			581,457	$2,990,408	$2,555,472	$434,935			**Total Cost to purchase and move Cobra Production**			$2,434,032	
									Revenue to JDOG using Staff Alternative Premium			$2,555,472	
										Premium earned by JOOG		$121,440	$556,376
										Premium per unit		$0.21	$0.96

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R5-Exhibit 8

Cobra Holmesville

Month	NYMEX $/Dth	Contract Price Paid by NEO $/Dth	Quantities purchased by NEO Dth	Invoiced Amount to NEO $	Staff Adder to NYMEX $/Dth	Invoiced Amount less Staff Calcul NYM plus add	Price paid by JDOG to Producer $	Quantities Purchased by JDOG from producer Dth	Price paid by JDOG to Producer $	Transport Charge Paid by JDOG $	Total Cost to Purchase Gas by JDOG for sale to NEO $	Total Profit to JDOG $
		(1)	(2)	(3) = (1) * (2)	[illegible]		(5)	(6) = (2) * 1.035	(7) = (5) * (6)	(8) = (2) * .5	(9) = (7) + (8)	(10) = (3) - (9)
Sep-09		0	0	$0			$0	0	$0	$0	$0	$0
Oct-09		0	0	$0			$0	0	$0	$0	$0	$0
Nov-09		$0.000	0	$0			$0	0	$0	$0	$0	$0
Dec-09		$0.000	0	$0			$0	0	$0	$0	$0	$0
Jan-10		$0.000	0	$0			$0	0	$0	$0	$0	$0
Feb-10		$0.000	0	$0			$0	0	$0	$0	$0	$0
Mar-10		$0.000	0	$0			$0	0	$0	$0	$0	$0
Apr-10		$0.000	0	$0			$0	0	$0	$0	$0	$0
May-10	$4.271	$5.120	40,000	$204,800	[illegible]	$13,960	$3.923	41,400	$162,421	$20,000	$182,421	$22,379
Jun-10		$0.000	0	$0	[illegible]	$0	$0	0	$0	$0	$0	$0
Jul-10	$4.717	$5.933	6,510	$38,624	[illegible]	$4,661	$4.353	6,738	$29,330	$3,255	$32,585	$6,039
Aug-10	$4.774	$5.992	7,951	$47,642	[illegible]	$5,709	$4.408	8,229	$36,274	$3,976	$40,250	$7,393
Sep-10	$3.651	$4.826	6,000	$28,956	[illegible]	$4,050	$3.326	6,210	$20,653	$3,000	$23,653	$5,303
Oct-10	$3.837	$5.019	8,000	$40,152	[illegible]	$5,456	$3.505	8,280	$29,021	$4,000	$33,021	$7,131
Nov-10	$3.292	$4.454	13,000	$57,902	[illegible]	$8,606	$2.980	13,455	$40,093	$6,500	$46,593	$11,309
Dec-10	$4.267	$5.466	7,000	$38,262	[illegible]	$4,893	$3.919	7,245	$28,396	$3,500	$31,896	$6,366
Jan-11	$4.216	$5.413	8,000	$43,304	[illegible]	$5,576	$3.870	8,280	$32,045	$4,000	$36,045	$7,259
Feb-11	$4.316	$5.516	8,000	$44,128	[illegible]	$5,600	$3.967	8,280	$32,843	$4,000	$36,843	$7,285
Mar-11	$3.793	$4.974	8,000	$39,792	[illegible]	$5,448	$3.463	8,280	$28,670	$4,000	$32,670	$7,122
Apr-11	$4.240	$5.438	8,000	$43,504	[illegible]	$5,584	$3.893	8,280	$32,237	$4,000	$36,237	$7,267
May-11	$4.377	$5.580	7,000	$39,060	[illegible]	$4,921	$4.025	7,245	$29,164	$3,500	$32,664	$6,396
Jun-11	$4.326	$5.527	7,000	$38,689	[illegible]	$4,907	$3.976	7,245	$28,808	$3,500	$32,308	$6,381
Jul-11	$4.357	$5.559	8,000	$44,472	[illegible]	$5,616	$4.006	8,280	$33,171	$4,000	$37,171	$7,301
Aug-11	$4.370	$5.300	7,000	$37,100	[illegible]	$3,010	$4.019	7,245	$29,115	$3,500	$32,615	$4,485
Sep-11	$3.857	$4.760	27,000	$128,520	[illegible]	$10,881	$3.524	27,945	$98,485	$13,500	$111,985	$16,535
Oct-11	$3.759	$4.620	16,000	$73,920	[illegible]	$5,776	$3.430	16,560	$56,798	$8,000	$64,798	$9,122
Nov-11		$0.000	0	$0	[illegible]	$0	$0	0	$0	$0	$0	$0
Dec-11	$3.364	$4.420	7,750	$34,255	[illegible]	$4,309	$3.049	8,021	$24,458	$3,875	$28,333	$5,922
Jan-12	$3.084	$4.140	5,425	$22,460	[illegible]	$3,016	$2.779	5,615	$15,605	$2,713	$18,318	$4,142
Feb-12	$2.678	$3.630	2,900	$10,527	[illegible]	$1,311	$2.388	3,002	$7,168	$1,450	$8,618	$1,909
Mar-12	$2.446	$3.270	2,335	$7,603	[illegible]	$724	$2.164	2,417	$5,231	$1,168	$6,398	$1,204
Apr-12	$2.191	$2.981	7,000	$20,860	[illegible]	$2,023	$1.919	7,245	$13,901	$3,500	$17,401	$3,459
May-12	$2.036	$2.810	7,750	$21,778	[illegible]	$2,124	$1.769	8,021	$14,192	$3,875	$18,067	$3,710
			225,621	$1,106,309	[illegible]	$118,160						

Total Cost to purchase and move Cobra Production $940,890

Revenue to JDOG using Staff Alternative Premium $988,149

Premium earned by JDOG $47,258 $165,419

Premium per unit $0.21

Aug-2009

3.379

NEO Producers				Shrink	Buy Price	
Roberts Lane (Hutton)	NYMEX	+ 0.800	4.179		4.179	
West Wooster (Smail)	$6.00		6.000		6.000	
Ponderosa	NYMEX	+ 0.000	3.379		3.379	
Poling Hatmaker	NYMEX	+ 0.300	3.679		3.679	
Bernhardt (Hutton)	NYMEX	+ 0.500	3.879	2%	3.801	
√Bands	NYMEX	+ 0.500	3.879	2%	3.801	see contract 11/06
Mormack	NYMEX	+ 0.500	3.879	2%	3.801	
GE (Petrox)	NYMEX	+ 0.250	3.629	2%	3.556	
Winkler	NYMEX	+ 0.500	3.879	2%	3.801	
Yarian	NYMEX	+ 0.350	3.729	2%	3.654	
H. Hartzler DE&P	NYMEX	+ 0.350	3.729	2%	3.654	
Anderson Master DE&P	NYMEX	+ 0.350	3.729	2%	3.654	
Harold Hartzler #1	NYMEX	+ 0.300	3.679	2%	3.605	
Riggenbach #1	NYMEX	+ 0.300	3.679	2%	3.605	
Bauman #1	NYMEX	+ 0.300	3.679	2%	3.605	
Pheasant Ridge	NYMEX	+ 0.670	4.049		4.049	
Broad Street Ex Tanner #1	NYMEX	+ 0.~~6~~500	3.979	2%	3.979	
Fryburg (CR 201)	NYMEX	+ 0.750	4.129		4.129	
Fryburg (Holmesville)	NYMEX	+ 0.750	4.129		4.129	
Winesburg	NYMEX	+ 0.750	4.129		4.129	
LOR Beazer Orrville	$7.80		7.800		7.800	
Sound Energy #1	NYMEX	+ 0.800	4.179		4.179	
Sound Energy #2	NYMEX	+ 0.800	4.179		4.179	
√ White Energy	~~$11.50~~	7.90 Fixed	11.500		11.500	- 1 year 12/06
Great Plains Exploration	$11.74		11.740		11.740	
√Harry Weaver	~~NYMEX~~	~~+ 0.600~~	~~3.979~~	~~2%~~	3.899	NYMEX + .5 Nov - March 2/c
Northwood Energy	NYMEX	+ 0.750	4.129		4.129	+ .25 Ap - Oct 1/c 5 yr
GLEP	NYMEX	+ 1.000	4.379		4.379	
Gatherco	TCO Index	+ ~~1.500~~	7.550		7.550	

JD CT

JD AV

JD WV

RLS-10

#6 & #7
#13 & #14

NYMEX	4.370
TCO Appalachian Index	4.460

Pricing Forcast Model Local Production

Aug-11

rstate cost off of each system.

DTH	Basis Quote	NYMEX + Basis	Cobra Trans	5ub	Cobra Shrink 3.50%	DTH Price	Old Cost Structure	Premium To old cost
Cobra North Trumbull	0.2600	4.6300	0.5000	5.1300	5.3100	**5.3100**	5.780	(0.47)
Cobra Holmesville	0.2600	4.6300	0.5000	5.1300	5.3100	**5.3100**	5.572	(0.26)
Cobra Churchtown	0.3716	4.7416	0.7500	5.4916	5.6840	**5.6840**	5.624	0.06

Production off of each system

DTH	Basis Quote	NYMEX + Basis	Tranportation	Sub	Cobra 5hrink 3.50%	BTU	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Cobra North Trumbull	0.2600	4.6300	0.5000	5.1300	5.3100	1.0282	**5.4598**	5.960	(0.50)
Cobra Holmesville	0.2600	4.6300	0.5000	5.1300	5.3100	1.1000	**5.8410**	5.960	(0.12)
Cobra Churchtown	0.3716	4.7416	0.7500	5.4916	5.6840	1.1580	**6.5821**	5.960	0.62
Direct TCO Tap	0.1500	4.5200	0.5290	5.0490	5.2260	1.0310	**5.3880**	5.960	(0.57)

DTH	Basis Quote	NYMEX + Basis	Dominion Shrink	BTU	Dominion Transport	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Dominion Orwell	0.3100	4.6800	4.9750	5.0990	2.4700	**7.5690**	5.960	1.61
Dominion NEO	0.3100	4.6800	4.9750	5.0990	0.9000	**5.9990**	5.960	0.04

DTH	Basis Quote	NYMEX + Basis	NorthCoast Shrink	Transport	BTU	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Orwell Trumbull	0.3800	4.7500	4.8090	0.38	5.3190	**5.3190**	5.960	(0.64)

MCF	TCO Appalachian Index	Basis	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Gatherco	4.4600	1.5000	**5.9600**	5.960	0.00

MCF	Holmesville MCF Price	Kidron Shrink 1.50%	Kidron Transport	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Kidron	5.8410	5.9286	0.5000	**6.4286**	5.960	0.47

NYMEX	2.036
TCO Appalachian Index	2.056

Pricing Forcast Model Local Production

May-12

rstate cost off of each system.

DTH	Basis Quote	NYMEX + Basis	Cobra Trans	Sub	Cobra Shrink 3.50%	DTH Price	Old Cost Structure	Premium To old cost
Cobra North Trumbull	0.1800	2.2160	0.5000	2.7160	2.8110	**2.8110**	3.358	(0.55)
Cobra Holmesville	0.1800	2.2160	0.5000	2.7160	2.8110	**2.8110**	3.150	(0.34)
Cobra Churchtown	0.1800	2.2160	0.7500	2.9660	3.0700	**3.0700**	3.202	(0.13)

Production off of each system

DTH	Basis Quote	NYMEX + Basis	Tranportation	Sub	Cobra Shrink 3.50%	BTU	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Cobra North Trumbull	0.1800	2.2160	0.5000	2.7160	2.8110	1.0282	**2.8903**	3.556	(0.67)
Cobra Holmesville	0.1800	2.2160	0.5000	2.7160	2.8110	1.1000	**3.0921**	3.556	(0.46)
Cobra Churchtown	0.1800	2.2160	0.7500	2.9660	3.0700	1.1580	**3.5551**	3.556	(0.00)
Direct TCO Tap	0.0700	2.1060	0.5000	2.6060	2.6970	1.0310	**2.7806**	3.556	(0.78)

DTH	Basis Quote	NYMEX + Basis	Dominion Shrink	BTU	Dominion Transport	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Dominion Orwell	0.1800	2.2160	2.3560	2.4290	1.4800	**3.9090**	3.556	0.35
Dominion NEO	0.1800	2.2160	2.3560	2.4290	0.8620	**3.2910**	3.556	(0.27)

DTH	Basis Quote	NYMEX + Basis	NorthCoast Shrink	Transport	BTU	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Orwell Trumbull	0.1800	2.2160	2.2440	0.38	2.8080	**2.8080**	3.556	(0.75)

MCF	TCO Appalachian Index	Basis	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Gatherco	2.0560	1.5000	**3.5560**	3.556	0.00

MCF	Holmesville MCF Price	Kidron Shrink 1.50%	Kidron Transport	MCF Price	TCO Appalachian Index plus $1.50 MCF Price	
Kidron	3.0921	3.1385	0.5000	**3.6385**	3.556	0.08

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Summary: Testimony Prefiled Testimony of Roger L. Sarver electronically filed by Mrs. Tonnetta Y Scott on behalf of PUCO