

Tiger Natural Gas, Inc.

Case No. 10-304-GA-CRS, Certificate 10-187G(2)

**Supplement to Exhibit C-2, Financial Statements 2021 report
Supplement to Exhibit C-3, Forecasted Financial Statements, 2024
Supplement to Exhibit C-9, Evidence of Compliance with collateral
requirements, Duke Energy 2022**

5.13.22

In regards to the renewal application filed for Tiger Natural Gas, Inc., Supplement files are attached to this submission regarding exhibits, C-2, C-3, and C-9.

The original renewal submission, in error, did not include the financial report for 2021. The 2021 Financial Statements/Audit report is included in this submission.

The original renewal submission, in error, did not include forecasted financials for 2024. The 2024 Forecasted Financials for the Ohio business segment is included in this submission.

The original renewal submission, in error, included an out of date letter of collateral compliance from Duke Energy. A current letter of Collateral Compliance is included with this submission.

I apologize for the omissions and for the inconvenience these omissions may have caused the Ohio PUCO staff.

Teresa Walker
Tiger Natural Gas, Inc.

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Tiger Natural Gas, Inc. and Subsidiary

December 31, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Stockholder
Tiger Natural Gas, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Tiger Natural Gas, Inc (an Oklahoma corporation) and subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, we:

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

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



Tulsa, Oklahoma
April 22, 2022

Tiger Natural Gas, Inc. and Subsidiary

CONSOLIDATED BALANCE SHEETS

December 31,

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,676,159	\$ 1,394,040
Accounts receivable, less allowance for doubtful accounts of \$2,740,531 in 2021 and \$1,623,235 in 2020	52,395,137	32,811,094
Derivative assets	321,480	-
Inventory	2,518,041	2,253,467
Prepays and other assets	<u>2,758,698</u>	<u>1,938,682</u>
Total current assets	63,669,515	38,397,283
Property and equipment, net	266,165	196,456
Other assets	<u>187,106</u>	<u>187,106</u>
Total assets	<u><u>\$ 64,122,786</u></u>	<u><u>\$ 38,780,845</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	\$ 41,756,233	\$ 27,531,870
Accrued liabilities	10,553,757	2,445,560
Current portion of note payable	<u>-</u>	<u>707,661</u>
Total current liabilities	52,309,990	30,685,091
Non-current liabilities		
Note payable	-	190,539
Commitment and contingencies (Note J)		
Stockholder's equity		
Common stock of \$1 par value, 50,000 shares authorized, 100 shares issued and outstanding	100	100
Retained earnings	<u>11,812,696</u>	<u>7,905,115</u>
Total stockholder's equity	<u>11,812,796</u>	<u>7,905,215</u>
Total liabilities and stockholder's equity	<u><u>\$ 64,122,786</u></u>	<u><u>\$ 38,780,845</u></u>

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

Tiger Natural Gas, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Revenues		
Natural gas sales - commercial and other	\$ 364,901,465	\$ 240,884,492
Electricity sales	<u>-</u>	<u>186,004</u>
Total revenues	364,901,465	241,070,496
Operating costs and expenses		
Cost of natural gas sold	338,764,079	224,311,141
Cost of electricity sold	-	212,255
General and administrative expenses	18,703,472	14,052,422
Derivative gain, net	(321,480)	(991,733)
Depreciation and amortization	<u>143,749</u>	<u>182,841</u>
Total operating costs and expenses	357,289,820	237,766,926
Income from operations	7,611,645	3,303,570
Interest income	95,523	32,725
Letter of credit fees and interest expense	(80,894)	(76,780)
Gain on extinguishment of debt	<u>898,200</u>	<u>-</u>
NET INCOME	<u>8,524,474</u>	<u>3,259,515</u>
Retained earnings, beginning of year	7,905,115	7,543,584
Dividends paid	<u>(4,616,893)</u>	<u>(2,897,984)</u>
Retained earnings, end of year	<u><u>\$ 11,812,696</u></u>	<u><u>\$ 7,905,115</u></u>

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

Tiger Natural Gas, Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2021	2020
Cash flows from operating activities:		
Net income	\$ 8,524,474	\$ 3,259,515
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	143,749	182,841
Provision for bad debts	1,552,349	1,194,363
Gain on extinguishment of debt	(898,200)	-
Change in assets and liabilities:		
Accounts receivable	(21,136,392)	(4,543,840)
Inventory	(264,574)	(226,028)
Prepays and other assets	(820,016)	(449,633)
Accounts payable and accrued liabilities	22,332,560	1,297,291
Derivative assets	(321,480)	-
Net cash provided by operating activities	9,112,470	714,509
Cash flows from investing activities:		
Purchase of property and equipment	(213,458)	(42,956)
Net cash used in investing activities	(213,458)	(42,956)
Cash flows from financing activities:		
Proceeds from Payroll Protection Program	-	898,200
Dividends paid	(4,616,893)	(2,897,984)
Net cash used in financing activities	(4,616,893)	(1,999,784)
NET INCREASE (DECREASE) IN CASH	4,282,119	(1,328,231)
Cash and cash equivalents, beginning of year	1,394,040	2,722,271
Cash and cash equivalents, end of year	\$ 5,676,159	\$ 1,394,040

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

Tiger Natural Gas, Inc. and Subsidiary
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE A - GENERAL INFORMATION

Tiger Natural Gas, Inc. and its wholly-owned subsidiary, Tiger, Inc. (collectively, the “Company”) supply and manage natural gas and electricity services for end-user customers. The Company provides a full range of services including natural gas nominations, balancing and distribution for customers. The Company provides such services to the private and public sectors of the economy throughout the United States of America. All significant intercompany transactions have been eliminated in consolidation.

Impact of COVID-19

In March 2020, a novel strain of coronavirus (SARS-Cov-2), which causes COVID-19, was reported to have surfaced in China. The spread of this virus has caused business disruption beginning in January 2020, including disruption to the oil and natural gas industry. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the U.S. economy and individual life in general began to experience pronounced effects as the government implemented numerous strategies, including both voluntary and mandatory isolations, quarantines and workplace recommendations. Natural gas prices remained depressed throughout the year while economies dealt with the political fallout of the pandemic, increased positive virus cases during the fall and winter months of 2020, and continued restrictions (both government-imposed and self-imposed) on travel and in-person consumerism.

The long-term effects of the pandemic remains unknown at this time as the longevity is undetermined currently. The Company is continually monitoring the effects of the pandemic on its financial results and all other aspects of its business. Commodity prices have seen a recovery in 2021 to levels above the pre-pandemic levels. The Company does not believe these events currently jeopardize the “going concern” of its business.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all cash in banks, and highly liquid investments with an original maturity of three months or less, to be cash and cash equivalents. At times, the balance of cash and cash equivalents held in financial institutions may exceed the Federal Depository Insurance Corporation insurance limit. Management believes the risk of loss is mitigated by the reputation and history of the institutions selected.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. The Company provides depreciation based on the straight-line method over the estimated useful lives of the assets, ranging from 2 to 12 years.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Some of the significant estimates made by management include, but are not limited to, allowance for doubtful accounts, useful lives for depreciation and the fair value of derivative financial instruments. Although management believes the estimates are appropriate, actual results could differ from those estimates in the near term.

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Income Taxes

The Company is a Subchapter S Corporation. As such, the Company is not subject to federal and state income taxes, since taxation is ordinarily imposed at the stockholder level.

The Company evaluates uncertain tax positions for recognition and measurement in the consolidated financial statements. To recognize a tax position, the Company determines whether it is more likely than not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the position. A tax position that meets the more likely than not threshold is measured to determine the amount of benefit to be recognized in the consolidated financial statements. The amount of tax benefit recognized with respect to any tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The Company had no uncertain tax positions that required recognition in the consolidated financial statements at December 31, 2021 or 2020. Any interest or penalties would be recognized as a component of income tax expense.

The Company files income tax returns in the U.S. Federal and various state jurisdictions. The Company is no longer subject to income tax examinations by major tax authorities for tax years prior to 2017.

Revenue Recognition

Revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The determination of that amount and the timing of recognition is based upon identifying the contracts with customers, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and ultimately recognizing revenue when (or as) the entity satisfies the performance obligation. Natural gas revenue is recognized upon delivery of the related natural gas volumes or as services are performed for end-user customers. Electricity revenue is recognized upon delivery of the related electricity volumes or as services are performed for end-user customers.

Natural Gas Contracts

The Company enters into contracts for both the purchase and sale of natural gas to fulfill its business requirements to end-user customers. These contracts qualify for the normal purchase/normal sale exception and therefore are not accounted for as derivatives. In accordance with required accounting principles regarding normal purchase/normal sale contracts, the Company documents the qualification for this exception at the inception of those contracts.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts receivable from its customers. Accounts receivable are recorded at amounts billed to customers less an allowance for doubtful accounts. The allowance is based on management's assessment of the realizability of customer accounts. Management's assessment is based on the overall creditworthiness of the Company's customers and any specific disputes. The Company generally does not require collateral for its trade receivables. At December 31, 2021 and 2020, the Company's allowance for doubtful accounts was \$2,740,531 and \$1,623,235, respectively. At December 31, 2021, the Company had one customer that accounted for approximately 14% of total accounts receivable. At December 31, 2020, the Company had one customer that accounted for approximately 14% of total accounts receivable. During 2021, the Company had one customer that accounted for approximately 17% of total revenue. During 2020, the Company had two customers that accounted for approximately 24% of total revenue.

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Inventory

The Company's inventory consists of natural gas. The Company values its inventory at the lower of cost or market, with cost determined using the weighted average cost. The Company monitors inventory values for potential lower of cost or market adjustments and will record such adjustments at fiscal year end, or on an interim basis if the Company believes the decline in market value will not be recovered by year end. The Company takes into consideration fixed price forward sale commitments in its assessment of any potential lower of cost or market adjustments.

Fair Value of Financial Instruments

The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable and note payable approximate their carrying values due to their short-term nature. See Note G for additional information regarding the fair value of derivative financial instruments.

Risk Management Activities

The Company's risk management program is intended to reduce its exposure to commodity prices and to assist with stabilizing cash flows. Accordingly, the Company utilizes derivative financial instruments to manage its exposure to commodity price fluctuations. These transactions are in the form of swaps with fixed settlements. The Company's policies do not permit the use of derivatives for speculative or trading purposes.

The Company does not designate commodity derivative contracts as hedges for accounting purposes; therefore, the mark-to-market adjustment reflecting the change in the fair value of unsettled derivative contracts is recorded in current period earnings as a non-cash gain or loss. When prices for natural gas are volatile, a significant portion of the effect of the Company's hedging activities consists of non-cash gains or losses due to changes in the fair value of its commodity derivative contracts. Net settlement gains or losses on derivative contracts only arise from net payments made or received on monthly settlements or if a commodity derivative contract is terminated prior to its expiration. Pursuant to the accounting standard that permits netting of assets and liabilities where the right of offset exists, the Company presents the fair value of derivative financial instruments on a net basis by counterparty.

Statements of Cash Flows

During the years ended December 31, 2021 and 2020, the Company made cash payments for letter of credit fees and interest of \$80,894 and \$76,780, respectively.

Shipping and Handling

Shipping and handling fees billed to customers are included in revenues and the related costs are included in the cost of natural gas sold.

Advertising Costs

All advertising costs of the Company are expensed as incurred. Advertising expenses totaled approximately \$42,356 and \$34,175 during the years ended December 31, 2021 and 2020, respectively.

Sales Taxes

Sales taxes collected from the Company's customers are accounted for on a net basis and are excluded from revenues and operating costs and expenses.

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE C - NATURAL GAS IMBALANCES

The consolidated balance sheets include natural gas imbalance receivables and payables resulting from differences in gas volumes received and gas volumes delivered by the Company to customers. Natural gas volumes owed to or by the Company that are subject to monthly cash settlement are valued according to the terms of the contract as of the balance sheet dates and reflect market index prices. Other natural gas volumes owed to or by the Company are valued at the weighted average cost of natural gas as of the balance sheet dates and are settled in-kind. Natural gas imbalances are included in Prepaids and other assets and Accrued liabilities on the Company's consolidated balance sheets.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment at December 31, consisted of the following:

	2021	2020
Computers, software systems and related equipment	\$ 1,499,307	\$ 2,026,598
Furniture, fixtures and other	298,101	434,319
Property and equipment	1,797,408	2,460,917
Less - accumulated depreciation	(1,531,243)	(2,264,461)
Property and equipment, net	<u>\$ 266,165</u>	<u>\$ 196,456</u>

NOTE E - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents our disaggregated sales by type for the years ended December 31:

	2021	2020
Natural gas sales	\$ 364,836,744	\$ 240,830,916
Electricity sales	-	186,004
Other	64,721	53,576
Total revenue	<u>\$ 364,901,465</u>	<u>\$ 241,070,496</u>

NOTE F - NOTE PAYABLE

On April 9, 2020, the Company entered into a Note Agreement with a bank amounting to \$898,200 pursuant to the Coronavirus Aid, Relief, and Economic Security Act's ("CARES Act") Paycheck Protection Program (the "PPP Loan"). Amounts outstanding under the PPP Loan bear interest at 1% per annum as of the date of disbursement.

During fourth quarter 2020, the Company applied to the bank for forgiveness of the amount due on the PPP Loan. On January 6, 2021, the Company was notified by the Small Business Administration that the PPP Loan, including accrued interest, was forgiven. The loan was recorded as an \$898,200 gain on extinguishment of debt in 2021.

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE G - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Assets and liabilities recorded in the consolidated balance sheets are categorized based on the inputs to the valuation technique as follows:

Level 1 - Financial assets and liabilities for which values are based on unadjusted quoted prices for identical assets or liabilities in an active market that management has the ability to access.

Level 2 - Financial assets and liabilities for which values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - Financial assets and liabilities for which values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

When the inputs used to measure fair value fall within different levels of the hierarchy in a liquid environment, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. The Company had no transfers in or out of Levels 1, 2 or 3 during the years ended December 31, 2021 and 2020.

The Company accounts for commodity derivatives at fair value on a recurring basis. The Company uses certain pricing models to determine the fair value of its derivative financial instruments. Inputs to the pricing models include publicly available prices from a compilation of data gathered from third parties. The Company validates the data provided by third parties by understanding the pricing models used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those securities trade in active markets.

Fair Value Measurements Using:

	December 31, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Derivative instruments	\$ -	\$ 321,480	\$ -	\$ 321,480	\$ -	\$ -	\$ -	\$ -
Liabilities:								
Derivative instruments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The Company's estimates of fair value have been determined at discrete points in time based on relevant market data. These estimates involve uncertainty and cannot be determined with precision. There were no changes in valuation techniques or related inputs for the years ended December 31, 2021 and 2020.

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE H - RISK MANAGEMENT ACTIVITIES

The Company is exposed to market risk from changes in commodity prices within its operations. The Company utilizes derivatives to manage its exposure to the variability in expected future cash flows from forecasted and contractually committed purchases and sales of natural gas attributable to commodity price risk. These derivatives have not been designated as cash flow hedges, despite hedging its future cash flows on an economic basis.

At December 31, 2021, the Company's open position consisted of one swap contract for the purchase of natural gas. The Company had no open positions at December 31, 2020. Under commodity swap agreements, the Company exchanges a stream of payments over time according to specified terms with another counterparty that is also a supplier of natural gas for the Company. In a typical commodity swap agreement, the Company agrees to pay a fixed price for the respective commodity and in return receive a floating price tied to an agreed upon index based on notional quantities.

The Company entered into one new derivative financial instrument during the year ended December 31, 2021. The following table details the outstanding commodity-related derivatives:

	December 31, 2021		December 31, 2020	
	Notional Amount (MMBtu)	Maturity	Notional Amount (MMBtu)	Maturity
Market-to-Market Derivatives				
Natural Gas				
Fixed Price Swaps	360,000	2022	-	-

Fair Values of Derivative Instruments - The fair value of the Company's derivative instruments is recorded in the consolidated balance sheets as either current or non-current, based on the expected timing of future cash flows of the individual contracts. The Company reports all financial derivative settlements and mark-to-market adjustments in the consolidated statements of income and retained earnings in Derivative (gain) loss, net.

The following table provides an overview of the Company's derivative assets and liabilities in the consolidated balance sheets at December 31, 2021 and 2020:

	Fair Value of Derivative Instruments			
	Asset Derivatives		Liability Derivatives	
	2021	2020	2021	2020
Derivative instruments -				
current	\$ 321,480	\$ -	\$ -	\$ -

The following table presents net gains and losses for the Company's commodity derivatives for the years ended December 31, 2021 and 2020:

	2021	2020
Net cash paid (received) recognized in earnings on cash derivative settlements	\$ -	\$ (991,733)
Net non-cash loss (gain) recognized in earnings on mark-to-market adjustments	(321,480)	-
Derivative (gain) loss, net	<u>\$ (321,480)</u>	<u>\$ (991,733)</u>

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE I - EMPLOYEE BENEFITS

The Company has a defined contribution 401(k) plan, under which employees who are at least 21 years old and have completed one year of service are eligible to participate. The Company contributes 3% of each qualifying employee's salary to the plan. For the years ended December 31, 2021 and 2020, the Company had total contributions of \$424,279 and \$149,619, respectively.

NOTE J - COMMITMENTS AND CONTINGENCIES

The Company has entered into an operating agreement (as amended, the "Operating Agreement") with Pacific Summit Energy LLC ("PSE"), pursuant to which PSE agreed to sell natural gas to the Company for resale to designated customers through February 28, 2018. The agreement was extended through October 31, 2019, at which point the Company and PSE entered into a new Operating Agreement with a termination date of October 31, 2024. The Company purchases substantially all of its natural gas from PSE. The Operating Agreement specifies that PSE will provide the Company with credit support services in the form of letters of credit issued by Sumitomo Corporation of America, parent company of PSE, to third party suppliers in an aggregate amount not to exceed \$30,000,000. At December 31, 2021 and 2020, there were approximately \$17,456,932 and \$17,481,932, respectively, of outstanding letters of credit under this agreement. The Company has also entered into a security agreement which grants PSE a first lien security interest in the Company's accounts receivable associated with the Company's sales of the natural gas acquired from PSE.

At December 31, 2021 and 2020, the Company had \$35,611,945 and \$23,479,996, respectively, in accounts payable to PSE related to purchases of natural gas. There was no accrued interest at December 31, 2021 or 2020. At December 31, 2021 and 2020, the Company had \$7,343,600 and \$2,924,402, respectively, in accounts receivable from PSE related to natural gas that was sold back to PSE by the Company.

In February 2021, a severe winter weather event had widespread impacts across the United States, Northern Mexico and parts of Canada. Due to the shortage in natural gas supplies, the market price of natural gas increased significantly during this period across the nation. As a result, one of the Company's customers issued an operational flow order, restricting the permitted variance between receipts and deliveries of natural gas. The Company chose not to deliver the required volume of natural gas to the customer during this period. The Company has recorded a liability in 2021 for the amount that management estimates is due under the stated terms of the contract. The Company has filed a protest with the applicable state regulatory agency, seeking a retroactive reduction in the penalty rate in the contract and is awaiting a final decision from the agency.

Leases

In December 2015, the Company extended its office space lease through May 2021. In March 2016, the Company executed an office space lease in Colorado through February 2021. The lease was renewed on June 1, 2021 and extends through May 2024. The obligations under these lease agreements are guaranteed by the Company's sole stockholder. See Note L for discussion on the Tulsa office lease. Rent

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

expense for the years ended December 31, 2021 and 2020, was \$239,356 and \$213,270, respectively. The approximate future aggregate minimum lease commitments under the leases are as follows:

2022	\$ 197,533
2023	197,533
2024	173,377
2025	156,123
Thereafter	<u>1,070,508</u>
	<u>\$ 1,795,074</u>

Legal

The Company is involved in various matters incidental to its operations that could result in a loss contingency. If the Company determines that an unfavorable outcome of a particular matter is probable and can be estimated, the Company will accrue the contingent obligation, as well as any expected insurance recoverable amounts related to the contingency. As of December 31, 2021 and 2020, there was no accrual reflected in accrued liabilities on the Company's consolidated balance sheets related to these contingent obligations.

NOTE K - RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED

In February 2016 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which amends the current method of accounting for leases. This new guidance is designed to increase transparency and comparability among organizations by requiring that lease assets and lease liabilities be recognized on the balance sheet, accompanied by disclosures of certain key information about leasing arrangements. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The new guidance is effective for fiscal years beginning after December 15, 2021. The application of this amendment is not expected to have a material impact on the Company's consolidated financial statements due to the nature of its leasing activities.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. ASU 2016-13 requires financial assets to be presented net of an allowance for credit losses that reduce the cost basis to the amount expected to be collected over the estimated life. Expected credit losses will be measured based on historical experience and current conditions, as well as forecasts of future conditions that affect the collectability of the reported amount. ASU 2016-13 is effective for the Company for its annual reporting period beginning January 1, 2023 using a modified retrospective approach. The Company is currently evaluating the potential effects of the adoption of this guidance on the consolidated financial statements.

NOTE L - RELATED PARTY TRANSACTIONS

The Company's headquarters is located in an office building owned by Savior Management, LLC, whose managing partner is the Company's owner and sole stockholder. The fixed monthly rent for the headquarters building is \$15,000 per month plus an allocation of maintenance, insurance, and taxes. The lease began in June 2021 and the lease term was for ten years. The Company paid \$105,000 in 2021 for rent for this lease.

Tiger Natural Gas, Inc. and Subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 22, 2022, the date the financial statements were available to be issued. No significant events were noted that would have a material impact on the financial statements or disclosures subsequent to year end through the date above.

Tiger Natural Gas, Inc.
Projected Income, Balance Sheet and Cash Flow
For the Year 2024

Please note these projections include Sales information for Ohio only.
We estimate the gross revenue/sales for Ohio to be \$1,387,978 in 2024.

C-3
Forecasted
Financial Statements

Projected Income:	4.55		0.1221													
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	12 Months	
	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	Jan-24	YTD	
Total Mmbtu:	46,800	49,750	37,500	25,000	17,000	14,000	12,000	12,000	12,000	12,000	16,000	26,000	37,000		305,050	
Gross Revenue:	\$ 212,940	\$ 226,363	\$ 170,625	\$ 113,750	\$ 77,350	\$ 63,700	\$ 54,600	\$ 54,600	\$ 54,600	\$ 54,600	\$ 72,800	\$ 118,300	\$ 168,350	\$	1,387,978	
Less: Cost of Gas Sold:	\$ 207,226	\$ 220,288	\$ 166,046	\$ 110,698	\$ 75,274	\$ 61,991	\$ 53,135	\$ 53,135	\$ 53,135	\$ 53,135	\$ 70,846	\$ 115,125	\$ 163,832	\$	1,350,731	
TOTAL MARGIN:	\$ 5,714	\$ 6,074	\$ 4,579	\$ 3,053	\$ 2,076	\$ 1,709	\$ 1,465	\$ 1,465	\$ 1,465	\$ 1,465	\$ 1,954	\$ 3,175	\$ 4,518	\$	37,247	
Less Total Adjustments to COGS:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Less General & Admin Exp:	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 14,400	
Less: Depreciation															\$ -	
Less: Bad Debt Expense															\$ -	
Net Income after DDA, Allowance	\$ 6,914	\$ 7,274	\$ 5,779	\$ 4,253	\$ 3,276	\$ 2,909	\$ 2,665	\$ 2,665	\$ 2,665	\$ 2,665	\$ 3,154	\$ 4,375	\$ 5,718	\$	51,647	



139 East Fourth
EX396
Cincinnati, Ohio 45202

April 21, 2022

Tiger Natural Gas has met the Natural Gas Collateral obligations for Duke Energy Corporation as of April 21, 2022.

Tom Hunt

Duke Energy Corp
Certified Supplier Business Center
Tom.Hunt@Duke-Energy.com



**This foregoing document was electronically filed with the Public Utilities
Commission of Ohio Docketing Information System on**

5/13/2022 2:47:14 PM

in

Case No(s). 10-0304-GA-CRS

Summary: Correspondence Please accept the efile submissions as response for supplemental information regarding the certificate renewal filing for Tiger Natural Gas, Inc. Supplemental information included for C-2, C-3 and C-9. Thank you electronically filed by Mrs. Teresa A. Walker on behalf of Walker, Teresa and Tiger Natural Gas, Inc.