

DOCKET NO.:

A-125051

RESPONDENT OR APPLICANT: INTERSTATE GAS SUPPLY, INC.

PARTY OR COMPLAINANT:

ENTRY	TYPE	DATE	BUREAU	PERSONNEL
1	N	11/11/99	SEC	FAHNESTOCK
APP OF INTERSTATE GAS SUPPLY AS SUPPLIER, BRK, MKT & AGGREGATOR NAT GAS				
2	N	11/15/99	SEC	FAHNESTOCK
SEC MEMO TO FUS ASSIGNING APPLICATION				
3	N	11/15/99	SEC	FAHNESTOCK
SEC LTR TO APPLICANT ACKNOWLEDGING RECEIPT OF APPLICATION				
4	N	11/17/99	SEC	HANCOCK
RECEIPT OF \$350.00 FILING FEE ISSUED				
5	N	01/12/00	SEC	FRISCIA
ORDER SERVED TO PARTIES				
6	N	01/12/00	SEC	FRISCIA
LICENSE FOR NATURAL GAS SUPPLIER DATED 1/12/00 ISSUED				
7	N	01/12/00	SEC	PATRICK
RECOM ADOPTED LICENSE APPLICATION APPROVED				

1. REPORT DATE: 00/00/00	:	
2. BUREAU: FUS	:	
3. SECTION(S):	:	
5. APPROVED BY:	:	4. PUBLIC MEETING DATE:
DIRECTOR:	:	00/00/00
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 11/11/99
8. DOCKET NO: A-125051	:	9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: INTERSTATE GAS SUPPLY, INC.

COMP/APP COUNTY: UTILITY CODE: 125051

ALLEGATION OR SUBJECT

APPLICATION OF INTERSTATE GAS SUPPLY, INC. FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY NATURAL GAS SERVICES AS A SUPPLIER, BROKER/MARKETER AND AGGREGATOR TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA, SPECIFICALLY IN THE SERVICE TERRITORY OF COLUMBIA GAS OF PA, INC.

**DOCUMENT
FOLDER**

DOCKETED

NOV 15 1999

[REDACTED]



INTERSTATE GAS SUPPLY, INC. ORIGINAL

ORIGINAL

Public Utilities Commission
James J McNulty, Secretary
B-20, North Office Building
Harrisburg, PA 17120

A-125051

Dear Mr. McNulty

Enclosed is our application to supply natural gas supply service to the public in the Commonwealth of Pennsylvania with a check for the initial licensing fee of \$350.00. Included are 8 (eight) copies and one copy in electronic format on a 3 1/2 inch diskette (Microsoft Word format) and the **Application for Certificate of Authority**.

With regard to items 17 **Financial Fitness**, our audited financial statement is enclosed with the original of this document.

With regard to item 18, **Technical Fitness**, the officer directly responsible for operations is Scott White. Scott has been the President of Interstate Gas Supply for ten years. He can be reached at the following address.

Scott White
President, Interstate Gas Supply
5020 Bradenton Avenue
Dublin, Ohio, 43017
Phone (614) 923-1000
Fax (614) 923-1010

DOCKETED

NOV 15 1999

In addition to the above 8 (eight) copies, copies of this application have been served to the following;

Irvin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

RECEIVED

NOV 11 1999

Bernard A. Ryan Jr.
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

**DOCUMENT
FOLDER**

5020 Bradenton Avenue
Dublin, Ohio 43017
614 923 1000
Fax 614 923.0470
Toll free 800.280.4474

3

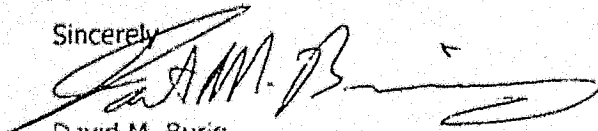
Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Columbia Gas of PA, Inc.
Shirley Bardes-Hasson
650 Washington Road
Pittsburgh, PA 15228

Should you require any additional information or clarification of the materials provided, you may reach me by any of the following methods:

Phone (614) 923-1000
Fax (614) 923-1000
Email dburig@igsenergy.com

Sincerely

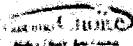


David M. Burig
Interstate Gas Supply
Customer Choice Program Director

DAVE BURIG
CUSTOMER CHOICE PROGRAM DIRECTOR



INTERSTATE GAS SUPPLY, INC.
THE ENERGY TO DELIVER


dburig@igsenergy.com

5020 Bradenton Avenue
Dublin, Ohio 43017
614 923 1000 x 228
Fax 614 923 1010
toll free 800 280 4474

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Interstate Gas Supply, d/b/a _____, for approval to offer, render, furnish, or as a(n) [as specified in item #8 below] to the public in the Commonwealth of Pennsylvania.

To the Pennsylvania Public Utility Commission.

A-125051

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number, and FAX number of the Applicant are.

Interstate Gas Supply
5020 Bradenton Avenue
Dublin, OH 43017
Phone (614) 923-1000
Fax (614) 923-1010

ORIGINAL

RECEIVED

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

N/A

2 a. **CONTACT PERSON:** The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

David M. Burig, Customer Choice Program Director
Interstate Gas Supply
5020 Bradenton Avenue
Dublin, OH 43017
Phone (614) 923-1000
Fax (614) 923-1010

b. **CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:** The name, title, address telephone number and FAX number of the person with whom contact should be made by PEMA:

David M. Burig, Customer Choice Program Director
Interstate Gas Supply
5020 Bradenton Avenue
Dublin, OH 43017
Phone (614) 923-1000
Fax (614) 923-1010

3 a. **ATTORNEY:** If applicable, the name, address, telephone number, and FAX number of the Applicant's attorney are:

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NOV 15 1999

- b. **REGISTERED AGENT:** If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

See enclosed Application for Certificate of Authority

4 **FICTITIOUS NAME:** (select and complete appropriate statement)

- The Applicant will be using a fictitious name or doing business as ("d/b/a")

Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

or

- The Applicant will not be using a fictitious name.

5 **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

- The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

or

- The Applicant is a:

- domestic general partnership (*)
- domestic limited partnership (15 Pa. C.S. §8511)
- foreign general or limited partnership (15 Pa. C.S. §4124)
- domestic limited liability partnership (15 Pa. C.S. §8201)
- foreign limited liability general partnership (15 Pa. C.S. §8211)
- foreign limited liability limited partnership (15 Pa. C.S. §8211)

Provide proof of compliance with appropriate Department of State filing requirements as indicated above.

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

- * If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

OR

X The Applicant is a :

- domestic corporation (none)
 X foreign corporation (15 Pa. C.S. §4124)
 domestic limited liability company (15 Pa. C.S. §8913)
 foreign limited liability company (15 Pa. C.S. §8981)
 Other _____

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation.

Give name and address of officers.

Scott White,
President
5678 Duddingston Dr
Dublin, OH 43017

Doug Austin
Vice President
6282 Two Notch Ct
Dublin, OH 43016

The Applicant is incorporated in the state of Ohio.

6 **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

- Affiliate(s) of the Applicant doing business in Pennsylvania are:

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

- Does the Applicant have any affiliation with or ownership interest in:
(a) any other Pennsylvania retail natural gas supplier licensee or licensee applicant,
(b) any other Pennsylvania retail licensed electric generation supplier or licensee applicant,
(c) any Pennsylvania natural gas producer and/or marketer,
(d) any natural gas wells or
(e) any local distribution companies (LDCs) in the Commonwealth

If the response to parts a, b, c, or d above is affirmative, provide a detailed description and explanation of the affiliation and/or ownership interest.

- Provide specific details concerning the affiliation and/or ownership interests involving:
(a) any natural gas producer and/or marketers,
(b) any wholesale or retail supplier or marketer of natural gas, electricity, oil, propane or other energy sources.

- Provide the Pa PUC Docket Number if the applicant has ever applied:
(a) for a Pennsylvania Natural Gas Supplier license, or
(b) for a Pennsylvania Electric Generation Supplier license.

- If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.

or

- X The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

7 **APPLICANT'S PRESENT OPERATIONS:** (select and complete the appropriate statement)

- The Applicant is presently doing business in Pennsylvania as a
- natural gas interstate pipeline.
 - municipal providing service outside its municipal limits.
 - local gas distribution company
 - retail supplier of natural gas services in the Commonwealth
 - a natural gas producer
 - Other. (Identify the nature of service being rendered.)

or

- X The Applicant is not presently doing business in Pennsylvania.

8 **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a:

- x supplier of natural gas services.
- Municipal supplier of natural gas services.
- Cooperative supplier of natural gas services.
- X Broker/Marketer engaged in the business of supplying natural gas services.
- X Aggregator engaged in the business of supplying natural gas services.
- Other (Describe):

9. **PROPOSED SERVICES:** Generally describe the natural gas services which the Applicant proposes to offer.

Interstate Gas Supply will provide natural gas to residential customers and commercial customers using less than 6000 Mcf annually and commercial and industrial customers using more than 6000 Mcf per year.

10. **SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services.

Interstate Gas Supply will supply natural gas to the customers in all 26 counties served by Columbia Gas of Pennsylvania.

11. **CUSTOMERS:** Applicant proposes to initially provide services to:

- Residential Customers
- Commercial Customers - (Less than 6,000 Mcf annually)
- Commercial Customers - (6,000 Mcf or more annually)
- Industrial Customers
- Governmental Customers
- All of above
- Other (Describe):

12. **START DATE:** The Applicant proposes to begin delivering services on ___ January 1, 2000 ___
(approximate date)

13 NOTICE: Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, serve a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Bernard A. Ryan, Jr.
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Any of the following Natural Gas Distribution Companies through whose transmission and distribution facilities the applicant intends to supply customers:

<p>NUI Valley Cities Gas (NUI Transportation Services) Mike Vogel PO Box 3175 Union, NJ 07083-1975 PH: 908.289.5000 ext. 5441 FAX: 908.2898.6444</p>	<p>National Fuel Gas Distribution Corp. James E. Patterson 10 Lafayette Square Buffalo, NY 14203 PH: 716.857.7130 FAX: 716.857-7823</p>
<p>Penn Fuel [North Penn Gas Company & Penn Fuel Gas] Jim Evans or Tom Olsen 2 North 9th Street GENA94 Allentown, PA 18101 PH: 610.774.7981 610.774.4975 FAX: 610.774.5694 610.774.4975 e-mail: jevans@papf.com or teolson@papf.com</p>	<p>The Peoples Natural Gas Company Joe Gregorini or Bill McKeown 625 Liberty Avenue Pittsburgh, PA 15222 e-mail: jgregorini@png.cng.com PH: 412.497.6851 or 412.497.6840 FAX: 412.497.6630</p>
<p>T. W. Phillips Gas and Oil Company Robert M. Hovanec 205 North Main Street Butler, PA 16001 PH: 724.287.2725 FAX: 724.287.5021 e-mail: rhovanec@twphillips.com</p>	<p>UGI David Beaston or Bob Krieger PO Box 12677 or 225 Morgantown Rd Reading, PA 15222 Reading, PA 15222 PH: 610.796.3425 PH: 610.796.3516 FAX: 610.796.3559</p>
<p>PG Energy Richard N. Marshall or Wendy K. Saxe One PEI Center Wilkes-Barre, PA 18711-0601 e-mail: marshall@pgenergy.com or saxe@pgenergy.com PH: 570.829.8795 FAX: 570.829.8652</p>	<p>Equitable Gas Company Antionette Litchy 200 Allegheny Center Mall Pittsburgh, PA 15212-5352 PH: 412.395.3117 FAX: 412.395.3156</p>
<p>Carnegie Natural Gas Company Donald A. Melzer 800 Regis Avenue Pittsburgh, PA 19236 PH: 412.655.8510 ext. 331 FAX: 412.655.0335</p>	<p>Columbia Gas of PA, Inc. Paula Frauen or Shirley Bardes-Hasson 650 Washington Road Pittsburgh, PA 15228 e-mail: pfrauen@columbiaenergygroup.com PH: 412.572.7131 FAX: 412.572.7161</p>
	<p>PECO Kevin Carrabine 300 Front Street Building 2 Conshohocken, PA 19428 PH: 610.832.6413</p>

Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, attach Proof of Service of the Application and attachments upon the above named parties. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14

14 **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached to Appendix B to this application.

15 **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

No criminal activity for the applicant or its officers

16 **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** All services should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

- a. **Contacts for Consumer Service and Complaints:** Provide the name, title, address, telephone number and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Distribution Company, the Pennsylvania Public Utility Commission or other agencies.
- b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.
- c. If proposing to serve Residential and/or Small Commercial customers, provide a disclosure statement. A sample disclosure statement is provided as Appendix B to this Application.

17 **FINANCIAL FITNESS:**

A Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies.
- Published parent company financial and credit information.
- Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available.
- Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form or other independent financial service reports.
- A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.
- Audited financial statements

(Enclosed)

- Such other information that demonstrates Applicant's financial fitness.

B Applicant must provide the following information.

- Identify Applicant's chief officers including names and their professional resumes.
 Scott White,
 President
 5678 Duddingston Dr
 Dublin, OH 43017

Doug Austin
 Vice President
 6282 Two Notch Ct
 Dublin, OH 43016

- Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records.

18 **TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by natural gas utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes.
- A copy of any Federal energy license currently held by the Applicant.
- Proposed staffing and employee training commitments
- Business plans.

19 **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2208(D). Transferee will be required to file the appropriate licensing application.

20 **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission

21 **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:

- a. Reports of Gross Receipts: Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on an annual basis no later than 30 days following the end of the calendar year.

Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 22 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive natural gas market.

22 **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.

23. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.
24. **FEE:** The Applicant has enclosed the required initial licensing fee of \$350.00 payable to the Commonwealth of Pennsylvania.

Applicant: Interstate Gas Supply
By: DAVID M. BURIG
Title: Customer Choice Program Director

Microfilm Number _____

Filed with the Department of State on _____

Entity Number _____

Secretary of the Commonwealth

APPLICATION FOR CERTIFICATE OF AUTHORITY

DSCB:15-4124/6:24 (Rev 90)

Indicate type of corporation (check one):

Foreign Business Corporation (15 Pa.C.S. § 4124)

Foreign Nonprofit Corporation (15 Pa.C.S. § 6124)

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) the undersigned association hereby states that:

1. The name of the corporation is: Interstate Gas Supply, Inc.

2. The name which the corporation adopts for use in this Commonwealth is (complete only when the corporation must adopt a corporate designator for use in Pennsylvania):

3. (If the name set forth in paragraph 1 or 2 is not available for use in this Commonwealth, complete the following):

The fictitious name which the corporation adopts for use in transacting business in this Commonwealth is:

The corporation shall do business in Pennsylvania only under such fictitious name pursuant to the attached resolution of the board of directors under the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) and the attached form DSCB:54-311 (Application for Registration of Fictitious Name).

4. The name of the jurisdiction under the laws of which the corporation is incorporated is:

Interstate Gas Supply, Inc

5. The address of its principal office under the laws of the jurisdiction in which it is incorporated is:

5020 Bradenton Ave Dublin OH 43017
Number and Street City State Zip

6. The (a) address of this corporation's proposed registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) _____
Number and Street City State Zip County

(b) c/o CT Cooperation System Philadelphia
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

7 Names, residences and social security numbers of the chief executive officer, secretary and treasurer or individual responsible for maintaining financial records:

Name	Address	Title	Social Security #
Scott White	5678 Duddingston Dr	President	296 524508
David Austin	6282 Tronatch Ct	Vice President	

If professional association, include officer's professional license numbers with the respective Pennsylvania Professional Board.

8 Location of principal place of business

5020 Bradenton Ave	Dublin	OH	43017
Number and Street/RD number and Box	City	State	Zip

9 Mailing address if different than #8 (Location where correspondence, tax report form, etc are to be sent):

Number and Street/RD number and Box	City	State	Zip

10 Act of General Assembly or authority under which you are organized or incorporated (Full citation of statute or other authority, attach a separate sheet if more space is required): Sec ~~Articles of Incorporation~~ Certificate

11 Date and state of incorporation or organization (foreign association only): August 1989

12 Date business started in Pennsylvania (foreign association only): _____

13 Is the association authorized to issue capital stock? YES NO

14 Association's fiscal year ends: December 31, 1999

This statement shall be deemed to have been executed by the individual who executed the accompanying submittal See 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities).

Instructions for Completion of Form:

A A separate completed set of copies of this form shall be submitted for each entity or registration resulting from the transaction

B The Bureau of Corporation Taxes in the Pennsylvania Department of Revenue should be notified of any address changes. Notification should be sent to the Processing Division, Bureau of Corporation Taxes, Pa Department of Revenue, Dep: 280705, Harrisburg, PA 17128-0705

C All Pennsylvania corporate tax reports, except those for motor vehicle for hire, must be filed with the Commonwealth on the same fiscal basis as filed with the U.S. government. Motor vehicle for hire, i.e. gross receipts tax reports, must be filed on a calendar year basis only

D The disclosure of the social security numbers of the corporate officers in Paragraph 7 is voluntary. The numbers are used to assure the proper identification of corporation officers by the Department of Revenue in accordance with the Fiscal Code

AFFIDAVIT

[Commonwealth/State] of Ohio

SS.

County of Franklin

Scott White, Affiant, being duly [sworn/affirmed] according to law, deposes and says that

[He/she is the _____ (Office of Affiant) of Interstate Gas Supply (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That Interstate Gas Supply, Inc., the Applicant herein, acknowledges that [Applicant] may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania

That Interstate Gas Supply the Applicant herein, asserts that [he/she/it] possesses the requisite technical, managerial, and financial fitness to render natural gas supply service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That Interstate Gas Supply the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 22 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional natural gas sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission

That Interstate Gas Supply, the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, and the standards and billing practices of 52 PA. Code Chapter 56.

AFFIDAVIT

[Commonwealth/State] of OHIO

SS

County of Franklin

Scott White, Affiant, being duly [sworn/affirmed] according to law, deposes and says that.

[He/she is the President (Office of Affiant) of Interstate Gas Supply (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That the Applicant herein Interstate Gas Supply has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as a natural gas supplier pursuant to 66 Pa. C.S. §2208(c)(1).

That the Applicant herein Interstate Gas Supply has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein Interstate Gas Supply acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents

That the Applicant herein Interstate Gas Supply acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.

Scott White, President
Signature of Affiant

Sworn and subscribed before me this 11 day of November, 1999.

Marilyn K. Niz
Signature of official administering oath

My commission expires 11-21-03



MARILYN K. NIZ
NOTARY PUBLIC
STATE OF OHIO
MY COMMISSION EXPIRES NOV. 21, 2003

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Commission's Office of Communications or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct/true and correct to the best of his/her knowledge, information, and belief.

John M. K., President
Signature of Affiant

Sworn and subscribed before me this 11 day of November, 1999.

Marilyn K. Nimz
Signature of official administering oath

My commission expires 11-21-03



MARILYN K. NIMZ
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES NOV. 21, 2003

APPENDIX A

**COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

TAX CERTIFICATION STATEMENT

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 8 1/2" x 11" paper. Type or print all information requested.

1 CORPORATE OR APPLICANT NAME: INTERSTATE GAS SUPPLY, INC.
 2 BUSINESS PHONE NO. (614) 923-1000
 CONTACT PERSON(S) FOR TAX ACCOUNTS: BEVERLY RADABAUGH

3 TRADE/ICTHIOUS NAME (IF ANY): N/A
 4 LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE (ZIP):
5020 BRADENTON AVENUE DUBLIN OH 43017

5 TYPE OF ENTITY: SOLE PROPRIETOR PARTNERSHIP CORPORATION

8 LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

NAME (PRINT): <u>SCOTT L. WHITE, PRESIDENT</u>	SOCIAL SECURITY NUMBER (OPTIONAL): [] [] [] - [] [] [] - [] [] [] []
NAME (PRINT): <u>CATHARINE W. CONNER, SECRETARY/TREAS.</u>	SOCIAL SECURITY NUMBER (OPTIONAL): [] [] [] - [] [] [] - [] [] [] []
NAME (PRINT):	SOCIAL SECURITY NUMBER (OPTIONAL): [] [] [] - [] [] [] - [] [] [] []
NAME (PRINT):	SOCIAL SECURITY NUMBER (OPTIONAL): [] [] [] - [] [] [] - [] [] [] []

9 LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS (ALL ITEMS: A, B, AND C MUST BE COMPLETED)

A. SALES TAX LICENSE (8 DIGITS) [] [] [] [] [] [] [] []	APPLICATION PENDING: <input checked="" type="checkbox"/> N/A: <input type="checkbox"/>	C. CORPORATE BOX NUMBER (7 DIGITS) [] [] [] [] [] [] []	APPLICATION PENDING: <input checked="" type="checkbox"/> N/A: <input type="checkbox"/>
B. EMPLOYER ID (EIN) (9 DIGITS) [3][1] - [1][2][8][6][7][5][8]	APPLICATION PENDING: <input type="checkbox"/> N/A: <input type="checkbox"/>		

10 Do you have PA employees either resident or non-resident? YES NO
 11 Do you own any assets or have an office in PA? YES NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

<u>BEVERLY RADABAUGH</u> PA SALES AND USE TAX	<u>BEVERLY RADABAUGH</u> EMPLOYER TAXES	<u>BEVERLY RADABAUGH</u> CORPORATE TAXES
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PHONE (614) 923-1000 PHONE (614) 923-1000 PHONE (614) 923-1000

Telephone inquiries about this form may be directed to the Pennsylvania Department of Revenue at the following numbers: (717) 772-2673, TDD# (717) 772-2252 (Hearing Impaired Only)



INDEPENDENT AUDITORS' REPORT

Board of Directors
Interstate Gas Supply, Inc.

We have audited the accompanying balance sheets of Interstate Gas Supply, Inc. ("the Company") as of December 31, 1998 and 1997, and the related statements of income and comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The 1997 financial statements were reviewed by us and our report thereon, dated June 12, 1998, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

April 30, 1999

INTERSTATE GAS SUPPLY, INC

BALANCE SHEETS, DECEMBER 31, 1998 AND 1997
SEE INDEPENDENT AUDITORS' REPORT

ASSETS	1998	1997 (Unaudited)
CURRENT ASSETS:		
Cash	\$ 3,498,376	\$ 764,472
Marketable equity securities	661,362	489,236
Accounts receivable	19,036,591	17,666,489
Inventories	8,609,787	359,624
Deposits	28,462	15,872
Deferred hedging losses	485,455	376,971
Prepaid and other	<u>245,148</u>	<u>315,467</u>
Total current assets	32,565,181	19,988,131
PROPERTY AND EQUIPMENT (NET)	2,005,348	2,242,959
RESTRICTED CASH	2,254,230	1,451,520
INVESTMENT IN AFFILIATES	834,350	803,460
GOODWILL	<u>36,419</u>	<u>42,489</u>
TOTAL ASSETS	<u>\$ 37,695,528</u>	<u>\$ 24,528,559</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 11,165,677	\$ 10,732,262
Notes payable	<u>16,957,500</u>	<u>5,807,500</u>
Total current liabilities	28,123,177	16,539,762
NOTES PAYABLE		107,500
SHAREHOLDERS' EQUITY:		
Common stock, no par value; 750 shares authorized, 641 shares issued and outstanding at December 31, 1998 and 1997, respectively	243,354	243,354
Accumulated other comprehensive income	186,340	226,669
Retained earnings	<u>9,142,657</u>	<u>7,411,274</u>
Total shareholders' equity	<u>9,572,351</u>	<u>7,881,297</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 37,695,528</u>	<u>\$ 24,528,559</u>

See notes to financial statements.

INTERSTATE GAS SUPPLY, INC.

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997 SEE INDEPENDENT AUDITORS' REPORT

	1998	1997 (Unaudited)
REVENUES:		
Natural gas marketing	\$ 88,314,511	\$ 69,480,172
Net working interests in oil and gas properties	164,274	283,612
Other	<u>89,218</u>	<u>7,288</u>
Total revenues	<u>88,568,003</u>	<u>69,771,072</u>
EXPENSES:		
Gas purchases and transportation	81,949,228	64,458,165
Payroll and related taxes	1,416,648	1,525,566
General and administrative	312,464	233,002
Selling and marketing	1,205,758	
Write-off of oil and gas properties	84,373	50,498
Depreciation, depletion and amortization	<u>339,022</u>	<u>517,751</u>
Total expenses	<u>85,307,493</u>	<u>66,784,982</u>
OPERATING INCOME	3,260,510	2,986,090
INTEREST INCOME	107,810	107,324
INTEREST EXPENSE	(397,474)	(104,093)
EQUITY IN NET (LOSS) OF AFFILIATE	<u>(340,750)</u>	<u>(15,067)</u>
NET INCOME	2,630,096	2,974,254
OTHER COMPREHENSIVE INCOME:		
Unrealized (losses) gains on securities	<u>(40,329)</u>	<u>226,669</u>
COMPREHENSIVE INCOME	<u>\$ 2,589,767</u>	<u>\$ 3,200,923</u>

See notes to financial statements.

INTERSTATE GAS SUPPLY, INC.

STATEMENTS OF SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997 SEE INDEPENDENT AUDITORS' REPORT

	Common Stock		Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity
	Number of Shares	Amount			
BALANCE AT DECEMBER 31, 1996 (unaudited)	641	\$243,354		\$ 5,338,073	\$ 5,581,427
Distributions to shareholders (unaudited)				(901,053)	(901,053)
Net income (unaudited)				2,974,254	2,974,254
Unrealized investment gain (unaudited)			\$226,669		226,669
BALANCE AT DECEMBER 31, 1997 (unaudited)	641	243,354	226,669	7,411,274	7,881,297
Distributions to shareholders				(898,713)	(898,713)
Net income				2,630,096	2,630,096
Unrealized investment loss			(40,329)		(40,329)
BALANCE AT DECEMBER 31, 1998	<u>641</u>	<u>\$243,354</u>	<u>\$186,340</u>	<u>\$ 9,142,657</u>	<u>\$ 9,572,351</u>

See notes to financial statements

INTERSTATE GAS SUPPLY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997 SEE INDEPENDENT AUDITORS' REPORT

	1998	1997 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,630,096	\$ 2,974,254
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	339,022	517,751
Write-off of oil, gas properties, and idle equipment	84,373	50,498
Equity in net loss (income) of affiliate	340,750	15,067
Changes in operating assets and liabilities:		
Accounts receivable	(1,370,102)	(4,589,417)
Inventories, prepaids and other assets	(8,192,434)	488,228
Accounts payable and accrued expenses	433,415	566,524
Deferred hedging gains (losses)	(108,484)	(1,139,962)
Net cash (used in) provided by operating activities	<u>(5,843,364)</u>	<u>(1,117,057)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net capital expenditures	(176,354)	(1,368,461)
Dividend income	(12,455)	(10,628)
(Increase) in restricted cash	(802,710)	(821,428)
Purchase of KOC Acquisition Corp. stock		(100,000)
Purchase of Gatherco, Inc. stock	(200,000)	(50,000)
Purchase of Interest in Hopco, Ltd	(375,000)	
Net cash used in investing activities	<u>(1,566,519)</u>	<u>(2,350,517)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from notes payable	11,042,500	4,942,331
Distributions to shareholders	(898,713)	(901,053)
Net cash provided by (used in) financing activities	<u>10,143,787</u>	<u>4,041,278</u>
NET INCREASE (DECREASE) IN CASH	2,733,904	573,704
CASH - Beginning of year	<u>764,472</u>	<u>190,768</u>
CASH - End of year	<u>\$ 3,498,376</u>	<u>\$ 764,472</u>
Cash paid for interest	<u>\$ 358,491</u>	<u>\$ 83,705</u>
Non-cash activities - purchase of KOC Acquisition Corp. stock by issuance of note payable		<u>\$ 215,000</u>

See notes to financial statements

INTERSTATE GAS SUPPLY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997 SEE INDEPENDENT AUDITORS' REPORT

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Interstate Gas Supply, Inc. (the Company) is a facilitator of natural gas supply and transportation services for customers located primarily in the State of Ohio. The Company's business practice is to match natural gas sales commitments with natural gas futures contracts in order to minimize the Company's exposure to price fluctuations in the natural gas market. The Company also has working interests in oil and gas properties and includes its share of the revenues and expenses of these interests in its financial statements. The Company has elected a tax status under Subchapter S of the Internal Revenue Code.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Cash - Restricted cash consists of cash held in a brokerage account and committed to cover margins on the Company's natural gas futures trading activity.

Marketable Equity Securities - Financial Accounting Standards Board Statement No. 115 "Accounting for Certain Investments in Debt and Equity Securities" requires that investments in marketable securities be categorized as held-to-maturity, trading securities or available for sale. Available for sale securities, by definition, are those securities not classified as trading or held to maturity and are carried at fair value with unrealized gains and losses reported as a separate component of shareholders' equity. All of the Company's marketable securities are classified as available for sale at December 31, 1998 and 1997. At December 31, 1998 and 1997, the Company recorded other comprehensive income for unrealized (losses)/gains on securities available for sale of \$(40,329) and \$226,669 respectively.

Inventories - The Company records natural gas imbalances arising from variances inherent in the purchase and sale of natural gas. Favorable and unfavorable natural gas imbalances are classified as inventory and accounts payable, respectively. Gas in storage is valued at the lower of cost or market while accounts payable are valued at market.

Property and Equipment - The Company follows the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interest in oil and gas properties, to drill and equip exploratory wells that find proved reserves, and to drill and equip development wells are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

Unproved oil and gas properties that individually significant are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment

allowance. Other unproved properties are amortized based on the Company's experience of successful drilling and average holding period. Capitalized costs of producing oil and gas properties, after considering estimated dismantlement and abandonment costs and estimated salvage values, are depreciated and depleted by the unit-of-production method. Support equipment and other property and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion, and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

The Company has also capitalized, as an intangible asset, an advance to a third party for the costs associated with the construction of a natural gas pipeline in connection with a natural gas sales/transportation agreement. These costs are being amortized straight-line over the five-year life of the contract. The Company receives a credit for each unit of gas transported through the pipeline. In conjunction with this arrangement, the Company has the right to purchase certain gas flowing through the pipeline at a discounted price.

Depreciation of the Company's other property and equipment is computed using the straight-line method over three to twenty years.

Hedging Activities - From time to time, the Company may enter into futures contracts to hedge against fluctuating natural gas prices. These contracts permit settlement by delivery of commodities and, therefore, are not financial instruments as defined. Since these contracts qualify as hedges and correlate to price movements of inventory and gas production, any gains or losses resulting from market changes will be offset by losses or gains on the Company's hedged inventory or production. Realized gains or losses arising from hedging transactions are included in the cost of gas purchases. Gains or losses related to gas purchase commitments in future years are deferred until the period in which the gas purchase occurs. Total unrealized losses for the gas hedging activities were approximately \$2,380,000 at December 31, 1998.

Income Taxes -The Company has elected to be taxed under the provisions of the Internal Revenue Code related to S Corporations. Under those provisions, the income of the Company for Federal and state income taxes is included in the income tax returns of the Company's shareholders. Where the Company remains liable for certain local income taxes, provision has been made for such taxes.

Long-lived Assets - Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Recently Issued Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 is required to be adopted for the Company's fiscal year ended December 31, 1999. The Company has not yet determined what, if any, impact the adoption of this standard will have on its financial statements.

Effective December 31, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." The Company's other comprehensive income is comprised of holding gains on the Company's marketable equity securities that have been classified as available-for-sale at both December 31, 1998 and 1997. As the Company is an S-Corporation, the disclosure of related tax effects of each component of comprehensive income is not applicable.

2. PREPAID GAS PURCHASES

The Company enters into fixed price purchase contracts with natural gas producers whereby the Company will make payments, in advance, for ratable delivery of natural gas. At December 31, 1998 and 1997, the Company had made advance payments in excess of delivered natural gas of \$215,661 and \$276,181, respectively.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	1998	1997
Oil and gas properties:		
Leasehold costs	\$ 24,137	\$ 24,137
Intangible drilling costs	1,720,386	1,834,607
Deposits on Oil and Gas Properties	41,667	
Well equipment	602,627	553,406
Transportation systems	131,064	132,104
Meter stations	37,379	37,379
	<hr/>	<hr/>
Total	2,557,260	2,581,633
Other intangibles	120,000	120,000
Office equipment	286,524	201,971
Land	204,285	203,500
Building	1,007,611	976,595
	<hr/>	<hr/>
Total	4,175,680	4,083,699
Less accumulated depreciation, depletion and amortization	<u>(2,170,332)</u>	<u>(1,840,740)</u>
	<hr/>	<hr/>
Total property and equipment	<u>\$ 2,005,348</u>	<u>\$ 2,242,959</u>

4. INVESTMENT IN AFFILIATE

At December 31, 1996 the Company owned 120 shares of common stock of KOC Acquisition Corp., representing 20% of its capital stock, with an initial recorded cost of \$400,000. During 1997, the Company purchased an additional 90 shares of KOC Acquisition Corp. common stock for \$315,000, representing an additional 15% ownership. The Company has recorded its investment using the equity method. The carrying value of the Company's investment in KOC Acquisition Corp. exceeded its portion of underlying equity in net assets by \$36,095 and \$42,489 at December 31, 1998 and 1997, respectively. This excess is recorded as goodwill and is being amortized over the next six years.

KOC Acquisition Corp. owns all of the issued and outstanding common stock of Kingston Oil Corporation. KOC Acquisition Corp.'s only activity is its investment in Kingston Oil Corporation. At December 31, 1998 Kingston Oil Corporation had total assets of \$6,036,279, total liabilities of \$4,723,848, revenue of \$2,494,708 and a net loss of \$973,571 for the year then ended. At December 31, 1997 Kingston Oil Corporation had total assets of \$6,539,534, total liabilities of \$4,243,932, revenue of \$3,653,672 and a net loss of \$54,788 for the year then ended.

In the event certain shareholders desire to sell their ownership in KOC Acquisition Corp., the Company has the right of first refusal to purchase 15% of KOC Acquisition Corp.'s capital stock and has secondary rights to purchase 50% of the Company's working interests in oil and gas properties that are managed by Kingston Oil Corporation. During the years ended December 31, 1998 and 1997, the Company purchased natural gas in the amounts of approximately \$1,460,000 and \$1,200,000, respectively, from Kingston Oil Corporation. At December 31, 1998 and 1997, the Company had accounts payable to Kingston Oil Corporation of approximately \$239,000 and \$270,000, respectively.

In September of 1998, the Company entered into an agreement with Hopco Resources, Inc. to form a limited partnership (Hopco, Ltd.) effective January 1, 1999 which will perform oil and gas exploration, drilling, and production. The Company contributed a \$375,000 note receivable to the partnership which represented a 45% ownership interest as of December 31, 1998 with the remaining operating assets contributed by Hopco Resources, Inc. The Company has recorded its investment using the equity method. At December 31, 1998, the Company had accounts payable to Hopco Resources, Inc. amounting to \$56,608 and prepaid gas purchases from Hopco Resources, Inc. of \$44,447.

5. NOTES PAYABLE

Notes payable consisted of the following:

	December 31,	
	1998	1997
Revolving note payable to bank with interest at the bank's prime rate less .50% at December 31, 1998 (total of 7.25%), and at the bank's prime rate plus .25% (total of 8.75%) at December 31, 1997, due upon demand	\$ 16,850,000	\$ 5,700,000
Note payable to related party with interest at 5%, maturing \$107,500 on June 30, 1999	107,500	215,000
Total	<u>16,957,500</u>	<u>5,915,000</u>
Less current portion of notes payable	<u>16,957,500</u>	<u>5,807,500</u>
Long-term notes payable	<u>\$</u>	<u>\$ 107,500</u>

The revolving note payable to bank allows borrowings up to \$20,000,000, less any amounts issued as standby letters of credit. At December 31, 1998 and 1997, the Company had no outstanding letters of credit. The revolving note payable is secured by substantially all of the Company's assets and is guaranteed by a shareholder who is also an officer/director of the Company.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of the Company's financial instruments at December 31, 1998. Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments" defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company believes that the carrying amount and fair value of its financial instruments were equal at December 31, 1998, except for those included in the following table.

	1998		1997	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Note payable to related party	\$ 107,500	\$ 103,000	\$ 215,000	\$ 206,000
Investment in affiliates	834,350		803,460	

At December 31, 1998 and 1997, it was not practical to estimate the fair value of an investment representing 35% of KOC Acquisition Corp., an untraded company, that investment is accounted for under the equity method (See Note 4).

At December 31, 1998, it was not practical to estimate the fair value of an investment representing 45% of Hopco, Ltd., an untraded company, that investment is accounted for under the equity method (See Note 4).

Cash, Marketable Equity Securities, Accounts Receivable, Accounts Payable and Accrued Expense - The carrying amounts of these items are a reasonable estimate of their fair value.

Notes Payable - For notes payable with interest rates that fluctuate with rates of the lending institutions, the carrying value is a reasonable estimate of fair value. For other notes payable, the estimated fair value was determined by comparing the interest rates and terms of the note agreements to debt instruments with similar terms and remaining maturities.

7. COMMON STOCK

The Company's common stock is owned by five individuals who are also members of the Company's Board of Directors. Shareholder sales of the Company's common stock require unanimous approval by the Board of Directors. Upon such approval, the Company retains the first right to purchase the common stock at book value.

* * * * *

DATE: November 15, 1999
SUBJECT: A-125051
TO: Bureau of Fixed Utility Services
FROM: James J. McNulty, Secretary

LAF

Attached is a copy of the Application of Interstate Gas Supply, for a license to supply Natural Gas Services as a Supplier, Broker/Marketer and Aggregator engaged in the business of supplying natural gas.

Please note that the following item(s) were not filed with the application:

1. Certificate of Service
2. Standards of Billing Service
3. Sample Disclosure Statement
4. Affidavit attesting to publication in newspapers

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: LAW
BCS
CMU
OTS
CEEP

**DOCUMENT
FOLDER**

laf **DOCKETED**

NOV 15 1999

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

November 15, 1999

A-125051

DAVID M BURIG
CUSTOMER CHOICE PROGRAM DIRECTOR
INTERSTATE GAS SUPPLY
5020 BRADENTON AVE
DUBLIN OH 43017

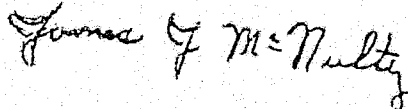
Dear Mr. Burig:

The Application and \$350.00 filing fee of Interstate Gas Supply, filed in this Office on November 11, 1999, for approval to supply Natural Gas Services as a Supplier, Broker/Marketer and Aggregator engaged in the business of supplying natural gas is hereby acknowledged.

Pursuant to the Commission's Final Order, entered July 16, 1999, at M-00991249F0002, all entities wishing to engage in the business of a natural gas supplier must hold a license issued by the Commission, in order to provide services starting November 1, 1999.

The application will receive the attention of the Commission, and you will be advised of any further necessary procedure.

Sincerely,

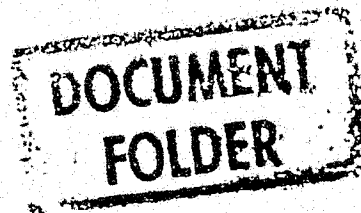


James J. McNulty
Secretary

JJM:laf

DOCKETED

NOV 15 1999



PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIPT

DOCKETED

NOV 19 1999

The addressee named here has paid the PA P.U.C. for the following bill:

DATE 11/17/99
RECEIPT # 196373

INTERSTATE GAS SUPPLY INC
ATTN DAVID M BURIG
5020 BRADENTON AVE
DUBLIN OH 43017

DOCUMENT
FOLDER

IN RE: Application fees for INTERSTATE GAS SUPPLY INC

Docket Number A-125051..... \$350.00

REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 13869
CHECK AMOUNT: \$350.00

C. Joseph Meisinger
(for Department of Revenue)

EEF