

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 31 2015

PUBLIC SERVICE
COMMISSION

In the Matter of:

The Joint Application of Kentucky Frontier Gas, LLC)
and Public Gas Company for approval of transfer) Case No. 2015-00299
and acquisition of assets and financing) 2015-000
)

APPLICATION

Kentucky Frontier Gas, LLC (Frontier) and Public Gas Company (Public) (Joint Applicants), by counsel, petition the Commission for an order approving the acquisition and transfer of assets pursuant to KRS 278.020(4) and (5), and the approval of financing of the acquisition.

KRS 278.020(4) provides that "[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission ... without prior approval by the commission."

KRS 278.020(5) provides that "[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an "acquirer"), whether or not organized under the laws of this state, shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission."

1. Frontier is a Colorado company authorized to do business in Kentucky. Its address is 4891 Independence Avenue #200, Wheat Ridge CO 80033. A copy of its articles of organization and its Kentucky certificate of authorization are attached as exhibit 1.

The contact information and local office address for Frontier is:

Robert Oxford
2963 KY Rt. 321
P. O. Box 408
Prestonsburg, KY 41653
Phone (606) 886-2431
Fax (606) 889-9196
bobo@kyfrontiergas.com

2. Frontier currently operates a natural gas distribution system subject to Commission regulation. Frontier has been operating local distribution companies in Kentucky since 2005. It has consolidated eleven natural gas companies into Frontier. It has approximately 4,000 distribution and farm tap customers in Floyd, Knott, Lawrence, Letcher, Magoffin, Martin, Morgan, Perry, and Pike counties.

3. Public is a Kentucky corporation and is a wholly owned subsidiary of Gas Natural, Inc. operating a natural gas distribution company regulated by the Commission. Its articles and certificate of existence are attached as exhibit 2. It has approximately 1,728 distribution and farm tap customers in Breathitt, Jackson, Lawrence, Lee, Magoffin, Morgan, and Wolfe counties.

The contact information for Public is:

Gregory Osborne
Public Gas Company c/o Gas Natural, Inc.
One Cleveland Center
1375 E. 9th St.
Cleveland, OH 44114
gosborne@egas.net

4. Frontier has entered into a purchase contract with Public for the acquisition of all of its natural gas distribution assets. The contract is attached as exhibit 3. The transaction is subject to approval by PSC, including approval of proposed financing, tariffs and other conditions of transfer. The purchase price is \$1,900,000. Frontier will hold all assets of Public after the acquisition.

5. No rate adjustment is being proposed at this time and no acquisition adjustment is being requested at this time. Frontier proposes to adopt the currently approved general rates and tariffs of Public. An Adoption Notice is attached as exhibit 4. Frontier anticipates these rates and tariffs will stay in effect until its next general rate case, which will consolidate Frontier and Public.

6. The consolidation of these utilities is expected to create a more viable operation for both Frontier and Public. The acquisition of Public Gas will add 1,725 customers, bringing Frontier's total customer base to 5,700. Many utility functions - billing, accounting, customer calls, emergency response, operator training and regulatory compliance - would be enhanced by a common, central organization and the additional customers will provide revenue in excess of expected operating expenses.

7. Frontier's current members, Steve Shute, Robert Oxford and Larry Rich will remain the company's members and operators. They have owned and operated Frontier since its inception. A detailed description of their experience and qualifications and of Frontier's business history and operations is attached as exhibit 5.

8. Frontier intends to centrally manage the utilities from the Prestonsburg office. Operating personnel will be assigned to work on any system. For Public Gas, the Jackson office will remain open, the four current workers will run the Public system and the same Public phone number will ring into a Prestonsburg-area office, all maximizing efficiency. The Public Gas business office in Jackson will be maintained for at least one year as Frontier evaluates the best means and locations to combine the operations. The location of this office and the addition of these employees will improve service coverage of the former Sigma and B.T.U. facilities. The Public work force will be combined with nine field operating personnel and five office staff of Frontier with nearly 100 years of combined gas utility experience.

9 The effect of Frontier ownership should be transparent to the system customers and should improve customer service. The same operators will run the system and the same phone number will ring into a Jackson or Prestonsburg office or an off-hours call center. Customer records will be kept electronically. With a larger combined clerical and field staff, customer service should improve for all customers as it has with the other Frontier operations.

10. The acquisition will be financed with a \$1,500,000 loan from the Community Trust Bank of Pikeville that has financed all of Frontier's previous transactions. Frontier has submitted an application for approval of the financing. A copy of the loan application and bank preliminary review letter is attached as exhibit 6. Final terms and conditions will be provided upon receipt from the bank.

11. A current financial statement for Frontier is attached as exhibit 7.

12. Pro forma financial schedules reflecting the post transfer operations for Frontier are attached as exhibit 8.

13. Gas Supply is available from Jefferson Gas Company. A copy of the gas supply contract is attached as exhibit 9.

14. A map of Frontier's service areas and of the available Public system is submitted in exhibit 10. One electronic copy of the Frontier system is included with the application.

15. Frontier's business plan is generally reflected in the proposed operations of the systems contained in this application and as reflected in the proposed pro forma financial statements, schedules and models attached as exhibit 6.

16. Time is of the essence for these transactions. Because of the seasonal nature of gas utility sales, it is highly important that Frontier take over operation of before winter. To achieve that deadline, Frontier requests expedited approval by PSC of the necessary actions on or before November 30, 2015.

Based on this information, the Joint Applicants believe the transfer to Frontier is in the public interest, will not adversely affect the current level of customer service or rates and will lead to an overall improvement in quality of service and reliability, and the potential for additional services, lower rates or reduction in overall operating expenses. The management of Frontier has the technical, managerial and financial qualifications required of KRS 278.020.

For these reasons, the Joint Applicants request an order finding that Frontier has the managerial, technical and financial ability to own and operate

Public, that the acquisition and transfer is in the public interest and in accordance with law pursuant to KRS 278.020 and that Public is granted approval to transfer ownership to Frontier and Frontier is granted approval to acquire ownership of Public pursuant to the terms of the Asset Purchase Agreement and proposed financing.

Submitted By:

John N. Hughes
124 West Todd St.
Frankfort, KY 40601
502 227 7270
inhughes@johnnhughespsc.com

Attorney for:

Kentucky Frontier Gas, LLC
on behalf of Joint Applicants

COMMONWEALTH OF KENTUCKY
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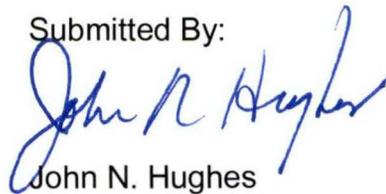
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Submitted By:



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Frankfort, KY 40601
502 227 7270
inhughes@johnnhughespsc.com

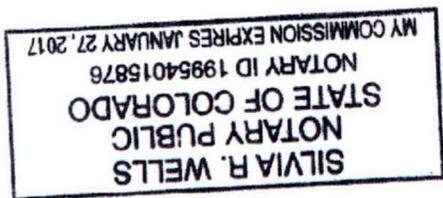
Attorney for:

Kentucky Frontier Gas, LLC
on behalf of Joint Applicants

AFFIDAVIT

The affiant, Robert Oxford, Member of Kentucky Frontier Gas, LLC, having appeared before me and after being sworn stated that he is authorized on behalf of Kentucky Frontier Gas, LLC to file the Joint Application of Kentucky Frontier Gas, LLC and Public Gas Company with the Kentucky Public Service Commission for the transfer and acquisition of Public Gas Company in accordance with the terms and conditions of the Agreement for Sale and requirements of the Public Service Commission. He further stated that the information in the Joint Application is true, accurate and complete to the best of his knowledge and belief.

This the 23rd day of August, 2015.



Robert Oxford
Robert Oxford, Member

Silvia R. Wells
Notary Public

Registration Number: 19954015876

My Commission expires: 1/27/2017

STATE OF KENTUCKY
COUNTY OF FAYETTE

AFFIDAVIT

The affiant, William H. May, having appeared before me and after being sworn states and acknowledges on behalf of Public Gas Company, Inc., that he is authorized to act on behalf of Public Gas Company and that Public Gas Company agrees to the filing of the Joint Application of Kentucky Frontier Gas, LLC with the Kentucky Public Service Commission for the transfer and acquisition of Public Gas Company in accordance with the terms and conditions of the Asset Purchase Agreement and requirements of the Public Service Commission.

William H. May

Audra Cannon

Notary Public

Registration Number: 466916

My Commission expires: 05-21-16

DECLARATION OF STEVEN SHUTE

I, Steven Shute, am a Member of Kentucky Frontier Gas, LLC, the Applicant in the referenced matter. I have read the Joint Application and I have full authority to sign this declaration. The facts set forth therein are true and correct to the best of my knowledge, information and belief. Pursuant to KRS 523.020-040, I certify under penalty of false swearing that the foregoing is true and correct.

Dated this 27th day of August, 2015,

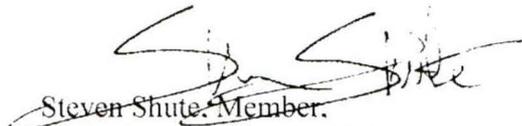

Steven Shute, Member.
Kentucky Frontier Gas, LLC

EXHIBIT 1

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Authorization

Authentication number: 167243
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KENTUCKY FRONTIER GAS, LLC

, a limited liability company authorized under the laws of the state of Colorado, is authorized to transact business in the Commonwealth of Kentucky, and received the authority to transact business in Kentucky on August 25, 2005.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that an application for certificate of withdrawal has not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 19th day of August, 2015, in the 224th year of the Commonwealth.



Alison Lundergan Grimes

Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
167243/0620382

COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE



0620382.06
Trey Grayson
Secretary of State
Received and Filed
08/25/2005 12:38:13 PM
Fee Receipt: \$90.00

part
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APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of KRS Chapter 275, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the limited liability company named below and for that purpose submits the following statements:

1. The company is a limited liability company (LLC).
 a professional limited liability company (PLLC).

2. The name of the limited liability company is
Kentucky Frontier Gas, LLC

3. The name of the limited liability company to be used in Kentucky is
Kentucky Frontier Gas, LLC

(If "real name" is unavailable for use)

4. Colorado is the state or country of organization.

5. August 4, 2005 is the date of organization and, if the limited liability company has a specific date of dissolution, the latest date upon which the limited liability company is to dissolve is August 3, 2035

6. The street address of the office required to be maintained in the state of formation or, if not so required, the principal office address is
3760 Vance St, Suite 200 Wheat Ridge CO 80033-6275
Street City State Zip Code

7. The names and usual business addresses of the current managers, if any, are as follows:
Robert J. Oxford 3097 Owens Ct, Lakewood, CO 80215
Name Address
Larry Rich 104 Sand Castle Dr, Emerald Isle, NC 28594
Name Address
(Attach a continuation, if necessary)

8. The street address of the registered office in Kentucky is
Kentucky Home Life Building Louisville KY 40202
Street City State Zip Code

and the name of the registered agent at that office is
CT Corporation System

9. This application will be effective upon filing, unless a delayed effective date and/or time is specified:
N/A
(Delayed effective date and/or time)

I certify that, as of the date of filing this application, the above-named limited liability company validly exists as a limited liability company under the laws of the jurisdiction of its formation.

Robert J. Oxford
Signature
Robert J. Oxford, Member
Type or Print Name & Title

Date: August 22, 2005

I, CT Corporation System, consent to serve as the registered agent on behalf of the limited liability company.
Type or print name of registered agent

James Martin
Signature of Registered Agent
James Martin
Type or Print Name & Title
Assistant Secretary

EXHIBIT 2

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 167244
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

PUBLIC GAS COMPANY

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is April 6, 1979 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 19th day of August, 2015, in the 224th year of the Commonwealth.



Alison Lundergan Grimes

Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
167244/0148637

1481037 ✓

Commonwealth of Kentucky

OFFICE OF
SECRETARY OF STATE

FRANCES JONES MILLS
Secretary



FRANKFORT,
KENTUCKY

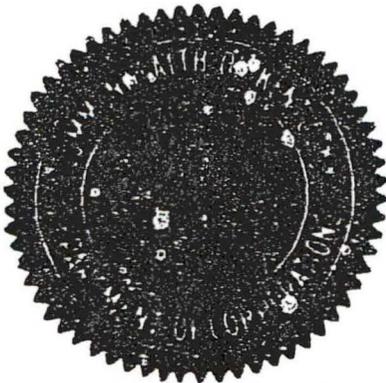
CERTIFICATE OF AMENDMENT TO ARTICLES OF INCORPORATION

I, *FRANCES JONES MILLS*, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Amended Articles of Incorporation of

IRONBOWL NATURAL GAS COMPANY Changing Name To _____

PUBLIC GAS COMPANY

amended pursuant to Kentucky Revised Statutes, 271A, (~~271~~) duly signed and verified or acknowledged according to law, have been filed in my office by said corporation, and that all taxes, fees and charges payable upon the filing of said Articles of Amendment have been paid.



SECRETARY OF STATE

Given under my hand and seal of Office as Secretary of State, at Frankfort, Kentucky, this 21ST day of JULY, 19 80.

Frances Jones Mills
SECRETARY OF STATE

ASSISTANT SECRETARY OF STATE

ORIGINAL COPY
FILED
SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

JUL 21 1980

W. G. ...
1980
James H. Hill
SECRETARY OF STATE

D. A. Fassas and H. E. Workman

certify:

1. That they are the President and the Secretary, respectively, of PANBOWL NATURAL GAS COMPANY, a Kentucky corporation.

179033

2. That at a meeting of the Board of Directors of said Corporation, duly held at Richmond, Madison County, Kentucky, on January 2, 1980, the following resolution was adopted:

"RESOLVED: that Article I of the Articles of Incorporation of this corporation be amended to read as follows:
'The name of this corporation is PUBLIC GAS COMPANY.'"

3. That the number of shares which have consented in writing to the adoption of said amendment is ALL, and the form of written consent is as follows:

"The undersigned shareholders of PANBOWL NATURAL GAS COMPANY, a Kentucky corporation, hereby consent that Article I of the Articles of Incorporation of said Corporation be amended to read as follows:

"RESOLVED: that Article I of the Articles of Incorporation of this corporation be amended to read as follows:
'The name of this corporation is PUBLIC GAS COMPANY.'"

4. That the total number of shares entitled to vote on or consent to said amendment is 1000.

D. A. Fassas
President
James H. Hill
Secretary

SPUALIN AND GREATHOUSE
P. O. BOX
212 NORTH THIRD STREET
RICHMOND KENTUCKY 40477
TEL. 253-1111

~~148637~~

148637

Commonwealth of Kentucky

OFFICE OF
SECRETARY OF STATE

DREXELL R. DAVIS
Secretary



FRANKFORT,
KENTUCKY

CERTIFICATE OF INCORPORATION

I, DREXELL R. DAVIS, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Articles of Incorporation of

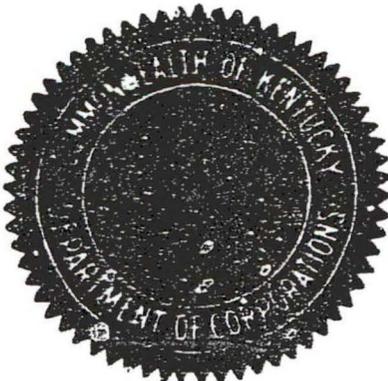
PANBOWL NATURAL GAS CO., INC.

whose initial agent for process is D. A. FASSAS

IRVINE ROAD, P. O. BOX 787

and whose address is RICHMOND, KENTUCKY

duly signed according to law, have been filed in my office. I further certify that all taxes, fees and charges payable upon the filing of said Articles of Incorporation have been paid.



SECRETARY OF STATE

Given under my hand and seal of Office as Secretary of State, at Frankfort, Kentucky, this 6TH day of APRIL, 19 79.

Drexell R. Davis
SECRETARY OF STATE

ASSISTANT SECRETARY OF STATE

ORIGINAL COPY
FILED AND RECORDED
SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY

For Filing with

COMMONWEALTH OF KENTUCKY
Office of the Secretary of State
CORPORATION DEPARTMENT

APR 06 1979

Dropoff Desk
SECRETARY OF STATE

To the Honorable Secretary
of State of the Commonwealth of
Kentucky
Frankfort, Kentucky

123468

Pan Bowl Gas Company, a corporation organized and
existing under the laws of the Commonwealth of Kentucky since
May 6, 1937 does hereby consent that one or more persons acting
as incorporators under the Kentucky Business Corporation Act
may incorporate a corporation under said Business Corporation Act
adopting for its corporate name the following:

Pan Bowl Natural Gas Company

it being the position of the undersigned corporation herein
granting such consent that the adoption of such name is neither
the same nor deceptively similar to the name of the consenting
corporation.

WITNESS the corporate seal and the signatures of its duly
authorized officers at Des Moines, Iowa, this 14th day of March 1979.

PAN BOWL GAS COMPANY

By Mary Proudfit
Vice President

Attest Harley A. Whitfield
Secretary

STATE OF IOWA)
COUNTY OF POLK) SS:

I, Edgar Musgrave, a Notary Public in and for the State of
Iowa, do certify that on this day the foregoing instrument of writing
executed by Mary Proudfit and Harley A. Whitfield as Vice President
and Secretary of Pan Bowl Gas Company was produced to me in my
county by the parties and acknowledged and delivered before me by said
Mary Proudfit as Vice President of Pan Bowl Gas Company, a
corporation, to be the act and deed of said corporation by her as
its Vice President, thereunto duly authorized by resolution
of the stockholders of said company, unanimously adopted by said
stockholders at a special meeting duly called and held, and the
seal of said corporation as affixed to said instrument and acknow-
ledged, attested and proven before me by Harley A. Whitfield as
Secretary of Pan Bowl Gas Company.

Given under my hand and seal of office this 14th day of
March, 1979. My Commission expires September 30, 1979.

Edgar Musgrave
Notary Public in and for the State of Iowa



ORIGINAL COPY
FILED AND INDEXED
SECRETARY OF STATE OF KENTUCKY
F. L. M. H. H. H. H.

APR 06 1979

D. A. Fassas
Secretary of State

ARTICLES OF INCORPORATION

OF

PANBOWL NATURAL GAS CO., INC.

SECRETARY OF STATE
RECEIVED

APR 06 1979

CRS
Commonwealth of Kentucky

KNOWN ALL MEN BY THESE PRESENTS:

That D. A. Fassas, of Belair Dr., Richmond, Madison County, Kentucky, does hereby form a corporation under the laws of the Commonwealth of Kentucky.

ARTICLE I

The corporation proposed to be organized shall be named and known as Panbowl Natural Gas Co., Inc.

ARTICLE II

The nature of the business and the objects and purposes of the corporation are to do any and all of the things herein mentioned as fully and to the same extent as natural persons might or could do to the extent permitted by applicable laws, including those authorized by Chapter 271 of the Kentucky Revised Statutes, and as follows:

1. To purchase, lease, or otherwise acquire lands, mineral and oil rights and privileges in the Commonwealth of Kentucky and in any of the other states or territories of the United States of America. Also, to purchase, lease, or otherwise acquire in the Commonwealth of Kentucky or any of the other states of the United States or territories thereof, lands containing or believed to contain petroleum, natural gas or other oil spring deposits. Also, to store and transport oil, gas, brine and other mineral solutions, and to make reasonable charges therefor. To buy, sell, and furnish oil and gas for lighting, heating and other purposes. To lay down, construct, maintain and operate pipelines, tubes, tanks, pump stations, connections, fixtures, storage houses, and such machinery, apparatus, and devices as may be necessary to operate such pipes and pipelines between various points. Also, wherever permitted by law, to have right and power to enter upon rights of way, easements, properties of all persons and corporations, and to have the right to lay its pipes and pipelines across and under any public road, railroad, right of way, street, canal, or stream. To lay its pipe and pipelines across and under any street or alley in any incorporated city or town, with the consent, and under the direction of the proper authorities of said cities or towns.

2. To manage, improve, develop, and turn to account any land or contracts for purchase or sale of lands acquired by the company, or in which the company is interested and such lands for building purposes, and to enter into contracts and arrangements of all kinds.
3. To manufacture, purchase, or otherwise acquire, hold, own, sell, assign, transfer, exchange, lease, invest in, mortgage, pledge, or otherwise encumber or dispose of and generally deal and trade in and with, both within and without the Commonwealth of Kentucky, and any part of the world, goods, wares, merchandise and property of every kind, nature and description.
4. To borrow or raise money for any of the purposes of the corporation without limit as to the amount, and in connection therewith to grant collateral or other security, either alone or jointly, with any other person, firm or corporation, and to make, exchange, draw, accept, endorse, pledge, discount, issue, sell or otherwise dispose of promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other evidences of indebtedness, either negotiable or non-negotiable, transferable or non-transferable, and to confer upon the holders of any of its obligations, powers, right and privileges as from time to time may be deemed advisable by the Board of Directors, to the extent permitted under the general corporation laws of the Commonwealth of Kentucky; to lend and advance money, extend credit, take notes, open accounts, and every kind and nature of evidence on indebtedness and collateral security in connection therewith.
5. To purchase or otherwise acquire, hold, sell, pledge, transfer, or otherwise dispose of shares of its own capital stock, provided that the funds or property of the corporation shall not be used for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of the corporation, and provided further, that shares of its own capital stock belonging to the corporation shall not be voted upon directly or indirectly.
6. To do all and every thing necessary, suitable, and proper for the accomplishment of any of the purposes, or the attainment of any of the objects, or the furtherance of any of the powers hereinbefore set forth, either alone or in association with other corporations, firms, limited partnerships, partnerships, partners, or individuals, and to do every act or acts, thing or things, incidental or pertinent to, or growing out of or connected with the aforesaid business or powers, or any part or parts thereof; provided, however, the same is not inconsistent with the general corporation laws of Commonwealth of Kentucky.

ARTICLE III

The corporation shall commence business simultaneously with the filing of an original of these Articles of Incorporation in the office of the Clerk of the Madison County Court, Richmond, Kentucky, and after complying with the conditions precedent as provided and set forth in Kentucky Revised Statutes,

Section 271.095.

The corporation shall continue perpetually unless sooner dissolved according to the pertinent provisions of the Kentucky Revised Statutes.

ARTICLE IV

The name and address of the process agent of Panbowl Natural Gas Co., Inc. shall be D. A. Fassas, Irvine Road, P. O. Box 787, Richmond, Kentucky 40475, and its registered office shall be P. O. Box 787, Irvine Road, Richmond, Kentucky 40475.

ARTICLE V

The stock of the corporation shall have no par value, and the total authorized number of shares without par value shall be 1,000, all of the same class.

ARTICLE VI

The amount of capital with which the corporation will begin business shall not be less than \$1,000.00.

ARTICLE VII

The name and address of the incorporator, and the number of shares subscribed by it is:

<u>NAME</u>	<u>ADDRESS</u>	<u>NO. OF SHARES</u>
D. A. Fassas	P. O. Box 787 Irvine Road Richmond, Kentucky 40475	5

ARTICLE VIII

The number of directors and officers to be elected at the first meeting of the shareholders shall be not less than three, and the directors shall elect a President and a Secretary-Treasurer and any other officers which the directors may deem necessary or convenient to the business of the company. Thereafter, the number of directors shall be fixed by the By-Laws.

ARTICLE IX

The board of directors of this corporation may adopt By-Laws not inconsistent with the Articles of Incorporation for the government of the corporation.

ARTICLE X

The annual meeting of the shareholders of the corporation shall be at such time as a majority of shareholders might direct. Directors shall be elected at each annual meeting of the shareholders and each shall hold office for one year or until the successor is elected and qualified. Shares may be voted by the shareholder in person or by an individual holding the written proxy of the shareholder or shareholders. The President or any two directors may, by giving ten days written notice to the remaining directors or shareholders, as the case may be, call a directors or shareholders meeting at any time.

ARTICLE XI

These Articles of Incorporation may be amended at any annual or called meeting of the shareholders, whereat a numerical majority of the shares are represented in person or by proxy, by the affirmative vote of a majority of the shares represented.

ARTICLE XII

The individual property of the shareholders, directors or officers shall not be liable for the payment of the debts of the corporation.

IN TESTIMONY WHEREOF, witness the hand of the incorporator, D. A. Passas, individually attesting this 23rd day of March, 1979.

BY 
D. A. Passas

EXHIBIT 3

August 2, 2015
ASSET PURCHASE AGREEMENT

by and among

KENTUCKY FRONTIER GAS, LLC

and

PUBLIC GAS COMPANY

Dated as of August 5, 2015

Handwritten initials

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of August [5], 2015 (the "Effective Date") by and among KENTUCKY FRONTIER GAS, LLC, a Colorado limited liability company ("Buyer") and PUBLIC GAS COMPANY, a Kentucky corporation (the "Company" or "Seller") as follows:

RECITALS

WHEREAS, Seller owns and operates, as a public utility with approval by the Kentucky Public Service Commission, a natural gas distribution business located in the Commonwealth of Kentucky counties of Breathitt, Jackson, Lawrence, Lee, Magoffin, Morgan, and Wolfe including, but not limited to all pipelines, meters, inventory (including gas), work in progress, rights of way, licenses, easements, pipeline interconnections, office equipment, leases, fixtures, machinery, equipment, pipe vehicles and Seller's files and records pertaining to the same (the "Business"), and

WHEREAS, Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the rights of Seller to the Purchased Assets (as defined herein) used in the Business, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I PURCHASE AND SALE

Section 1.01 Purchase and Sale of Assets. Subject to the terms and conditions set forth herein, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, all of Seller's right, title and interest in substantially all of the assets used in the operation of the Business (the "Purchased Assets"), free and clear of any mortgage, pledge, lien, charge, security interest, claim or other encumbrance ("Encumbrance").

Rights of Way. Seller transfers to Buyer any and all of its Rights of Way to access pipelines and meters along the Assets. Seller will sign a quitclaim deed to Buyer to transfer any rights appurtenant to the Asset pipelines and meters.

Section 1.02 Excluded Assets. Notwithstanding the foregoing, the Purchased Assets shall not include any real estate owned by the Seller or any of the assets set forth on Section 1.02 of the Disclosure Schedules, which are incorporated herein by this reference and made a part hereof (the "Excluded Assets").

Section 1.03 Assumption of Contracts and Liabilities. Subject to the terms and conditions set forth herein, Buyer shall assume all of the contracts identified on Schedule 1.03(a) (the “**Assigned Contracts**”) and agree to pay, perform and discharge all other liabilities and obligations of Seller relating to the Assigned Contracts and all other liabilities of Seller incurred in the ordinary course of business arising after the Closing (the “**Assumed Liabilities**”), except those liabilities and obligations specifically set forth in Section 1.03(b) of the Disclosure Schedules (the “**Excluded Liabilities**”). There shall be no adjustment to the Purchase Price as a result of the Assumed Liabilities. Other than the Assumed Liabilities, Buyer shall not assume any other contracts, liabilities, or obligations of Seller of any kind, whether known or unknown, contingent, matured or otherwise, whether currently existing or hereinafter created.

Section 1.04 Purchase Price. The aggregate purchase price (the “**Purchase Price**”) for the Purchased Assets shall be ONE MILLION NINE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,900,000.00), payable as follows: (a) within three (3) business days after the Effective Date of this Agreement, Buyer shall deposit Fifty Thousand Dollars (\$50,000) (the “**Deposit**”) with Community Trust Bank, Pikeville Kentucky (the “**Escrow Agent**”), which shall be credited against the Purchase Price at Closing, and (b) the balance of One Million Eight Hundred and Fifty Thousand Dollars (\$1,850,000), shall be paid to Seller at the Closing (as defined herein) in cash, by wire transfer of immediately available funds in accordance with the wire transfer instructions to be delivered by Seller to Buyer prior to the Closing. If the Closing does not occur, the Deposit shall be disbursed in accordance with Section 5.10 hereof.

Section 1.05 Allocation of Purchase Price. Seller and Buyer agree to allocate the Purchase Price among the Purchased Assets for all purposes (including tax and financial accounting) as set forth in **Section 1.05** of the Disclosure Schedules. Buyer and Seller agree to file all tax forms (including without limitation) IRS Form 8594, tax returns and claims for refunds in accordance with **Section 1.05** of the Disclosure Schedules.

Section 1.06 Non-disclosure of confidential information. The Parties agree that information provided by Seller to Buyer pursuant to this Agreement is confidential and proprietary to the Seller and remains the property of the Seller until the purchase contemplated herein is completed. Any Financial Information, Customer Contracts, or other information provided to Buyer remains the confidential and proprietary information of the Seller until a sale is completed and the Assets are transferred. Until such time, Buyer shall treat all such information as confidential and proprietary to Seller and take all commercially reasonable steps to protect the provided information. To the extent Buyer is required to disclose confidential information obtained from or related to Seller to obtain regulatory or financing approvals, it shall maintain confidentiality to the extent required by or allowed by those agencies.

ARTICLE II
CLOSING

Section 2.01 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place no later than 10 business days following the date on which the last of the conditions to Closing set forth in Section 2.03 have been waived or satisfied (other than conditions which, by this nature, are to be satisfied on the Closing Date), or on such other date as Buyer and Seller may mutually agree in writing. The Closing shall take place at the office of Gas Natural, Inc. in Cleveland, Ohio, or at such other location as the Parties may mutually agree in writing (the "Closing Date"). The parties may mutually agree to effectuate the Closing by exchanging documents using e-mail, fax, or overnight courier by depositing all the deliverables, including evidence of deposit in the Seller's designated account of the Purchase Price, with the designated Escrow Agent. With the execution of this Agreement, the parties will provide written instructions to the Escrow Agent detailing the duties and responsibilities of the Escrow Agent as it relates to the disposition of the Deposit and Closing Deliverables, consistent with the terms of this Agreement. Buyer shall be entitled to possession of the Assets and to begin operating the distribution system on the Closing Date.

(a.) After the Effective Date and subject to Closing, if Seller receives any payments or invoices from any third parties relating to the operations of the Assets and attributable to the period after the Effective Date, Seller shall promptly make delivery thereof to the Buyer.

(b.) In the same manner, if Buyer receives any payments or invoices from any third parties relating to the operations of the Assets and attributable to the period before the Effective Date, Buyer shall promptly make delivery thereof to Seller.

Section 2.02 Closing Deliverables.

(a) At the Closing, Seller shall deliver to Buyer the following:

(i) a Bill of Sale in the form of Exhibit B hereto (the "Bill of Sale") and duly executed by Seller, transferring the Purchased Assets to Buyer;

(ii) an Assignment and Assumption Agreement in the form of Exhibit C hereto (the "Assignment and Assumption Agreement") and duly executed by Seller, effecting the assignment to and assumption by Buyer of the contracts and Assumed Liabilities;

(iii) copies of all consents, approvals, waivers and authorizations referred to in Section 3.03 of the Disclosure Schedules;

(iv) a certificate of the Secretary or Assistant Secretary (or equivalent officer) of Seller certifying as to (A) the resolutions of the board of directors of Seller, duly adopted and in effect, which authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, and (B) the names and signatures of the officers of Seller authorized to sign this Agreement and the documents to be delivered hereunder;

(v) a certificate, dated as of the Closing date and signed by a duly authorized officer of Seller, that each of the conditions set forth in Section 2.03 have been satisfied; and

(vi) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement, including but not limited to:

- (a) Copies of records related to customers conveyed to Buyer;
- (b) Monies inclusive of interest accumulated currently held by Seller as deposits for customers being conveyed to Buyer;
- (c) Maps, easements, rights of ways, permits, customer lists, and rate sheets.

(b) At the Closing, Buyer shall deliver to Seller the following:

- (i) the Purchase Price;
- (ii) the Assignment and Assumption Agreement duly executed by Buyer;
- (iii) copies of all consents and authorizations referred to in Section 2.03(c) of the Disclosure Schedules;

(iv) a certificate of the Secretary or Assistant Secretary (or equivalent officer) of Buyer certifying as to (A) the resolutions of the board of directors of Buyer, duly adopted and in effect, which authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, and (B) the names and signatures of the officers of Buyer authorized to sign this Agreement and the documents to be delivered hereunder;

(v) a certificate, dated as of the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 2.03 have been satisfied;

(vi) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Seller, as may be required to give effect to this Agreement, including but not limited to a written acknowledgement of the Buyer that it is not a Foreign Investor, as defined under the Foreign Investment in Real Property Tax Act ("FIRTPA").

Section 2.03 Conditions to Closing. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No governmental authority shall have enacted, issued, promulgated, enforced or entered any governmental order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) No action shall have been commenced against Buyer or Seller, which is reasonably likely to prevent the Closing. No injunction or restraining order shall have been

issued by any governmental authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(c) The transactions contemplated hereby shall have been approved by the Kentucky Public Service Commission (the "KPSC") upon terms and conditions reasonably satisfactory to each party as well as any other identified regulatory or financial releases needed to transfer the Assets.

(d) The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(i) All representations and warranties of Seller contained in this Agreement or in any document or writing delivered by Seller in connection with this Agreement shall have been true and correct in all material respects when given and as of the Closing Date.

(ii) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date; and

(iii) Seller shall have delivered to Buyer the deliverables listed in Section 2.02(a) and such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(iv) Since the date of the Financing Statements, there shall have been no event, occurrence, fact, condition or change that is or could reasonably be expected to become materially adverse to the operation of the Business, but specifically excluding any event, fact, condition or change resulting from (i) any change in economic conditions, generally or in any of the industries or markets in which the Company is operated; (ii) any omission to act or action taken with the consent of Buyer (including those omissions to act or actions taken which are permitted by this Agreement); or (iii) changes in cash flow, net income and/or gross margin resulting from seasonal fluctuations similar to those which have historically occurred in the Business of the Company.

(e) The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(i) All representations and warranties of Buyer contained in this Agreement or in any document or writing being delivered by Buyer in connection with this Agreement shall have been true and correct in all material respects when given and as of the Closing Date.

(ii) Buyer shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date; and

(iii) Buyer shall have delivered to Seller the deliverables listed in Section 2.02(b) and such other documents or instruments as Seller reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(iv) Seller shall have received all applicable required consents set forth in Section 3.03 of the Disclosure Schedules in a form acceptable to Seller in its sole discretion.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this **Article III** are true and correct as of the date hereof. For purposes of this **Article III**, "Seller's knowledge," "knowledge of Seller" and any similar phrases shall mean the actual knowledge of any director or officer of Seller without investigation.

Section 3.01 Organization and Good Standing. Seller is a Kentucky company in good standing under the laws of the Commonwealth of Kentucky duly qualified and authorized to do business as a utility in good standing in the Commonwealth of Kentucky.

Section 3.02 Authority. Seller has full power and authority to enter into this Agreement, and this Agreement constitutes a valid and binding obligation of Seller and is enforceable against Seller according to its terms.

Section 3.03 No Defaults. The execution, delivery and performance at the Closing of this Agreement by the Seller will not (i) conflict or result in a violation or breach of, or default under, any provision of the Certificate of Incorporation, by-laws or other organizational documents of the Company, (ii) result in the creation of any encumbrance on the Purchased Assets, or (iii) conflict with, or result in a breach of, any law, order, judgment, decree or regulation binding on Buyer. Except for the "**Required Consents**", as identified in **Section 3.03** of the Disclosure Schedules, no consent, approval, waiver or authorization is required to be obtained by Seller from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby.

Section 3.04 Title to Purchased Assets. As of the Closing Date, Seller will own and have good title to the Purchased Assets, free and clear of Encumbrances.

Section 3.05 Condition of Assets. Buyer has inspected the Purchased Assets and Seller shall maintain the Purchased Assets in their current condition, ordinary wear and tear excepted, between the Effective Date and the Closing. The Purchased Assets comprise all of the assets necessary for the operation of the Business as currently conducted.

Section 3.06 Assigned Contracts. With the signing of this Agreement, Seller has delivered to Buyer copies of all Assigned Contracts. The Assigned Contracts have not been further modified or amended or assigned, whether as collateral security or otherwise (except for any collateral security assignments that will be released as of the Closing Date), and are in full force and effect; to Seller's knowledge there are no existing defaults by Seller under the

Assigned Contracts; to Seller's knowledge, no event has occurred or does any circumstance exist which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute any default. Except as otherwise provided in Schedule 3.03 (Required Consents) all Assigned Contracts are assignable without the consent of any third party.

Section 3.07 Compliance with Laws. To Seller's knowledge, Seller has complied, and is now complying, with all applicable federal, state and local laws and regulations applicable to ownership and use of the Purchased Assets.

Section 3.08 Litigation. Seller has not received notice that it is or may be in violation of any material order, writ, injunction, rule, regulation or decree of any court or of any federal, state, municipal or other governmental authority or agency having jurisdiction with respect to the Purchased Assets or the Business. Seller is not engaged in any legal action or other proceeding which would have a material adverse effect on the Purchased Assets or the Business and to Seller's knowledge, no such action has been threatened.

Section 3.09 Financial Statements. Schedule 3.09 of the Disclosure Schedules contain Seller's Financial Statements for the period ending [June 30, 2015] (the "Financial Statements"). The Financial Statements were prepared from the books and records of the Business using the same accounting principles, procedures, policies, and methods applied on a consistent basis throughout the periods covered, are accurate and complete in all material respects and present fairly the financial condition and the results of operations and changes in cash flows of the Business as of the dates and for the periods indicated in all material respects.

Section 3.10 Brokers and Finders. The Seller has not taken any action with respect to any broker or finder which would give rise to any liability on the part of Buyer or incurred any liability for brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement which would give rise, to any liability on the part of Buyer.

Section 3.11 No Undisclosed Liabilities. Seller shall have no liability or obligation as of the Closing Date that would be required to be disclosed on a balance sheet prepared from the books and records of the Business, except for the liabilities and obligations of the Company (i) disclosed or reserved against in the Financial Statements, or (ii) incurred or accrued in the ordinary course of business since the date of the Financial Statements.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article IV are true and correct as of the date hereof. For purposes of this Article IV, "Buyer's knowledge," "knowledge of Buyer" and any similar phrases shall mean the actual or constructive knowledge of any director or officer of Buyer, after due inquiry.

Section 4.01 Organization and Good Standing. Buyer is a Colorado limited liability company and is in good standing under the laws of the Commonwealth of Kentucky and is duly qualified and authorized to do business as a utility in good standing in the Commonwealth of Kentucky.

Section 4.02 Authority. Buyer has full power and authority to enter into this Agreement, and this Agreement constitutes a valid and binding obligation of Buyer and is enforceable against Buyer according to its terms.

Section 4.03 No Defaults. The execution, delivery and performance at the Closing of this Agreement by Buyer will not (i) conflict with or result in a violation or breach of, or default under, any provision of the Articles of Organization, Operating Agreement, or other organizational documents of Buyer, or (ii) conflict with, result in a breach of, any law, order, judgment, decree or regulation binding on Buyer.

Section 4.04 Brokers and Finders. The Buyer has not taken any action with respect to any broker or finder which would give rise to any liability on the part of Seller or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement which would give rise, to any liability on the part of Seller.

Section 4.05 Consents and Approvals. Except for the approval of the KPSC as described in Section 2.03(c) no consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority is required by Buyer in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

Section 4.06 Litigation. Buyer is not engaged in any legal action or other proceeding which would affect Buyer's ability to close the transaction contemplated by this Agreement and to Buyer's knowledge no such action has been threatened.

Section 4.07 Knowledge. Buyer has no knowledge of any present facts or circumstances relating to Buyer which would materially adversely affect the ability of it to perform its obligations under this Agreement.

Section 4.08 Knowledge of Inaccuracies. Buyer will promptly notify the Seller if at any time prior to the Closing if Buyer acquires knowledge of any inaccuracy in the Disclosure Schedules or in any of the representations made by Seller in this Agreement. If Buyer fails to notify Seller of any inaccuracy in the Disclosure Schedules or in any of the representations made by Seller herein and it is determined that Buyer had actual notice of the same prior to Closing, then Buyer will be deemed to have waived and released any and all claims resulting from or arising out of such false or inaccurate representations or warranties.

Section 4.09 Investigations. Buyer acknowledges that it has been furnished with and has an opportunity to read this Agreement and all materials relating to the Business. Buyer further acknowledges that it has been given ample opportunity to ask questions and request information of, and receive answers from Seller concerning the Business, including but not limited to information relating to the business, finances, operations, and prospects of the Business.

Section 4.10 Financial and Technical Capability. Subject to Public Service Commission regulations and approvals Buyer will have the financial capability to consummate the transaction pursuant to the terms and conditions of this Agreement, and has the experience and technical know-how to continue to provide safe and reliable services to the customers of the Company.

Section 4.11 Disclaimer. Except for the representations and warranties of Seller expressly set forth in this Agreement, Buyer understands and agrees that the Purchased Assets are being acquired "as is, where is" on the Closing Date, and that Buyer is relying on its own examination of the Purchased Assets. Without limiting the generality of the foregoing and except for the representations and warranties of Seller expressly set forth in this Agreement, Buyer understands and agrees that Seller expressly disclaims any representations or warranties as to the operation of the Business and the Purchased Assets, including the condition, value or quality of the Purchased Assets or the prospects, liabilities, risks and other incidents of the Purchased Assets and any representation or warranty of merchantability, usage, suitability or fitness for any particular purpose with respect to the Purchased Assets or any part thereof, or as to the workmanship thereof or the absence of any defects therein, whether latent or patent. Buyer further agrees that, except for the representations and warranties of Seller expressly set forth in this Agreement and in the Disclosure Schedules and exhibits attached hereto, no due diligence materials or other information or materials provided by, or communication made by, Seller or any representative of Seller will constitute, create or otherwise cause to exist any representation or warranty whatsoever, whether or not expressly disclaimed by the foregoing.

ARTICLE V COVENANTS

Section 5.01 Public Announcements. Unless otherwise required by applicable law, neither party shall make any public announcements regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed). The parties acknowledge and agree that this Section shall not (i) prohibit Seller for filing a Form 8-K with the Securities and Exchange Commission, including with any other required public securities, stock exchange, regulatory or other filing, or (ii) prohibit Buyer from filing for any governmental application or consent pursuant to Section

5.06 or from disclosing this Agreement and the terms of sale to any financial institution for the purpose of securing funds for the purchase.

Section 5.02 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, value added and other such taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the documents to be delivered hereunder shall be borne and paid by Buyer when due. Buyer shall, at its own expense, timely file any tax return or other document with respect to such taxes or fees (and Seller shall cooperate with respect thereto as necessary).

Section 5.03 Conduct of Business Pending Closing. Seller agrees that from the Effective Date of this Agreement until the Closing Date, unless otherwise consented to by Buyer in writing, Seller will carry on the Business in the ordinary course in substantially the same manner as normally conducted including, without limitation, all sales, purchases, contractual dealings, management of stocks and employee relations, and will not enter into any agreement or make any commitment relating to the Business except in the ordinary course of business and consistent with past practice.

Section 5.04 Access to Information. From the date hereof until the Closing, Seller shall (a) afford Buyer and its representatives reasonable access to and the right to inspect all of the properties, assets, premises, books and records, contracts and other documents and data related to the Seller's business; (b) furnish Buyer and its representatives with such financial, operating and other data and information related to the Seller's business as Buyer or any of its representatives may reasonably request; and (c) instruct the representatives of Seller to cooperate with Buyer in its investigation of the Seller's business and the Purchased Assets.

Section 5.05 Hiring of Seller's Employees. It is Buyer's non-binding intention, as of the Closing Date, to offer employment to all employees of the Seller then employed by Seller in the Business (collectively the "Employees"), all such offers of employment to be pursuant to Buyer's standard employment practices and policies. Buyer's intent to offer employment to such Employees as of the Closing Date shall not create any written or oral contractual right of employment on the part of any such Employee, except as otherwise agreed by the parties in writing.

Section 5.06 Governmental Approvals and Consents. The Buyer shall, as promptly as possible, after the Effective Date: (i) make, or cause or be made, all filings and submissions required under any law applicable to such party or any of its affiliates; and (ii) use reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all governmental authorities, including, but not limited to the KPSC, that may be or become necessary for the execution and delivery of this Agreement and the performance of the parties obligations pursuant to this Agreement. The Seller shall cooperate fully with the Buyer and its affiliates in seeking to obtain all such consents, authorizations, orders and approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or

impeding the receipt of any required consents, authorizations, orders and approvals. Seller shall file all necessary filings with the United States SEC as required for the transaction contemplated under this Agreement (if any). Failure of Buyer to obtain any Governmental approval does not invoke the terms of Article VI.

Section 5.07 Bulk Sales Laws. The parties hereby waive compliance as to each other with the provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Assets to Buyer. Any taxes that may be imposed by a government pursuant to any such bulk sales laws shall be borne exclusively by Buyer.

Section 5.08 Customer Credit and Prepayments. Buyer shall honor all customer prepayments, deposits and credits on the books and records of Seller, set forth in Schedule 5.08 of the Disclosure Schedules, as of the Closing Date, without further charge or liability to Seller.

Section 5.09 Further Assurances. Following the Closing, each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the documents to be delivered hereunder.

Section 5.10 Expenses. If Buyer fails to satisfy any of the "Conditions to Closing" in Section 2.03, that it is responsible for and Buyer notifies Seller of its inability to meet those "Conditions to Closing" then all legal fees, costs and expenses incurred by the Seller to such date (collectively, the "Transaction Expenses") shall be borne by the Buyer. Upon such occurrence, Seller shall deliver a statement of such Transaction Expenses to Buyer and to Escrow Agent and Escrow Agent shall, within three (3) days of its receipt of such statements, deliver to Seller the portion of the Deposit required to pay the statement. If the Transaction Expenses are in excess of the Deposit, Buyer shall within three (3) days of its receipt of the statement, pay the difference to Seller. If the Deposit is in excess of the Transaction Expenses, the remainder of the Deposit shall be paid to Buyer. In addition, all legal fees, costs and expenses of any hearing or administrative filing with any governmental agency required for the approval of the transactions contemplated by this Agreement, shall be borne by the Buyer.

Section 5.11 Removal of Assets. Seller will not enter into any agreement or contractual arrangement providing for, or requiring the sale of, any of the Purchased Assets during the force and effect of this Agreement beyond those transactions conducted in the ordinary course of the Seller's operation of the business.

ARTICLE VI
INDEMNIFICATION

Section 6.01 Survival. All representations, warranties, covenants and agreements contained herein and all related rights to indemnification shall survive the Closing for a period of twelve (12) months.

Section 6.02 Indemnification by Seller. Subject to the limitations contained in this Article VI, Seller shall defend, indemnify and hold harmless Buyer, its affiliates and their respective members, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements (collectively, the "Damages"), arising from or relating to:

- (a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement or any document to be delivered hereunder;
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement or any document to be delivered hereunder;
- (c) any Excluded Asset or Excluded Liabilities;
- (d) any liability relating to any employee benefit plan of Seller or Seller's parent company (if any) or any of their affiliates, as set forth in Schedule 6.02 of the Disclosure Schedules;
- (e) Any liability relating to the employment or termination of employment of any employee by Seller prior to the Closing Date;
- (f) liability of Buyer and/or Seller for unpaid federal, state or local, income, sales and intangible taxes for the period prior to the Closing;
- (g) liabilities under laws governing workers' compensation, unemployment compensation, social security or income tax withholding for the period prior to the Closing.

Section 6.03 Indemnification by Buyer. Subject to the limitations contained in this Article VI, Buyer shall defend, indemnify and hold harmless Seller, its affiliates and respective stockholders, directors, officers and employees from and against all Damages, arising from or relating to:

- (a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or any document to be delivered hereunder;
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement or any document to be delivered hereunder;
- (c) any Assumed Liability; or
- (d) any Assigned Contracts.

Section 6.04 Indemnification Procedures. Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the "**Indemnified Party**") shall promptly provide written notice of such claim to the other party (the "**Indemnifying Party**"). In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a person or entity who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may reasonably deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned, or delayed).

Section 6.05 Certain Limitations.

(a) The amount which an Indemnifying Party is or may be required to pay to an Indemnified Party in respect of Damages for which indemnification is provided under this Agreement will be reduced by any amounts actually received (including amounts received under insurance policies) by or on behalf of the Indemnified Party from third parties (net of out-of-pocket costs and expenses (including reasonable legal fees and expenses) incurred by such Indemnified Party in connection with seeking to collect and collecting such amounts), in respect of such Damages (such net amounts are referred to herein as "**Indemnity Reduction Amounts**"). If any Indemnified Party receives any Indemnity Reduction Amounts in respect of an Indemnified Claim for which indemnification is provided under this Agreement after the full amount of such Indemnified Claim has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such Indemnified Claim and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such Indemnified Claim, then the Indemnified Party will promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (i) the amount theretofore paid by the Indemnifying Party in respect of such Indemnified Claim less (ii) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made. An insurer or other third party who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to any benefit they would not be entitled to receive in the absence of the indemnification provisions by virtue of the indemnification provisions hereof. Seller and the Buyer will, and will use commercially reasonable efforts to cause their respective representatives to, pursue promptly any

claims or rights it may have against all third parties which would reduce the amount of Damages for which indemnification is provided under this Agreement.

(b) Anything contained in this Agreement to the contrary notwithstanding, the Seller will have no obligation to indemnify the Buyer with respect to any matter if the Damages arise from a change in the accounting or tax policies or practices of the Seller on or after the Closing Date.

(c) Anything contained in this Agreement to the contrary notwithstanding, neither the Buyer nor the Seller will be entitled to any recovery under this Agreement for special, punitive, exemplary, incidental, indirect or consequential damages, lost profits or diminution in value.

Section 6.06 Dollar Limitations.

(a) Anything contained in this Agreement to the contrary notwithstanding, in no event will the aggregate amount for which the Seller shall be responsible to indemnify the Buyer, and for which the Buyer shall be responsible to indemnify the Seller, for any and all claims under this Agreement exceed, and the Seller's or Buyer's aggregate liability for any and all claims under this Agreement shall be limited to, an amount equal to \$50,000 (the "Cap").

(b) Anything contained in this Agreement to the contrary notwithstanding, no monetary amount will be payable by the Seller to the Buyer, or Buyer to Seller, with respect to the indemnification of any claims pursuant to this Article VI until the aggregate amount of Damages actually incurred by the Buyer with respect to such claims against the Seller, or by the Seller with respect to such claims against the Buyer shall exceed on a cumulative basis an amount equal to \$25,000 (the "Deductible"), in which event the Seller, or Buyer (as applicable) shall be responsible only for the amount in excess of the Deductible. Notwithstanding the foregoing, the Deductible shall not be applicable to indemnification claims against Seller relating to the Excluded Liabilities. In connection with any claim for indemnification, the Buyer will promptly provide Seller with written notice of all claims included in the Deductible and copies of all documents reasonably requested by the Seller relating thereto.

Section 6.07 Tax Treatment of Indemnification Payments. All indemnification payments made by Seller under this Agreement may be treated by Buyer as an adjustment to the Purchase Price for tax purposes, unless otherwise required by law.

Section 6.08 Effect of Ancillary Documents. For purposes of this Agreement or contained in or made pursuant to any closing certificate or other instrument or agreement, Seller's representations and warranties shall be deemed to include the Schedules and all other documents or certificates delivered by or on behalf of Seller pursuant to in connection with this Agreement.

Section 6.09 Exclusive Remedy. To the fullest extent permitted by applicable law, the indemnification provided in this Article VI and specific performance pursuant to Section 8.13

shall be the sole and exclusive remedies available to each of the parties for any matters in connection with this Agreement and the transactions contemplated hereby.

Section 6.10 Exception. Notwithstanding the foregoing, the limitations set forth in Sections 6.01 and 6.06 of this Agreement shall not be applicable to the indemnification claims brought by Buyer under section 6.02 (c) and (f) hereof.

ARTICLE VII TERMINATION

Section 7.01 Termination. This Agreement may be terminated and the Transactions abandoned at any time prior to the Closing:

- (a) by the mutual written consent of the Seller and the Buyer; or
- (b) by the Seller if the Required Consents are not obtained by 5:00 p.m. Eastern standard time (EST) on November 30, 2015 (the "Walk-Away Date"). However, if as of 5:00 p.m. Eastern standard time on November 30, 2015 all other Required Consents are obtained other than Kentucky Public Service Commission approval then November 30, 2015 shall be substituted with December 31, 2015 ; or
- (c) by the Buyer, if the Seller shall have materially breached any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach (x) would give rise to the failure of a condition set forth in Section 2.03 and (y) cannot be cured by the Seller by the Walk-Away Date; or
- (d) by the Seller, if the Buyer shall have materially breached any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach (x) would give rise to the failure of a condition set forth in Section 2.03 and (y) cannot be cured by the Buyer by the Walk-Away Date.
- (e) by the Buyer if a substantial portion of the Purchased Assets are damaged or destroyed by fire, storm, or any other casualty (collectively, a "Casualty") prior to the closing date. Seller assumes all risk of destruction, loss or damage due to fire, storm, or any other casualty prior to the Closing Date. Upon such destruction, loss, or damage of the facility, or a substantial part of Sellers' assets or its inventory, Buyer shall have the option to terminate this Agreement and in the event of the exercise of such option all rights of Buyer and Seller shall terminate without liability to any party. Buyer shall notify Seller within seven (7) days after receiving written notice of said destruction, loss or damage of the decision to terminate this Agreement. If Buyer does not timely notify Seller of termination, this Agreement shall remain in full force and effect, provided, however, that the Purchase Price shall be adjusted to reflect such destruction, loss or damage, and if Buyer and Seller are unable to agree upon the amount of such adjustment, the agreement will stand terminated. If this Agreement remains in full force and effect subsequent to such loss or damage, Buyer shall receive the insurance proceeds paid as a result of such Casualty, subject to adjustments made agreed upon by Buyer and Seller to the purchase price.

With a copy to: Public Gas Company, c/o Gas Natural,
Inc.
One Cleveland Center
1375 East 9th Street
Cleveland, OH 44114
Attention: Vincent Parisi
E-mail: vparisi@egas.net

If to Buyer: Kentucky Frontier Gas, LLC
4891 Independence Street, Suite 200
Wheat Ridge, CO 80033
Attention: Robert J. Oxford
Facsimile: 303-422-6105
E-mail: igsinc@att.net

with a copy to: John Hughes, Esq.
124 West Todd Street
Frankfort, KY 40601
E-mail: jnhughes@johnnhughespsc.com
502 227 7270: Phone

Section 8.03 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 8.04 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 8.05 Entire Agreement. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and the documents to be delivered hereunder, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 8.06 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 8.07 No Third-party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.08 Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

Section 8.09 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 8.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Kentucky without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Kentucky or any other jurisdiction).

Section 8.11 Submission to Jurisdiction. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in any federal court of the United States of America or the courts of the Commonwealth of Kentucky in the County where Seller or the Purchased Assets are primarily located, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding.

Section 8.12 Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY

IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.13 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 8.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 8.15 Disclosure Schedules. Seller shall update the Disclosure Schedules prior to Closing to list any additional matters or events that arise between the Effective Date and the Closing Date.

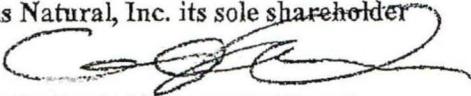
[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

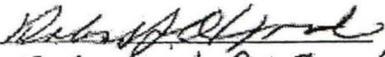
Public Gas Company
By Gas Natural, Inc. its sole shareholder

By:


Name: Gregory J. OSBORNE
Title: PRESIDENT & CEO.

Kentucky Frontier Gas, LLC

By:


Name: Robert J. Oxford
Title: Owner-Manager

[Signature Page to Asset Purchase Agreement]

RLO

Exhibit B

Bill of Sale

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Bill of Sale

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, **PUBLIC GAS COMPANY**, a Kentucky corporation (the "Company" or "Seller"), does hereby grant, bargain, transfer, sell, assign, convey and deliver to **KENTUCKY FRONTIER GAS, LLC**, a Colorado limited liability company ("Buyer"), all of its right, title and interest in and to the Purchased Assets, as such term is defined in the Asset Purchase Agreement, dated as of July __, 2015 (the "Purchase Agreement"), by and between Seller and Buyer, to have and to hold the same unto Buyer, its successors and assigns, forever.

Buyer acknowledges that Seller makes no representation or warranty with respect to the assets being conveyed hereby except as specifically set forth in the Purchase Agreement.

Seller for itself, its successors and assigns, hereby covenants and agrees that, at any time and from time to time upon the written request of Buyer, Seller will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required by Buyer in order to assign, transfer, set over, convey, assure and confirm unto and vest in Buyer, its successors and assigns, title to the assets sold, conveyed and transferred by this Bill of Sale.

IN WITNESS WHEREOF, Seller has duly executed this Bill of Sale effective as of [insert date, 2015].

Public Gas Company
By Gas Natural, Inc. its sole shareholder

By: _____
Name: _____
Title: _____

Kentucky Frontier Gas, LLC

By: _____
Name: _____
Title: _____

Exhibit C

Assignment and Assumption Agreement

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Assignment and Assumption Agreement

This Assignment and Assumption Agreement (the "Agreement"), is made on this ____ day of [insert date, 2015] , is by and between PUBLIC GAS COMPANY, a Kentucky corporation (the "Company" or "Seller"), and KENTUCKY FRONTIER GAS, LLC, a Colorado limited liability company ("Buyer").

WHEREAS, Seller and Buyer have entered into a certain Asset Purchase Agreement, dated as of July __, 2015 (the "Purchase Agreement"), pursuant to which, among other things, Seller has agreed to assign all of its rights, title and interests in, and Buyer has agreed to assume all of Seller's duties and obligations under, the Assigned Contracts and Assumed Liabilities (as defined in the Purchase Agreement) and attached hereto.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Purchase Agreement.
2. Assignment and Assumption. Seller hereby sells, assigns, grants, conveys and transfers to Buyer all of Seller's right, title and interest in and to the Assigned Contracts and Assumed Liabilities. Buyer hereby accepts such assignment and assumes all of Seller's duties and obligations under the Assigned Contracts and the Assumed Liabilities and agrees to pay, perform and discharge, as and when due, all of the obligations of Seller under the Assigned Contracts and Assumed Liabilities accruing on and after the Closing Date.
3. Terms of the Purchase Agreement. The terms of the Purchase Agreement, including, but not limited to, the representations, warranties, covenants, agreements and indemnities relating to the Assigned Contracts are incorporated herein by this reference. The parties hereto acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.
4. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Kentucky without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Kentucky or any other jurisdiction).
5. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic

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transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

6. Further Assurances. Each of the parties hereto shall execute and deliver, at the reasonable request of the other party hereto, such additional documents, instruments, conveyances and assurances and take such further actions as such other party may reasonably request to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

[SIGNATURE PAGE FOLLOWS]

RSA

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

Public Gas Company
By Gas Natural, Inc. its sole shareholder

By: _____
Name: _____
Title: _____

Kentucky Frontier Gas, LLC

By: _____
Name: _____
Title: _____

[Signature Page to Assignment and Assumption Agreement]



Disclosure Schedules

[TO BE UPDATED BY SELLER PRIOR TO CLOSING]

Section 1.01: Purchased Assets: Substantially all of the assets owned by the Company that are used in, or necessary for the ordinary conduct of, the Business, its natural gas distribution business located in the Commonwealth of Kentucky counties of Breathitt, Jackson, Johnson, Lawrence, Lee, Magoffin, Morgan, and Wolfe including, but not limited to all pipelines, meters, inventory (including gas), work in progress, rights of way, licenses, easements, pipeline interconnections, office equipment, leases, fixtures, machinery, equipment, pipe vehicles and Seller's files and records pertaining to the same. A list of assets is attached hereto as Exhibit 1.01-A.

Section 1.02: Excluded Assets: Cash and cash equivalents. [To be defined].

Section 1.03(a): Assigned Contracts: [To be determined].

Section 1.03(b): Excluded Liabilities: [To be determined].

Section 1.04: Allocation of Purchase Price: [To be determined].

Section 3.03: Seller's Required Consents: The consent of the KPSC; consent of Seller's lenders; any consent required to transfer the Assigned Contracts.

Schedule 3.09: Financial Statements: Attached as Exhibit 3.09-A.

Schedule 5.08: Customer Credit and Prepayments

Schedule 6.02: Employee Benefit Plans: [To be defined].

R.D.

PUBLIC GAS COMPANY INC.
SUMMARY BALANCE SHEET USED MONTHLY

Period and Year to Date
For the Period from June 1, 2015 to June 30, 2015

	Current Period	Year to Date
ASSETS		
PROPERTY, PLANT & EQUIPMENT		
Land/Buildings	82,919.95	82,919.95
Main Lines, Meters, Stations & Eqpm	361,872.72	361,872.72
Pipeline	2,361,667.62	2,361,667.62
Tools & Equipment	220,987.78	220,987.78
Furniture & Fixtures	7,435.99	7,435.99
Vehicles	166,113.29	166,113.29
Accumulated Depreciation	-1,340,271.87	-1,340,271.87
Net Plant	1,860,725.48	1,860,725.48
Construction Work In Progress	228,211.51	228,211.51
Total Property, Plant & Equipment	2,088,936.99	2,088,936.99
CURRENT ASSETS		
Cash	44,400.98	44,400.98
Petty Cash	300.00	300.00
Accounts Receivable	158,824.67	158,824.67
Related Party Receivables	104,657.54	104,657.54
Deposits	274.00	274.00
Inventory	33,056.83	33,056.83
Prepaid Expenses	1,200.00	1,200.00
Unrecovered Gas Cost	34,741.14	34,741.14
Accrued Accounts Receivable	19,252.69	19,252.69
Total Current Assets	396,707.83	396,707.83
OTHER ASSETS		
Franchise Acquisition		
Goodwill	263,424.87	263,424.87
Rate Case Costs	2,494.03	2,494.03
Deferred Tax Asset - Short Term	-33,804.00	-33,804.00
Deferred Tax Asset - Long Term	535,232.11	535,232.11
Total Other Assets	787,347.01	787,347.01
TOTAL ASSETS	<u>3,272,991.83</u>	<u>3,272,991.83</u>

RPO

PUBLIC GAS COMPANY INC.
SUMMARY BALANCE SHEET USED MONTHLY
Period and Year to Date
For the Period from June 1, 2015 to June 30, 2015

	Current Period	Year to Date
LIABILITIES & SHAREHOLDER'S EQUITY		
SHAREHOLDER'S EQUITY		
Common Stock	100,000.00	100,000.00
Paid-In-Capital	2,118,821.09	2,118,821.09
Dividends Paid		
Retained Earnings (Loss) Prior	-251,951.24	-251,951.24
Retained Earnings (Loss) Current	-38,939.45	-38,939.45
TOTAL SHAREHOLDER'S EQUITY	1,927,930.40	1,927,930.40
CURRENT LIABILITIES		
Notes Payable		
Trade Accounts Payable	23,560.17	23,560.17
Gas Accounts Payable		
Pipeline Imbalance		
Budget Bal Owed to Customers	17,092.65	17,092.65
Customer Deposits	108,525.00	108,525.00
Related Party Payable	542,407.67	542,407.67
Asset Retirement Obligation		
Accrued Liabilities	10,995.15	10,995.15
Accrued Taxes	8,994.59	8,994.59
Total Current Liabilities	710,975.23	710,975.23
DEFERRED CREDITS		
Deferred Compensation		
Deferred Taxes Liability	634,086.00	634,086.00
Total Deferred Credits	634,086.00	634,086.00
TOTAL LIABILITIES	-1,345,061.23	-1,345,061.23
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	3,272,991.63	3,272,991.63

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PUBLIC GAS COMPANY NC.
SUMMARY INCOME STATEMENT USED MONTHLY

Period and Year to Date
For the Period from June 1, 2015 to June 30, 2015

	Current Period	Year to Date
OPERATING REVENUE		
UTILITY REVENUE		
Gas Sales Residential	5,448.01	327,563.30
Gas Sales Commercial	8,325.47	382,509.45
Gas Sales Governmental		
Service Charges	15,250.00	95,360.00
Service Revenue	310.00	3,830.00
Other Misc Sales	-68.44	-1,043.13
Total Utility Revenue	27,265.04	808,219.62
Total Operating Revenue	27,265.04	808,219.62
PURCHASE GAS COST		
Purchases Gas Cost	11,098.58	415,660.01
Purchases Gas Cost-Deferred	3,602.39	31,613.55
Total Purchase Gas Cost	14,760.97	447,279.56
GROSS MARGIN	12,504.07	360,940.06
GROSS MARGIN PERCENTAGE	0.40	0.45
OPERATING EXPENSE		
Direct Labor	9,673.02	61,889.43
Benefits	5,833.60	29,517.02
Operations Expense	14,720.89	108,118.60
Corporate Overhead	12,205.23	85,805.69
RTU Measure Expense		
Professional Fees	2,408.06	62,596.08
Maintenance	1,331.29	10,267.37
Depreciation	11,302.78	67,982.86
Insurance		16,578.65
Taxes Other Than Income	5,233.77	23,081.88
Total Operating Expenses	62,807.50	445,417.48
INCOME (LOSS) FROM OPERATION	-50,303.43	-84,477.42
OTHER INCOME (EXPENSE)		
Other Misc Income (Expense)	-277.11	8,385.98
Interest Income (Expense)	628.84	9,006.98
Propane Sales	218.16	4,878.18
COG Propane		
Penalties		1,918.24
Gain (Loss) on sale of assets		
Gain on Bargain Purchase Price		
Total Other Income (Expense)	-489.69	-20,463.88
Income (Loss) Before Income Taxes	-49,833.74	-84,013.58
Income Taxes		

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PUBLIC GAS COMPANY INC.
SUMMARY INCOME STATEMENT USED MONTHLY
Period and Year to Date
For the Period from June 1, 2015 to June 30, 2015

	Current Period	Year to Date
State Current Income Tax Expense		
Provision for Income Taxes - Deferred	-19,519.87	-25,074.11
	-19,519.87	-25,074.11
NET INCOME (LOSS)	-30,313.87	-38,939.45

RJD

Exhibit 3.09-A

Fixed Asset - Book Value 01

February 25, 2015 3:52 PM

PUBLIC GAS COMPANY INC.

Page 1

jptman

Fixed Asset: FA Posting Date Filter: 01/01/15..02/25/15

Group Total: FA Posting Group

	Acquisition Cost 12/31/14	Addition Period	Disposal Period	Acquisition Cost 02/25/15	Depreciation 12/31/14	Depreciation Period	Disposal Depreciation Period	Depreciation 02/25/15	Book Value 12/31/14	Book Value 02/25/15
Group Total: CWP	160,813.88	-1,962.21	0.00	158,851.67	0.00	0.00	0.00	0.00	160,813.88	158,851.67
Group Total: EQUIPMENT	194,731.60	0.00	0.00	194,731.60	-60,234.21	-1,183.11	0.00	-61,417.32	134,497.39	133,314.28
Group Total: METERS	306,580.72	0.00	0.00	306,580.72	-186,993.19	-935.29	0.00	-187,928.48	119,587.53	118,652.24
Group Total: OFFICE	7,435.99	0.00	0.00	7,435.99	-2,508.35	-59.70	0.00	-2,568.05	4,927.64	4,867.94
Group Total: PIPELINES	2,363,919.62	0.00	0.00	2,363,919.62	-907,235.30	-4,496.91	0.00	-911,732.21	1,456,684.32	1,452,187.41
Group Total: REGULATORS	55,292.00	0.00	0.00	55,292.00	-30,844.38	175.19	0.00	-31,019.57	24,447.62	24,272.43
Group Total: SIGNS	3,550.00	0.00	0.00	3,550.00	-591.60	-29.58	0.00	-621.18	2,958.40	2,928.82
Group Total: STRUCT MP	82,919.95	0.00	0.00	82,919.95	-28,645.65	5,865.30	0.00	-30,510.95	54,274.30	52,409.00
Group Total: TOOLS	22,706.18	0.00	0.00	22,706.18	-3,922.69	-181.71	0.00	-4,104.40	18,783.49	18,601.78
Group Total: VEHICLES	166,113.29	0.00	0.00	166,113.29	-51,333.11	-3,408.19	0.00	-53,741.96	114,499.52	112,371.33
Total	3,364,063.23	-1,962.21	0.00	3,362,101.02	-1,272,309.14	-11,334.98	0.00	-1,283,644.12	2,091,754.09	2,078,456.90

[Handwritten Signature]

EXHIBIT 4

EXHIBIT 5

Exhibit 5

BACKGROUND:

Kentucky Frontier Gas, LLC is a Colorado limited liability company authorized to do business in Kentucky. The LLC was formed in 2005 by members Robert Oxford, Steven Shute, Larry J. Rich, and Industrial Gas Services, Inc. These are the Managing partners.

Frontier acquired 100% ownership in the Floyd County Gas system (aka East Kentucky Utilities), Mike Little Gas Company, Belfry Gas system, and the farm taps of Kinzer Drilling Company and Alert Gas and Oil Company, effective Dec. 1, 2008. These acquisitions were purchased through an SBA-guaranteed loan. Frontier has operated the gas systems of these companies and served their residential and commercial customers, numbering over 2,000, for more than six years.

Frontier acquired Auxier Road Gas Company, Cow Creek Gas Company, Dema Gas Company, and Farm Taps from Interstate Gas Company in early 2010, through a USDA-guaranteed loan. In January 2010, Frontier leased and moved into ARGC's office and shop complex in Prestonsburg.

In 2012 through another SBA-guaranteed loan, Frontier acquired the customers and assets of BTU Gas in Magoffin County, adding 500 more customers. Two other tiny gas utility systems were added in the towns of Phelps and Blaine, KY. The company currently has 4,000 residential and commercial customers. Frontier now has nine full time technicians and an office staff of five.

Frontier operated the various systems under their existing and separate rates for a few years. In 2013, the Kentucky Public Service Commission (PSC) granted a consolidated rate structure for all Frontier customers. The new rate structure has improved the company's financial performance and is well-positioned to make the next step in its growth with the acquisition of Public.

Kentucky Frontier Gas has signed an Asset Purchase Agreement to purchase the utility assets of Public Gas for \$1,900,000. Frontier's owners will provide \$400,000 in equity for the transaction.

The acquisition of Public Gas will add 1,725 customers, bringing Frontier's total customer base to 5,700. Frontier's management believes that based on their experience a customer base of 5,000 or more is well past the threshold of profitability for a gas distribution business. Many common utility functions are enhanced by a common, central organization. They believe this acquisition will significantly improve the financial position of both Frontier and Public Gas. Projections provided by Frontier show the

acquisition will generate incremental revenues with a DSCR of almost 3:1 for the additional debt.

PROJECT:

Public Gas serves Jackson and towns along the Parkway west of Salyersville. Public Gas was built in the early 1980s as the distribution arm of Jefferson Gas, which produces, gathers and transports gas east and south of Lexington. Public is a perfect bolt-on acquisition for Frontier. The main service areas in Jackson, Campton, Lee City & Hazel Green are located along the Mountain Parkway, and just west of the Sigma and BTU systems that Frontier now operates. Public Gas also has hundreds of farm taps off Jefferson Gas in the same counties where Frontier has farm taps.

The parent of Public - Gas Natural (symbol EGAS) - is a public company based in Ohio with about 80,000 meters including utilities in other states. Gas Natural has major growth in its utilities in Maine and North Carolina. The company bought Public Gas in 2012 expecting to buy up other small gas utilities in the area. But that didn't happen quickly enough, and Public Gas is too small for a public company to operate as a stand-alone utility in a separate state. The company had a major corporate shakeup in 2014, resulting in the sale of systems in Wyoming and Montana, and now Public Gas in Kentucky.

The total cost of the purchase is \$1.9 million, or approximately \$1,100 per customer. Frontier has purchased most of its systems on the industry standard of \$1,000 per meter, plus other factors such as gas volume and growth potential. Nationally, gas utility acquisitions over the last 10 years have averaged \$2,000 per meter, with some systems bringing as high as \$4,000 per meter.

The resulting purchase prices are about 2x Book Value. The combined Frontier Gas entity also significantly exceeds the standard gas utility valuation of 10x EBITDA.

Public's 50 miles of pipe and 1,725 meters are located adjacent to Frontier's existing system, and will be added to Frontier's 300 miles of mains and 4,000 meters. Public sells about 120,000 MCF per year compared with Frontier at about 350k. The deal includes vehicles, construction equipment and other assets that can be used across the Frontier system. Public Gas has 4 field operating workers and 2 office staff, and Frontier intends to maintain that staffing level.

Frontier can combine the Public field & office staff and equipment as needed with other Frontier operations along the Parkway, to make all operations more efficient. Frontier expects to retain all 6 current Public employees, at average wages of almost \$15

per hour, along with generous benefits and pension plan. Even so, the owners believe Frontier can run Public Gas for \$200,000 per year less than Gas Natural.

There are good potential growth areas for Public along the well-traveled Mountain Parkway, including some small nearby acquisitions. Over the next few years Frontier plans new extensions to customers, upgrades to a few sections of older system in Jackson, and Automated Meter Reading or radio AMR for Public customers.

Frontier intends to centrally manage the utilities from the Prestonsburg office. Operating personnel will be assigned to work on any system. The effect of Frontier ownership should be transparent to Public Gas customers; and in fact Frontier has markedly improved customer service for most of its previous acquisitions. For Public Gas, the Jackson office will remain open, the same familiar workers will run the Public system, and the same Public phone number will ring into a Prestonsburg-area office, all maximizing efficiency.

The Kentucky PSC allows gas distributors to pass through to their customers the actual cost of gas from their suppliers. Gas costs are adjusted quarterly. The utility recovers the full cost of the gas through a Commodity Balancing Account, which tracks price increases and decreases and periodically adjusts the price to the consumer to zero out the CBA balance. If the CBA is run as it should be, there is no risk to the utility from price volatility.

Frontier purchases its gas for its current systems from several large local producers and transmission pipelines operated by EQT and Columbia. Public Gas is supplied mostly by its former parent Jefferson Gas Pipeline. Frontier will work with Jefferson to ensure a reliable and economic supply of gas.

The company was nominated by CTBI and honored by SBA in 2011 as one of Kentucky's "SBA Success Stories."

Frontier holds all assets and liabilities of all companies acquired. Frontier LLC members will hold the following ownership (percentages may vary slightly):

a. Industrial Gas Services, Inc. (IGS) (8.0%) was created by Robert Oxford in 1972. IGS works to provide energy solutions to large industrial customers, including drilling and exploration, delivery pipelines and gas transportation and management services. In the 1990s, IGS surveyed over 100 rural and small town communities in the U.S. that do not have natural gas service. As the result of these surveys, IGS worked on numerous several gas distribution projects.

b. Bob Oxford (24.7%) has worked on many gas production, gathering, processing, pipeline & distribution projects. From 1994-98, Bob Oxford through

IGS was a founder and principal of Frontier Energy, a gas utility start-up serving 7 counties in northwestern North Carolina.

c. Larry Rich (16.7%) has an MBA and was formerly a regional operations manager with a large southeastern gas utility. He helped with initial construction and operation of Frontier Energy in NC.

d. Steven Shute (50.6%) is a professional engineer and owner of Pinedale Natural Gas and co-founder of Frontier Energy in NC.

Founded 10 years ago, Kentucky Frontier studied more than a dozen small gas distribution companies in eastern Kentucky. These utilities were all similar: they served 40 or 100 or 400 or 1000 customers, mostly small residential and commercial accounts; their annual gas volume had not reached a critical mass to achieve profitability; and most had negative equity and large debts. Due to chronic operating losses, these utilities were unable to pay their loans or form capital to market their services or expand systems; they weren't usually able to comply with federal & state regulations for pipeline safety, training and utility reporting; and there was little or no prospect for significant change in their financial outlook.

The consolidation of these utilities into Frontier has created a critical mass which is financially viable. Many utility functions such as billing, accounting, customer calls, emergency response, operator training and regulatory compliance are enhanced by a common, central organization.

MANAGEMENT: Steven Shute, PE. BS Electrical Engineering, Kansas State University. Professional Engineer. Mr. Shute worked with Conoco's petroleum & natural gas pipeline divisions for 3 years. He spent 11 years with KN Energy in technical and executive positions. KN (Kansas-Nebraska Natural Gas, now GE Source Gas) operates utilities with over 400,000 customers. Mr. Shute was General Manager and Chief Engineer of a KN division with 25,000 meters.

In 1991 Mr. Shute founded Pipeline Solutions, Inc. (PSI) and has served as consultant, founder and owner of several small gas utilities nationwide. Following are some of those projects:

- Pinedale Natural Gas in Wyoming, Inc. 1993, 1400 customers, 100% owned.
- Town of Walden, Colorado, started 1994; PNG operates this system with 900 meters.
- Frontier Energy, North Carolina, started 1995; sold interest in 1998.
- Wendover Gas, Utah-Nevada; started 1997, 800 meters, consultant & 40% owner.

- Alpine Natl Gas, California, started 2000, 1500 meters, consultant & minor interest.
- Kentucky Frontier Gas, started 2005, now 4000 meters, consultant & 51% owner.

Robert Oxford. BS Mechanical Engineering, Louisiana State University. Bob Oxford is a petroleum engineer with 50+ years of work in natural gas exploration and production, pipelines and other projects through his company Industrial Gas Services, Inc. Bob started IGS in 1972 to build pipelines, drill wells and supply large industrial users who were once captive to their gas utility. He and Steve Shute founded Frontier Energy in North Carolina, reported as the largest start up gas utility project in the U.S. in 35 years. Oxford is a Managing Member based in Colorado. He oversees gas management and acquisition matters.

Larry Rich BA Management, Guilford College; MBA Babcock School of Management, Wake Forest University. Mr. Rich has been employed in the natural gas industry for over 30 years, including 20 years with Piedmont Natural Gas Company as manager of operations of Greensboro and High Point, North Carolina gas systems.

Mr. Rich worked with Oxford & Shute in the startup, construction and operations of Frontier Energy, a new gas utility in North Carolina. Mr. Rich served as a consultant for Heath & Associates on numerous gas distribution projects, and in 2003-2004 was a consultant for Coos County, Oregon, in the design and construction of a 60 mile 12-inch gas transmission pipeline network.

EXHIBIT 6



building communities...built on trust®

P. O. Box 2947
Pikeville, Kentucky 41502-2947
606-432-1414

346 North Mayo Trail
Pikeville, Kentucky 41501-1492

August 31, 2015

Steve Shute
Kentucky Frontier Gas
PO Box 408
Prestonsburg, KY 41653

RE: Kentucky Frontier Gas application to purchase Public Gas

Dear Steve:

This letter is to confirm that Kentucky Frontier Gas has applied for financing of the proposed Public Gas purchase transaction with Community Trust Bank.

We are in the process of analyzing the financial projections and assumptions forecast by Frontier, as well as the historical performance of Frontier and Public. We plan to present the application to our Senior Loan Committee in the next week or two for consideration.

If the loan is approved by the bank, we will then submit it to SBA for their authorization. We do not have any reason to believe SBA would not find the application eligible, as they have deemed Frontier eligible for two previous loans. Additionally, Frontier was honored by the Kentucky District Office of SBA as a "Success Story" a few years ago.

Frontier has performed well on its two other SBA loans and one USDA-guaranteed loan with CTB, including two fairly large transactions financed in 2008 and 2010. If approved, we anticipate the pricing structure and term for this loan should be similar to those prior loans.

We consider Frontier a valuable customer and are working diligently on the financing for this transaction. We have confidence it can be completed in a reasonable timeframe, assuming approval by Senior Loan Committee and SBA.

Please feel free to contact me if you have any questions or need additional information about the loan process.

Sincerely,

A handwritten signature in blue ink, appearing to read "T.L. Spears", is written over a light blue horizontal line.

Terry L. Spears
SBA Small Business Banking Officer



BUSINESS CREDIT APPLICATION

CREDIT REQUESTED

Type of Credit Requested: [X] Term Loan [] Line of Credit [] Other. Amount Requested: \$1,500,000.00. Primary Use/Purpose of the Loan: PURCHASE GAS UTILITY ASSETS.

COLLATERAL

Description: GAS UTILITY SYSTEM AROUND JACKSON, KY. Value: \$1,900,000.00. Value Based On: [X] Purchase Price.

BUSINESS INFORMATION

Legal Business Name: KENTUCKY FRONTIER GAS LLC. Annual Gross Sales: 4,000,000.00. # Employees: 14. City: PRESTONSBURG, KY. Description of Business: NATURAL GAS UTILITY.

OWNERS

Owner 1: STEVEN SHUTE, MEMBER MGR, ALL INFO ON FILE, 80% Ownership. Owner 2: ROBERT OXFORD, MEMBER MGR, ALL INFO ON FILE, 35.00% Ownership.

Check here if additional owners/guarantors and attach additional Business Credit Applications containing information and signatures.

PERSONAL GUARANTORS

Name, Address, SSN fields for personal guarantors.

BUSINESS BANK REFERENCES

Table with columns: CTB Accounts, Average Balance, Other Financial Institution Accounts, Average Balance, Name of Financial Institution.

CURRENT BUSINESS DEBT INFORMATION

Table with columns: Payable To, Line or Loan, Balance/Amount of Line, Monthly Pymt, Collateral.

BUSINESS TRADE REFERENCES (List two major suppliers)

Table with columns: Business Name, Contact Person, Phone Number.

OTHER INFORMATION If yes to any of the following questions, please explain. (Attach an additional page)

Questions regarding claims, taxes, liability, bankruptcies, collateral, and assets held in a Trust.

HMDA Reportable? [X] No [] Yes

STOP! Complete this section only if HMDA applies (home purchase, refinance, home improvement of dwelling)

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws.

APPLICANT and CO-APPLICANT information: Ethnicity, Race, Sex.

CERTIFICATION AND SIGNATURES

I certify that everything stated in this application is correct and is submitted to induce the bank to grant credit to me. The Bank is authorized to check my credit and employment history...

SIGNATURE(S) and TITLE, if applicable. DATE fields.

Loan Officer Name: STEVE BELCHER, Officer Number: 906, Branch Number & Name: 1015 / 346 N MAYO TR PIKE, Market Address: PO Box 2947, Pikeville, KY 41502.

Year Business Established: 2012 Series Current: 1 Existing Customer: Yes No Loan Customer Since: 1/1/12 Primary Business Contact Name: STEVE WHITE

Business Net Profit (after owners salary):
 YTD: _____ Most Recent Year-End: _____ Previous Year-End: _____

OWNERS					
Name	Title	Home Address	Home Phone	SSN	How Long
STEVE WHITE	OWNER	1014 S. DOWNEY			8 0
Home Phone	SSN	Annual Gross Personal Income	Monthly Housing Payment	Net Worth Outside of Business	% Ownership
					51.00%
ROBERT LARSON	OWNER	1014 S. DOWNEY			8 0
Home Phone	SSN	Annual Gross Personal Income	Monthly Housing Payment	Net Worth Outside of Business	% Ownership
					35.00%

If married, community or joint property

PERSONAL GUARANTORS

Name	Address	SSN

BUSINESS BANK REFERENCES

CTB Accounts	Average Balance	Other Financial Institution Accounts	Average Balance	Name of Financial Institution
<input type="checkbox"/> Business Checking		<input type="checkbox"/> Business Checking		
<input type="checkbox"/> Business Checking		<input type="checkbox"/> Business Checking		
<input type="checkbox"/> Business Checking		<input type="checkbox"/> Business Checking		

CURRENT BUSINESS DEBT INFORMATION

Payable To	Line or Loan	Balance/Amount of Line	Monthly Pymt	Collateral

BUSINESS TRADE REFERENCES (List two major suppliers)

Business Name	Contact Person	Phone Number

OTHER INFORMATION *if yes to any of the following questions, please explain. (Attach an additional page)*

Please answer the following questions for the business and owner(s):

	Business	Owner
1. Are there any claims or lawsuits pending?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2. Are any State or Federal Income, Withholding, Sales or Property taxes delinquent?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Does any liability exist for any amounts via leases, guarantees, commitments or other contingency agreements?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4. Have there been any bankruptcies or judgments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5. Is any collateral offered to CTB currently pledged to other lenders?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. Are any assets held in a Trust?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

HMDA Reportable? No Yes

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may discriminate neither on the basis of this information, nor on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation or surname. If you do not wish to furnish the information, please check the box below.

APPLICANT	<input type="checkbox"/> I do not wish to furnish this information	CO-APPLICANT	<input type="checkbox"/> I do not wish to furnish this information
Ethnicity:		Ethnicity:	
Race:		Race:	
Sex:		Sex:	

CERTIFICATION AND SIGNATURES

I certify that everything stated in this application is correct and is submitted to induce the bank to grant credit to me. The Bank is authorized to check my credit and employment history and to answer any questions about its credit experience with me. This application will be returned by the Bank whether or not my application is approved. It is understood that this may not be a complete application and that Community Trust Bank, Inc. may need additional information to properly evaluate the credit request.

If your application for business credit is denied you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please send your written request to Community Trust Bank, Attn: Commercial Loan Dept., P.O. Box 2947, Pikeville, KY 41502, within 60 days from the date you are notified of our decision. We will send you a written statement of the reasons for the denial within 30 days of receiving your request for the statement.

Notice: The federal Equal Credit Opportunity Act, which is designed to prohibit discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is: Federal Reserve Consumer Help Center, P.O. Box 1200, Minneapolis, MN 55409.

Acknowledgment: The undersigned hereby acknowledges receipt of the Notice of Right to Product Specific Reasons for Credit Denial on the Date indicated.

SIGNATURE(S)	TITLE, if applicable	DATE
X 	MEMBER - MANAGER	8/18/15
X _____		
X _____		
X _____		

Loan Officer Name	Officer Number	Branch Number & Name	Market Address
CHRIS BELCHICK		1014 S. DOWNEY	1014 S. DOWNEY, PIKEVILLE, KY 41502
Decision	Date	Comments	
APPROVED			

Provide the following information with your application (New Borrowers and/or Loan Requests of \$10,000 or greater):

Most recent year-end business financial statements	3 years
Most recent year's business tax returns (Not required if financial statements are reviewed or audited by an accounting firm.)	3 years
Current interim business financial statement (if your past year end or tax return is more than 6 months old)	if applicable
Complete copy of personal tax returns of any person owning 25% or more of the company	3 years
Personal financial statement for any principal owning 25% or more of the company	please provide

EXHIBIT 7

Form M: Customer Debt Schedule

Customer Name: Kentucky Frontier Gas LLC

Date: 7/23/2015

Lender	Loan Type¹	Commitment/Loan Balance	Interest Rate	Fixed/Variable	Payment Frequency²	Scheduled Payment Amount³
CTB-SBA Loan	T	\$ 648,906	3.75%	V	Monthly	\$ 16,889
CTB-SBA #2	T	203,820	5%	F	Monthly	1,883
CTB-USDA #1	T	1,176,515	6%	V	Monthly	13,277
CTB-USDA #2	T	130,724	6%	V	Monthly	1,475
CTB-Tacoma Access	T	8,041	3.50%	F	Monthly	587
CTB-2015 Tacoma	T	19,650	2.99%	F	Monthly	365
CTB-2015 Ch Silver	T	31,332	2.99%	F	Monthly	610
CTB-F350	T	31,495	2.99%	F	Monthly	614
TOTALS		\$ 2,250,481	5.14%			\$ 35,701
CTB new Public	T	1,500,000	5.00%			9,899
TOTALS		\$ 3,750,481	5.08%			\$ 45,601

1. Enter one of the following choices:
 T - Term Loan
 L - Line of Credit
 D - Demand
2. Enter monthly, quarterly, annually, etc.
3. Enter N/A for demand notes, lines of credit, and floor plans.

Customer

Date
 Provided By:
 Credit Administration

Form: LN-00014

CRAD-0014-02

11:19 AM
 07/28/15
 Accrual Basis

Kentucky Frontier Gas, LLC
Balance Sheet
 As of May 31, 2015

	May 31, 15
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash - Bank Accounts	
131.0 · Petty Cash	300.00
131.2 · Comm Trust Bank Oper 4002506337	216,217.38
131.3 · Comm Trust Payroll #4002507509	1,149.54
131.6 · Comm Trust ACH #4003210277	1.21
131.7 · CTB Savings #5001856760	301,508.42
Total 131 · Cash - Bank Accounts	519,176.55
Total Checking/Savings	519,176.55
Accounts Receivable	
142 · Customer Accounts Receivable	258,126.40
143 · Other Accounts Receivable	
148 · Due from DLR	53,000.00
143 · Other Accounts Receivable - Other	36,087.52
Total 143 · Other Accounts Receivable	89,087.52
145 · Due From Quality Gas	28,232.80
Total Accounts Receivable	375,446.72
Other Current Assets	
108.09 · CC - Accum Deprec	-58,915.00
108.11 · BTU-Accumulated Depr	-32,880.00
115.0 · Consol - Acc Depreciation	-6,484.00
146 · Reimbursement Receivable	42,000.00
147 · N/R - Fontaine Williams	984.54
173 · Organizational Account	
Start Up Costs	
SBA Origination Fees	40,390.63
USDA Origination Fees	17,464.00
115 · Accumulated Amort - Start Up	-29,970.00
Start Up Costs - Other	298.98
Total Start Up Costs	28,183.61
Total 173 · Organizational Account	28,183.61
Total Other Current Assets	-27,110.85
Total Current Assets	867,512.42
Fixed Assets	
101 · Utility Plant	
101.0 · Utility Plant - consolidated	
376 · Meters - Consolidated	39,050.38
376.0 · Itrons	7,250.64
377 · Meter Sets	21,371.58
378 · Regulators	2,957.50
Total 101.0 · Utility Plant - consolidated	70,630.10
101.1 · East Kentucky Utility Plant	
General Plant	
394.1 · Tools, Shop & Garage Equip	891.00
Total General Plant	891.00
114.1 · Gas Plant Acquisition Adj	
376.01 · Mains	6,015.91
380.01 · Services	11,878.36
381.01 · Meters	16,101.58
382.01 · New Meter Install	475.05
382.02 · EKV - Line Replacement	650.00
114.1 · Gas Plant Acquisition Adj - Other	955,369.74
Total 114.1 · Gas Plant Acquisition Adj	990,490.64

11:19 AM
 07/28/15
 Accrual Basis

Kentucky Frontier Gas, LLC
 Balance Sheet
 As of May 31, 2015

	May 31, 15
115.1 · Accumulated Provision for Amort	-312,977.00
Total 101.1 · East Kentucky Utility Plant	678,404.64
101.2 · Mike Little Gas Plant	
114.2 · Gas Plant Acquisition Adj	
376.22 · Mains	28,484.44
380.22 · Services	3,185.90
381.22 · Meters	15,979.74
381.23 · Line Replacement	364.77
114.2 · Gas Plant Acquisition Adj - Other	481,044.76
Total 114.2 · Gas Plant Acquisition Adj	529,059.61
115.2 · Accum Prov for Amort of Gas PI	-160,466.00
Total 101.2 · Mike Little Gas Plant	368,593.61
101.3 · Belfry Utility Plant	
114.3 · Gas Plant Acquisition Adj	
376.33 · Mains	118,607.16
376.331 · Mains - Comp Const	28,661.96
376.34 · Mains Belf - Line Replacement	86,069.41
380.33 · Services	12,645.56
381.32 · Regulators	3,075.00
381.33 · Meters	34,233.60
381.34 · Meter & Regulator - FSM	4,675.82
382.22 · New Meter Installation	1,925.25
114.3 · Gas Plant Acquisition Adj - Other	480,342.00
Total 114.3 · Gas Plant Acquisition Adj	770,235.76
115.3 · Accum Prov for Amort of Gas PI	-312,209.00
Total 101.3 · Belfry Utility Plant	458,026.76
101.4 · Alert Farm Taps Utility Plant	
Distribution Plant	
381.4 · Meters	130.00
Total Distribution Plant	130.00
114.4 · Gas Plant Acquisition Adj	
376.44 · Mains	2,600.29
380.44 · Services	2,950.40
381.44 · Meters	312.42
382.44 · New Meter Installation	111.00
Total 114.4 · Gas Plant Acquisition Adj	5,974.11
115.4 · Accum Prov for Amort of Gas PI	-1,445.00
Total 101.4 · Alert Farm Taps Utility Plant	4,659.11
101.8 · Peoples Gas Utility Plant	
114.81 · Gas Plant Acq Adj - KFG	
376.88 · Mains	14,279.82
377.88 · Main Replacement - Phelps	20,837.63
380.88 · Services	1,196.90
382.88 · New Meter Install	114.75
114.81 · Gas Plant Acq Adj - KFG - Other	25,541.00
Total 114.81 · Gas Plant Acq Adj - KFG	61,970.10
115.8 · Accum Amortization - Acquisition	-13,270.00
Total 101.8 · Peoples Gas Utility Plant	48,700.10
Total 101 · Utility Plant	1,629,014.32
101.11 · BTU Purchase	
380.10 · Mains	700.00
380.11 · Services	12,207.13
380.13 · Regulators	815.90
380.14 · Main Replacement - BTU	3,975.00
380.16 · Drip Tank	1,010.03

11:19 AM
 07/28/15
 Accrual Basis

Kentucky Frontier Gas, LLC
Balance Sheet
 As of May 31, 2015

	<u>May 31, 15</u>
101.11 · BTU Purchase - Other	262,500.00
Total 101.11 · BTU Purchase	281,208.06
101.9 · COW CREEK UTILITY PLANT	
376.09 · Mains	446,356.00
380.09 · Services	9,453.66
381.09 · Meters	44,598.00
383.09 · Regulators/Detectors	21,815.00
101.9 · COW CREEK UTILITY PLANT - Other	16,699.00
Total 101.9 · COW CREEK UTILITY PLANT	538,921.66
154 · Inventory	15,648.70
380 · General Plant Assets	
391 · Office Furniture & Equipment	
391.1 · Office Furniture & Equipment	10,343.18
391.11 · Office Equip - Folder/Inserter	10,270.34
Total 391 · Office Furniture & Equipment	20,613.52
392 · Transportation Equipment	
108 · Gen Utility Plant - Accum Depr	-199,091.00
392.1 · 1996 Ford F-150	5,300.00
392.11 · Transportation Eq- Other	3,657.00
392.2 · 2005 Toyota	12,500.00
392.3 · 2012 Tacoma Access Cab	26,224.54
392.4 · 2012 Tacoma Reg Cab	23,655.24
392.5 · 2012 Tundra	29,687.00
392.6 · 2015 Chevy Silverado	33,695.08
392.7 · 2015 F350	41,338.81
392.9 · 2015 Tacoma	26,110.74
392 · Transportation Equipment - Other	4,913.83
Total 392 · Transportation Equipment	7,991.24
394 · Tools, Shop & Garage Equip	15,114.73
396 · Power Operated Equipment	
396.3 · CAT Mini Excavator	33,780.90
Total 396 · Power Operated Equipment	33,780.90
397 · Tools & Equipment	1,643.19
Total 380 · General Plant Assets	79,143.58
380.15 · Meter- H Thompson	8,222.69
Total Fixed Assets	2,552,159.01
Other Assets	
123 · Investment in Subsidiary Compan	
123.1 · Investment - Auxier Rd	1,695,459.23
123.3 · Investment - DEMA	10,000.00
123.4 · Investment - Interstate FT	10,000.00
Total 123 · Investment in Subsidiary Compan	1,715,459.23
125 · CASELLE Billing Software	21,650.00
150 · CC- A/R	70.19
Total Other Assets	1,737,179.42
TOTAL ASSETS	5,156,850.85
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	485,442.56
Total Accounts Payable	485,442.56
Other Current Liabilities	
230 · CC-N/P DEMA	5,885.42
233 · Notes Payable - Assoc Co's	

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Kentucky Frontier Gas, LLC
Balance Sheet
 As of May 31, 2015

	May 31, 15
233.1 · N/P IGS	27,602.80
233.2 · N/P DLR	21,673.25
Total 233 · Notes Payable - Assoc Co's	49,276.05
235 · Customer Deposits/Retainers	
235.1 · CC- Cust Deposits	20,450.00
237 · Accrued Interest Deposits	
237.1 · CC- Accr Int on Deposits	2,765.92
237 · Accrued Interest Deposits - Other	10,931.10
Total 237 · Accrued Interest Deposits	13,697.02
235 · Customer Deposits/Retainers - Other	94,162.50
Total 235 · Customer Deposits/Retainers	128,309.52
239 · Accrued Other State Income Tax	175.00
241 · Sales Tax Payable	872.63
242 · Utility Tax Payable	575.81
251 · CC- A/P	27,195.49
Total Other Current Liabilities	212,289.92
Total Current Liabilities	697,732.48
Long Term Liabilities	
224 · Long Term Liability	
224.1 · Community Trust Bank Loan	663,685.89
224.10 · 2015 F350 Loan CTBI	32,361.51
224.11 · CTB-2015 TACOMA	19,685.80
224.2 · USDA Loan #1	1,183,683.49
224.3 · USDA Loan #2	131,569.63
224.5 · Tacoma Access Loan - CTBI	8,602.47
224.8 · CTB Loan - SBA #2	204,821.43
224.9 · 2015 Chev Silverado Loan CTBI	31,584.61
Total 224 · Long Term Liability	2,275,994.83
Total Long Term Liabilities	2,275,994.83
Total Liabilities	2,973,727.31
Equity	
211.1 · Partner One Equity - RJO	
208.1 · Partner One Investments	355,750.00
211.1 · Partner One Equity - RJO - Other	10,500.00
Total 211.1 · Partner One Equity - RJO	366,250.00
211.2 · Partner Two Equity - SS	
208.2 · Partner Two Investments	736,000.00
211.2 · Partner Two Equity - SS - Other	14,000.00
Total 211.2 · Partner Two Equity - SS	750,000.00
211.3 · Partner Three Equity - LR	
208.3 · Partner Three Investments	240,500.15
211.3 · Partner Three Equity - LR - Other	7,000.00
Total 211.3 · Partner Three Equity - LR	247,500.15
211.4 · Partner Four Equity - IGS	
208.4 · Partner Four Investments	115,250.00
211.4 · Partner Four Equity - IGS - Other	3,500.00
Total 211.4 · Partner Four Equity - IGS	118,750.00
216 · Retained Earnings	-574,573.25
Net Income	1,275,196.64
Total Equity	2,183,123.54
TOTAL LIABILITIES & EQUITY	5,156,850.85

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Kentucky Frontier Gas, LLC Profit & Loss YTD Comparison May 2015

	May 15	Jan - May 15
Income		
405 · Management Fee Income		
405.1 · Management Fee Income - Auxier	95,279.73	541,871.15
Total 405 · Management Fee Income	95,279.73	541,871.15
480 · Residential Sales	39,101.81	1,241,552.74
481 · Commercial & Industrial Sales	16,052.02	295,768.57
482 · Commercial Tax Exempt	5,506.35	201,631.25
487 · Penalties & Forfeited Discounts	2,256.23	27,540.93
488 · Miscellaneous Service Revenues		
488.10 · Field Collection Fee	400.00	650.00
488.11 · Reconnection Fee	630.00	3,370.00
488.3 · Reimbursed Expenses - Income	29,066.47	106,501.47
488.7 · NSF	66.00	528.00
488.8 · Connection Fee	200.00	2,750.00
Total 488 · Miscellaneous Service Revenues	30,362.47	113,799.47
489 · Sales Tax Commission	17.86	196.88
490 · Other Income	0.00	5,158.42
491 · Customer Charge	31,630.00	159,505.97
494 · AMR Charge	0.00	0.00
495 · Pipeline Replacement Chg	0.00	0.00
Total Income	220,206.47	2,587,025.38
Cost of Goods Sold		
800 · Gas Supply Expenses		
804 · Natural Gas Purchases & Transp		
800.22 · Gas Purch - Cumberland for CC	0.00	23,459.30
804.1 · Gas Purch - Quality	30,727.60	184,523.18
804.10 · Gas Purch-Hi Energy Gas	0.00	14,753.08
804.11 · Gas Purch - Jefferson Gas	610.45	64,297.79
804.12 · Gas Purch - Nyttis Exploration	2,217.76	31,081.46
804.13 · Gas Purch - HTC Gas Company	0.00	2,082.00
804.14 · Gas Purch - Interstate Natural	523.46	523.46
804.15 · Transportation Expense-DLR	0.00	15,847.50
804.17 · Gas Purch - Spirit Energy	1,511.28	11,504.48
804.2 · Gas Purch - Columbia	3,801.54	60,768.12
804.20 · Gas Purch- EQT Energy, LLC	8,802.52	263,758.60
804.21 · Gas Purch - Plateau Energy	178.50	591.76
804.3 · Gas Purch - KLC	1,884.73	20,276.29
804.4 · Gas Purch -John Gray Energy	222.38	30,450.24
804.5 · Gas Purch - Slone Energy	2,319.04	42,205.04
804.6 · Gas Purch - Tackett & Sons	0.00	9,546.20
804.9 · Gas Purch - Magnum Drilling	1,617.00	22,228.50
Total 804 · Natural Gas Purchases & Transp	54,416.26	797,897.00

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Kentucky Frontier Gas, LLC
Profit & Loss YTD Comparison
 May 2015

	May 15	Jan - May 15
Total 800 · Gas Supply Expenses	54,416.26	797,897.00
Total COGS	54,416.26	797,897.00
Gross Profit	165,790.21	1,789,128.38
Expense		
408 · Taxes Other Than Income Taxes		
408.3 · Property Tax	6.02	74.90
408 · Taxes Other Than Income Taxes - Other	0.00	15.00
Total 408 · Taxes Other Than Income Taxes	6.02	89.90
409 · Income Taxes		
409.3 · Other State Income Taxes	0.00	175.00
Total 409 · Income Taxes	0.00	175.00
426 · Interest Exp - CTB (Line of Cr)	0.00	766.67
427 · Interest on Long-Term Debt		
427.1 · Interest on SBA Loan	2,082.19	10,948.84
427.10 · Interest on 2015 F350 Loan	83.20	253.56
427.11 · Int Exp- CTB 2015 Tacoma	50.53	50.53
427.2 · Interest on USDA Loan #1	0.00	0.00
427.3 · Interest on USDA Loan #2	661.14	3,369.12
427.5 · Interest on Tacoma Access Loan	26.51	150.18
427.6 · Interest on Tacoma Reg Loan	0.00	80.10
427.7 · Interest on Tundra Loan	0.00	109.77
427.8 · Interest on SBA Loan #2	857.14	4,358.07
427.9 · Interest on Silverado Loan	80.71	330.73
Total 427 · Interest on Long-Term Debt	3,841.42	19,650.90
768 · Contract Labor	158.40	376.80
806 · Gas Purch-Aei Kaars	0.00	0.00
807 · Gas Purch-Nytis(Evan 104)	0.00	0.00
808 · Gas Purch-Nytis (Dema)	0.00	0.00
809 · Gas Purch-Cumberland Valley	0.00	0.00
870 · DISTRIBUTION EXPENSES		
871 · DISTRIBUTION OPERATION		
874 · Mains & Services Expenses	320.62	21,523.97
878 · Meter & House Regulator Exp		
878.2 · Uniforms	0.00	1,611.82
Total 878 · Meter & House Regulator Exp	0.00	1,611.82
880 · Other Expenses		
880.2 · Travel for Tech Training	0.00	981.64
880.3 · Drug Testing	0.00	35.20
880.4 · Licenses & Permits	0.00	915.50
880.5 · Travel for Members	838.72	7,220.83

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Kentucky Frontier Gas, LLC Profit & Loss YTD Comparison May 2015

	May 15	Jan - May 15
880.6 · Training	0.00	726.00
Total 880 · Other Expenses	838.72	9,879.17
Total 871 · DISTRIBUTION OPERATION	1,159.34	33,014.96
884 · DISTRIBUTION MAINTENANCE		
893 · Maint of Meters & House Reg	0.00	1,066.26
894 · Maint of Other Equipment	881.16	5,184.93
Total 884 · DISTRIBUTION MAINTENANCE	881.16	6,251.19
Total 870 · DISTRIBUTION EXPENSES	2,040.50	39,266.15
900 · CUSTOMER ACCOUNTS EXPENSES		
900.1 · CUSTOMER ACCT OPERATION		
905 · Misc Customer Accounts Exp		
905.2 · Postage and Delivery	1,717.11	9,410.24
Total 905 · Misc Customer Accounts Exp	1,717.11	9,410.24
Total 900.1 · CUSTOMER ACCT OPERATION	1,717.11	9,410.24
Total 900 · CUSTOMER ACCOUNTS EXPENSES	1,717.11	9,410.24
906 · CUSTOMER SERVICE & INFORMATION		
906.1 · C S & I OPERATION		
909 · Inform & Instruc Advert Exp		
909.1 · Web Support	17.60	211.60
Total 909 · Inform & Instruc Advert Exp	17.60	211.60
Total 906.1 · C S & I OPERATION	17.60	211.60
Total 906 · CUSTOMER SERVICE & INFORMATION	17.60	211.60
918 · ADMINISTRATIVE & GENERAL EXP		
919 · ADMIN & GEN OPERATION		
920 · Admin & General Salaries		
920.2 · Payroll Administration Expenses	359.68	2,046.02
Total 920 · Admin & General Salaries	359.68	2,046.02
921 · Office Supplies and Expenses		
921.1 · Office Equipment	338.47	1,784.39
921.11 · Travel	0.00	81.53
921.2 · Office Supplies & Expense	1,720.29	4,727.21
921.3 · Bank Service Charges	345.70	1,888.90
921.5 · Cleaning/Janitorial	220.00	924.00
921.6 · Conferencing	199.14	559.88
921.7 · Dues and Subscriptions	0.00	698.72
921.8 · Telephone and Fax	1,395.86	7,283.57

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Kentucky Frontier Gas, LLC Profit & Loss YTD Comparison May 2015

	May 15	Jan - May 15
921.9 · Utilities	114.42	1,667.23
921 · Office Supplies and Expenses - Other	0.00	98.79
Total 921 · Office Supplies and Expenses	4,333.88	19,714.22
923 · Outside Services Employed		
923.1 · Outside Services - Manager	0.00	2,700.00
923.2 · Outside Services - Accounting	0.00	0.00
923.3 · Outside Services - Engineering	0.00	110.00
923.5 · Outside Services - Admin	7,931.87	8,821.68
923 · Outside Services Employed - Other	0.00	20,592.05
Total 923 · Outside Services Employed	7,931.87	32,223.73
924 · Insurance		
924.1 · Auto Insurance	2,348.82	12,217.35
924.2 · General Liability Insurance	911.83	4,559.15
924.3 · Life Insurance	0.00	473.69
924.4 · Property Insurance	37.99	189.95
924.5 · Worker's Compensation	927.96	6,103.08
924.6 · Health Insurance	0.00	15,813.64
924.7 · Insurance- Aflac	600.52	1,201.04
Total 924 · Insurance	4,827.12	40,557.90
926 · Employee Pensions & Benefits	4,113.73	4,113.73
930.2 · Miscellaneous General Expens	88.00	376.00
931 · Rents	1,969.00	12,290.00
919 · ADMIN & GEN OPERATION - Other	55.00	110.00
Total 919 · ADMIN & GEN OPERATION	23,678.28	111,431.60
Total 918 · ADMINISTRATIVE & GENERAL EXP	23,678.28	111,431.60
932 · MAINTENANCE OF GENERAL PLANT		
932.0 · Maint of General Plant - Garage	0.00	13.59
932.1 · Repairs		
Computer Repairs	0.00	1,577.88
Equipment Repairs		
Transportation Equipment	210.89	6,121.84
Equipment Repairs - Other	0.00	1,353.99
Total Equipment Repairs	210.89	7,475.83
Total 932.1 · Repairs	210.89	9,053.71
932.2 · Depreciation Expense	83,000.00	83,000.00
932.4 · Transportaion Equipment Fuel	3,447.20	14,228.85
Total 932 · MAINTENANCE OF GENERAL PLANT	86,658.09	106,296.15
981 · Interest Expense-Meter Deposit	0.07	1.11
990 · PAYROLL		

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Kentucky Frontier Gas, LLC
Profit & Loss YTD Comparison
May 2015

	May 15	Jan - May 15
991 · Employee Wages	38,059.09	206,206.53
992 · Employer Social Security	2,378.29	12,945.33
993 · Employer Medicare	556.22	3,027.57
994 · Employer FUTA	0.00	1,848.00
995 · Employer KY State Unemployment	28.34	2,228.19
Total 990 · PAYROLL	41,021.94	226,255.62
Total Expense	159,139.43	513,931.74
Net Income	6,650.78	1,275,196.64

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AUXIER ROAD GAS COMPANY, INC.
Balance Sheet
 As of May 31, 2015

	<u>May 31, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash	
13106 · Cash In Bank-Citizens KFG	4,160.36
Total 131 · Cash	<u>4,160.36</u>
Total Checking/Savings	4,160.36
Accounts Receivable	
142 · Accounts Receivable	95,349.33
143 · Other Receivable	
14301 · DEMA- N/R KFG	5,885.42
Total 143 · Other Receivable	<u>5,885.42</u>
Total Accounts Receivable	101,234.75
Other Current Assets	
145 · N/R from Associated companies	541,871.15
146 · N/R- DLR	5,000.00
Total Other Current Assets	<u>546,871.15</u>
Total Current Assets	652,266.26
Fixed Assets	
161 · Plant & Equipment	
16102 · DEMA- Mains/Meters	42,036.00
161 · Plant & Equipment - Other	1,203,920.01
Total 161 · Plant & Equipment	1,245,956.01
168 · Accum Depreciation	
16801 · DEMA - Accum Depr	-37,180.00
168 · Accum Depreciation - Other	-917,752.00
Total 168 · Accum Depreciation	<u>-954,932.00</u>
Total Fixed Assets	<u>291,024.01</u>
TOTAL ASSETS	<u>943,290.27</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	26,208.94
Total Accounts Payable	<u>26,208.94</u>
Other Current Liabilities	
235 · Customer Deposits	48,223.93
237 · Accrued Interest	
23701 · Accrued Interest Deposits	3,349.31
237 · Accrued Interest - Other	-4.61
Total 237 · Accrued Interest	<u>3,344.70</u>
238 · Accrued Taxes	
23805 · Accrued Sales Tax	181.21
23806 · School Tax	995.49
Total 238 · Accrued Taxes	<u>1,176.70</u>
23902 · Income Tax Payable - State	175.00
240 · Accrued Salaries	614.92
Total Other Current Liabilities	<u>53,535.25</u>
Total Current Liabilities	<u>79,744.19</u>
Total Liabilities	79,744.19

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AUXIER ROAD GAS COMPANY, INC.
Balance Sheet
As of May 31, 2015

	<u>May 31, 15</u>
Equity	
301 · Common Stock	
30101 · DEMA - Common Stock	6,000.00
301 · Common Stock - Other	<u>20,000.00</u>
Total 301 · Common Stock	26,000.00
317 · Other Paid-In Capital	78,895.00
31701 · DEMA - Addtnl Paid in Capital	55,608.00
318 · Retained Earnings	289,522.69
31801 · DEMA - Retained Earnings	-42,324.55
Net Income	<u>455,844.94</u>
Total Equity	<u>863,546.08</u>
TOTAL LIABILITIES & EQUITY	<u><u>943,290.27</u></u>

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AUXIER ROAD GAS COMPANY, INC.
 Profit & Loss YTD Comparison
 May 2015

	May 15	Jan - May 15
Ordinary Income/Expense		
Income		
48001 · Residential	6,543.59	192,867.26
48002 · Commercial	2,610.54	94,849.95
48003 · Commercial-Nontaxable	51,157.03	451,305.90
483 · Transfer Service Chg	30.00	60.00
484 · Nsf Charge	0.00	66.00
486 · Reconnection Fee	50.00	150.00
487 · Penalties	125.97	3,674.43
488 · Service Charge	0.00	250.00
489 · Sales Tax Commission	3.23	95.67
491 · Customer Charge	4,760.00	24,186.00
493 · Customer Charge- Lg	150.00	750.00
494 · AMR Charge	0.00	0.00
495 · Pipeline Replacement Charge	0.00	0.00
Total Income	65,430.36	768,255.21
Expense		
730 · Gas Purchases		
73002 · Gas Purchases- AEI-KAARS	930.00	1,887.90
73005 · Gas Purchases-Nytis Exploration	2,956.50	14,046.66
73006 · Gas Purch- Nytis (Dema)	21.22	546.06
73008 · Gas Purchases-Cumberland Valley	9,398.39	233,771.54
Total 730 · Gas Purchases	13,306.11	250,252.16
763 · Contract Labor	21.60	43.20
768 · Maintenance of Meters	0.00	56.16
769 · Maintenance of other Equip	39.87	348.18
874 · Mains and Service Expense	40.16	1,792.10
878 · Meter and House Regulator Exp		
878.2 · Uniforms	0.00	219.79
Total 878 · Meter and House Regulator Exp	0.00	219.79
909 · Inform & Instruc Advert Exp		
90901 · Web support	2.40	13.80
Total 909 · Inform & Instruc Advert Exp	2.40	13.80
921 · Office Supplies and Expense		
92101 · Telephone	270.21	1,531.13
92102 · Cleaning/Janitorial	30.00	126.00
92103 · Postage	248.81	1,311.35
92104 · Bank Charges	39.83	266.27
92105 · Office Supplies & Expense	296.33	1,094.97
92107 · Travel	114.37	548.76
Total 921 · Office Supplies and Expense	999.55	4,878.48
92301 · Accounting	0.00	783.75
924 · Insurance		
92401 · Auto Insurance	320.29	1,665.99
92402 · General Liability Insurance	124.34	621.70
92403 · Worker's Compensation	126.54	832.23
92404 · Property Insurance	5.18	25.90
Total 924 · Insurance	576.35	3,145.82
926 · Employee Benefits	560.96	2,717.36
930 · Miscellaneous Gen Expense		
93003 · Licenses & Permits	0.00	125.29
93004 · Dues and Subscriptions	0.00	107.16
930 · Miscellaneous Gen Expense - Other	12.00	24.00
Total 930 · Miscellaneous Gen Expense	12.00	256.45
931 · Rent	276.00	1,200.00
932 · Maintenance of General Plant	0.00	1.85
93301 · Gasoline	470.08	1,916.86
93303 · Transportation Expenses	28.76	1,004.03
981 · Interest Expense		

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AUXIER ROAD GAS COMPANY, INC.
Profit & Loss YTD Comparison
May 2015

	May 15	Jan - May 15
98106 · Int Exp - Meter Deposit	0.15	0.26
Total 981 · Interest Expense	0.15	0.26
98112 · Interest on Long-Term Debt	5,950.32	30,322.14
983 · Depreciation Expense	2,700.00	13,500.00
987 · Income Taxes		
98701 · Other State Income Taxes	0.00	175.00
Total 987 · Income Taxes	0.00	175.00
98802 · Public Svc. Company Assess	0.00	0.00
98804 · Taxes Other than Income	121.83	1,582.88
Total Expense	25,106.14	314,210.27
Net Ordinary Income	40,324.22	454,044.94
Other Income/Expense		
Other Income		
490 · Other Income	0.00	1,800.00
Total Other Income	0.00	1,800.00
Net Other Income	0.00	1,800.00
Net Income	40,324.22	455,844.94

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Kentucky Frontier Gas, LLC
 Balance Sheet
 As of May 31, 2015

	May 31, 15
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash - Bank Accounts	
131.0 · Petty Cash	300.00
131.2 · Comm Trust Bank Oper 4002506337	216,217.38
131.3 · Comm Trust Payroll #4002507509	1,149.54
131.6 · Comm Trust ACH #4003210277	1.21
131.7 · CTB Savings #5001856760	301,508.42
Total 131 · Cash - Bank Accounts	519,176.55
Total Checking/Savings	519,176.55
Accounts Receivable	
142 · Customer Accounts Receivable	258,126.40
143 · Other Accounts Receivable	
148 · Due from DLR	53,000.00
143 · Other Accounts Receivable - Other	36,087.52
Total 143 · Other Accounts Receivable	89,087.52
145 · Due From Quality Gas	28,232.80
Total Accounts Receivable	375,446.72
Other Current Assets	
108.09 · CC - Accum Deprec	-58,915.00
108.11 · BTU-Accumulated Depr	-32,880.00
115.0 · Consol - Acc Depreciation	-6,484.00
146 · Reimbursement Receivable	42,000.00
147 · N/R - Fontaine Williams	984.54
173 · Organizational Account	
Start Up Costs	
SBA Origination Fees	40,390.63
USDA Origination Fees	17,464.00
115 · Accumulated Amort - Start Up	-29,970.00
Start Up Costs - Other	298.98
Total Start Up Costs	28,183.61
Total 173 · Organizational Account	28,183.61
Total Other Current Assets	-27,110.85
Total Current Assets	867,512.42
Fixed Assets	
101 · Utility Plant	
101.0 · Utility Plant - consolidated	
376 · Meters - Consolidated	39,050.38
376.0 · Itrons	7,250.64
377 · Meter Sets	21,371.58
378 · Regulators	2,957.50
Total 101.0 · Utility Plant - consolidated	70,630.10
101.1 · East Kentucky Utility Plant	
General Plant	
394.1 · Tools, Shop & Garage Equip	891.00
Total General Plant	891.00
114.1 · Gas Plant Acquisition Adj	
376.01 · Mains	6,015.91
380.01 · Services	11,878.36
381.01 · Meters	16,101.58
382.01 · New Meter Install	475.05
382.02 · EKV - Line Replacement	650.00
114.1 · Gas Plant Acquisition Adj - Other	955,369.74
Total 114.1 · Gas Plant Acquisition Adj	990,490.64

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Kentucky Frontier Gas, LLC
 Balance Sheet
 As of May 31, 2015

	May 31, 15
115.1 · Accumulated Provision for Amort	-312,977.00
Total 101.1 · East Kentucky Utility Plant	678,404.64
101.2 · Mike Little Gas Plant	
114.2 · Gas Plant Acquisition Adj	
376.22 · Mains	28,484.44
380.22 · Services	3,185.90
381.22 · Meters	15,979.74
381.23 · Line Replacement	364.77
114.2 · Gas Plant Acquisition Adj - Other	481,044.76
Total 114.2 · Gas Plant Acquisition Adj	529,059.61
115.2 · Accum Prov for Amort of Gas PI	-160,466.00
Total 101.2 · Mike Little Gas Plant	368,593.61
101.3 · Belfry Utility Plant	
114.3 · Gas Plant Acquisition Adj	
376.33 · Mains	118,607.16
376.331 · Mains - Comp Const	28,661.96
376.34 · Mains Belf - Line Replacement	86,069.41
380.33 · Services	12,645.56
381.32 · Regulators	3,075.00
381.33 · Meters	34,233.60
381.34 · Meter & Regulator - FSM	4,675.82
382.22 · New Meter Installation	1,925.25
114.3 · Gas Plant Acquisition Adj - Other	480,342.00
Total 114.3 · Gas Plant Acquisition Adj	770,235.76
115.3 · Accum Prov for Amort of Gas PI	-312,209.00
Total 101.3 · Belfry Utility Plant	458,026.76
101.4 · Alert Farm Taps Utility Plant	
Distribution Plant	
381.4 · Meters	130.00
Total Distribution Plant	130.00
114.4 · Gas Plant Acquisition Adj	
376.44 · Mains	2,600.29
380.44 · Services	2,950.40
381.44 · Meters	312.42
382.44 · New Meter Installation	111.00
Total 114.4 · Gas Plant Acquisition Adj	5,974.11
115.4 · Accum Prov for Amort of Gas PI	-1,445.00
Total 101.4 · Alert Farm Taps Utility Plant	4,659.11
101.8 · Peoples Gas Utility Plant	
114.81 · Gas Plant Acq Adj - KFG	
376.88 · Mains	14,279.82
377.88 · Main Replacement - Phelps	20,837.63
380.88 · Services	1,196.90
382.88 · New Meter Install	114.75
114.81 · Gas Plant Acq Adj - KFG - Other	25,541.00
Total 114.81 · Gas Plant Acq Adj - KFG	61,970.10
115.8 · Accum Amortization - Acquisition	-13,270.00
Total 101.8 · Peoples Gas Utility Plant	48,700.10
Total 101 · Utility Plant	1,629,014.32
101.11 · BTU Purchase	
380.10 · Mains	700.00
380.11 · Services	12,207.13
380.13 · Regulators	815.90
380.14 · Main Replacement - BTU	3,975.00
380.16 · Drip Tank	1,010.03

Exhibit 7

1. Kentucky Frontier is an LLC and has no stock. Upon funding of equity and debt and after closing on the purchase, Frontier members will hold the following approximate ownership:

- a. Industrial Gas Services, Inc. (8.0%)
- c. Larry Rich (16.7%)
- d. Steven Shute (50.6%)
- e. Robert Oxford (24.7)

2. No stock is to be issued in conjunction with this financing. There is no preferred stock issued, trust deeds or mortgages.

3. The debt to be issued, amount, interest rate and security are described in the application to the CTB, which is attached as exhibit 6.

4. The proceeds of the financing are to be used to finance the acquisition of Public. The acquisition agreement is attached as exhibit 3.

5. The proceeds of the financing are not being used to refund any outstanding obligations.

6. There are no mortgages. Secured debt and other financing information is included in exhibits 6 and 7.

7. There are no bonds.

8. Notes are described in exhibits 6 and 7.

9. Other debts are described in exhibits 6 and 7.

10. No dividends have been paid by Kentucky Frontier in the last five years.

11. A current detailed balance sheet and income statement is attached as exhibit 7.

12. Kentucky Frontier's business plan is generally reflected in the proposed pro forma financial statements, description of proposed operations and other information provided in the Application to Transfer.

13. A description of the original cost of the property to be acquired by Frontier can be found in the PSC Annual Report of Public Gas Company, which is incorporated by reference. A statement of Frontier's original cost is attached.

14. USoA account classifications: Mains, meters and Services: USoA 376, 380, 381. Precise allocation of accounts cannot be determined until a final inventory and classifications can be completed.

KFG ORIGINAL COST

ACCT #	GAS PLANT ACQ/INVESTMENT	CASH
EKU		
131 Cash		\$1,075,000.00
114.1 Gas Plant Acquisition	\$955,370.00	
MLG		
131 Cash		\$322,000.00
114.2 Gas Plant Acquisition	\$481,045.00	
BGG		
131 Cash		\$502,000.00
114.3 Gas Plant Acquisition	\$480,342.00	
PG		
131		\$20,000.00
114.8 Gas Plant Acquisition	\$6,420.00	
ARG		
131 Cash		\$1,585,000.00
123.1 Investment - ARG	\$1,695,459.00	
CCG		
131 Cash		\$530,000.00
123.2 Investment - CC	\$530,000.00	
Totals	\$4,148,636.00	\$4,034,000.00

EXHIBIT 8

**Kentucky LDC
Meters & Revenues - "Rent Roll"**

Company	Meters	Sales mcf	Average Resident'l bill/yr	Monthly Charges	Gas Rev	Total Annual Margin	Wtd Contribn
Auxier Road Gas	486	110,000	\$370.80	\$58,320	\$401,700	\$460,020	19%
Alert-Kinzer-Quality	555	29,000		\$66,600	\$116,000	\$182,600	8%
Belfry Gas Co.	441	38,000		\$52,920	\$158,840	\$211,760	9%
Blaine	46	4,000		\$5,520	\$16,720	\$22,240	1%
BTU	454	28,000		\$54,480	\$117,040	\$171,520	7%
Cow Creek Gas	49	2,900		\$5,880	\$12,122	\$18,002	1%
Sigma Gas	685	37,000		\$82,200	\$154,660	\$236,860	10%
Dema Gas	10	350		\$1,200	\$1,463	\$2,663	0%
Interstate paying taps	84	6,000		\$10,080	\$24,000	\$34,080	1%
EKU - Floyd County Gas	773	60,000		\$92,760	\$250,800	\$343,560	14%
Mike Little Gas Co.	299	21,500		\$35,880	\$89,870	\$125,750	5%
Peoples Gas Co.	72	5,000		\$8,640	\$20,900	\$29,540	1%
Public Gas Co.	1,725	120,000	\$305.40	\$207,000	\$360,000	\$567,000	24%
Totals	5,679	461,750	\$120.00	\$681,480	\$1,724,115	\$2,405,595	100.0%
						\$5.21 / mcf	

"Gross Margin" after gas cost, before O&M expenses

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016	2017	2018	2019	2020	2021	2022
	1	2	3	4	5	6	7
14-Aug-15							
Cumulative Investment	\$ 6,222,000	\$ 6,257,700	\$ 6,294,100	\$ 6,330,500	\$ 6,366,900	\$ 6,404,000	\$ 6,441,100
Additions		\$ 35,700	\$ 36,400	\$ 36,400	\$ 36,400	\$ 37,100	\$ 37,100
Sales							
Frontier utility customers	3,325	3,358	3,392	3,426	3,460	3,495	3,530
- Volume (mcf)	230,000	231,980	234,020	236,060	238,100	240,200	242,300
- Margin (mcf)	\$4.18	\$4.18	\$4.18	\$4.18	\$4.18	\$4.18	\$4.18
- Monthly Charges	\$399,000	\$402,960	\$407,040	\$411,120	\$415,200	\$419,400	\$423,600
- Margin + Monthly	\$1,360,400	\$1,372,636	\$1,385,244	\$1,397,851	\$1,410,458	\$1,423,436	\$1,436,414
Frontier industrial customers	3	3	3	3	3	3	3
- Volume (mcf)	70,000	70,000	70,000	70,000	70,000	70,000	70,000
- Margin (mcf)	\$3.35	\$3.35	\$3.35	\$3.35	\$3.35	\$3.35	\$3.35
- Monthly Charges	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
- Margin + Monthly	\$236,300	\$236,300	\$236,300	\$236,300	\$236,300	\$236,300	\$236,300
Public Gas customers	1,750	1,768	1,786	1,804	1,822	1,840	1,858
- Volume (mcf)	120,000	121,080	122,160	123,240	124,320	125,400	126,480
- Margin (mcf)	\$3.09	\$3.09	\$3.09	\$3.09	\$3.09	\$3.09	\$3.09
- Monthly Charges	\$210,000	\$212,160	\$214,320	\$216,480	\$218,640	\$220,800	\$222,960
- Margin + Monthly	\$580,800	\$586,297	\$591,794	\$597,292	\$602,789	\$608,286	\$613,783
Farm Tap customers (paying)	440	442	444	446	448	450	452
- Volume (mcf)	35,000	35,120	35,240	35,360	35,480	35,600	35,720
- Margin (mcf)	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
- Monthly Charges	\$52,800	\$53,040	\$53,280	\$53,520	\$53,760	\$54,000	\$54,240
- Margin + Monthly	\$192,800	\$193,520	\$194,240	\$194,960	\$195,680	\$196,400	\$197,120
Total Customers	5,518	5,571	5,625	5,679	5,733	5,788	5,843
Total Volume (mcf)	455,000	458,180	461,420	464,660	467,900	471,200	474,500
Gas Revenue	\$2,370,300	\$2,388,754	\$2,407,578	\$2,426,402	\$2,445,227	\$2,464,422	\$2,483,617

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016 1	2017 2	2018 3	2019 4	2020 5	2021 6	2022 7
14-Aug-15							
<u>Utility Income Statement</u>							
Gas Revenue	\$2,370,300	\$2,388,754	\$2,407,578	\$2,426,402	\$2,445,227	\$2,464,422	\$2,483,617
Interest on Capital Fund	\$0	\$1,306	\$2,527	\$3,653	\$4,698	\$5,620	\$6,661
Gas Commodity Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PUC Assessment	\$11,036	\$11,142	\$11,250	\$11,358	\$11,466	\$11,576	\$11,686
Operating & Maint. Costs	\$1,550,000	\$1,568,600	\$1,587,423	\$1,606,472	\$1,625,750	\$1,645,259	\$1,665,002
Property Tax	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Income Taxes	\$6,178	\$9,027	\$12,046	\$15,153	\$18,360	\$21,752	\$23,912
Deferred Income Taxes	\$87,108	\$87,608	\$88,117	\$88,627	\$89,137	\$89,656	\$90,175
Operating Income	\$630,978	\$628,683	\$626,268	\$623,446	\$620,213	\$616,800	\$614,502
<i>Net Income</i>	\$239,878	\$248,490	\$257,563	\$266,863	\$276,420	\$286,477	\$293,369
<i>EBITDA</i>	\$724,264	\$722,705	\$721,378	\$719,919	\$718,312	\$716,967	\$715,268
<u>Return on Investment</u>							
Operating Ratio on expenses	\$239,645	\$242,344	\$245,076	\$247,839	\$250,634	\$253,463	\$256,323
Depreciation (book)	\$207,400	\$208,590	\$209,803	\$211,017	\$212,230	\$213,467	\$214,703
Interest	\$183,700	\$171,603	\$158,902	\$145,566	\$131,563	\$116,857	\$106,430
Allowable Return	\$630,745	\$622,537	\$613,782	\$604,422	\$594,426	\$583,786	\$577,457
<u>Tax Calculation</u>							
Net Revenue (pre-tax & interest)	\$724,264	\$725,318	\$726,432	\$727,225	\$727,709	\$728,207	\$728,590
Tax Depreciation	\$518,500	\$521,475	\$524,508	\$527,542	\$530,575	\$533,667	\$536,758
Interest	\$183,700	\$171,603	\$158,902	\$145,566	\$131,563	\$116,857	\$106,430
Taxable Income	\$22,064	\$32,240	\$43,021	\$54,118	\$65,572	\$77,684	\$85,401
Income Taxes	\$6,178	\$9,027	\$12,046	\$15,153	\$18,360	\$21,752	\$23,912
<i>Income Tax Credit Carryforward</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016 1	2017 2	2018 3	2019 4	2020 5	2021 6	2022 7
14-Aug-15							
<u>Cash Flow & Balance Sheet</u>							
Cash Flow after Interest	\$447,278	\$457,080	\$467,366	\$477,879	\$488,650	\$499,943	\$508,072
Cash Flow aftr Principal & Dividend	\$101,020	\$97,421	\$92,728	\$88,654	\$83,198	\$89,118	\$184,820
Gross return on equity (before Tax)	18%	18%	19%	19%	20%	20%	21%
Debt	\$3,657,000	\$3,422,742	\$3,177,083	\$2,919,444	\$2,649,219	\$2,365,767	\$2,079,942
Common Stock	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000
Retained Earnings (ending) plus Equity contributions	\$447,278	\$792,358	\$1,145,725	\$1,506,604	\$1,876,254	\$2,254,197	\$2,637,269
less accum Depreciation	(\$207,400)	(\$415,990)	(\$625,793)	(\$836,810)	(\$1,049,040)	(\$1,262,507)	(\$1,477,210)
less Dividends	(\$112,000)	(\$114,000)	(\$117,000)	(\$119,000)	(\$122,000)	(\$125,000)	(\$127,000)
Shareholders Equity	\$2,692,878	\$2,827,368	\$2,967,931	\$3,115,794	\$3,270,214	\$3,431,691	\$3,598,059
Debt to Equity Ratio	1.4	1.2	1.1	0.9	0.8	0.7	0.6
Equity	42%	45%	48%	52%	55%	59%	63%
Total Capitalization	\$6,349,878	\$6,250,110	\$6,145,014	\$6,035,238	\$5,919,433	\$5,797,458	\$5,678,001
<u>Capital Additions by Year</u>							
Public Gas	\$6,222,000	\$ 35,700	\$ 36,400	\$ 36,400	\$ 36,400	\$ 37,100	\$ 37,100
	\$1,900,000						
Beg. Capital Acct Balance	\$6,222,000	\$101,020	\$162,741	\$219,069	\$271,323	\$318,121	\$370,139
Cash Flow after Principal & Divdnd	\$101,020	\$97,421	\$92,728	\$88,654	\$83,198	\$89,118	\$184,820
Capital Additions	(\$6,222,000)	(\$35,700)	(\$36,400)	(\$36,400)	(\$36,400)	(\$37,100)	(\$37,100)
Initial Equity	\$2,565,000						
Initial Debt	\$3,657,000						

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016	2017	2018	2019	2020	2021	2022
	1	2	3	4	5	6	7
14-Aug-15							
<u>Tax Depreciation by Addition Year</u>	\$518,500	\$521,475	\$524,508	\$527,542	\$530,575	\$533,667	\$536,758
<u>Interest on Loans</u>							
SBA loan Dec08	\$22,500	\$18,325	\$13,994	\$9,500	\$4,837		
USDA loan Dec09	\$76,200	\$71,110	\$65,715	\$59,997	\$53,935	\$47,509	\$40,698
BTU loan Jul12	\$10,000	\$9,435	\$8,843	\$8,220	\$7,567	\$6,880	\$6,160
Public loan Nov15	\$75,000	\$72,732	\$70,350	\$67,850	\$65,224	\$62,467	\$59,572
Total Interest Pmt	\$183,700	\$171,603	\$158,902	\$145,566	\$131,563	\$116,857	\$106,430
<u>Principal on Loans</u>							
SBA loan Dec08 (10yr)	\$92,776	\$96,255	\$99,865	\$103,610	\$107,495	\$100,000	
USDA loan Dec09 (15-20yrs)	\$84,827	\$89,917	\$95,312	\$101,030	\$107,092	\$113,518	\$120,329
BTU loan Jul12	\$11,291	\$11,856	\$12,448	\$13,071	\$13,724	\$14,411	\$15,131
Public loan Nov15	\$45,364	\$47,632	\$50,014	\$52,514	\$55,140	\$57,897	\$60,792
Total Principal Pmt	\$234,258	\$245,659	\$257,638	\$270,225	\$283,452	\$285,825	\$196,252
<u>Debt at start of Period</u>	\$3,657,000	\$3,422,742	\$3,177,083	\$2,919,444	\$2,649,219	\$2,365,767	\$2,079,942
<u>Assumptions:</u>							
Debt Financing	59% financed			Tax Rate	28%		
Interest Rate	5.0% per annum composite rate			Gas Cost DTh	\$0.00 DTh		
Return on Equity	11.0% target for ratemaking			Ave Res'l Load	60 MCF		
Loan Life	20 years amortization			Ave Com'l Load	220 MCF		
Rate (Book) Life	30 years SL			Growth	1%		
Tax Life	20 years (IRS) SL			Payout	25%		

Pro forma assuming continuation
of L&U waiver in GCR calculation

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016	2017	2018	2019	2020	2021	2022
	1	2	3	4	5	6	7
12-Aug-15							
Cumulative Investment	\$ 6,222,000	\$ 6,257,700	\$ 6,294,100	\$ 6,330,500	\$ 6,366,900	\$ 6,404,000	\$ 6,441,100
Additions		\$ 35,700	\$ 36,400	\$ 36,400	\$ 36,400	\$ 37,100	\$ 37,100
Sales							
Frontier utility customers	3,325	3,358	3,392	3,426	3,460	3,495	3,530
- Volume (mcf)	230,000	231,980	234,020	236,060	238,100	240,200	242,300
- Margin (mcf)	\$4.18	\$4.18	\$4.18	\$4.18	\$4.18	\$4.18	\$4.18
- Monthly Charges	\$399,000	\$402,960	\$407,040	\$411,120	\$415,200	\$419,400	\$423,600
- Margin + Monthly	\$1,360,400	\$1,372,636	\$1,385,244	\$1,397,851	\$1,410,458	\$1,423,436	\$1,436,414
Frontier industrial customers	3	3	3	3	3	3	3
- Volume (mcf)	70,000	70,000	70,000	70,000	70,000	70,000	70,000
- Margin (mcf)	\$3.35	\$3.35	\$3.35	\$3.35	\$3.35	\$3.35	\$3.35
- Monthly Charges	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
- Margin + Monthly	\$236,300	\$236,300	\$236,300	\$236,300	\$236,300	\$236,300	\$236,300
Public Gas customers	1,750	1,768	1,786	1,804	1,822	1,840	1,858
- Volume (mcf)	120,000	121,080	122,160	123,240	124,320	125,400	126,480
- Margin (mcf)	\$3.09	\$3.09	\$3.09	\$3.09	\$3.09	\$3.09	\$3.09
- Monthly Charges	\$210,000	\$212,160	\$214,320	\$216,480	\$218,640	\$220,800	\$222,960
- Margin + Monthly	\$580,800	\$586,297	\$591,794	\$597,292	\$602,789	\$608,286	\$613,783
Farm Tap customers (paying)	440	442	444	446	448	450	452
- Volume (mcf)	35,000	35,120	35,240	35,360	35,480	35,600	35,720
- Margin (mcf)	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
- Monthly Charges	\$52,800	\$53,040	\$53,280	\$53,520	\$53,760	\$54,000	\$54,240
- Margin + Monthly	\$192,800	\$193,520	\$194,240	\$194,960	\$195,680	\$196,400	\$197,120
Total Customers	5,518	5,571	5,625	5,679	5,733	5,788	5,843
Total Volume (mcf)	455,000	458,180	461,420	464,660	467,900	471,200	474,500
Gas Revenue	\$2,370,300	\$2,388,754	\$2,407,578	\$2,426,402	\$2,445,227	\$2,464,422	\$2,483,617

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016 1	2017 2	2018 3	2019 4	2020 5	2021 6	2022 7
12-Aug-15							
<u>Utility Income Statement</u>							
Gas Revenue	\$2,370,300	\$2,388,754	\$2,407,578	\$2,426,402	\$2,445,227	\$2,464,422	\$2,483,617
Interest on Capital Fund	\$0	\$650	\$1,248	\$1,810	\$2,311	\$2,732	\$3,338
Gas Cost for extra L&U	\$75,000	\$75,495	\$76,005	\$76,515	\$77,025	\$77,550	\$78,075
PUC Assessment	\$11,036	\$11,142	\$11,250	\$11,358	\$11,466	\$11,576	\$11,686
Operating & Maint. Costs	\$1,550,000	\$1,568,600	\$1,587,423	\$1,606,472	\$1,625,750	\$1,645,259	\$1,665,002
Property Tax	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$350
Deferred Income Taxes	\$87,108	\$87,608	\$88,117	\$88,627	\$89,137	\$89,656	\$90,175
Operating Income	\$562,156	\$561,559	\$561,030	\$560,240	\$559,160	\$558,113	\$556,667
<i>Net Income</i>	\$171,056	\$181,366	\$192,325	\$203,657	\$215,367	\$227,789	\$235,534
<i>EBITDA</i>	\$649,264	\$647,867	\$646,652	\$645,247	\$643,675	\$642,305	\$640,516
<u>Return on Investment</u>							
Operating Ratio on expenses	\$239,645	\$242,344	\$245,076	\$247,839	\$250,634	\$253,463	\$256,323
Depreciation (book)	\$207,400	\$208,590	\$209,803	\$211,017	\$212,230	\$213,467	\$214,703
Interest	\$183,700	\$171,603	\$158,902	\$145,566	\$131,563	\$116,857	\$106,430
Allowable Return	\$630,745	\$622,537	\$613,782	\$604,422	\$594,426	\$583,786	\$577,457
<u>Tax Calculation</u>							
Net Revenue (pre-tax & interest)	\$649,264	\$649,167	\$649,148	\$648,867	\$648,297	\$647,769	\$647,192
Tax Depreciation	\$518,500	\$521,475	\$524,508	\$527,542	\$530,575	\$533,667	\$536,758
Interest	\$183,700	\$171,603	\$158,902	\$145,566	\$131,563	\$116,857	\$106,430
Taxable Income	(\$52,936)	(\$43,911)	(\$34,262)	(\$24,241)	(\$13,841)	(\$2,755)	\$4,004
Income Taxes	(\$14,822)	(\$12,295)	(\$9,593)	(\$6,787)	(\$3,876)	(\$771)	\$1,121
<i>Income Tax Credit Carryforward</i>	\$14,822	\$12,295	\$9,593	\$6,787	\$3,876	\$771	\$0

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016	2017	2018	2019	2020	2021	2022
	1	2	3	4	5	6	7
12-Aug-15							
<u>Cash Flow & Balance Sheet</u>							
Cash Flow after Interest	\$378,456	\$389,956	\$402,128	\$414,674	\$427,597	\$441,256	\$450,237
Cash Flow aftr Principal & Dividend	\$68,198	\$66,297	\$64,490	\$61,449	\$58,146	\$67,431	\$163,985
Gross return on equity (before Tax)	14%	15%	15%	16%	17%	17%	18%
Debt	\$3,657,000	\$3,422,742	\$3,177,083	\$2,919,444	\$2,649,219	\$2,365,767	\$2,079,942
Common Stock	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000	\$2,565,000
Retained Earnings (ending) plus Equity contributions	\$378,456	\$692,412	\$1,016,540	\$1,351,214	\$1,695,811	\$2,051,068	\$2,413,305
less accum Depreciation	(\$207,400)	(\$415,990)	(\$625,793)	(\$836,810)	(\$1,049,040)	(\$1,262,507)	(\$1,477,210)
less Dividends	(\$76,000)	(\$78,000)	(\$80,000)	(\$83,000)	(\$86,000)	(\$88,000)	(\$90,000)
Shareholders Equity	\$2,660,056	\$2,763,422	\$2,875,747	\$2,996,404	\$3,125,771	\$3,265,561	\$3,411,095
<i>Debt to Equity Ratio</i>	1.4	1.2	1.1	1.0	0.8	0.7	0.6
<i>Equity</i>	42%	45%	48%	51%	54%	58%	62%
<i>Total Capitalization</i>	\$6,317,056	\$6,186,164	\$6,052,830	\$5,915,848	\$5,774,990	\$5,631,328	\$5,491,036
<u>Capital Additions by Year</u>	\$6,222,000	\$ 35,700	\$ 36,400	\$ 36,400	\$ 36,400	\$ 37,100	\$ 37,100
Public Gas	\$1,900,000						
Beg. Capital Acct Balance	\$6,222,000	\$68,198	\$98,795	\$126,885	\$151,933	\$173,679	\$204,009
Cash Flow after Principal & Divdnd	\$68,198	\$66,297	\$64,490	\$61,449	\$58,146	\$67,431	\$163,985
Capital Additions	(\$6,222,000)	(\$35,700)	(\$36,400)	(\$36,400)	(\$36,400)	(\$37,100)	(\$37,100)
Initial Equity	\$2,565,000						
Initial Debt	\$3,657,000						

Pro Forma - Kentucky Gas LDCs

Calendar Year Project Year	2016 1	2017 2	2018 3	2019 4	2020 5	2021 6	2022 7
12-Aug-15							
<u>Tax Depreciation by Addition Year</u>	\$518,500	\$521,475	\$524,508	\$527,542	\$530,575	\$533,667	\$536,758
<u>Interest on Loans</u>							
SBA loan Dec08	\$22,500	\$18,325	\$13,994	\$9,500	\$4,837		
USDA loan Dec09	\$76,200	\$71,110	\$65,715	\$59,997	\$53,935	\$47,509	\$40,698
BTU loan Jul12	\$10,000	\$9,435	\$8,843	\$8,220	\$7,567	\$6,880	\$6,160
Public loan Nov15	\$75,000	\$72,732	\$70,350	\$67,850	\$65,224	\$62,467	\$59,572
Total Interest Pmt	\$183,700	\$171,603	\$158,902	\$145,566	\$131,563	\$116,857	\$106,430
<u>Principal on Loans</u>							
SBA loan Dec08 (10yr)	\$92,776	\$96,255	\$99,865	\$103,610	\$107,495	\$100,000	
USDA loan Dec09 (15-20yrs)	\$84,827	\$89,917	\$95,312	\$101,030	\$107,092	\$113,518	\$120,329
BTU loan Jul12	\$11,291	\$11,856	\$12,448	\$13,071	\$13,724	\$14,411	\$15,131
Public loan Nov15	\$45,364	\$47,632	\$50,014	\$52,514	\$55,140	\$57,897	\$60,792
Total Principal Pmt	\$234,258	\$245,659	\$257,638	\$270,225	\$283,452	\$285,825	\$196,252
<u>Debt at start of Period</u>	\$3,657,000	\$3,422,742	\$3,177,083	\$2,919,444	\$2,649,219	\$2,365,767	\$2,079,942
<u>Assumptions:</u>							
Debt Financing	59% financed			Tax Rate	28%		
Interest Rate	5.0% per annum composite rate			Gas Cost DTh	\$0.00 DTh		
Return on Equity	11.0% target for ratemaking			Ave Res'l Load	60 MCF		
Loan Life	20 years amortization			Ave Com'l Load	220 MCF		
Rate (Book) Life	30 years SL			Growth	1%		
Tax Life	20 years (IRS) SL			Payout	20%		

Calendar & FY 2011 Income Statement	Test Year Totals	from Tax Return	Ky Frontier Actual 2014	Auxier Actual 2014	Total 2014
	<i>Test Year as approved in GR12 util and GR11 FT rate cases</i>				
OPERATING REVENUES:					
Gas Sales Revenues					
Other Revenues			\$ 38,852		\$ 38,852
TOTAL REVENUES	\$ -		\$ 38,852		\$ 38,852
OPERATING EXPENSES:					
Natural Gas Purchases	\$ -	Salaries & Wages	\$ 457,895		\$ 457,895
Uncollectible Accts	\$ -		\$ 43,391	\$ 1,992	\$ 45,383
Maintenance Expense	\$ 450,524		\$ 29,377	\$ 3,354	\$ 32,731
Meter Reading Labor	\$ 45,255	Rents	\$ 23,628	\$ 6,415	\$ 30,043
Auto Fuel & Travel		FUEL & TRAVEL	\$ 59,980	\$ 10,956	\$ 70,936
Customer Records, etc	\$ 190,783	CUSTOMER ACCTS EXP	\$ 24,269	\$ 297	\$ 24,566
Pensions & Benefits	\$ 42,199	ACCOUNTING	\$ 4,736	\$ 1,883	\$ 6,619
Admin Salaries / LJR-IGS-PSI	\$ 189,499	BANK CHARGES	\$ 4,131	\$ 725	\$ 4,856
Outside Services	\$ 72,310	CONTRACT & OUTSIDE SVCs	\$ 102,828	\$ 236	\$ 103,064
Office Supplies / Exp+Utils	\$ 65,720	DUES & SUBSCRIPTIONS	\$ 1,767	\$ 236	\$ 2,003
Property Insurance CGL	\$ 44,423	EXPENSE BENEFITS/KFG LLC	\$ 66,267	\$ 5,290	\$ 71,557
Other/Misc Expenses	\$ 3,573	INSURANCE EXPENSE	\$ 47,022	\$ 5,932	\$ 52,954
		LEGAL & PROFESSIONAL FEES	\$ 114,734	\$ 559	\$ 115,293
		MANAGEMENT FEE KFG	\$ (291,788)	\$ 291,788	\$ -
		MEALS AND ENTERTAINMENT	\$ 32	\$ 5	\$ 37
		MISCELLANEOUS EXPENSES	\$ 1,268	\$ 443	\$ 1,711
		OFFICE SUPPLIES & EXPENSES	\$ 32,251	\$ 4,661	\$ 36,912
		POSTAGE & SHIPPING		\$ 3,103	\$ 3,103
		TELEPHONE EXPENSE	\$ 18,013	\$ 3,820	\$ 21,833
		TRAVEL EXPENSE	\$ 240	\$ 1,601	\$ 1,841
		GAS DISTRIBUTION EXP	\$ 40,058		\$ 40,058
		GAS DISTRIBUTION MTCE	\$ 9,557		\$ 9,557
		PAYROLL ADMIN	\$ 5,203		\$ 5,203
		SMALL TOOLS & SUPPLIES	\$ 4,401		\$ 4,401
		AMORTIZATION EXPENSE	\$ 5,233		
Depreciation	\$ 260,672		\$ 199,561	\$ 18,855	\$ 218,416
Tax Expense - Other	\$ 70,928		\$ 62,625	\$ 22,241	\$ 84,866
Income Tax Expense	\$ 6,583		\$ 175		\$ 175
TOTAL OPERATING EXPENSE	\$ 1,442,468		\$ 1,066,854	\$ 384,392	\$ 1,446,013
		total			
NET EFFECT	\$ 1,104,286	\$ 1,442,468 recover through rates	less Depr+Tax:	O&M exp 14	\$ 1,142,556
		O&M only		O&M exp 13	\$ 1,161,943
				average	\$ 1,152,250
		Public Gas estimates	Salaries +25% bens		\$ 210,000
			Trucks & Equipt		\$ 45,000
			Office-Utils-Postage etc		\$ 50,000
			Misc & Ovhd		\$ 95,000
					\$ 400,000

Form M: Customer Debt Schedule

Customer Name: Kentucky Frontier Gas LLC

Date: 7/23/2015

Lender	Loan Type ¹	Commitment/Loan Balance	Interest Rate	Fixed/Variable	Payment Frequency ²	Scheduled Payment Amount ³
CTB-SBA Loan	T	\$ 648,906	3.75%	V	Monthly	\$ 16,889
CTB-SBA #2	T	203,820	5%	F	Monthly	1,883
CTB-USDA #1	T	1,176,515	6%	V	Monthly	13,277
CTB-USDA #2	T	130,724	6%	V	Monthly	1,475
CTB-Tacoma Access	T	8,041	3.50%	F	Monthly	587
CTB-2015 Tacoma	T	19,650	2.99%	F	Monthly	365
CTB-2015 Ch Silver	T	31,332	2.99%	F	Monthly	610
CTB-F350	T	31,495	2.99%	F	Monthly	614
TOTALS		\$ 2,250,481	5.14%			\$ 35,701
CTB new Public	T	1,500,000	5.00%			9,899
TOTALS		\$ 3,750,481	5.08%			\$ 45,601

1. Enter one of the following choices: 2. Enter monthly, quarterly, annually, etc. 3. Enter N/A for demand notes, lines of credit, and floor plans.
- T - Term Loan
 - L - Line of Credit
 - D - Demand

Customer

Date
Provided By:
Credit Administration

Form: LN-00014

EXHIBIT 9

TRANSACTION CONFIRMATION

EXHIBIT A
FOR IMMEDIATE DELIVERYDate: November 11, 2011Transaction Confirmation #: JG-003

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated January 1, 2010. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:

Jefferson Gas, LLC
220 Lexington Green Circle, Suite 130, Lexington, KY 40503

Attn: Bert Layne - Chief Financial OfficerPhone: (859) 245-8193Fax: (859) 245-9408Base Contract No. NAESB 005

Transporter: _____

Transporter Contract Number: _____

BUYER:**Public Gas Company, Inc.**

Attn: _____

Phone: _____

Fax: _____

Base Contract No. NAESB 001

Transporter: _____

Transporter Contract Number: _____

Contract Price: \$ _____ /MMBtu or inside FERC TCO Appalachian Index + \$1.50 per Mof (see Special Conditions)Delivery Period: Begin: January 1, 2013End: December 31, 2021**Performance Obligation and Contract Quantity: (Select One)****Firm (Fixed Quantity):**

_____ MMBtus/month

11 EFP**Firm (Variable Quantity):**_____ 50 MMBtus/day Minimum_____ 1000 MMBtus/day Maximum**Interruptible:**

Up to _____ MMBtus/day

Delivery Point(s): Public Gas Citygate at various connections

(If a pooling point is used, list a specific geographic and pipeline location):

Other Comments or Special Conditions:

1. **Contract Price:** The Contract Price of *inside FERC Appalachian Index + \$1.50 per Mof* shall be fixed through December 31, 2018. Thereafter, and until December 31, 2021, Buyer and Seller shall negotiate a Contract Price, and only if negotiations are not successful shall the Contract Price be *inside FERC Appalachian Index + the charge then approved by the Kentucky Public Service Commission for Jefferson Gas to charge utility customers for no-notice gas delivery.*

2. **Contract Price (cont.):** The *inside FERC TCO Appalachian Index* price is posted in MMBtu units. These units will be converted to an Mof price using a Btu factor of 1.161. Gas will be tested annually, and any change in Btu will be adjusted in the following year.

3. **Contract Quantity:** Jefferson is obligated to provide the full requirements of Public Gas Company's customers of record as of November 11, 2011 regardless of weather conditions and demand changes. Any daily volume variance will be fulfilled on a no-notice basis, regardless of resulting cost to Jefferson. Public Gas will notify Jefferson of estimated demand levels on a timely basis but shall not be responsible for demand variances. Jefferson's service obligations will be on a best efforts basis for any Public Gas Company customers added after November 11, 2011.

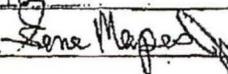
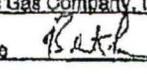
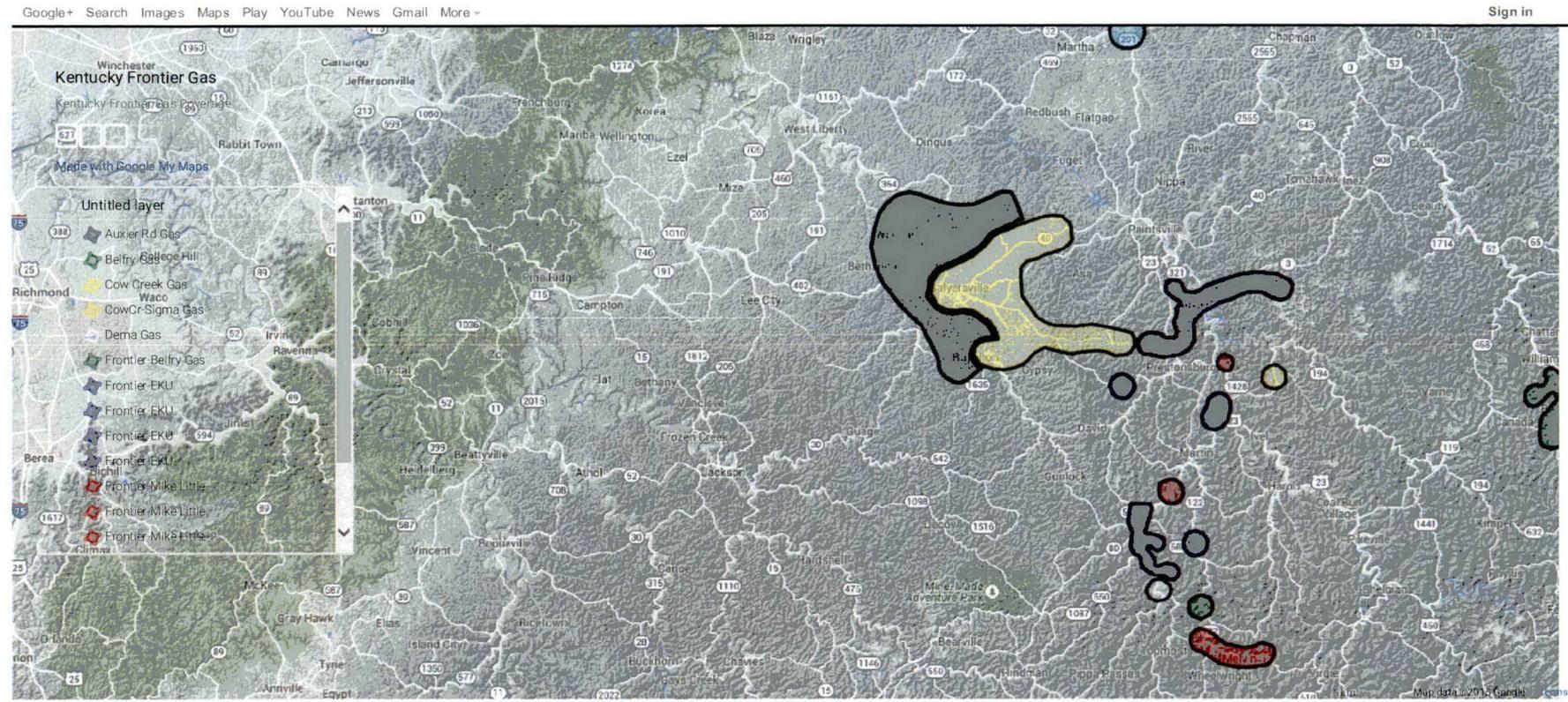
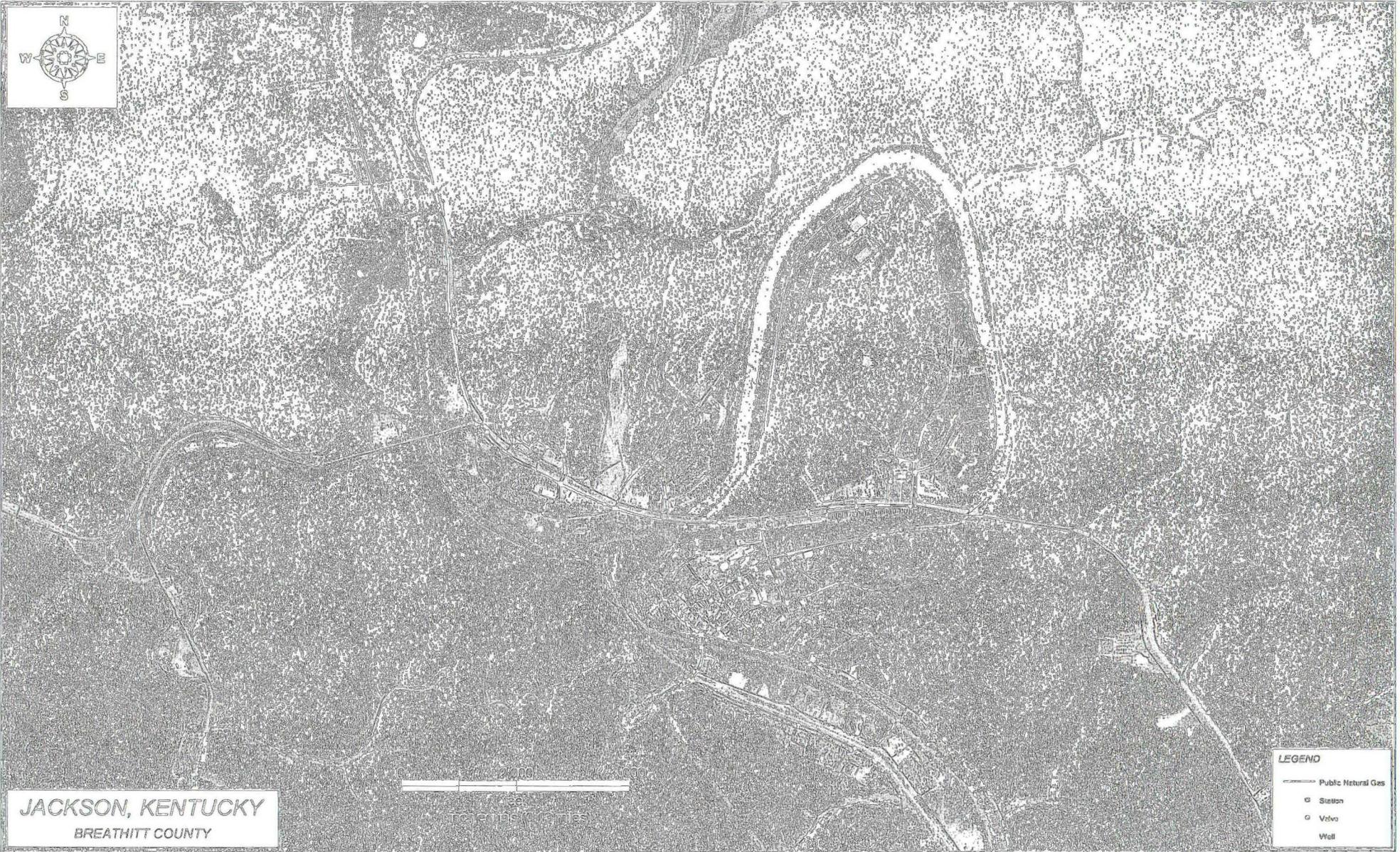
Seller: Jefferson Gas, LLCBy: Gene Mages, Jr. Title: Managing MemberDate: November 11, 2011Buyer: Public Gas Company, Inc.By: Bert Layne Title: CFODate: November 11, 2011

EXHIBIT 10





JACKSON, KENTUCKY
BREATHITT COUNTY

1:24,000
1" = 2000 FEET (609.6 METERS)

LEGEND

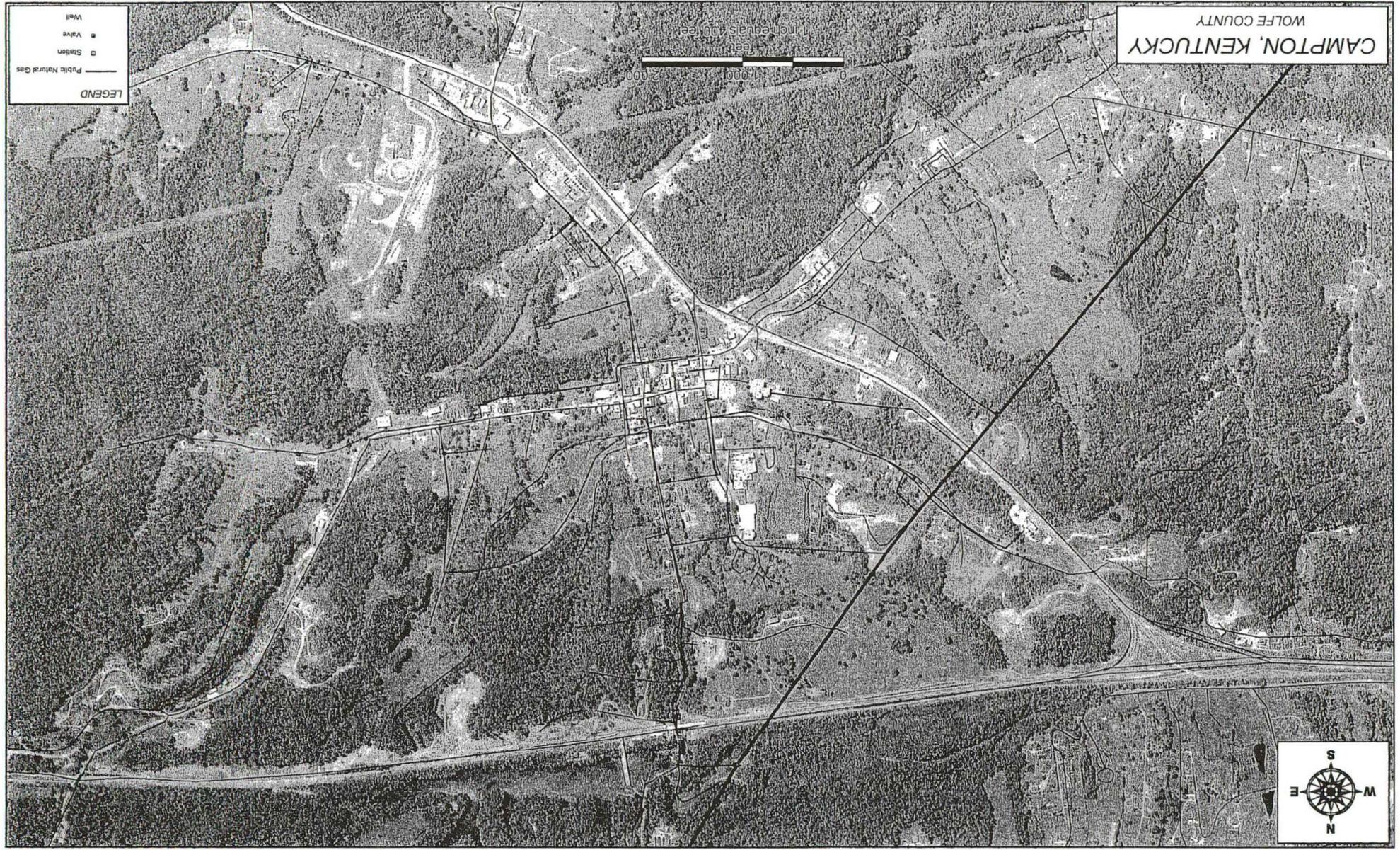
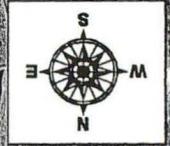
- Public Natural Gas
- Station
- Valve
- Well

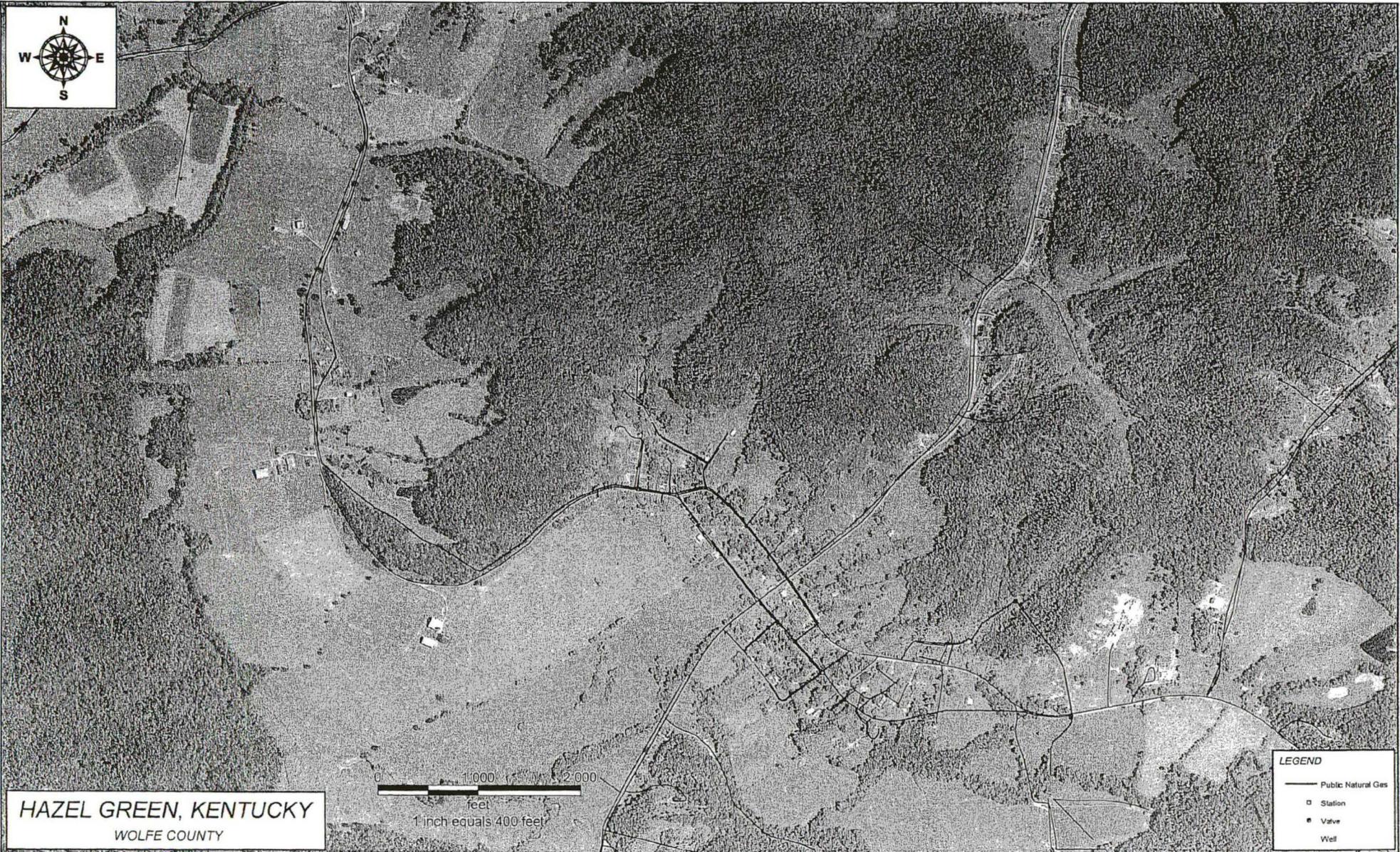
CAMPTON, KENTUCKY
WOLFE COUNTY



LEGEND

- Public Natural Gas
- Station
- Valve
- Well





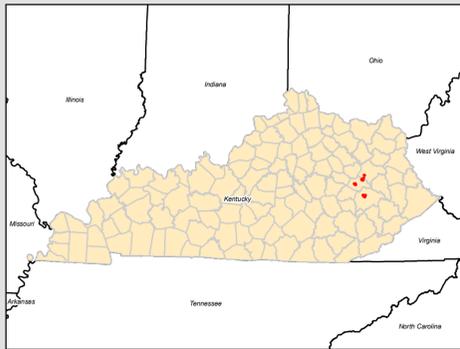
HAZEL GREEN, KENTUCKY
WOLFE COUNTY

0 1,000 2,000
feet
1 inch equals 400 feet

LEGEND

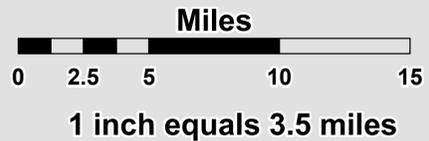
- Public Natural Gas
- Station
- Valve
- Well

PUBLIC GAS OVERVIEW EASTERN KENTUCKY

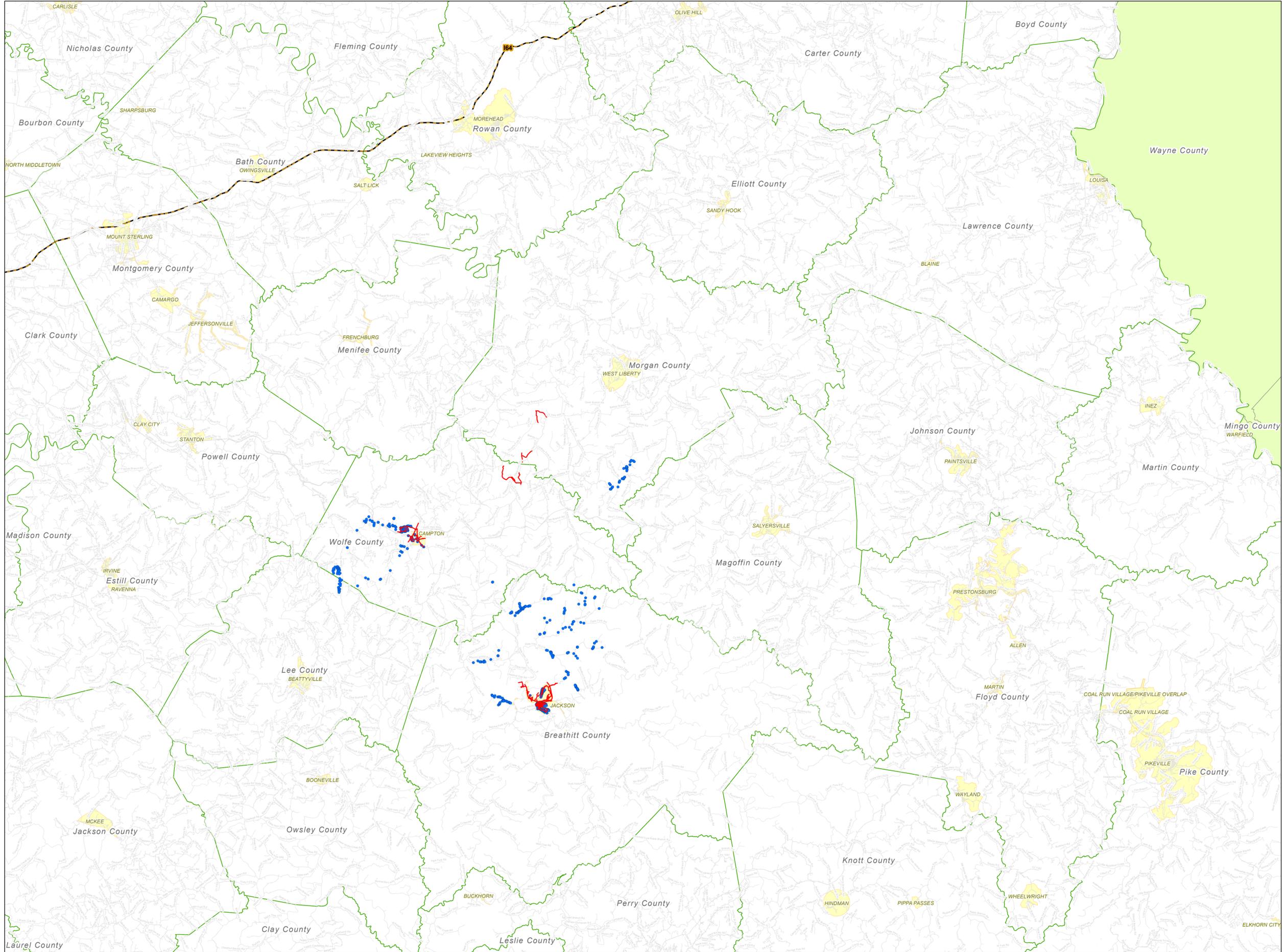


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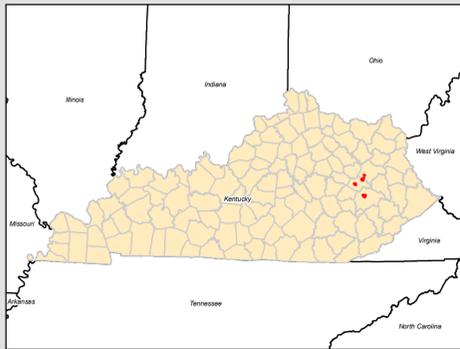
- Customer Meters (741 GPS Located)
 - Public Gas Company
 - Roads
 - City Borders
 - Interstates
- STATE**
- Kentucky
 - West Virginia



Public Gas Company
 Projection: NAD83 SPCS Kentucky North
 Date: August 22nd, 2014
 Drafted By: Keith Krejci



PUBLIC GAS OVERVIEW EASTERN KENTUCKY

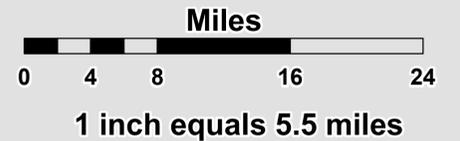


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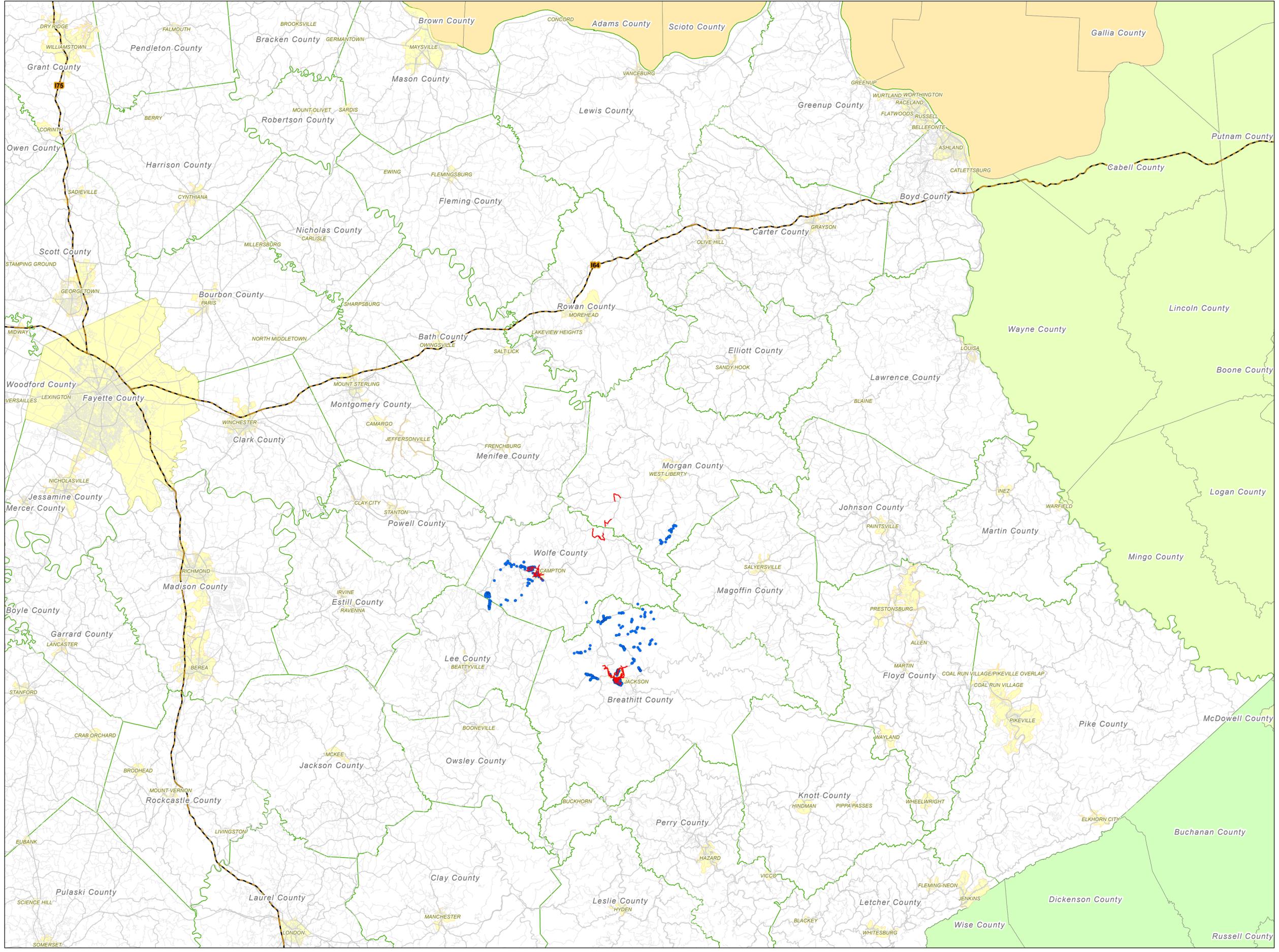
- Customer Meters (741 GPS Located)
- Public Gas Company
- Roads
- City Borders
- Primary & Secondary Roads
- Interstates

STATE

- Kentucky
- Ohio
- Virginia
- West Virginia



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PUBLIC GAS OVERVIEW EASTERN KENTUCKY

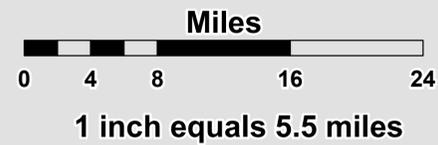


LEGEND

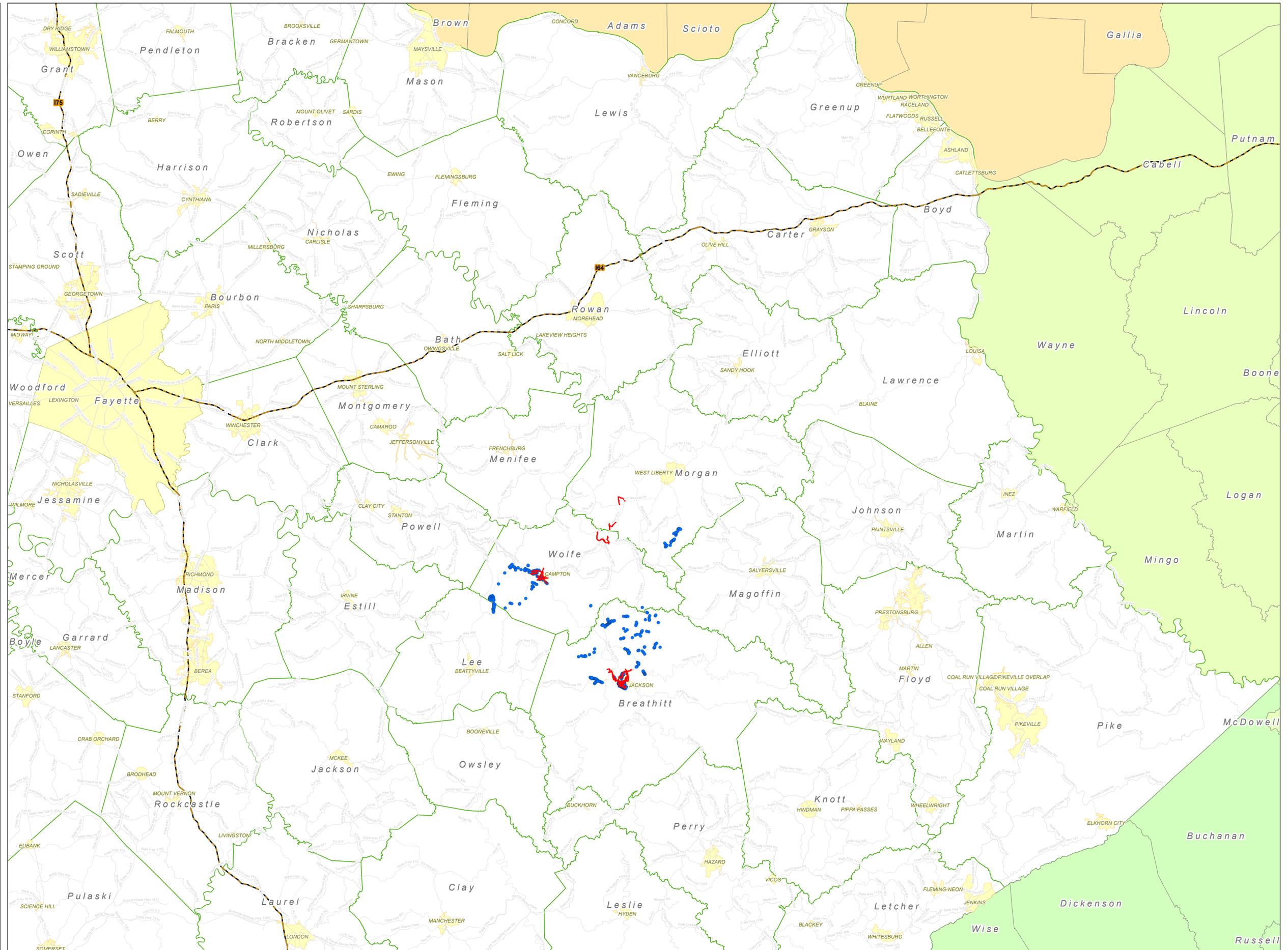
- Customer Meters (741 GPS Located)
- Public Gas Company
- City Borders
- Primary & Secondary Roads
- Interstates

STATE

- Kentucky
- Ohio
- Virginia
- West Virginia



Public Gas Company
 Projection: NAD83 SPCS Kentucky North
 Date: August 22nd, 2014
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PUBLIC GAS OVERVIEW EASTERN KENTUCKY



Legend

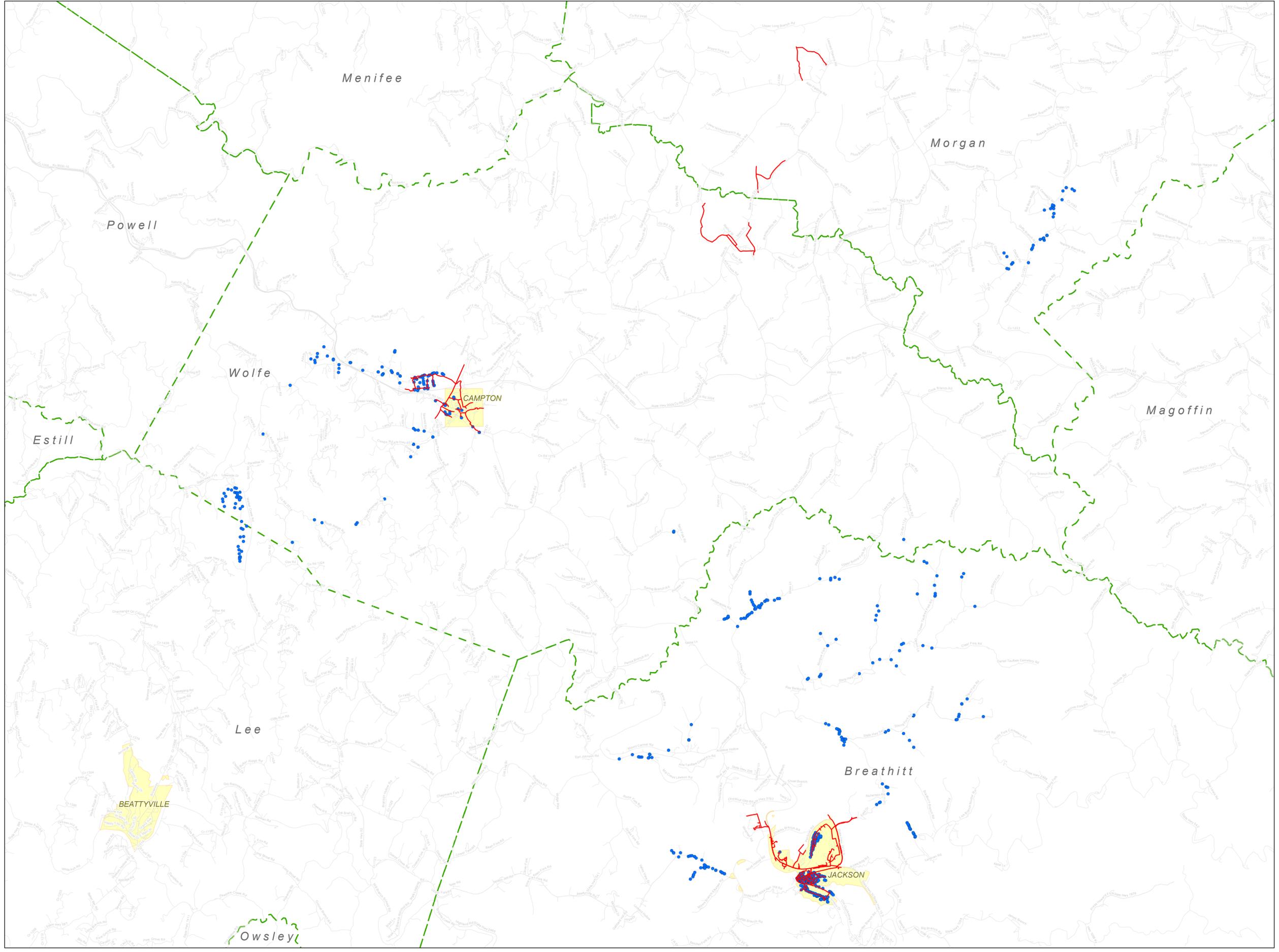
- Customer Meters (741 GPS Located)
- Public Gas Company
- Roads
- City Borders
- County Borders



1 inch equals 6,500 feet



Public Gas Company
Projection: NAD83 SPCS Kentucky North
Date: August 22nd, 2014
Drafted By: Keith Krejci



Application
CONTAINS
LARGE OR OVERSIZED
MAP(S)

RECEIVED ON:
08/31/2015