

LIST OF MACHINERY, EQUIPMENT, ETC.

Schedule 2.1.4

ANG Personal Property Summary as of 09-30-99

District	Account	Description	Quantity	Butler Cost
		WRENCH PIPE	4	26.02
	394.00	Tools & Equipment	Total	64,067.18
395.00		Laboratory Equipment		
		GASCOPE	1	182.89
		LEAK DETECTOR	2	280.93
		ODORMETER	1	359.96
	395.00	Laboratory Equipment	Total	823.78
396.00		Power Operated Equipment		
		AIR COMPRESSOR	2	19,642.50
		BORING MACHINE EARTH AUGER	1	7,900.73
		TRENCHER	4	72,722.35
		TRENCHER 3500 DW	1	34,336.41
		TRENCHER W/ BACKHOE	1	28,817.93
	396.00	Power Operated Equipment	Total	163,419.92
397.00		Communication Equipment		
		COAX FOAM HELIAX	90	275.47
		ENCODER	1	1,373.75
		KIT CONDUCTOR CABLE	1	50.40
		MODEM	1	256.71
		MOTOROLA BASE STATION	1	685.38
		PAGER	2	1,160.50
		POWER SUPPLY	1	152.38
		RADIO ANTENNA	1	518.75
		RADIO MOBILE	6	3,851.63
		REMOTE CONTROL	1	332.19
		TRANSMITTER/RECEIVER	1	520.15
		TRASMITER REMOTE	1	316.70
	397.00	Communication Equipment	Total	9,494.01
398.00		Miscellaneous Equipment		
		SIGN	1	610.45
		WEATHER STATION	1	1,447.44
	398.00	Miscellaneous Equipment	Total	2,057.89
		DISTRICT 7	Total	4,016,000.23

CONTRACTS

1. Base Agreement for natural gas sale transactions between Aquila Energy Marketing Corporation and Associated Natural Gas Company dated June 1, 1999 with related sales confirmations.
2. Gas Purchase Contract dated October 1, 1990 between SEECO, Inc., Seller and Arkansas Western Gas Company, Buyer for the account of Associated Natural Gas Company.
3. Base Contract for short term sale and purchase of natural gas dated April 26, 1999 between American Central LLC, Seller, and Associated Natural Gas Company, Buyer, with related sales confirmations.
4. Not used.
5. Gas Storage Agreement #P-PLS-011861 between Panhandle Eastern Pipeline Company and Associated Natural Gas Company dated May 1, 1993.
6. Small Customer Firm Transportation Agreement #P-PLT-011867 dated May 25, 1993 between Panhandle Eastern Pipeline Company and Associated Natural Gas Company.
7. Rate Schedule GTS General Delivery Service Contract #P-PLT-011866 dated May 1, 1993 between Panhandle Eastern Pipeline Company and Associated Natural Gas Company.
8. Gas Transportation and Storage Contract #11-0646 dated November 1, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
9. Gas Transportation Contract #110759 dated October 31, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
10. Gas Storage Contract #110507 dated September 21, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
11. Gas Transportation Agreement #108644 dated September 7, 1994 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
12. Gas Transportation Agreement #110767 dated November 1, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
13. Gas Transportation Contract #100072 dated December 1, 1993 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.

14. Point Operator Allocation Agreement #110787 dated November 13, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
15. Gas Transportation Contract #18450 dated November 1, 1993 between Associated Natural Gas Company and ANR Pipeline Company.
16. NNS Service Agreement #99500 dated September 30 1993 between ANR Pipeline Company and Associated Natural Gas Company.
17. FSS Service Agreement #30000 dated July 22, 1993 between ANR Pipeline Company and Associated Natural Gas Company.
18. Not used.
19. FSS Service Agreement #32250 dated March 23, 1994 between ANR Pipeline Company and Associated Natural Gas Company.
20. ETS Service Agreement #00050 dated July 22, 1993 between ANR Pipeline Company and Associated Natural Gas Company.
21. ETS Service Agreement #00001 dated July 22, 1993 between ANR Pipeline Company and Associated Natural Gas Company.
22. Transportation Service Agreement #973 dated November 22, 1994 between Mississippi River Transmission Corporation and Associated Natural Gas Company.
23. SCT Transportation Service Agreement #450 dated October 13, 1993 between Mississippi River Transmission Corporation and Associated Natural Gas Company.
24. Storage Service Agreement #505 dated October 13, 1993 between Mississippi River Transmission Corporation and Associated Natural Gas Company.
25. Transportation Service Agreement #1024 dated February 3, 1995 between Mississippi River Transmission Corporation and Associated Natural Gas Company,
26. Discount Agreement related to Transportation Service Agreement #1024 dated May 11, 1999 between Mississippi River Transmission Corporation and Associated Natural Gas Company.
27. Gas Sales Agreement dated November 1, 1993 between MRT Energy Marketing Company and Associated Natural Gas Company with related sales confirmations.
28. Agency Agreement dated November 1, 1993 between MRT Energy marketing Company and Associated Natural Gas Company.

29. Service Agreement for Rate Schedule SS-1, Contract #400184 dated April 11, 1994 between Texas Eastern Transmission Corporation and Associated Natural Gas Company.
30. Service Agreement for Rate Schedule CDS, Contract #800204 dated June 1, 1993 between Texas Eastern Transmission Corporation and Associated Natural Gas Company.
31. Interruptible Transportation Service Agreement ITA-07 dated July 1, 1993 between Arkansas Western Pipeline Company and Associated Natural Gas Company.
32. Interruptible Transportation Service Agreement ITA-63 dated December 20, 1995 between NOARK Pipeline System and Associated Natural Gas Company.
33. Transportation Service Agreement under Rate Schedule FTS or ITS dated May 20, 1992 between Arkansas Western Pipeline Company and Associated Natural Gas Company.
34. Firm Transportation Service Agreement #1002228 effective November 1, 1998 between NorAm Gas Transmission Company and Associated Natural Gas Company.
35. Superseding Rate Agreement dated November 19, 1998 related to Firm Transportation Service Agreement #1002228 between NorAm Gas Transmission Company and Associated Natural Gas Company.
36. Not used.
37. Numerous agreements with collection agents in various locations.
38. All contracts listed on Schedule 2.1.2.
39. All city franchises listed on Schedule 3.7.
40. Letter Agreement dated July 23, 1998 between Associated Natural Gas Company and Marmor Aluminum.
41. Letter Agreement dated July 23, 1998 between Associated Natural Gas Company and Plastene Supply Company.
42. Letter Agreement dated July 23, 1998 between Associated Natural Gas Company and Lewis Brothers Bakery, Inc.
43. Letter Agreement dated July 23, 1998 between Associated Natural Gas Company and Federal Mogul Corporation.
44. Letter Agreement dated July 23, 1998 between Loxscreen Company, Inc. and Associated Natural Gas Company.
45. Letter Agreement Gates Rubber Co.

- 46. Interruptible Gas Transportation Service Agreement dated September 1, 1998 between Associated Natural Gas Company and [redacted] m, Inc.
- 47. Gas Transportation and Sales Service Agreement dated July 1, 1997 between Associated Natural Gas Company and GS Roofing Products Company, Inc.
- 48. Gas Service Agreement dated April 1, 1998 between Associated Natural Gas Company and GS Roofing Products Company, Inc.
- 49. Gas Transportation and Sales Service Agreement dated August 1, 1999 between Associated Natural Gas Company and Good Humors, Inc.
- 50. Numerous Right of Way agreements.
- 51. Gas Service Agreement dated June 24, 1998 between Associated Natural Gas Company and Lignetics of Missouri.
- 52. Panhandle Customer Group Agreement.
- 53. Firm Transportation Agreement #0211 dated September 1, 1998 between Ozark Pipeline System and Arkansas Western Energy Services, Inc.
- 54. Contract dated July 3, 1997, between Associated Natural Gas Company and Lee Wigginton d/b/a Lee's Heating and Air Conditioning.
- 55. Firm Supply Agreement dated November 1, 1998 between Associated Natural Gas Company and Southwestern Energy Services, Inc.

The following contracts are freely assignable:

Contract # 2, 5, 37 39 (except Jackson, Mississippi) and 51.

Assignment of the following contracts will require the consent of other parties:

Contract # 1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 38, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55.

The following contracts will be subject to the Ozark Pipeline System Firm Transportation Agreement:

Contract #1, 2, 29, 30, 31, 32, 33, 34, 35.

INTELLECTUAL PROPERTY

None.

NAMES AND LOGOS



Associated Natural Gas
Company

OTHER EXCLUDED ASSETS

1. The contract identified on Schedule 2.1.6 as being subject to the Omnibus Transportation and Supply Agreement.
2. The assets of Sellers used primarily in the following functions, which will be offered to be made available pursuant to the Transition Service Agreement: billing; meter reading transfer; SCADA system transfer; and accounting and financial reporting.
3. A portion of Sellers' pipeline system approximately 50 feet in length crossing the Arkansas/Missouri border in Dunklin County, Missouri.
4. A portion of Sellers' pipeline system approximately 50 feet in length crossing the Arkansas/Missouri border in Pemiscot County, Missouri.

FINANCIAL PRINCIPLES**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Associated Natural Gas Company ("Company") follows the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. The Company is a division of Arkansas Western Gas Company ("AWG"), a wholly-owned subsidiary of Southwestern Energy Company ("Parent"), and operates integrated natural gas distribution and transmission systems and an unregulated appliance business in northeast Arkansas and parts of Missouri.

The Company's significant accounting policies are summarized below:

Property and Depreciation

Costs applicable to construction activities, including internal overhead costs, are capitalized. In accordance with established regulatory practice, an allowance for funds used during construction of major projects is capitalized and amortized over the estimated lives of the related facilities. Depreciation and amortization of the gas distribution system is provided using the straight-line method with an average annual rate for Missouri of 2.9%. Gas in underground storage is stated at average cost.

All other property, plant and equipment other than distribution system is depreciated using the straight-line method with an average annual rate for Missouri of 3.4%.

The Company charges to maintenance or operations the cost of labor, materials and other expenses incurred in maintaining the operating efficiency of its properties. Betterments are added to property accounts at cost. Retirements are credited to property, plant and equipment at cost and charged to accumulated depreciation with no gain or loss recognized, except for abnormal retirements.

Gas Distribution Revenues

The Company records gas revenues on an accrual basis, as gas volumes are used or transported, to provide a proper matching of revenues with expenses. The Company's rate schedules in Missouri include purchased gas adjustment clauses that provide for the billing of estimated purchased gas costs. Each month, the difference between actual costs of purchased gas and gas costs recovered from customers is deferred. The deferred differences are billed or credited, as appropriate, to customers in subsequent months. Accounts receivable are written off to bad debt expense after 90 days.

Income Taxes

AWG, together with the other subsidiaries of Parent, files consolidated federal and state income tax returns. Deferred income taxes relate primarily to tax deductions under accelerated methods of depreciation, as provided for by income tax laws, in excess of those expenses for book purposes, and to differences between financial and tax accounting for stored gas costs and purchased gas costs.

The Company's effective tax rate varies from the federal statutory rate due primarily to state taxes and the amortization of deferred investment tax credits. The effective tax rate was 39.4% for 1998. An estimated tax rate of 39.0% has been used for the nine months ended September 30, 1999.

Estimates Used in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Preparation of Missouri Financial Statements

The preparation of financial statements for the Missouri operations of the Company utilizes both the specific identification of certain assets, liabilities, and items of income and expense related to Missouri operations, and the allocation of remaining assets, liabilities, and items of income and expense between Arkansas and Missouri operations. The allocations utilized in the preparation of the financial statements are based on direct causation factors, where applicable, and on allocation factors used by AWG in its most recently filed rate cases before the Missouri and Arkansas Public Service Commissions. These rate cases have been settled through stipulation with the regulatory agencies and other interested parties.

The income statement prepared for Missouri operations excludes revenues collected through the Company's purchased gas adjustment clause related to AWG's gathering system assets located in northwest Arkansas and used to transport gas to the Company.

2. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

AWG, together with the other subsidiaries of Parent, has defined benefit pension and postretirement benefit plans which cover substantially all employees in the consolidated group.

Prior to 1998, Parent's pension plans provided for benefits based on years of benefit service and the employee's "average compensation" as defined. During 1998, Parent amended its plans to become "cash balance" plans on a prospective basis for non-bargaining unit employees. A cash balance plan provides benefits based upon a fixed percentage of an employee's annual compensation. Parent's funding policy is to contribute amounts which are actuarially determined to provide the plans with sufficient assets to meet future benefit payment requirements and which

are tax deductible. The calculation of prepaid benefit costs is maintained at the Parent company level only. For the Company's financial statements, the benefit obligation is equal to the funded status of the pension plan.

The postretirement benefit plans provide contributory health care and life insurance benefits. Employees become eligible for these benefits if they meet age and service requirements. Generally, the benefits paid are a stated percentage of medical expenses reduced by deductibles and other coverages. During 1998, Parent established trusts to partially fund the Company's postretirement benefit obligations.

The following provides a reconciliation of the changes in the postretirement benefit plans' benefit obligations, fair value of assets and funded status for the Company as of December 31, 1998.

	<u>1998</u> (in thousands)
Change in Benefit Obligations:	
Benefit obligation at January 1	\$ 2,262
Service cost	29
Interest cost	177
Actuarial loss	451
Benefits paid	<u>(138)</u>
Benefit obligation at December 31	<u>\$ 2,781</u>
Change in Plan Assets:	
Fair value of plan assets at January 1	\$ -
Actual return on plan assets	(4)
Employer contributions	268
Benefit payments	<u>(139)</u>
Fair value of plan assets at December 31	<u>\$ 125</u>
Funded Status:	
Funded status at December 31	\$ (2,655)
Unrecognized net actuarial (gain) loss	1,294
Unrecognized transition obligation	<u>893</u>
Accrued benefit cost	<u>\$ (468)</u>

Net periodic postretirement benefit costs of the Company include the following components for 1998:

	<u>1998</u> (in thousands)
Service cost	\$ 30
Interest cost	177
Amortization of transition obligation	69

Recognized net actuarial (gain) loss

56
\$ 332

For 1999, the net periodic postretirement benefit cost is \$404,200. Approximately \$303,000 of this expense has been recorded by the Company for the nine months ended September 30, 1999.

For purposes of the Company's financial statements, the accrued benefit cost and the net periodic benefit cost are allocated to Missouri operations based on employee count.

3. TRANSACTIONS WITH AFFILIATED COMPANIES

The Company purchases a portion of its system supply from an affiliated company, SEECO, Inc. (SEECO). Purchases from SEECO were priced in accordance with terms of an existing gas contract that expires in September 2000. Amounts due SEECO at December 31, 1998 and September 30, 1999 have been reflected as a current liability in the balance sheet.

The Company participates in a coordinated cash management program with other companies in the affiliated group. Cash requirements (including payments of interest and income taxes) are met by drawing funds from Parent, while excess cash is utilized to reduce advances from Parent.

General and administrative services are coordinated by the companies in the affiliated group. Expenses not charged directly to a company are allocated among all companies using formulas based upon the number of employees, total assets, operating revenues or other measurable factors that, in the opinion of management, would result in a fair and equitable allocation. The income statement for Missouri operations presents net operating income both before and after intercompany allocations of costs.

CERTAIN EXCLUDED LIABILITIES

1. MPSC Case No. GR-96-227
2. MPSC Case No. GR-97-191
3. MPSC Case No. GR-98-399
4. Liabilities Resulting from future MPSC Actual Cost Adjustment Reviews through periods ending with the Closing Date.
5. Smith v. Associated Natural Gas Company
6. Taber v. Associated Natural Gas Company
7. Scallion v. Associated Natural Gas Company (This case was dismissed without prejudice in May, 1998. The Plaintiff may refile.)
8. Riley v. Associated Natural Gas Company
9. Byrne v. Associated Natural Gas Company
10. Columbia Insurance Group v. ANG
11. Cooper v. Associated Natural Gas Company
12. Hales v. Arkansas Western Gas Company et al, Circuit Court of Sebastian County, Arkansas, on appeal to Arkansas Supreme Court
13. Enron v. Arkansas Western Gas Company et al, Chancery Court of Franklin County, Arkansas.
14. Ford v. Associated Natural Gas Company
15. Grynberg v. Associated Natural Gas Company, et. al (liability accrued prior to closing, if any, will be excluded)
16. Quinque Operating Company v. Associated Natural Gas Company, et al (liability accrued prior to closing, if any, will be excluded)
17. Brandon v. Arkansas Western Gas Company – APSC Docket No. 93-344-C

GAS TRANSPORTATION AND SUPPLY MATTERS

Associated Natural Gas Company (Associated or ANG) is currently served by eight pipelines in the Missouri and Arkansas service territories. Four pipelines exclusively serve the Missouri service area. These pipelines are Natural Gas Pipeline Company, Mississippi River Transmission, Panhandle Eastern Pipeline, and ANR Pipeline. The remaining pipelines, Texas Eastern Transmission (Tetco), Arkansas Western Pipeline (AWP), Ozark Gas Transmission (Ozark), and Reliant Gas Transmission (Reliant), serve the Associated integrated system in Southeast Missouri (SEMO) and Northeast Arkansas.

After the Closing Date, we anticipate that 100% of the transportation capacity/supply agreements and all associated costs from Reliant will be assigned to the remaining distribution system in Arkansas (ANG-AR). The transportation capacity/supply agreements and associated costs through the Tetco and the Ozark/AWP pipelines are being volumetrically apportioned between Arkansas and Missouri. At present, the transportation and supply through Tetco and Ozark/AWP is utilized approximately 35%-40% by Arkansas customers. It is the Sellers' desire to continue to utilize this same approximate amount of transportation services with Tetco and Ozark/AWP to access supply. Additionally, Seller would utilize approximately 35%-40% of the existing No-Notice Service and storage currently subscribed to on Tetco.

Physically, Seller envisions the gas being taken at the existing Tetco and Ozark/AWP interconnects, transporting through the Missouri system, with most of the deliveries to ANG-AR occurring at a new setting on the 10" pipeline north of the LNG plant at Yarbro, AR. Some gas would also be delivered to other new measurement and regulation facilities on the other Associated pipeline which crosses the state line, the 6" line north of Leachville, AR. Seller will be responsible for all costs associated with the design, materials, right-of-way, regulatory approvals, legal matters and construction of the facilities located at mutually agreeable sites.

Prior to the Closing Date, detailed discussions will be required between Sellers and Buyer relating to the assignment of the transportation capacity, necessity of an Operational Balancing Agreement, nomination and dispatch procedures, review of the take point, term, assignment of any supply contracts remaining after the Closing Date, term of the agreement, transportation rates, etc. Further, Sellers would be amenable to reviewing the abilities of the LNG plant in Arkansas to determine if a peaking service from the LNG plant would be available for the Buyer.

SELLERS' THIRD PARTY CONSENTS

See Schedules 2.1.2, 2.1.6 and 3.10.

ENCUMBRANCES ON TRANSFERRED ASSETS

None.

MATERIAL CONTRACTS

1. Base Agreement for natural gas sale transactions between Aquila Energy Marketing Corporation and Associated Natural Gas Company dated June 1, 1999.
2. Gas Purchase Contract dated October 1, 1990 between SEECO, Inc., Seller and Arkansas Western Gas Company, Buyer for the account of Associated Natural Gas Company.
3. Base Contract for short term sale and purchase of natural gas dated April 26, 1999 between American Central LLC, Seller, and Associated natural Gas Company, Buyer.
4. Not used.
5. Gas Storage Agreement #P-PLS-011861 between Panhandle Eastern Pipeline Company and Associated Natural Gas Company dated May 1, 1993.
6. Small Customer Firm Transportation Agreement #P-PLT-011867 dated May 25, 1993 between Panhandle Eastern Pipeline Company and Associated Natural Gas Company.
7. Gas Transportation and Storage Contract #11-0646 dated November 1, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
8. Gas Transportation Contract #110759 dated October 31, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
9. Gas Storage Contract #110507 dated September 21, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
10. Gas Transportation Agreement #110767 dated November 1, 1995 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
11. Gas Transportation Contract #100072 dated December 1, 1993 between Natural Gas Pipeline Company of America and Associated Natural Gas Company.
12. Gas Transportation Contract #18450 dated November 1, 1993 between Associated Natural Gas Company and ANR Pipeline Company.
13. NNS Service Agreement #99500 dated September 30 1993 between ANR Pipeline Company and Associated Natural Gas Company.
14. FSS Service Agreement #30000 dated July 22, 1993 between ANR Pipeline Company and Associated Natural Gas Company.

15. FSS Service Agreement #32250 dated March 23, 1994 between ANR Pipeline Company and Associated Natural Gas Company.
16. ETS Service Agreement #00050 dated July 22, 1993 between ANR Pipeline Company and Associated Natural Gas Company.
17. ETS Service Agreement #00001 dated July 22, 1993 between ANR Pipeline Company and Associated Natural Gas Company.
18. Transportation Service Agreement #973 dated November 22, 1994 between Mississippi River Transmission Corporation and Associated Natural Gas Company.
19. SCT Transportation Service Agreement #450 dated October 13, 1993 between Mississippi River Transmission Corporation and Associated Natural Gas Company.
20. Storage Service Agreement #505 dated October 13, 1993 between Mississippi River Transmission Corporation and Associated Natural Gas Company.
21. Gas Sales Agreement dated November 1, 1993 between MRT Energy Marketing Company and Associated Natural Gas Company.
22. Gas Sales Agreement dated November 1, 1995 between MRT Energy Marketing Company and Associated Natural Gas Company.
23. Service Agreement for Rate Schedule SS-1, Contract #400184 dated April 11, 1994 between Texas Eastern Transmission Corporation and Associated Natural Gas Company.
24. Service Agreement for Rate Schedule CDS, Contract #800204 dated June 1, 1993 between Texas Eastern Transmission Corporation and Associated Natural Gas Company.
25. Transportation Service Agreement under Rate Schedule FTS or ITS dated May 20, 1992 between Arkansas Western Pipeline Company and Associated Natural Gas Company.
26. Firm Transportation Service Agreement #1002228 effective November 1, 1998 between NorAm Gas Transmission Company and Associated Natural Gas Company.
27. Superseding Rate Agreement dated November 19, 1998 related to Firm Transportation Service Agreement #1002228 between NorAm Gas Transmission Company and Associated Natural Gas Company.
28. Labor Agreement between Associated Natural Gas Division of Arkansas Western Gas Company and Local Union 1439, International Brotherhood of Electrical Workers AFL-CIO expiring May 31, 2000.
29. Interruptible Gas Transportation Service Contract dated September 1, 1998 between Associated Natural Gas Company and Noranda Aluminum, Inc.

30. Gas Transportation and Sales Service Contract dated July 1, 1997 between Associated Natural Gas Company and GS Roofing Products Company, Inc.
31. Gas Service Agreement dated April 2, 1997 between Associated Natural Gas Company and GS Roofing Products Company, Inc.
32. Gas Service Agreement dated June 24, 1992 between Associated Natural Gas Company and Lignetics of Missouri.
33. Firm Transportation Agreement #0Z2001 dated November 1, 1998 between Ozark Pipeline System and Arkansas Western Gas Company.
34. Firm Supply Agreement dated November 1, 1999 between Associated Natural Gas Company and Southwestern Energy Services Company.

REAL PROPERTY

None.

PERMITS

1. City Franchises

Adrian	Gordonville	Matthews
Amoret	Greentop *	Miner
Appleton City	Greenville	Montrose
Arbyrd	Harrisonville	Morehouse
Arcadia	Hayti	Morley
Archie	Hayti Heights	New Madrid
Benton	Holcomb	N. Libourn
Bertrand	Holland	Oak Ridge
Butler	Hornersville	Oran
Campbell	Howardville	Passaic *
Cardwell	Ironton	Piedmont
Chaffee	Jackson *	Portageville
Charleston	Kirksville *	Puxico
Clarkton	Lambert	Queen City
Caruthersville	Lancaster	Senath
Cooter	LaPlata	Sikeston
Doniphan	Libourn	Steele
East Prairie	Malden	Wardell
Gideon	Marston	

2. Various Certificates and Tariffs issued by Missouri Public Service Commission a list of which is attached hereto.
3. Section 7f – Service Area Determination issued by Federal Energy Regulatory Commission
4. Order No. 63 – Blanket Certificate issued by Federal Energy Regulatory Commission
5. Various Radio Frequency Licenses issued by Federal Communications Commission

*Expired or under renegotiation

FORM NO. 13

P. S. C. MO. No. 6

16th

ORIGINAL
REVISED SHEET NO. 1

CANCELLING P. S. C. MO. No. 6

15th

ORIGINAL
REVISED SHEET NO. 1

ASSOCIATED NATURAL GAS COMPANY

For Listed on Sheets 1A and 1B

A Division of Arkansas Western Gas Company

~~Missouri~~ Public
Service Commission

INDEX TO GAS RATE SCHEDULES

REC'D MAR 17 1999

MISSOURI SERVICE AREAS

1A-1B

SOUTHEAST MISSOURI (SEMO) DISTRICT:

Residential Firm Service	2
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Reserved For Future Use	3B
Small General Service	4-4A
Large General Service	5-5A
Reserved for Future use	6-6A
Large Volume Service	7-7A
Reserved For Future Use	7B-7E

KIRKSVILLE DISTRICT:

Residential Firm Service	8
Small General Service	9-9A
Large General Service	10-10A
Reserved For Future Use	11-11A
Reserved For Future Use	11B-11E

BUTLER DISTRICT:

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Large General Service	14-14A
Reserved For Future Use	15-15A

ALL DISTRICTS:

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Extended Due Date (Preferred Payment) Plan	19D

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Rules and Regulations - Gas Service	21- 49

*Indicates new rate or text
+Indicates change

Missouri Public
Service Commission

FILED APR 22 1999

DATE OF ISSUE March 17, 1999

DATE EFFECTIVE April 22, 1999

ISSUED BY Greg D. Kerley Senior V.P. - Finance and Chief Financial Officer Fayetteville, AR

NAME OF OFFICER

TITLE

LOCATION

Additional Certificates and Variances issued to ANG
by Missouri Public Service Commission

Order Granting Certificate of Public Convenience and Necessity dated March 19, 1997 in Case No. GA-97-215.

Order Granting Waiver dated December 31, 1996 in Case No. GO-97-180.

Order Granting Variance dated July 21, 1998 in Case No. GO-98-567.

Report and Order dated October 18, 1989 in Case No. GA-90-15.

Order Granting a Certificate of Convenience and Necessity dated July 20, 1993 in Case No. GA-93-191.

Order Rescinding Waiver dated November 21, 1995 in Case No. GO-95-375.

Order Granting Partial Waiver dated June 5, 1990 in Case No. GO-90-167.

Report and Order dated March 7, 1990 in Case No. GA-90-36.

Order Authorizing Merger dated May 13, 1988 in Case No. GM-88-100.

Case No. Associated Natural Gas Co.

File/Filing Date

Document Name

May 19, 1948

Case No. 11,273

May 18, 1951

12,014/12,131

April 11, 1952

12,251

April 11, 1952

12,295

Aug. 10, 1956

13,445

Sept. 14, 1961

14,790

Jan. 4, 1962

14,857

Dec. 20, 1962

15,121

June 26, 1963

15,237

July 27, 1964

15,570

Jan. 25, 1965

15,645

Nov. 15, 1965

15,842

June 19, 1967

16,169

Oct. 25, 1968

16,580

Mar. 20, 1969

16,626

Mar. 20, 1969

16,627

July 17, 1969

16,754

July 23, 1969

16,758

Oct. 28, 1970

17,062

April 12, 1978

GE-78-74 (Order)

April 27, 1978

GE-78-74 (Supplemental Order)

Oct. 2, 1985

GA-85-44

May 13, 1988

GM-88-100 (Acquired by Ark-Western)

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Page No. _____

Case No. Central Missouri Gas Co.

Receipt/Filing Date

Document Name

1. Dec. 16, 1958

Case No. 11,976

2. _____

Acquired by Associated Natural Gas by

3. _____

Case No. 14,790 dated Sept, 26, 1961

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Case No. Arkansas-Missouri Power Co.

Receipt/Filing Date

Document Name

- 1. Jan. 11, 1952.
- 2. Feb. 27, 1952
- 3. Aug. 5, 1955
- 4. July 27, 1964
- 5. May 17, 1968
- 6. June 19, 1967
- 7. Oct. 31, 1968
- 8. Oct. 29, 1970
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Case No. 11,972 (Report and Order)

11,972 (Order)

13,182

15,569

15,674

16,170

16,597

17,044

Acquired by Associated Natural Gas by

Case No. GP-78-74 dated April 27, 1978

LITIGATION

1. Hales v. Arkansas Western Gas Company et al. Circuit Court of Sebastian County, Arkansas, on appeal to Arkansas Supreme Court.
2. Enron v. Arkansas Western Gas Company et al. Chancery Court of Franklin County, Arkansas.
3. Missouri Public Service Commission Case No. GX-99-444 regarding proposed affiliate transaction rules for gas corporations.

COMPLIANCE WITH LAWS

None.

SELLER GOVERNMENTAL CONSENTS

1. Hart Scott Rodino Pre-merger Notification Act
2. Missouri Public Service Commission
3. Federal Energy Regulatory Commission
4. City Counsel of Jackson, Missouri
5. City Counsel of Kirksville, Missouri

ASSOCIATED NATURAL GAS COMPANY
MISSOURI OPERATIONS
BALANCE SHEET
September 30, 1999

Current Assets:	
Accounts Receivable	\$1,655,212
Inventory	4,098,183
Stores Expense Undistributed	115,915
Deferred Gas Purchases	321,321
Other Current Assets	87,146
Total Current Assets	<u>6,277,777</u>
Property, Plant & Equipment:	
Property, Plant & Equipment	47,982,224
Accum. Depreciation	<u>(21,660,144)</u>
	<u>26,322,080</u>
Other Long-Term Assets:	
Retirement Work In Progress	5,862
Deferred Regulatory Comm. Exp.	41,191
	<u>47,053</u>
Total Assets	<u><u>\$32,646,910</u></u>
Current Liabilities:	
Accounts Payable	\$1,912,620
Other Taxes Payable	468,579
Customer Deposits	1,128,885
Accrued Vacation Payable	303,754
Other Current Liabilities	32,275
Total Current Liabilities	<u>3,846,113</u>
Other Long-Term Liabilities:	
Customer Advances For Const.	21,069
SFAS 106 Liability	339,283
	<u>360,352</u>
Equity	<u>28,440,445</u>
Total Liabilities and Equity	<u><u>\$32,646,910</u></u>

NOTE - Refer to Schedule 2.3.3 for Financial Principles.

ASSOCIATED NATURAL GAS COMPANY
MISSOURI OPERATIONS
STATEMENT OF INCOME

For the Nine Months Ended September 30, 1999

Operating Revenues	
Gas Sales	\$21,826,263
Gathering System Revenues	(486,330)
Gas Transportation	946,841
Other	110,724
Total Operating Revenues	<u>22,397,498</u>
Operating Expenses:	
Gas Purchased	13,840,359
Storage	117,023
Transmission	256,391
Distribution	1,805,883
Commercial	1,383,382
New Business	78,975
General & Administrative	313,712
Depreciation	896,225
Taxes Other Than Income	576,723
Provision for Income Taxes (39%)	1,220,242
Total Operating Expenses	<u>20,488,915</u>
Net Operating Inc. before G&A allocations	<u>\$1,908,583</u>
G&A allocated from AWG	1,093,418
G&A allocated from SWN	993,358
Tax effect of G&A allocations	<u>(813,843)</u>
Net Operating Inc. including G&A allocations	<u>\$635,650</u>
Weather - % of normal	89%

NOTE 1 - Refer to Schedule 2.3.3 for Financial Principles.

NOTE 2 - Depreciation does not include amortization of the acquisition adjustment.

ASSOCIATED NATURAL GAS COMPANY
MISSOURI OPERATIONS
BALANCE SHEET
December 31, 1998

Current Assets:	
Accounts Receivable	\$5,255,446
Inventory	3,212,126
Stores Expense Undistributed	101,916
Other Current Assets	<u>129,032</u>
Total Current Assets	<u>8,698,520</u>
Property, Plant & Equipment:	
Property, Plant & Equipment	48,042,553
Accum. Depreciation	<u>(21,317,606)</u>
	<u>26,724,947</u>
Other Long-Term Assets:	
Retirement Work In Progress	(24,504)
Deferred Regulatory Comm. Exp.	<u>67,471</u>
	<u>42,967</u>
Total Assets	<u><u>\$35,466,434</u></u>
Current Liabilities:	
Accounts Payable	\$2,369,931
Income Taxes Payable	0
Other Taxes Payable	298,486
Deferred Gas Purchases	56,967
Customer Deposits	1,095,075
Accrued Vacation Payable	320,988
Other Current Liabilities	<u>49,022</u>
Total Current Liabilities	<u>4,190,469</u>
Other Long-Term Liabilities:	
Customer Advances For Const.	17,421
SFAS 106 Liability	<u>332,023</u>
	<u>349,444</u>
Equity	<u>30,926,521</u>
Total Liabilities and Equity	<u><u>\$35,466,434</u></u>

NOTE - Refer to Schedule 2.3.3 for Financial Principles.

ASSOCIATED NATURAL GAS COMPANY
MISSOURI OPERATIONS
STATEMENT OF INCOME

For the Year Ended December 31, 1998

Operating Revenues	
Gas Sales	\$32,375,744
Gathering System Revenues	(582,905)
Gas Transportation	1,188,256
Other	155,640
Total Operating Revenues	<u>33,136,735</u>
Operating Expenses:	
Gas Purchased	21,370,177
Storage	177,002
Transmission	310,427
Distribution	2,391,314
Commercial	1,555,401
New Business	81,696
General & Administrative	437,487
Depreciation	1,151,459
Taxes Other Than Income	695,917
Provision for Income Taxes (39.4%)	1,956,547
Total Operating Expenses	<u>30,127,427</u>
Net Operating Inc. before G&A allocations	<u>3,009,308</u>
G&A allocated from AWG	1,896,589
G&A allocated from SWN	1,656,393
Tax effect of G&A allocations	<u>(1,399,875)</u>
Net Operating Inc. including G&A allocations	<u>856,201</u>
Weather - % of normal	88%

NOTE 1 - Refer to Schedule 2.3.3 for Financial Principles.

NOTE 2 - Depreciation does not include amortization of the acquisition adjustment.

EMPLOYEE BENEFIT PLANS

Southwestern Energy Company Pension Plan

Southwestern Energy Company 401(k) Savings Plan

Southwestern Energy Company Educational Assistance Plan

Southwestern Energy Company Long Term Disability Plan

Southwestern Energy Company Salary Conservation Plan

Associated Natural Gas Company Employee Medical, Dental and Life Plan

Southwestern Energy Company Employee Special Severance Plan

Southwestern Energy Company Incentive Compensation Plan ⁽¹⁾

Service awards ⁽²⁾

⁽¹⁾ One of the Transferred Employees is a named participant in this plan for 1999 and is eligible to receive a potential bonus up to 7.5% of his compensation. A limited number of other Transferred Employees have also historically received discretionary bonuses of \$500 to \$1,500 annually.

⁽²⁾ The Company provides service awards and company stock for employees who provide 5, 10, 15, 20, 25, 30, 35 and 40 years of service.

PENSION PLANS

Southwestern Energy Company Pension Plan ⁽¹⁾

⁽¹⁾ The Company has recently filed for a new determination letter relating to its adoption of cash balance provisions in the Southwestern Energy Company Pension Plan.

LABOR MATTERS

Labor Agreement between Associated Natural Gas Division of Arkansas Western Gas Company and Local Union 1439, International Brotherhood of Electrical Workers AFL-CIO expiring May 31, 2000.

ENVIRONMENTAL MATTERS

None.

CERTAIN LIABILITIES

None.

INSURANCE POLICIES

Sellers maintain the following types of insurance with respect to the Business or Transferred Assets:

Property Damage - Replacement cost coverage through Lloyds of London. Deductibles up to \$25,000 for all property other than pipelines and subsurface equipment which has a deductible of \$500,000. No property damage coverage for vehicles (self-insured).

Automobile Liability - \$2 million liability coverage through St. Paul Fire and Marine for all power units. No deductible.

General and Excess Liability - Varying policies with St. Paul Fire and Marine, Aegis Insurance Services, Inc. and Lloyds of London with coverage up to \$200 million. No deductibles.

Directors' and Officers' Liability - Coverage up to \$40 million with National Union and Chubb with deductibles of \$300,000.

Workers Compensation and Employer's Liability - Statutory workers compensation for Missouri with \$1,000,000 employer's liability coverage through St. Paul Fire and Marine. No deductible.

Other Miscellaneous Coverages - The Sellers maintain other miscellaneous coverage including Fiduciary coverage of \$10 million for its benefit and welfare plans with Chubb, Crime coverage of \$1 million with Chubb, Travel coverage of \$5 million with CIGNA, and Aviation insurance with \$10 million of liability coverage and full property coverage with USAIG.

ACCOUNTS RECEIVABLE

None.

BUYER'S CONSENTS

Approval for Buyer to acquire the assets and Seller to dispose of the assets will be required from the Missouri Public Service Commission.

Buyer would be required to obtain a limited jurisdiction certificate from the Federal Energy Regulatory Commission.

TRANSFERRED EMPLOYEES

See attached schedule.

TRANSFERRED EMPLOYEES

Associated Natural Gas Company
Transferred Employees
As of 8/31/89

Location	Department	Job Title	BC	Number	Name	Birth Date	Hire Date	Union	Hrly=1 Srv=2	Annual Salary
New Madrid	Customer Service	CUSTOMER SERVICE REP.	332	000547	Henry, Mary L.	1/12/1940	1/27/1970	MONU	1	27,769
New Madrid	Customer Service	CUSTOMER SERVICE REP.	332	000985	Cook, Annie L.	10/27/1943	4/1/1988	MONU	1	19,865
Piedmont	Const & Maint MO	JOURNEYMAN SERVICEMAN	334	000639	Jackson, Robert L.	2/28/1903	2/8/1988	IBEW	1	38,827
Piedmont	Customer Service	CUSTOMER SERVICE REP.	334	000983	Fowler, Paula J.	5/2/1954	10/12/1981	MONU	1	27,769
Piedmont	Customer Service	CUSTOMER SERVICE REP.	334	000986	Twidwell, Patricia A.	8/12/1936	8/18/1970	MONU	1	27,769
Piedmont	Service	JOURNEYMAN SERVICEMAN	334	000564	Kime, Dennis D.	3/15/1957	5/2/1988	IBEW	1	38,827
Sikeston	Const & Maint MO	JOURNEYMAN PIPEFITTER	392	000614	Fiek, Johnny D.	10/12/1941	8/28/1991	IBEW	1	38,827
Sikeston	Const & Maint MO	JOURNEYMAN PIPEFITTER	392	000617	Mason, Gregory	8/3/1964	7/8/1987	IBEW	1	38,827
Sikeston	Const & Maint MO	WORKING FOREMAN 1	392	000616	Nabors, Harold G.	5/8/1967	9/17/1987	IBEW	1	41,488
Sikeston	Const & Maint MO	WORKING FOREMAN 1	392	000618	Temptation, James R.	4/29/1967	11/20/1978	IBEW	1	41,488
Sikeston	Const & Maint MO	WORKING FOREMAN 1	392	000620	Triplett, Loyd L.	1/25/1948	8/10/1970	IBEW	1	41,488
Sikeston	Const & Maint MO	GAS APPRENTICE	392	000756	Branam, Morris D.	7/21/1908	8/26/1996	IBEW	1	33,468
Sikeston	Customer Service	CUSTOMER SERVICE REP.	328	000498	Byrd, Nancy L.	10/28/1942	9/1/1971	MONU	1	27,769
Sikeston	Customer Service	CUSTOMER SERVICE REP.	328	000499	Gene, Linda A.	4/10/1949	3/21/1988	MONU	1	27,769
Sikeston	Customer Service	CUSTOMER SERVICE REP.	328	000500	Head, Linda S.	1/28/1949	7/8/1973	MONU	1	27,769
Sikeston	Customer Service	CUSTOMER SERVICE REP.	328	000501	Longstreet, Angela D.	1/28/1964	3/28/1988	MONU	1	27,769
Sikeston	Customer Service	CUSTOMER SERVICE REP.	328	000548	Higginson, Melissa J.	8/25/1959	10/1/1981	MONU	1	27,769
Sikeston	Meter Reading	JOURNEYMAN PIPEFITTER	392	000505	Ellis, Steven E.	3/31/1906	1/10/1994	IBEW	1	38,827
Sikeston	Meter Reading	METER READER - COLLECTOR	328	000671	Carter, Maurice	8/13/1983	12/18/1983	IBEW	1	32,532
Sikeston	Meter Reading	METER READER - COLLECTOR	328	000681	Deaton, Jennifer L.	10/5/1968	3/1/1986	IBEW	1	32,532
Sikeston	Operations	INTERIM OPERATING MANAGER	328	000638	Sturgeon, Jerry P.	1/2/1938	8/3/1984	MONU	2	61,516
Sikeston	Operations	ASSISTANT OPERATING MANAGER	328	000622	Steger, Steven R.	4/29/1974	6/20/1990	MONU	2	44,448
Sikeston	Service	JOURNEYMAN SERVICEMAN	328	000604	Burch Sr., Ronald E.	1/18/1945	9/1/1987	IBEW	1	38,827
Sikeston	Service	JOURNEYMAN SERVICEMAN	328	000606	Grogan, Randy E.	4/28/1966	7/24/1980	IBEW	1	38,827
Sikeston	Service	JOURNEYMAN SERVICEMAN	328	000608	Mann, Mark D.	1/28/1968	1/2/1992	IBEW	1	38,827
Sikeston	Service	JOURNEYMAN SERVICEMAN	328	000610	Umter, Charles R.	8/28/1941	12/18/1980	IBEW	1	38,827
Sikeston	Service	JOURNEYMAN SERVICEMAN	328	000611	Williams, David M.	8/23/1943	8/15/1989	IBEW	1	38,827

TRANSFERRED EMPLOYEES

Associated Natural Gas Company
 Transferred Employees
 As of 8/31/99

Location Department Job Title BC Number Name Bth Pth Union Shy=1 Shy=2 Annual Salary

Employees Operating Under an Arkansas Budget Center Working in Missouri Who Were Transferred to Missouri

Bytheville	Const & Maint	JOURNEYMAN PIPEFITTER	391	000621	Thomas, Timothy L.	7/29/1973	7/15/1993	IBEW	1	38,627
Bytheville	Const & Maint	WORKING FOREMAN 1	391	000638	DeJarnett, James D.	12/28/1944	3/11/1964	IBEW	1	41,488
Bytheville	Const & Maint	GAS APPRENTICE	391	000618	Buck Jr., Harry L.	1/29/1957	6/3/1998	IBEW	1	38,693
Bytheville	Const & Maint	GAS APPRENTICE	391	000848	Quinn, Anthony J.	12/8/1960	12/8/1998	IBEW	1	38,693
Bytheville	Corrosion & Leakage	CORROSION TECHNICIAN	375	000632	Myers, William H.	7/19/1948	3/4/1988	IBEW	1	33,468
Bytheville	Meas & Regulation	METERMAN WELDER	376	000608	Ledford Jr., Joseph D.	8/18/1962	12/17/1990	IBEW	1	40,042
Bytheville	Meas & Regulation	WORKING FOREMAN (GMS)	376	000608	Wedrop, Terry A.	8/28/1957	4/23/1982	IBEW	1	41,498
Bytheville	Operations	DIVISION OPERATING MANAGER	323	000611	Green, Charles S.	12/5/1951	8/21/1982	NONU	2	78,782
Bytheville	Operations	ASSOCIATE OPERATING MANAGER	324	000608	Hescock, Christopher J.	8/24/1975	5/12/1998	NONU	2	27,556
Carversville	Corrosion & Leakage	CORROSION TECHNICIAN	375	000677	Swann, Jerry W.	8/15/1947	11/1/1987	IBEW	1	40,042
New Madrid	Corrosion & Leakage	CORROSION TECHNICIAN	376	000621	Hescock, Ebert L.	6/9/1938	1/1/1988	IBEW	1	40,042
Station	Corrosion & Leakage	CORROSION TECHNICIAN	375	000622	Hodges, Lonnie E.	12/16/1939	11/7/1988	IBEW	1	40,042
Station	Corrosion & Leakage	CORROSION TECHNICIAN	376	000623	Jordan, Philip C.	2/17/1963	6/10/1988	IBEW	1	40,042
Station	Marketing & Sales	MARKETING DEVELOPMENT REPRESENTATIVE	380	000926	Hedworth, Jerry W.	3/17/1970	11/17/1997	NONU	2	42,803

Arkansas Western Gas Company Employees Working in Butte, Missouri

Butte	Operations	OPERATING MANAGER	236	000286	Snow, James M.	8/14/1954	4/8/1980	NONU	2	50,631
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Number of Employees
20
10
81
91

SEVERANCE BENEFITS

Nonbargaining Transferred Employees are entitled to two weeks of severance pay for every year service with ANG-Missouri, subject to a maximum of one year of severance.

ACCUMULATED BENEFIT OBLIGATION AND CALCULATION ASSUMPTION

Primary Actuarial Assumptions

Interest Rate

- SFAS 87

Moody's Aa bond rate in effect on the last business day of the month preceding the Closing Date rounded to the next higher 0.25% but not to be less than 7.0% and not to exceed 7.5%; non-bargaining actives and deferred vested participants use 6.00% per annum post decrement rate.

Salary Limits

- SFAS 87

\$160,000 (trended at 4.0% per year)

Benefit Limits

- SFAS 87

\$130,000 (trended at 4.0% per year)

Retirement

The following retirement rates were assumed

<u>Age</u>	<u>Retirement Rate</u>
55	2.0%
56	1.0%
57	1.0%
58	1.0%
59	1.0%
60	2.0%
61	2.0%
62	20.0%
63	2.0%
64	2.0%
65	100.0%

- Future Salary Increases

4.5% per annum.

Mortality

- Disabled Participants:

1965 Disabled Railway Employees Mortality Table. See table below for sample values.

<u>Age</u>	<u>Number per 1,000</u>
25	43.96
35	44.06
45	44.81
55	59.23

- Nonbargaining active participants and deferred vested participants

Pre-decrement: Sex distinct 1983 Group Annuity Mortality Tables.
Post-decrement: 1983 Group Annuity Mortality Table

blended 50% Males and 50% Females.

- All other participants

Sex distinct 1983 Group Annuity Mortality Tables.

Turnover

Graduated turnover rates were assumed. See table below for sample values.

<u>Age</u>	<u>Number per 1,000</u>
25	120.7
30	86.0
35	63.5
40	47.3
45	34.9
50	27.6
55	21.9
60	14.3

Marital Assumptions

100% of all participants were assumed to be married, with husbands being 3 years older than their spouse.

Disability

Graduated disability rates were assumed. See table below for sample values.

<u>Age</u>	<u>Number per 1,000:</u>	
	<u>Male</u>	<u>Female</u>
25	1.0	1.0
30	1.1	1.1
35	1.2	1.2
40	1.8	1.8
45	2.8	2.8
50	4.8	4.8
55	8.7	8.7
60	13.8	13.8
65	0.0	0.0

Expenses

None. We have assumed that the trust's investment income (and appreciation) will cover expenses and will yield the interest rates indicated above.

FLEXIBLE SPENDING ACCOUNT BALANCES

To be provided at closing.

REQUIRED NON-GOVERNMENTAL THIRD PARTY CONSENTS

None.

ATMOS ENERGY CORPORATION

SECRETARY'S CERTIFICATE

The undersigned, being the Interim Corporate Secretary of Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), does hereby certify that the following recitals and resolutions were duly adopted by the Board of Directors of the Company at a meeting of the Board held on September 23-25, 1999, and such recitals and resolutions have not been altered, amended, rescinded, or repealed and are now in full force and effect:

Southwestern Energy Company
Missouri Assets

WHEREAS, by letter dated September 21, 1999, Southwestern Energy Company, an Arkansas corporation ("Southwestern"), has invited the Company to submit to Southwestern by October 5, 1999, a written bid to purchase for cash the natural gas distribution assets located in Missouri of Associated Natural Gas Company ("ANG"), a division of Arkansas Western Gas Company, an Arkansas corporation ("AWG"), which is a wholly-owned subsidiary of Southwestern (the "Missouri Transaction"); and

WHEREAS, representatives of the Company are in the process of completing their due diligence activities in connection with the Missouri Transaction and have concluded that based upon the information they have reviewed pursuant to their due diligence activities to date, it would be in the best interests of the Company and its shareholders for the Company to submit a bid to Southwestern for the assets included in the Missouri Transaction; and

WHEREAS, the officers and other representatives of the Company are requesting the Board for authorization to enter into further negotiations with Southwestern with respect to the Missouri Transaction by submitting a written bid to Southwestern to purchase the assets included in the Missouri Transaction for cash in an amount between \$30,000,000 and \$34,000,000, depending upon and subject to the final satisfactory results of the due diligence activities and other financial analyses and reviews performed by the Company's representatives, and

in connection therewith, by negotiating with Southwestern the terms of Southwestern's proposed Asset Sale and Purchase Agreement (the "Agreement"); and

WHEREAS, should Southwestern accept the cash bid of the Company for the assets included in the Agreement in an amount between \$30,000,000 and \$34,000,000 and should the Company and Southwestern successfully negotiate the terms of the Agreement, the officers and other representatives of the Company are requesting the Board for authorization for the President or the Executive Vice President and Chief Financial Officer to execute the Agreement on behalf of the Company and to perform all other acts necessary to consummate the Missouri Transaction.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby concludes that it would be in the best interests of the Company and its shareholders for the Company to submit a bid to Southwestern to purchase for cash the assets included in the Missouri Transaction in an amount between \$30,000,000 and \$34,000,000, subject to and dependent upon the final satisfactory results of all due diligence activities, and in connection therewith, negotiate with Southwestern the final terms of the Agreement; and

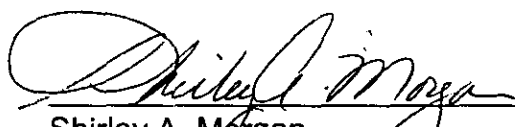
FURTHER RESOLVED, that the actions taken prior to the date hereof by the officers and representatives of the Company in connection with the Missouri Transaction are hereby ratified, confirmed, and approved in all respects and for all purposes; and

FURTHER RESOLVED, that should Southwestern accept the cash bid of the Company in an amount between \$30,000,000 and \$34,000,000 for the Missouri Transaction, and should the Company and Southwestern successfully negotiate the terms of the Agreement, the President or the Executive Vice President and Chief Financial Officer of the Company be, and hereby is, authorized and directed to execute and deliver, for and on behalf of and in the name of the Company, the Agreement, with such changes thereto as the officer executing the same may, in his sole discretion, deem necessary, appropriate, or desirable, pursuant to which the Company will acquire from Southwestern, the Missouri utility assets of the ANG division of AWG that are included in the Missouri Transaction; and

FURTHER RESOLVED, that should Southwestern accept the cash bid of the Company in an amount between \$30,000,000 and \$34,000,000 for the Missouri Transaction and should the Company and Southwestern

successfully negotiate the terms of the Agreement, the proper officers and directors, or any of them, be, and hereby are, authorized to do or cause to be done any and all acts and things and to execute and deliver any and all agreements, undertakings, consents, documents, instruments, and certificates (including, but not limited to, any amendments to the Agreement or waivers of any conditions contained therein) in connection with the consummation of the Missouri Transaction as, in their opinion, may be necessary, appropriate, and desirable in order to carry out the purposes and intent of the foregoing resolutions and to perform, or cause to be performed, the obligations of the Company under the Agreement or any other agreement referred to herein and therein and the consummation of the transactions contemplated herein and therein.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Company this 28th day of October, 1999.


Shirley A. Morgan
Interim Corporate Secretary


ARKANSAS WESTERN GAS COMPANY

CERTIFIED RESOLUTION

I, Jeffrey L. Dangeau, hereby certify that I am the Assistant Secretary of Arkansas Western Gas Company and that the following is a true and correct copy of a resolution adopted by the Board of Directors of Arkansas Western Gas Company by unanimous written consent as of October 7, 1999.

RESOLVED, That the President, the Sr. Vice Presidents, and Secretary of the Corporation (the Authorized Officers) be, and each of them hereby is, authorized to negotiate, execute and deliver any and all documents and to take and undertake any and all filings, certifications, agreements, instruments, transactions, commitments, payments and all other actions, including, without limitation, the negotiation, execution and delivery of bills of sale and instruments of conveyance, a transition services agreement, an omnibus gas transportation and supply agreement and closing certificates, as may be necessary or appropriate in connection with the Asset Sale and Purchase Agreement [with Atmos Energy Corporation] and to carry out the intent and purposes of these resolutions.

Executed October 27, 1999.



Jeffrey L. Dangeau
Assistant Secretary

ATMOS ENERGY CORPORATION

Unaudited Pro Forma Condensed Financial Statements

The following pro forma condensed financial statements give effect to the proposed issuance of \$32,000,000 in short-term debt of Atmos Energy Corporation ("Atmos") to acquire the Missouri natural gas distribution assets of Associated Natural Gas, a division of Arkansas Western Gas. The pro forma condensed balance sheet shows the June 30, 1999 unaudited historical balance sheet of Atmos. The pro forma condensed statement of income for the twelve months ended June 30, 1999 is based on the unaudited historical financial statements of Atmos for the year then ended.

These pro forma condensed financial statements should be read in conjunction with the accompanying notes, the historical financial statements and notes of Atmos which are a matter of public record. The pro forma condensed financial statements do not purport to represent the financial position or results of operations which would have occurred had such transactions been consummated on the dates indicated or Atmos' financial position or results of operations for any future date or period.

ATMOS ENERGY CORPORATION
PRO FORMA CONDENSED BALANCE SHEET (Unaudited)
June 30, 1999

	Atmos Unconsolidated	Pro forma adjustments	Pro forma
	(In thousands)		
ASSETS			
Property, plant and equipment	\$ 1,444,563	\$ 32,000	2(b) \$ 1,476,563
Accumulated depreciation and amortization	543,616		543,616
Net property, plant and equipment	900,947	32,000	932,947
Investments in & advances to subsidiaries, at cost	16,157		16,157
Current assets:			
Cash and cash equivalents	5,078		5,078
Accounts receivable, net	51,618		51,618
Inventories	13,009		13,009
Gas stored underground	14,191		14,191
Prepayments	2,826		2,826
Other current assets	-		0
Intercompany-net	(10,043)		(10,043)
Total current assets	76,679	0	76,679
Deferred charges and other assets	104,806		104,806
	\$ 1,098,589	\$ 32,000	\$ 1,130,589
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Common stock	\$ 155	\$	\$ 155
Treasury Stock	(90)		(90)
Additional paid-in capital	288,392		288,392
Retained earnings	71,357		71,357
Total shareholders' equity	359,814	0	359,814
Long-term debt	367,883		367,883
Total capitalization	727,697	0	727,697
Current liabilities:			
Current maturities of long-term debt	15,640		15,640
Notes payable	110,228	32,000	2(a) 142,228
Accounts payable	45,741		45,741
Taxes payable	4,074		4,074
Customers' deposits	10,230		10,230
Other current liabilities	29,951		29,951
Total current liabilities	215,864	32,000	247,864
Deferred income taxes	80,870		80,870
Deferred credits and other liabilities	74,158		74,158
	\$ 1,098,589	\$ 32,000	\$ 1,130,589

See accompanying notes to pro forma condensed financial statements.

ATMOS ENERGY CORPORATION
PRO FORMA CONDENSED STATEMENT OF INCOME (Unaudited)
Twelve Months Ended June 30, 1999

	<u>Atmos</u> <u>Unconsolidated</u> (In thousands, except per share)	<u>Pro forma</u> <u>adjustments</u>		<u>Pro forma</u>
Operating revenues	\$ 622,244	\$ 3,840	2(c)	\$ 626,084
Purchased gas cost	<u>340,119</u>			<u>340,119</u>
Gross profit	282,125	3,840		285,965
Operating expenses:				
Operation and maintenance	134,873			134,873
Litigation settlement	3,250			3,250
Depreciation and amortization	48,603			48,603
Taxes, other than income	26,983			26,983
Income taxes	<u>11,914</u>	<u>1,394</u>	2(c)	<u>13,308</u>
Total operating expenses	<u>225,623</u>	<u>1,394</u>		<u>227,017</u>
Operating income	56,502	2,446		58,948
Other income	1,548			1,548
Interest charges	<u>34,350</u>	<u>1,631</u>	2(c)	<u>35,981</u>
Net income	<u>\$ 23,700</u>	<u>\$ 815</u>		<u>\$ 24,515</u>
Net income per share	<u>\$ 0.78</u>			<u>\$ 0.81</u>
Cash dividends per share	<u>\$ 1.10</u>			<u>\$ 1.10</u>
Average shares outstanding	<u>30,369</u>			<u>30,369</u>

See accompanying notes to pro forma condensed financial statements.

ATMOS ENERGY CORPORATION
PRO FORMA STATEMENT OF CAPITAL STRUCTURE (Unaudited)
June 30, 1999

	<u>Atmos Unconsolidated</u>	<u>Adjustment For Issuance of Debt</u> (In thousands)	<u>Pro Forma After Issuance</u>
CAPITALIZATION			
Shareholders' equity			
Common stock	\$ 155	\$ 0	\$ 155
Treasury Stock	(90)	0	(90)
Additional paid-in capital	288,392	0	288,392
Retained earnings	<u>71,357</u>	<u>0</u>	<u>71,357</u>
Total shareholders' equity	359,814	0	359,814
Long-term debt (including current maturities)	383,523	0	383,523
Short-term debt	<u>110,228</u>	<u>32,000</u> 2(a)	<u>142,228</u>
Total debt	493,751	32,000	525,751
Total capitalization	<u>\$ 853,565</u>	<u>\$ 32,000</u>	<u>\$ 885,565</u>

Equity and debt percentages to total capitalization are shown below.

Equity	42%	41%
Debt	<u>58%</u>	<u>59%</u>
Total capitalization	<u>100%</u>	<u>100%</u>

Note : The above pro forma adjustment is to adjust short-term debt for the requested issuance of \$32,000,000. The short-term debt reflects the issuance of debt at 100% of face value.

ATMOS ENERGY CORPORATION
NOTES TO PRO FORMA CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. Debt Issuance

Joint Applicant Atmos intends to issue up to \$32,000,000 in short-term debt, to be used to acquire the Missouri natural gas distribution assets of Associated Natural Gas, a division of Arkansas Western Gas.

2. Pro forma adjustments

The pro forma adjustments in the accompanying unaudited pro forma condensed financial statements are listed below.

- (a) To adjust short-term debt to reflect the issuance of new debt.
- (b) This adjustment assumes that all of the proceeds from the debt will be applied to purchase the Missouri natural gas distribution assets of Associated Natural Gas, a division of Arkansas Western Gas.
- (c) The pro forma income statement reflects a 12% return on the newly acquired assets and an 8% interest rate on the new debt. There is also an offset to income taxes at 36.3% due to the additional deductible expense.

Net income per share is computed by dividing pro forma net income by pro forma average shares outstanding. The pro forma financial statements do not purport to represent the net income per share that would have occurred had such transactions been consummated on the dates indicated or for any future period.