

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND
PROFESSIONAL CORPORATION
312 EAST CAPITOL AVENUE
P.O. BOX 456
JEFFERSON CITY, MISSOURI 65102-0456

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR
MARK G. ANDERSON
DEAN L. COOPER
TIMOTHY T. STEWART
GREGORY C. MITCHELL
RACHEL M. CRAIG
BRIAN T. MCCARTNEY
DALE T. SMITH

AREA CODE 573
TELEPHONE 635-7166
FACSIMILE 634-7431

July 20, 1999

FILED

JUL 20 1999

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: Southern Union Company

Gm-2000-49

Dear Mr. Roberts:

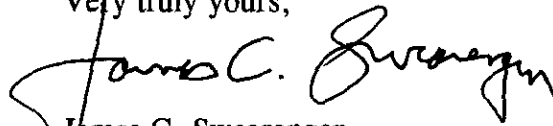
On behalf of Southern Union Company please find enclosed for filing with the Missouri Public Service Commission an original and fourteen (14) copies of an application for authority to acquire up to and including five percent (5%) of the common stock of Pennsylvania Enterprises, Inc.

A copy of this filing will be provided to the Office of the Public Counsel.

Would you please bring this filing to the attention of the appropriate Commission personnel.

Thank you for your assistance in this matter.

Very truly yours,


James C. Swearengen

JCS/jlh
Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

JUL 20 1999

Missouri Public
Service Commission

In the matter of the application of)
Southern Union Company for authority)
to acquire up to and including five percent (5%))
of the common stock of Pennsylvania Enterprises,)
Inc.)

Case No. GM-2000-49

APPLICATION

COMES NOW Southern Union Company ("Southern Union"), pursuant to Section 393.190, RSMo 1994 and 4 CSR 240-2.060(9), and for its application to the Missouri Public Service Commission ("Commission") respectfully states as follows:

BACKGROUND INFORMATION

1. Southern Union is a Delaware corporation, in good standing in all respects, with its principal office and place of business at 504 Lavaca, Suite 900, Austin, Texas 78701. Southern Union is a public utility engaged in the distribution of natural gas to the public and conducts such business in the State of Missouri through its Missouri Gas Energy ("MGE") operating division in those areas of the state certificated to it by the Commission. Southern Union is a "gas corporation" as that term is defined at Section 386.020(18), RSMo Supp. 1998, and is subject to the Commission's jurisdiction as provided by law. Southern Union's documents of incorporation have been filed with the Commission in its Case No. GM-94-40 and said documents are incorporated herein by reference, collectively, in accordance with 4 CSR 240-2.060(2)(E), and made a part hereof for all purposes.

2. Pleadings, notices, orders and other correspondence and communications concerning this

application and proceeding should be addressed to:

Dennis K. Morgan, Senior Vice President-Legal and Secretary
Southern Union Company
504 Lavaca, Suite 900
Austin, Texas 78701
Telephone: (512) 370-8310

James C. Swearengen
Paul A. Boudreau
Brydon, Swearengen & England P.C.
312 E. Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166

3. Southern Union has for some time had the goal of selected growth and expansion within the utility industry including the acquisition of other energy distribution or transmission businesses. Over the past eight years, Southern Union has acquired a number of such businesses, adding approximately 545,000 customers to its operations. The largest of these acquisitions to date is the MGE business.

4. Southern Union's growth and expansion goals and strategies, as well as its specific acquisitions, have been consistently described in its annual reports to the Securities and Exchange Commission on Form 10-K.

5. Because Southern Union is a gas corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.2, RSMo 1994, which states, in pertinent part, that "no [gas] corporation shall directly or indirectly acquire the stocks or bonds of any other corporation incorporated for or engaged in the same or a similar business . . . unless . . . authorized so to do by the Commission." There is no statutory or judicial case law guidance on the scope of the cited statutory language. The Commission, however, has required electric, gas, water and sewer

corporations subject to its jurisdiction to obtain prior Commission approval to acquire the stocks and bonds of a utility even if the entity whose securities are being acquired is located in another state or country. *See, Re Missouri Cities Water Company*, 11 Mo. P.S.C.(N.S.) 570 (1964); *Re Kansas City Power & Light Company*, 3 Mo. P.S.C.(N.S.) 293 (1951). Accordingly, Southern Union has filed for, and has obtained, Commission approval in connection with its investment in a Mexican utility and the acquisition of a Florida utility.

6. Pennsylvania Enterprises Inc. ("PNT"), a Pennsylvania chartered corporation, provides natural gas service to more than 153,000 customers in thirteen (13) counties in northeastern and central Pennsylvania through its subsidiaries PG Energy Inc. ("PG Energy") and Honesdale Gas Company ("Honesdale"), whose rates are regulated by the Pennsylvania Public Utility Commission. Both PG Energy and Honesdale are Pennsylvania chartered corporations. PNT also has several unregulated subsidiaries which provide energy-related products and services, including the marketing of electricity through PG Energy Power Plus. Attached hereto, marked Appendix 1, and incorporated herein for all purposes is an organizational chart illustrating the corporate structure of PNT.

THE TRANSACTION

7. On June 7, 1999, Southern Union and PNT entered into an Agreement of Merger ("the Agreement") pursuant to which Southern Union has agreed to acquire PNT for approximately \$500 million, including the assumption of PNT long-term indebtedness, as more particularly described in the Agreement. The Agreement calls for each share of PNT's approximately 11 million outstanding shares of common stock to be converted into Southern Union stock having a value of \$32, plus \$3 in cash. The number of shares received for each PNT share will depend on the average

closing price of Southern Union's stock for a period of ten consecutive trading days ending on the third day before the transaction is completed, as explained in Section 3.1 of the Agreement. As of the Effective Time, as defined in Section 2.2 of the Agreement, PNT will be merged with and into Southern Union. Southern Union will be the surviving corporation. Immediately thereafter, Honesdale will be merged with and into PG Energy which immediately will be merged with and into Southern Union, all as more specifically described in Section 2.6 of the Agreement. The foregoing transactions are hereinafter collectively referred to as "the Merger." Approval of the Merger will be the subject of a separate application.

8. In advance of the closing of the Merger, Southern Union proposes to acquire up to and including five percent (5%) of the outstanding shares of common stock of PNT, which, at recent market prices, would be an investment of approximately \$17 million (hereinafter "the PNT Investment"). This investment amount represents about two percent (2%) of Southern Union's total capitalization. As such, the PNT Investment will have a negligible effect on Southern Union's capital structure. The purpose of this investment is to mitigate the pricing effect of possible arbitrage trading in PNT shares prior to the time of closing of the Merger and, thus, to preserve the value of the Merger.

9. Time is of the essence. Arbitrage trading in PNT stock may already be occurring and will likely increase in intensity as the time of pricing approaches. Accordingly, Southern Union is filing a Motion for Expedited Consideration contemporaneously with the filing of this application requesting that the Commission issue an order approving this application by no later than the end of business on July 30, 1999, bearing an effective date of the date of issuance. Southern Union will assume the regulatory risk associated with making the order effective on the date issued.

10. A certified copy of the resolutions of the Board of Directors of Southern Union authorizing the Merger and related transactions contemplated by the Agreement and the filing of this application is marked Appendix 2, attached hereto, and made a part hereof for all purposes.

11. A copy of the balance sheet and income statement of Southern Union as of and for the twelve months ended March 31, 1999, showing the *pro forma* effect of the PNT Investment on Southern Union is marked Appendix 3, attached hereto, and made a part hereof for all purposes.

CONDITIONS AND ASSURANCES

12. The PNT Investment will have no detrimental impact on the Missouri customers of Southern Union. Southern Union's Missouri customers will see no change in their day-to-day utility service or rates as a result of the PNT Investment and said customers will continue to be served effectively and efficiently. The PNT Investment will be entirely transparent to MGE's customers. Furthermore, the PNT Investment will not cause a reduction in MGE's capital budget and, accordingly, will in no way interfere with MGE's commitment to the completion of its natural gas Safety Line Replacement Program ("SLRP"). Approval of the Merger will be the subject of a separate application pursuant to which the Commission will retain the authority to fully review and rule upon the underlying merger transaction.

13. In addition Southern Union agrees to the following as conditions to the Commission's approval of the PNT Investment:

(A) Southern Union will ensure that the PNT Investment will have no adverse effect on MGE's construction budget. Southern Union, through its MGE operating division, remains committed to the SLRP schedule currently in effect.

(B) Southern Union will ensure that the PNT Investment will have no adverse effect on MGE's efforts to provide high quality service to its customers.

(C) Southern Union will retain the data needed to identify the costs associated with the PNT Investment. This data will include a list of: a) all Southern Union personnel involved in the PNT Investment; b) the time spent by those personnel on the PNT Investment; and c) other expenses incurred by Southern Union on the PNT Investment. Southern Union will file a report within 30 days of the Commission's approval of this application detailing the information it will retain. Southern Union will make such information available to the Commission Staff and the Office of the Public Counsel upon request.

(D) Southern Union will provide to the Staff and the Office of the Public Counsel, on a Highly Confidential basis, monthly reports showing investment activity related to the PNT Investment. Such reports shall include the number of shares involved and associated dollar value.

14. Southern Union will maintain its books and records so that costs associated with the PNT Investment are segregated and recorded separately.

15. Southern Union understands that the Commission's approval of this application will not constitute a finding by the Commission of the value of the PNT Investment or the Merger for ratemaking purposes and that the Commission may reserve the right to consider the ratemaking treatment afforded the approved transaction and the effects on cost of capital at a later time in any appropriate proceeding.

WHEREFORE, Southern Union respectfully requests that the Commission issue its order no later than July 30, 1999, bearing an effective date of the date of issuance:


(A) authorizing Southern Union to acquire up to five percent (5%) of the outstanding

common stock of PNT prior to and in anticipation of the closing of the Merger, subject to the conditions set forth in paragraphs 13 through 15 of the application;

(B) authorizing Southern Union to enter into, execute and perform in accordance with the terms of any and all documents and to take any and all other actions which may be reasonably necessary and incidental to the PNT Investment; and,

(C) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the PNT Investment and to consummate the PNT Investment and related transactions in accordance with the application.

Respectfully submitted,



James C. Swearingen

#21510

Paul A. Boudreau

#33155

BRYDON, SWEARENGEN & ENGLAND P.C.

312 E. Capitol Avenue

P. O. Box 456

Jefferson City, MO 65102-0456

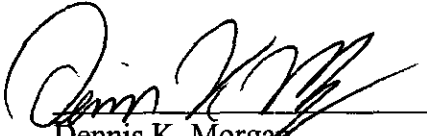
(573) 635-7166

ATTORNEYS FOR SOUTHERN UNION COMPANY

AFFIDAVIT

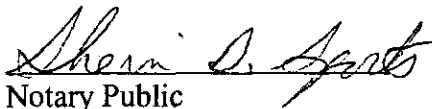
STATE OF TEXAS)
) ss
COUNTY OF TRAVIS)

I, Dennis K. Morgan, having been duly sworn upon my oath, state that I am the Sr. Vice President - Legal and Secretary of Southern Union Company, that I am duly authorized to make this affidavit on behalf of Southern Union Company and that the matters and things stated in the foregoing Application and exhibits thereto are true and correct to the best of my information, knowledge and belief.


Dennis K. Morgan

Subscribed and sworn before me this 16th day of July, 1999.




Notary Public

AFFIDAVIT

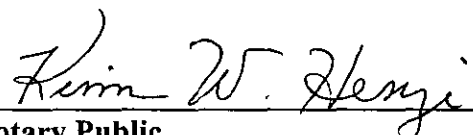
State of Missouri)
) ss
County of Jackson)

I, Steven W. Cattron, having been duly sworn upon my oath, state that I am the President of Missouri Gas Energy, a division of Southern Union Company, that I am duly authorized to make this affidavit on behalf of Missouri Gas Energy, a division of Southern Union Company, and that the matters and things stated in the foregoing Application and exhibits thereto are true and correct to the best of my information, knowledge and belief.



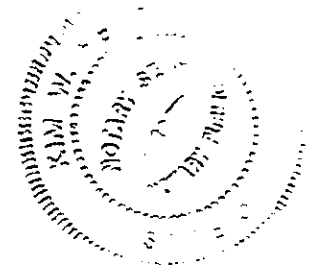
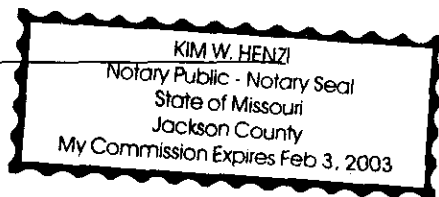
Steven W. Cattron

Subscribed and sworn before me this 19th day of July, 1999.



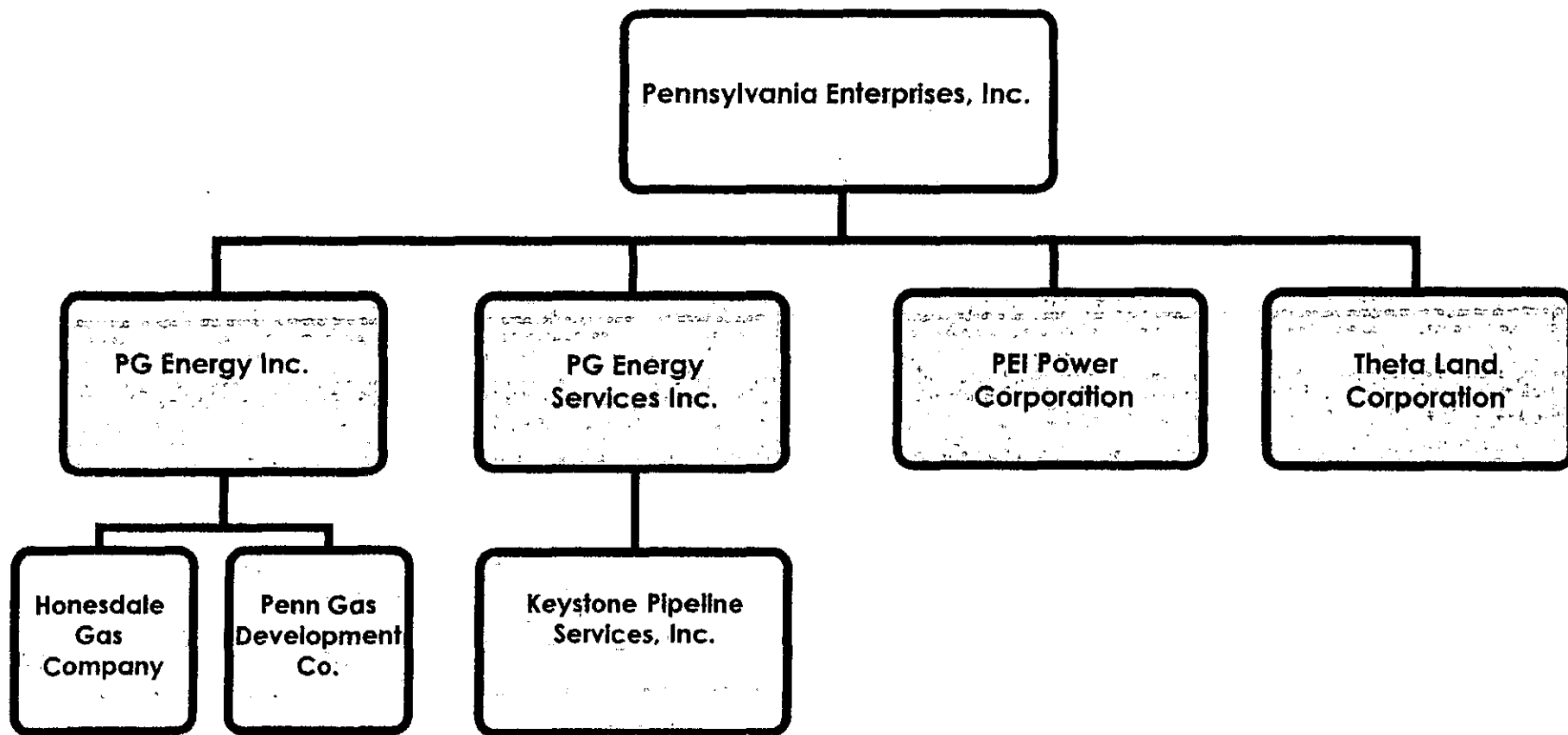
Notary Public

My Commission expires:



APPENDICES

- Appendix 1 Organizational Chart of PNT
- Appendix 2 Certified copy of the resolutions of the Board of Directors of Southern Union authorizing the Merger and related transactions
- Appendix 3 Copy of the balance sheet and income statement of Southern Union as of and for the twelve months ended March 31, 1999 showing the *pro forma* effect of the PNT Investment



Note: Excludes Pennsylvania Energy Resources, Inc. (an inactive name holding company) which is a wholly-owned subsidiary of Pennsylvania Enterprises, Inc.

SECRETARY'S CERTIFICATE

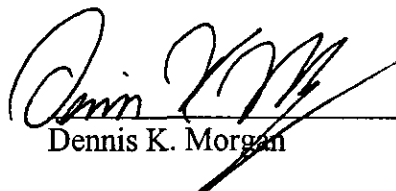
SOUTHERN UNION COMPANY

The undersigned, Dennis K. Morgan, hereby certifies as follows:

1. I am the duly appointed and acting secretary of Southern Union Company, a Delaware corporation (the "Corporation").
2. That attached hereto as Exhibit A is a true and correct copy of the resolutions of the Board of Directors of the Corporation adopted on June 4, 1999, and that said resolutions have not been amended, modified, annulled or revoked and are in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have set my hand and the seal of the Corporation as of the 16th day of July, 1999.

[SEAL]


Dennis K. Morgan

**RESOLUTIONS OF THE BOARD OF DIRECTORS
OF SOUTHERN UNION COMPANY**

June 4, 1999

WHEREAS, certain officers of and counsel to the Corporation have commenced negotiation of an Agreement of Merger (the "Merger Agreement") between the Corporation and Pennsylvania Enterprises, Inc. ("PNT"), which would provide for the merger of PNT into the Corporation (the "Merger") pursuant to which PNT's shareholders would receive a combination of newly issued shares (the "Merger Shares") of the Corporation's Common Stock (the "Stock Consideration") and cash (the "Cash Consideration");

WHEREAS, the exact amount of the Stock Consideration shall be determined by a formula including adjustments thereto, set forth in the Merger Agreement (the "Exchange Ratio") that values the shares of SUG Common Stock to be issued in exchange for PNT Common Stock at \$32 per PNT share;

WHEREAS, the Cash Consideration shall be \$3 per each share of PNT Common Stock outstanding at the effective time of the Merger subject to possible increase in the event that the Exchange Ratio for the Stock Consideration would exceed an amount as described in the Merger Agreement;

WHEREAS, the Board has been provided a copy of, and discussed the principal terms of, the proposed Merger Agreement, including the Stock Consideration and the Cash Consideration (collectively, the "Merger Consideration").

NOW, THEREFORE, be it and it hereby is:

RESOLVED: that this Board has determined that the Merger, the Exchange Ratio and possible adjustments thereto, the Stock Consideration, the Cash Consideration and all other terms and conditions of the Merger Agreement, including the mergers of PNT's utility subsidiaries into the Corporation immediately after the Merger, are advisable and in the best interests of the Corporation and its stockholders.

RESOLVED: that this Board has determined that the value of the assets of PNT and its subsidiaries pursuant to the Merger, net of the aggregate amount of the Cash Consideration and any liabilities assumed by the Corporation as a result of the Merger, represents adequate consideration for the issuance of the Merger Shares.

RESOLVED: that the Merger Agreement, containing terms substantially consistent with those reviewed and discussed by this Board hereby is adopted, accepted and approved in all respects; that the officers of and counsel to the Corporation hereby are authorized and directed to negotiate or cause to be negotiated, and the proper officers of the corporation hereby are authorized and

directed upon execution and delivery thereof by and on behalf of PNT to execute and deliver a definitive Merger Agreement that reflects such amendments, schedules, exhibits and supplements as such officers deem necessary or appropriate; and that the executed form of the Merger Agreement including any schedules and exhibits there to shall be attached to these minutes.

RESOLVED: that, upon the issuance of the Merger Shares at the consummation of the Merger pursuant to the terms of the Merger Agreement, the Merger Shares shall be duly and validly issued, and shall be fully paid and non-assessable shares of the Corporation's Common Stock.

RESOLVED: that, of the value of PNT and its subsidiaries attributable to the Merger Shares, \$1.00 for each of the Merger Shares shall be designated as capital (for purposes of the Delaware General Corporation Law ("DGCL")) of the Corporation, and the remainder shall be designated surplus (for purposes of the DGCL), and the officers of the Corporation be and they are hereby authorized and directed to make any and all other adjustments to the capital and surplus accounts of the Corporation as they deem necessary or appropriate for accounting and financial reporting purposes.

RESOLVED: that the officers of the Corporation hereby are authorized and directed to reserve or cause to be reserved, to the extent and when available (subject to the authorization, if necessary, of additional shares pursuant to an amendment of the Corporation's available certificate of incorporation) the proper number of shares (not to exceed 18 million shares) for issuance pursuant to the Merger Agreement, and that the proper officers of the Corporation hereby are authorized and directed to execute in the name of, and on behalf of, the Corporation stock certificates evidencing the Merger Shares at the time of their issuance.

RESOLVED: that the officers of and counsel to the Corporation hereby are authorized and directed to prepare, execute and file with the Securities and Exchange Commission (the "SEC") on behalf of the Corporation a proxy statement (the "Proxy Statement") with respect to any necessary approval by the stockholders of the Corporation as may be necessary in order for the Corporation to consummate the transactions contemplated by the Merger Agreement, including an amendment to the Corporation's certificate of incorporation authorizing the issuance of additional shares of the Corporation's Common Stock in an amount to be determined by this Board, but in any event at least such number of shares of the Corporation's Common Stock necessary to satisfy the Corporation's obligation to issue the Merger Shares.

RESOLVED: that the officers of and counsel to the Corporation hereby are authorized and directed: (i) to file an Additional Listing Application with the New York Stock Exchange ("NYSE"), together with payment of any fees, and to take or cause to be taken such other steps as may be appropriate so that the Merger Shares shall, upon issuance, be listed for trading on the NYSE; and (ii) take or cause to be taken any and all other steps which the proper officers of the Corporation deem appropriate to effect the purpose and intent of this resolution.

RESOLVED: that the officers of the Corporation hereby are authorized and directed, with the assistance of its accountants and counsel, to prepare and, upon approval by this Board, to execute and file with the SEC on behalf of the Corporation a registration statement on Form S-4 (the "Registration Statement"), including a prospectus and any and all exhibits and other documents relating thereto, for the registration under the Securities Act of 1933, as amended, with respect to the Merger Shares and any and all amendments to the Registration Statement, all in such form as the officers executing the same may deem necessary or advisable.

RESOLVED: that Dennis K. Morgan hereby is appointed as agent for service with respect to said Registration Statement.

RESOLVED: that the proper officers of the Corporation or his designee hereby are authorized, in the name of, and on behalf of, the Corporation to take or cause to be taken any and all action which they, or any one of them, deem necessary or advisable to register or qualify the Merger Shares under the Blue Sky or securities laws of such states as they, or any one of them, may deem necessary or advisable, and in connection therewith, to prepare, execute, acknowledge, file and make any required payment in connection with such applications, certificates, affidavits, covenants, consents to service of process and other documents as such officers, or any one of them, may deem necessary or advisable.

RESOLVED: that it is desirable and in the best interest of the Corporation that the Merger Shares be qualified or registered for sale in various states; that the President and any Vice President hereby is authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of the Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of the Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefore from the Corporation and the approval and ratification by the Corporation of the papers and documents so executed and the action so taken.

RESOLVED: that the officers of the Corporation hereby are authorized to take or cause to be taken all actions necessary or appropriate in connection with the preparation and filing of (i) a Pre-Merger Notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and (ii) such other certificates, agreements, documents, instruments and applications as any such officer deems necessary or appropriate, with any other federal, state or local governmental authority in order to effect the transactions contemplated by the Merger Agreement and in order to carry out the intent of the foregoing resolutions.

RESOLVED: that we hereby approve the engagement by the Corporation of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ") to render an opinion as to the fairness, from a

financial point of view, of the Merger, and in connection therewith, the officers of the Corporation are authorized and directed to enter into an engagement letter with DLJ containing terms and conditions (including payment of a fee not to exceed \$750,000) which are reasonable and customary in such agreements in light of the the financial terms of the Merger and the services to be performed.

RESOLVED: that all actions taken to date by officers of the Corporation or representatives of the Corporation acting at the direction of officers of the Corporation in connection with the Merger Agreement hereby are confirmed, ratified and approved in all respects, and that such officers or representatives hereby are further authorized and directed to take or cause to be taken all other actions that they may deem necessary or appropriate in connection with seeking and obtaining any necessary regulatory approval and any other necessary third party consent or authorization for any part or all of the transactions contemplated by and appropriate as a result of the Merger Agreement.

RESOLVED: that such officers be, and hereby are, authorized and directed to execute and deliver all other instruments and documents contemplated by or incidental to the Merger Agreement and the transactions contemplated thereby that such officers deem necessary or appropriate, and to take or cause to be taken all actions on behalf of the Corporation that such officers deem necessary or appropriate to comply with the terms of and to consummate the transactions contemplated by the Merger Agreement consistent with applicable legal or regulatory considerations or to otherwise carry out the intent of the foregoing resolutions.

091.1

Southern Union Company and Subsidiaries
Pro Forma Consolidated Statement of Operations ⁽¹⁾
(thousands of dollars, except shares and per share amounts)

	Twelve Months Ended March 31, 1999
Operating revenues	\$ 612,469
Gas purchase costs	351,174
Operating margin	261,295
Revenue-related taxes	32,183
Net operating margin	229,112
Operating expenses:	
Operating, maintenance and general	109,701
Depreciation and amortization	40,963
Taxes, other than on income and revenues	14,649
Total operating expenses	165,313
Net operating revenues	63,799
Other income (expenses):	
Interest	(35,402) ⁽²⁾
Dividends on preferred securities of subsidiary trust	(9,480)
Write-off of regulatory assets	(8,163)
Other, net	1,061 ⁽³⁾
Total other expenses, net	(51,984)
Earnings before income taxes	11,815
Federal and state income taxes	4,667
Net earnings available for common stock	\$ 7,148
Net earnings per share: ⁽⁴⁾	
Basic	\$ 0.23
Diluted	\$ 0.22
Weighted average shares outstanding: ⁽⁴⁾	
Basic	31,119,762
Diluted	32,500,740

Footnotes:

- (1) Represents historical twelve months of operations ended March 31, 1999 except as noted in items (2) through (4) below. Assumes investment is held until regulatory approval is obtained on November 1, 1999 and the date of closing of November 24, 1999.
- (2) Historical balance adjusted to reflect increase in revolving credit facility to finance \$12 million of the \$15 million investment securities (assumed to be financed via credit facility at 5.5%). Securities are assumed to be purchased within one month.
- (3) Historical balance adjusted to reflect return on \$15 million investment securities (assumed to return a 3.97% cash dividend based on an average per share purchase price of \$30.25).
- (4) Historical balances adjusted for 5% stock dividend announced on July 13, 1999 to be payable on August 6, 1999.

Southern Union Company and Subsidiaries

Pro Forma Consolidated Balance Sheet ⁽¹⁾

(thousands of dollars)

	March 31, 1999	
ASSETS		
Property, plant and equipment:		
Plant in service	\$ 1,093,881	
Construction work in progress	13,199	
	<u>1,107,080</u>	
Less accumulated depreciation and amortization	(376,629)	
	<u>730,451</u>	
Additional purchase cost assigned to utility plant, net	135,317	
	<u>865,768</u>	
Net property, plant and equipment		865,768
Current assets:		
Accounts receivable, billed and unbilled	98,553	(2)
Inventories, principally at average cost	25,716	
Prepayments and other	<u>2,179</u>	
Total current assets	126,448	
Deferred charges	90,218	
Investment securities	25,000	(3)
Real estate	9,438	
Other	7,953	
Total	<u>\$ 1,124,825</u>	

Southern Union Company and Subsidiaries
Pro Forma Consolidated Balance Sheet ⁽¹⁾
(thousands of dollars)

	March 31, 1999
STOCKHOLDERS' EQUITY AND LIABILITIES	
Common stockholders' equity:	
Common stock, \$1 par value	\$ 29,741
Premium on capital stock	260,167
Less treasury stock, at cost	(794)
Retained earnings	23,790
Total common stockholders' equity	312,904
Preferred securities	100,000
Long-term debt	411,460
Total capitalization	824,364
Current liabilities:	
Long-term debt due within one year	2,033
Notes payable	30,603 ⁽⁴⁾
Accounts payable	49,917
Federal, state and local taxes	28,448
Accrued interest	5,256
Customer deposits	18,352
Deferred gas purchase costs	14,968
Other	16,642
Total current liabilities	166,219
Deferred credits and other	71,763
Accumulated deferred income taxes	62,479
Total	<u>\$ 1,124,825</u>

Footnotes:

(1) Represents historical balances at March 31, 1999 except as noted in items (2) through (4) below.

(2) Historical balance adjusted to reflect a reduction of \$3 million (assumed that working capital would fund such amount of the total \$15 million investment securities).


(3) Historical balance adjusted to reflect assumed purchase of \$15 million investment securities.

(4) Historical balance adjusted to reflect increase of \$12 million (assumed that such amount would partially fund the total \$15 million investment securities).

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 20th day of July, 1999, to:

The Office of the Public Counsel
Truman Building, Room 250
P.O. Box 7800
Jefferson City, MO 65102-7800



James C. Swearingen