

SOUTHERN UNION COMPANY
504 LAVACA, SUITE 800
AUSTIN, TEXAS 78701-2939

DAVID J. KVAPIL
SENIOR VICE PRESIDENT AND
CORPORATE CONTROLLER

May 14, 2001

Mr. Dale Roberts
Missouri Public Service Commission
301 West High Street, Suite 530
Jefferson City, Missouri 65101

GE-2001-550
FILED²
MAY 15 2001
Missouri Public
Service Commission

Dear Mr. Roberts,

Please find enclosed one (1) original signed copy of Southern Union Company's FERC Form 2 for the year ended December 31, 2000. Also enclosed are (4) additional copies of the December 31, 2000 FERC Form 2 and five (5) copies of both the June 30, 2000 annual report of Southern Union Company and Proxy. If you have any further questions, please do not hesitate to contact me at (512) 370-8370.

Yours truly,


David J. Kvapil

DJK/gh

Enclosures

4



Check appropriate box:

☐ Original signed form

☐ Conformed copy

Form Approved
OMB No. 1902-0028
(Expires 1/31/2002)



FERC FORM NO. 2:
ANNUAL REPORT OF MAJOR NATURAL
GAS COMPANIES

This report is mandatory under the Natural Gas Act, Sections 10(a) and 16, and 18 CFR 260.1. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

SOUTHERN UNION COMPANY

Year of Report

Dec. 31, 2000

4

**INSTRUCTIONS FOR FILING THE
FERC FORM NO. 2**

GENERAL INFORMATION

I. Purpose

This form is designed to collect financial and operational information from major interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is a nonconfidential public use form.

II. Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260.1 must submit this form.

NOTE: Major means having combined gas transported or stored for a fee exceeding 50 million Dth in each of the 3 previous calendar years.

III. What and Where to Submit

- (a) Submit the electronic medium in accordance with the procedures specified in 18 CFR 385.2011 and an original and four (4) copies of this form to:

Office of the Secretary
Federal Energy Regulatory Commission
Washington, DC 20426

Retain one copy of this report for your files.

- (b) Submit immediately upon publication, four (4) copies of the latest annual report to stockholders and *any annual* financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426

- (c) For the CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with current standards of reporting which will:

- (i) contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

GENERAL INFORMATION

- (ii) be signed by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States (See 18 CFR 158.10-158.12 for specific qualifications.)

<u>Schedules</u>	<u>Reference Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-116
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122

Insert the letter or report immediately following the cover sheet of the original and each copy of this form.

- (d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirement free of charge from:

Public Reference and Files Maintenance Branch
Washington, DC 20426
(202) 208-2356

IV. When to Submit:

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for this collection of information is estimated to average 2,475 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, Washington, DC 20426 (Attention: Michael Miller, ED-12.4); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

You shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use the current year amounts for income accounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, either
 - (a). Enter the words "Not Applicable" on the particular page(s), or
 - (b). Omit the page(s) and enter "NA", "NONE", or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (see VII. below).
- VI. Indicate negative amounts (such as decreases) by enclosing the figures in parenthesis ().
- VII. When making revisions, resubmit the electronic medium and only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the Identification and Attestation, page 1. Mail dated resubmissions to:
Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426
- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 by 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and the page number supplemented.
- IX. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in MMBtu and Dth.
- XII. Respondents may submit computer printed schedules (reduced to 8 1/2 by 11) instead of the schedules in the FERC Form 2 if they are in substantially the same format.
- XIII. Report footnotes on pages 551 and 552. Sort data on page 551 by page number. Sort data on page 552 by footnote number. The page number component of the footnote reference is the first page of a schedule whether it is a single page schedule or a multi-page schedule. Even if a footnote appears on a later page of a multi-page schedule the footnote will only reference the first page of the schedule. The first page of a multi-page schedule now becomes a proxy for the entire schedule. For example, Gas Plant in Service ranges across pages 204 through 209. A footnote on page 207 would contain a page reference of 204.

DEFINITIONS

- I. Btu per cubic foot -- The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32F, and under standard gravitational force (980.665 cm. per sec.) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called the gross heating value or total heating value).
- II. Commission Authorization -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- III. Dekatherm -- A unit of heating value equivalent to 10 therms or 1,000,000 Btu.
- IV. Respondent -- The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

EXERPTS FROM THE LAW

(Natural Gas Act; 15 U.S.C. 717-717w)

"Sec 10(a). Every natural gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest due and paid, depreciation, amortization, and other reserves, costs of facilities, cost of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, cost of renewal and replacement of such facilities, transportation, delivery, use, and sale of natural gas...."

"Sec. 16. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary and appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within which they shall be filed...."

GENERAL PENALTIES

"Sec. 21(b). Any person who willfully and knowingly violates any rule, regulation, restriction, condition, or order made or imposed by the Commission under authority of this act, shall, in addition to any other penalties provided by law, be punished upon conviction thereof by a fine of not exceeding \$500 for each and every day during which such offense occurs."

**FERC FORM NO. 2:
ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES**

IDENTIFICATION			
01 Exact Legal Name of Respondent Southern Union Company	02 Year of Report Dec. 31, 2000		
03 Previous Name and Date of Change (If name changed during year) N/A			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 504 Lavaca Street, Suite 800 Austin, Texas 78701			
05 Name of Contact Person David Kvapil	06 Title of Contact Person Senior Vice President and Corporate Controller		
07 Address of Contact Person (Street, City, State, Zip Code) 504 Lavaca Street, Suite 800 Austin, Texas 78701			
08 Telephone of Contact Person, Including Area Code (512) 370-8370	09 This Report Is <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr)	
ATTESTATION			
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.			
11 Name David Kvapil	12 Title Senior Vice President and Corporate Controller		
13 Signature DAVID KVAPIL	14 Date Signed MAY 14, 2001		
Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.			

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
LIST OF SCHEDULES (Natural Gas Company)					
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."					
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)	
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS					
1	General Information	101			
2	Control Over Respondent	102		none	
3	Corporations Controlled by Respondent	103			
4	Security Holders and Voting Powers	107			
5	Important Changes During the Year	108			
6	Comparative Balance Sheet	110-113			
7	Statement of Income for the Year	114-116			
8	Statement of Retained Earnings for the Year	118-119			
9	Statements of Cash Flows	120-121			
10	Notes to Financial Statements	122			
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)					
11	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201			
12	Gas Plant in Service	204-209			
13	Gas Property and Capacity Leased from Others	212		none	
14	Gas Property and Capacity Leased to Others	213		none	
15	Gas Plant Held for Future Use	214		none	
16	Construction Work in Progress -- Gas	216			
17	General Description of Construction Overhead Procedure	218			
18	Accumulated Provision for Depreciation of Gas Utility Plant	219			
19	Gas Stored	220			
20	Investments	222-223			
21	Investments in Subsidiary Companies	224-225			
22	Prepayments	230			
23	Extraordinary Property Losses	230			
24	Unrecovered Plant and Regulatory Study Costs	230			
25	Other Regulatory Assets	232			
26	Miscellaneous Deferred Debits	233			
27	Accumulated Deferred Income Taxes	234-235		none	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)					
28	Capital Stock	250-251			
29	Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Installments Received on Capital Stock	252			
30	Other Paid-in Capital	253		none	
31	Discount on Capital Stock	254		none	
32	Capital Stock Expense	254		none	
33	Securities issued or Assumed and Securities Refunded or Retired During the Year	255			
34	Long-Term Debt	256-257			
35	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259			
36	Unamortized Loss and Gain on Reacquired Debt	260			
37	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261			

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

LIST OF SCHEDULES (Natural Gas Company) (Continued)

Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)				
38	Taxes Accrued, Prepaid and Charged During the Year	262-263		
39	Miscellaneous Current and Accrued Liabilities	268		
40	Other Deferred Credits	269		
41	Accumulated Deferred Income Taxes-Other Property	274-275		none
42	Accumulated Deferred Income Taxes-Other	276-277		
43	Other Regulatory Liabilities	278		
INCOME ACCOUNT SUPPORTING SCHEDULES				
44	Gas Operating Revenues	300-301		
45	Revenue from Transportation of Gas of Others Through Gathering Facilities	302-303		
46	Revenue from Transportation of Gas of Others Through Transmission Facilities	304-305		
47	Revenue from Storage Gas of Others	306-307		none
48	Other Gas Revenues	308		none
49	Gas Operation and Maintenance Expenses	317-325		
50	Exchange and Imbalance Transactions	328		
51	Gas Used in utility Operations	331		none
52	Transmission and Compression of Gas by Others	332		none
53	Other Gas Supply Expenses	334		none
54	Miscellaneous General Expenses-Gas	335		
55	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
56	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
COMMON SECTION				
57	Regulatory Commission Expenses	350-351		
58	Distribution of Salaries and Wages	354-355		
59	Charges for Outside Professional and Other Consultative Services	357		
GAS PLANT STATISTICAL DATA				
60	Compressor Stations	508-509		none
61	Gas Storage Projects	512-513		none
62	Transmission Lines	514		none
63	Transmission System Peak Deliveries	518		none
64	Auxiliary Peaking Facilities	519		none
65	Gas Account-Natural Gas	520		
66	System Map	522		
67	Footnote Reference	551		
68	Footnote Text	552		
69	Stockholders' Reports (check appropriate box)	-		
70	<input checked="" type="checkbox"/> Four copies will be submitted.			
71	<input type="checkbox"/> No annual report to stock holders is prepared.			

Blank Page

[Next page is 101]

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

David J. Kvapil, Senior Vice President and Corporate Controller
504 Lavaca Street, Suite 800
Austin, Texas 78701

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

State of Delaware on December 13, 1932

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

The property of respondent was not held by a receiver or trustee during the year.

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

State of Texas: Natural Gas

State of Missouri: Natural Gas

State of Florida: Natural Gas

State of Pennsylvania: Natural Gas

State of Massachusetts: Natural Gas

State of Rhode Island: Natural Gas

5. Have you engaged as the principal accountant to audit your financial statements as an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) ☐ Yes...Enter the date when such independent accountant was initially engaged: _____

(2) ☒ No

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.

4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Ref. (e)
1	ConTigo, Inc.	D	Inactive corporation	100%	
2	Energy WorX, Inc.	D	Inactive corporation	100%	
3	KellAir Aviation Company	D	Operates assets primarily used in utility business	100%	
4	Lavaca Realty Company	D	Investments in real estate primarily used in utility business	100%	Merged with KellAir 8/31/2000
5	Mercado Gas Services, Inc.	D	Natural gas marketing	100%	
6	Norteno Pipeline Company	D	Natural gas transmission	100%	
7	Energia Estrella del Sur, S.A. de C.V.	D	Mexican LDC holding company	100%	
8	Southern Union Energy International, Inc.	D	International energy related investments	100%	
9	Southern Union Total Energy Systems, Inc.	D	Marketing and sales of natural gas products and services	100%	
10	Southern Transmission Company	D	Natural gas transmission	100%	
11	SUPro Energy Company	D	Propane	100%	
12	Southern Union International Investments, Inc.	D	International energy related investments	100%	
13	Southern Union Gas Company, Inc.	D	Inactive corporation	100%	
14	Atlantic Gas Corporation	D	Propane	100%	
15	Western Utilities, Inc.	D	Inactive corporation	100%	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	--	--------------------------------	--

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.

4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Ref. (e)
16	GUS Acquisition Corporation	D	Incorporated for Providence Energy merger	100%	
17	Honesdale Gas Company	D	Inactive corporation	100%	
18	KellAir NC Aviation Company	D	Operates assets primarily used in utility business	100%	
19	Keystone Pipeline Services, Inc.	D	Pipeline and fiber optic cable construction, installation, maintenance and rehabilitation services	100%	
20	PEI Power Corporation	D	Operates a cogeneration plant that generates steam and energy for resale	100%	
21	PG Energy, Inc.	D	Inactive corporation	100%	
22	PG Energy Services, Inc.	D	Markets a diversified range of energy-related products and services, and supplies propane	100%	
23	Penn Gas Development Co.	D	Sales financing	100%	
24	SU Acquisition Corporation	D	Inactive corporation	100%	
25	SUG Acquisition Corporation	D	Incorporated for Valley Resources merger	100%	
26	Alternate Energy Corporation	J	Sells, installs, and designs natural gas conversion systems and facilities	80%	
27	Fall River Gas Appliance Company	D	Rents water heaters and conversion burners	100%	
28	Providence Energy Investments, Ltd.	D	Gas brokerage	100%	
29	Providence Energy Oil Enterprises, Inc.	D	Fuel oil distribution services	100%	
30	Providence Energy Services, Inc.	D	Utility marketer	100%	
31	Providence Power Company, LLC	D	Inactive corporation	100%	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

CORPORATIONS CONTROLLED BY RESPONDENT

- | | |
|--|--|
| <p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p> | <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.</p> |
|--|--|

DEFINITIONS

- | | |
|--|---|
| <p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.</p> | <p>4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p> |
|--|---|

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Ref. (e)
32	Capital Center Energy Company	J	Retail power provider	50%	
33	Enhanced Service Systems, Inc.	D	Energy related investments	100%	
34	Pennsylvania Energy Resources, Inc.	D	Inactive corporation	100%	
35	Mohawk Environmental Technologies, Inc.	D	Retail sales and service	100%	
36	ProvEnergy Fuels	D	Sales and service	100%	
37	Morris Merchants, Inc.	D	Manufacturer's representative	100%	
38	Newport American Corporation	D	Holding company	100%	
39	Patience Realty Corporation	D	Real estate	100%	
40	ProvEnergy Power Company, LLC	D	Retail power	100%	
41	Prudence Corporation	D	Real estate rentals	100%	
42	RI Development & Exploration Co.	D	Energy related investments	100%	
43	S&M Appliance Service Company	D	Appliance sales and service	100%	
44	Southern Union Technology Partners, LP	D	Energy related investments	100%	
45	Super Service Motor Oil Company Inc.	D	Motor oil sales	100%	
46	Super Service Oil Company	D	Retail sales	100%	
47	Super Service Realty Company, Inc.	D	Real estate rentals	100%	
48	Sygent, Inc.	D	Inactive corporation	100%	
49	The New England Gas Company	D	Retail sale of propane	100%	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.

4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Ref. (e)
50	Transmore, Inc.	D	Transportation	100%	
51	Valley Appliance & Merchandising Co.	D	Retail sales and rentals	100%	
52	Valley Propane, Inc.	D	Propane	100%	

Blank Page
[Next page is 107]

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year of Report Dec. 31, 2000
---	---	--	--

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of the trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting

rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:

Stock book not closed

2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.

Total: 43,756,955
By proxy: 43,756,955

3. Give the date and place of such meeting:

November 14, 2000
Austin, Texas

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		4. Number of votes as of (date): October 3, 2000			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	50,895,272	50,895,272	-	-
6	TOTAL number of securities holders	7,888	7,888	-	-
7	TOTAL votes of security holders listed below	23,754,728	23,754,728	-	-
8	Baron Capital Group, Inc.	5,773,537	5,773,537	-	-
9	767 Fifth Avenue, 49th Floor				
10	New York, New York 10153				
11	Bass Reporting Persons	3,145,661	3,145,661	-	-
12	201 Main Street				
13	Fort Worth, TX 76102				
14	George Lindemann, Jr.	2,897,599	2,897,599	-	-
15	4500 Biscayne Boulevard				
16	Miami, Florida 33137				
17	Sloan N. Lindemann	2,896,544	2,896,544	-	-
18	550 Park Avenue				
19	New York, New York 10021				
20	Adam M. Lindemann (Director)	2,893,738	2,893,738	-	-
21	767 5th Avenue, 49th Floor				
22	New York, New York 10153				
23	F. B. Lindemann	2,578,242	2,578,242	-	-
24	767 5th Avenue, 50th Floor				
25	New York, New York 10153				

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

SECURITY HOLDERS AND VOTING POWERS

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
26	George L. Lindemann (Chairman of Board and CEO)	2,205,331	2,205,331	-	-
27	767 5th Avenue, 49th Floor				
28	New York, New York 10153				
29	Ronald W. Simms (Director)	571,388	571,388	-	-
30	454 South Main Street				
31	Wilkes-Barre, PA 18703				
32	John E. Brennan (Vice Chairman of Board)	445,788	445,788	-	-
33	767 5th Avenue, 50th Floor				
34	New York, New York 10153				
35	Aaron I. Fleischman (Director)	346,900	346,900	-	-
36	1400 Sixteenth Street, N.W.				
37	Washington, D.C. 20036				

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

IMPORTANT CHANGES DURING THE YEAR

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.

2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.

3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.

4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.

5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.

Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.

6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.

7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.

8. State the estimated annual effect and nature of any important wage scale changes during the year.

9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.

1 Franchise Rights -- None

2 Acquisition, Merger, or Consolidation with Other Companies --
See "Notes to Financial Statements" beginning on page 122 under caption "Acquisitions" for further information.

3 Purchase or Sale of an Operating Unit or System --
See "Notes to Financial Statements" beginning on page 122 under caption "Acquisitions" for further information.

4 Important Leaseholds --
See "Notes to Financial Statements" beginning on page 122 under caption "Debt and Capital Lease" for further information.

5 Important Extension of Transmission or Distribution system -- None

6 Obligations -- None

7 Changes in Articles of Incorporation or Amendment to Charter -- None

8 Wage scale changes --
General wage increases affecting Missouri payroll are:
3% effective May 1, 2000 - four bargaining units
Non-bargaining wage increases affecting Providence/North Attleboro payroll are:
3.5% effective October 2000
General wage increases affecting Pennsylvania payroll are:
3% effective throughout the year - four bargaining units

9 Legal Proceedings --
See "Notes to Financial Statements" beginning on page 122 under caption "Commitments and Contingencies" for further information.

10 Important Transactions not Disclosed Elsewhere -- None

11 Important Rate Changes --
See "Notes to Financial Statements" beginning on page 122 under caption "Utility Regulation and Rates" for further information.

Blank Page

[Next page is 110]

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	UTILITY PLANT			
2	Utility Plant (101-106,114)	200-201	2,924,312,681	1,963,568,917
3	Construction Work in Progress (107)	200-201	29,695,237	25,690,759
4	TOTAL Utility Plant (Total of Lines 2 and 3)	200-201	2,954,007,918	1,989,259,676
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		(752,210,147)	(516,250,437)
6	Net Utility Plant (Total of line 4 less 5)		2,201,797,771	1,473,009,239
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		-	-
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		-	-
9	Nuclear Fuel (Total of line 7 less 8)		-	-
10	Net Utility Plant (Total of Lines 6 and 9)		2,201,797,771	1,473,009,239
11	Utility Plant Adjustments (116)	122	-	-
12	Gas Stored - Base Gas (117.1)	220	389,201	-
13	System Balancing Gas (117.2)	220	-	-
14	Gas Stored in Reservoirs and Pipelines - Noncurrent (117.3)	220	1,446,615	-
15	Gas Owned to System Gas (117.4)	220	-	-
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)		2,197,702	2,146,792
18	(Less) Accum. Provision for Depreciation and Amortization (122)		(516,425)	(562,764)
19	Investments in Associated Companies (123)	222-223	-	-
20	Investments in Subsidiary Companies (123.1)	224-225	124,004,978	9,248,625
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)		-	-
22	Noncurrent Portion of Allowances		-	-
23	Other Investments (124)	222-223	-	12,626,783
24	Special Funds (125 thru 128)		2,205,744	-
25	TOTAL Other Property and Investments (Total of lines 17-20, 22-24)		127,891,998	23,459,435
26	CURRENT AND ACCRUED ASSETS			
27	Cash (131)		-	(4,205,019)
28	Special Deposits (132-134)		168,593	9,584
29	Working Funds (135)		105,364	66,351
30	Temporary Cash Investments (136)	222-223	11,563,949	26,528
31	Notes Receivable (141)		517,182	652,380
32	Customer Accounts Receivable (142)		327,458,875	119,450,178
33	Other Accounts Receivable (143)		17,511,703	7,201,598
34	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		(16,550,732)	(7,090,643)
35	Notes Receivable from Associated Companies (145)		-	-
36	Accounts Receivable from Associated Companies (146)		94,931,175	51,750,213
37	Fuel Stock (151)		4,891,465	-
38	Fuel Stock Expenses Undistributed (152)		-	-
39	Residuals (Elec) and Extracted Products (Gas) (153)		-	-
40	Plant Materials and Operating Supplies (154)		7,646,568	6,436,820
41	Merchandise (155)		288,762	15,013
42	Other Materials and Supplies (156)		250	-
43	Nuclear Materials Held for Sale (157)		-	-

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year of Report Dec. 31, 2000
---	--	---	--	--

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
44	Allowances (158.1 and 158.2)		-	-
45	(Less) Noncurrent Portion of Allowances		-	-
46	Stores Expense Undistributed (163)		885,941	925,381
47	Gas Stored Underground - Current (164.1)	220	95,473,981	61,572,090
48	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	3,446,792	-
49	Prepayments (165)	230	8,323,500	1,751,919
50	Advances for Gas (166 thru 167)		-	-
51	Interest and Dividends Receivable (171)		-	-
52	Rents Receivable (172)		344	(2,273)
53	Accrued Utility Revenues (173)		48,426,308	15,179,793
54	Miscellaneous Current and Accrued Assets (174)		-	136,006
55	TOTAL Current and Accrued Assets (Total of lines 27 thru 54)		605,138,418	253,875,918
56	DEFERRED DEBITS			
57	Unamortized Debt Expense (181)		21,029,117	14,321,571
58	Extraordinary Property Losses (182.1)	230	-	-
59	Unrecovered Plant and Regulatory Study Costs (182.2)	230	-	-
60	Other Regulatory Assets (182.3)	232	67,689,520	65,033,451
61	Preliminary Survey and Investigation Charges (Electric) (183)		-	-
62	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)		6,338	19,634
63	Clearing Accounts (184)		-	132,995
64	Temporary Facilities (185)		-	-
65	Miscellaneous Deferred Debits (186)	233	71,228,705	16,689,444
66	Deferred Losses from Disposition of Utility Plant (187)		-	-
67	Research, Development, and Demonstration Expend. (188)		-	-
68	Unamortized Loss on Reacquired Debt (189)		15,486,036	15,548,792
69	Accumulated Deferred Income Taxes (190)	234-235	-	-
70	Unrecovered Purchase Gas Costs (191)		71,558,152	26,901,603
71	TOTAL Deferred Debits (Total of lines 57 thru 70)		246,997,868	138,647,491
72	TOTAL Assets and Other Debits (Total of lines 10-15,25,55, and 71)		3,183,661,872	1,888,992,084

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	51,982,172	48,049,438
3	Preferred Stock Issued (204)	250-251	100,000,000	100,000,000
4	Capital Stock Subscribed (202, 205)	252	-	-
5	Stock Liability for Conversion (203, 206)	252	-	-
6	Premium on Capital Stock (207)	252	626,250,416	592,097,010
7	Other Paid-In Capital (208-211)	253	-	-
8	Installments Received on Capital Stock (212)	252	-	-
9	(Less) Discount on Capital Stock (213)	254	-	-
10	(Less) Capital Stock Expense (214)	254	-	-
11	Retained Earnings (215, 215.1, 216)	118-119	68,326,703	595,865
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	-	-
13	(Less) Required Capital Stock (217)	250-251	(31,986,618)	(12,139,114)
14	TOTAL Proprietary Capital (Total of lines 2 thru 13)		814,572,673	728,603,199
15	LONG TERM DEBT			
16	Bonds (221)	256-257	151,013,000	45,000,000
17	(Less) Reacquired Bonds (222)	256-257	-	-
18	Advances from Associated Companies (223)	256-257	-	-
19	Other Long-Term Debt (224)	256-257	1,226,877,127	690,377,841
20	Unamortized Premium on Long-Term Debt (225)	258-259	-	-
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259	-	-
22	(Less) Current Portion of Long-Term Debt		-	-
23	TOTAL Long-Term Debt (Total of lines 16 thru 22)		1,377,890,127	735,377,841
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases - Noncurrent (227)		584,274	-
26	Accumulated Provision for Property Insurance (228.1)		-	200,000
27	Accumulated Provision for Injuries and Damages (228.2)		7,212,337	6,003,625
28	Accumulated Provision for Pensions and Benefits (228.3)		-	-
29	Accumulated Miscellaneous Operating Provisions (228.4)		214,948	30,610
30	Accumulated Provision for Rate Refunds (229)		-	-
31	TOTAL Other Noncurrent Liabilities (Total of lines 25 thru 30)		8,011,559	6,234,235

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
32	CURRENT AND ACCRUED LIABILITIES			
33	Current Portion of Long-Term Debt			
34	Notes Payable (231)		175,000,000	12,903,000
35	Accounts Payable (232)		267,152,326	58,178,797
36	Notes Payable to Associated Companies (233)		-	-
37	Accounts Payable to Associated Companies (234)		-	-
38	Customer Deposits (235)		20,894,368	17,889,034
39	Taxes Accrued (236)	262-263	34,769,653	12,025,041
40	Interest Accrued (237)		21,297,867	16,304,765
41	Dividends Declared (238)		-	-
42	Matured Long-Term Debt (239)		-	-
43	Matured Interest (240)		-	-
44	Tax Collections Payable (241)		3,662,522	(92,091)
45	Miscellaneous Current and Accrued Liabilities (242)	268	119,434,692	44,106,769
46	Obligations Under Capital Leases-Current (243)		416,867	-
47	TOTAL Current and Accrued Liabilities (Total of lines 33 thru 46)		642,628,295	161,315,315
48	DEFERRED CREDITS			
49	Customer Advances for Construction (252)		23,595,574	23,113,882
50	Accumulated Deferred Investment Tax Credits (255)		6,402,135	4,251,094
51	Deferred Gains from Disposition of Utility Plant (256)		517,000	542,000
52	Other Deferred Credits (253)	269	77,541,866	79,868,053
53	Other Regulatory Liabilities (254)	278	1,984,295	21,656
54	Unamortized Gain on Reaquired Debt (257)	260	2,236,835	2,333,738
54.1	Contributions in aid of Construction (271)		57,900,582	53,485,859
55	Accumulated Deferred Income Taxes (281-283)		162,141,526	93,845,212
56	Operating Reserves		8,239,407	-
57	TOTAL Deferred Credits (Total of lines 49 thru 55)		340,559,220	257,461,494
58	TOTAL Liabilities and Other Credits (Total of lines 14, 23,31,47, and 56)		3,183,661,872	1,888,992,084

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, *Revenue and Expenses from Utility Plant Leased to Others*, in another utility column (i,j) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in discount 414, *Other Utility Operating Income*, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	1,077,815,909	609,419,789
3	Operating Expenses			
4	Operation Expenses (401)	317-325	812,606,966	427,696,947
5	Maintenance Expenses (402)	317-325	20,301,821	14,744,821
6	Depreciation Expense (403)	336-338	54,016,911	38,635,569
7	Amortization & Depletion of Utility Plant (404-405)	336-338	2,226,845	983,603
8	Amortization of Utility Plant Acu. Adjustment (406)	336-338	13,455,129	3,662,362
9	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		-	-
10	Amortization of Conversion Expenses (407.2)		-	-
11	Regulatory Debits (407.3)		-	-
12	(Less) Regulatory Credits (407.4)		-	-
13	Taxes Other Than Income Taxes (408.1)	262-263	68,765,477	49,282,585
14	Income Taxes -- Federal (409.1)	262-263	9,430,051	7,385,960
15	Income Taxes -- Other (409.1)	262-263	57,000	1,527,492
16	Provision of Deferred Income Taxes (410.1)	234-235	3,572,303	633,012
17	(Less) Provision for Deferred Income Taxes -- Credit (411.1)	234-235	(36,000)	(51,000)
18	Investment Tax Credit Adjustment -- Net (411.4)		(172,284)	(13,714)
19	(Less) Gains from Disposition of Utility Plant (411.6)		(833)	-
20	Losses from Disposition of Utility Plant (411.7)		-	-
21	(Less) Gains from Disposition of Allowances (411.8)		-	-
22	Losses from Disposition of Allowances (411.9)		-	-
23	Income from Utility Plant leased to others		(42,000)	(27,000)
24	TOTAL Utility Operating Expenses (Total of lines 4 thru 22)		984,181,386	544,460,637
25	Net Utility Operating Income (Total of lines 2 less 23) (Carry forward to page 116, line 25)		93,634,523	64,959,152

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

STATEMENT OF INCOME FOR THE YEAR (Continued)

4. Explain in a footnote if the previous year's figures are different from those reported in prior reports.

5. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (in dollars) (e)	Previous Year (in dollars) (f)	Current Year (in dollars) (g)	Previous Year (in dollars) (h)	Current Year (in dollars) (i)	Previous Year (in dollars) (j)	
						1
		1,077,815,909	609,419,789			2
						3
		812,606,966	427,696,947			4
		20,301,821	14,744,821			5
		54,016,911	38,635,569			6
		2,226,845	983,603			7
		13,455,129	3,662,362			8
		-	-			9
		-	-			10
		-	-			11
		-	-			12
		68,765,477	49,282,585			13
		9,430,051	7,385,960			14
		57,000	1,527,492			15
		3,572,303	633,012			16
		(36,000)	(51,000)			17
		(172,284)	(13,714)			18
		(833)	-			19
		-	-			20
		-	-			21
		-	-			22
		(42,000)	(27,000)			23
		984,181,386	544,460,637			24
		93,634,523	64,959,152			25

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
25	Net Utility Operating Income (Carried forward from page 114)		93,634,523	64,959,152
26	OTHER INCOME AND DEDUCTIONS			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing, and Contract Work (415)		1,188,825	1,264,635
30	(Less) Costs and Expense of Merchandising, Job & Contract Work		(964,028)	(941,676)
31	Revenues From Nonutility Operations (417)		307,627	78,239
32	(Less) Expenses of Nonutility Operations (417.1)		(267,243)	(59,512)
33	Nonoperating Rental Income		287,810	604,191
34	Equity in Earnings of Subsidiary Companies (418.1)	119	-	-
35	Interest and Dividend Income (419)		4,960,653	677,723
36	Allowance for Other Funds Used During Construction (419.1)		155,663	32,669
37	Miscellaneous Nonoperating Income (421)		2,321,727	(3,070,246)
38	Gain on Disposition of Property (421.1)		4,712	-
39	TOTAL Other Income (Total of lines 29 thru 38)		7,995,746	(1,413,977)
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		(25,682)	-
42	Miscellaneous Amortization (425)	340	(1,400)	-
43	Miscellaneous Income Deduction (426.1-426.5)	340	(11,215,471)	(10,874,231)
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		(11,242,553)	(10,874,231)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (406.2)	262-263	-	-
47	Income Taxes -- Federal (409.2)	262-263	-	-
48	Income Taxes -- Other (409.2)	262-263	-	-
49	Provision for Deferred Income Taxes (410.2)	234-235	-	-
50	(Less) Provision for Deferred Income Taxes -- Credit (411.2)	234-235	-	-
51	Investment Tax Credit Adjustments -- Net (411.5)		-	-
52	(Less) Investment Tax Credits (420)		-	-
53	TOTAL Taxes on Other Income and Deductions (Total of lines 46 - 52)		-	-
54	Net Other Income and Deductions (Total of lines 39, 44, 53)		(3,246,807)	(12,288,208)
55	INTEREST CHARGES			
56	Interest on Long-Term Debt (427)		70,392,832	34,589,435
57	Amortization of Debt Disc. and Expense (428)	258-259	2,146,291	1,112,387
58	Amortization of Loss on Recquired Debt (428.1)		-	-
59	(Less) Amortization of Premium on Debt-Credit (429)	258-259	-	-
60	(Less) Amortization of Gain on Recquired Debt-Credit (429.1)		(96,903)	(84,659)
61	Interest on Debt to Associated Companies (430)	340	56,235	-
62	Other Interest Expense (431)	340	4,596,136	4,337,022
63	(Less) Allowance for Borrowed Funds Used During Construction-Credit		(863,319)	(434,225)
64	Net Interest Charges (Total of lines 56 thru 63)		76,231,272	39,519,960
65	Income Before Extraordinary Items (Total of lines 25, 54, and 64)		14,156,444	13,150,984
66	EXTRAORDINARY ITEMS			
67	Extraordinary Income (434)		-	-
68	(Less) Extraordinary Deductions (435)		-	-
69	Net Extraordinary Items (Total of line 67 less line 68)		-	-
70	Income Taxes -- Federal and Other (409.3)	262-263	-	-
71	Extraordinary Items After Taxes (Total of line 69 less line 70)		-	-
72	Net Income (Total of lines 65 and 71)		14,156,443	13,150,984

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.

2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.

4. List first account 439, *Adjustments to Retained Earnings*, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items.

5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (in dollars) (c)	Previous Year Amount (in dollars) (d)
UNAPPROPRIATED RETAINED EARNINGS				
1	Balance -- Beginning of Year		595,865	6,165,534
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
3.01	Credit:			
3.02	Credit:			
3.03	Credit:			
3.04	Credit:			
3.05	Credit:			
4	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 3.01 thru 3.05)			
4.01	Debit: Accumulated other comprehensive income		62,592,418	(435,886)
4.02	Debit: Cumulative effect of change in accounting principle		825,731	-
4.03	Debit:		-	-
4.04	Debit:		-	-
4.05	Debit:			
5	TOTAL Debits to Retained Earnings (Account 439) (Enter total of lines 4.01 thru 4.05)		63,418,149	(435,886)
6	Balance Transferred from Income (Account 433 less Account 418.1)		14,156,443	13,150,984
7	Appropriations of Retained Earnings (Account 436)			
7.01				
7.02				
7.03				
7.04				
8	TOTAL Appropriations of Retained Earnings (Account 436) (Total of lines 7.01 thru 7.04)			
9	Dividends Declared -- Preferred Stock (Account 437)			
9.01				
9.02				
9.03				
9.04				
10	TOTAL Dividends Declared -- Preferred Stock (Account 437) (Total of lines 9.01 thru 9.04)			
11	Dividends Declared -- Common Stock (Account 438)			
11.01	Stock Dividend		(9,843,754)	(18,284,767)
11.02				
11.03				
11.04				
12	TOTAL Dividends Declared -- Common Stock (Account 438) (Total of lines 11.01 thru 11.04)		(9,843,754)	(18,284,767)
13	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance -- End of Year (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		68,326,703	595,865

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
STATEMENT OF RETAINED EARNINGS FOR THE YEAR				
6. Show separately the State and Federal income tax effect of items shown in Account 439, <i>Adjustment to Retained Earnings</i> .		7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent; state the number and annual amounts to be reserved or appropriate as well as the totals eventually to be accumulated. 8. At lines 3, 4, 7, 9, 11, and 15, add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, e.g., 3.01, 3.02, etc.		
Line No.	Item (a)	Current Year Amount (in dollars) (b)	Previous Year Amount (in dollars) (c)	
APPROPRIATED RETAINED EARNINGS (Account 215)				
State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.				
15.01				
15.02				
15.03				
15.04				
15.05				
15.06				
15.07				
15.08				
16	TOTAL Appropriated Retained Earnings (Account 215)			
APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1)				
State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.				
17	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)			
18	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines 16 and 17)			
19	TOTAL Retained Earnings (Account 215, 215.1, 216) (Total of lines 14 and 18)	68,326,703	595,865	
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)				
20	Balance -- Beginning of Year (Debit or Credit)			
21	Equity in Earnings for Year (Credit) (Account 418.1)			
22	(Less) Dividends Received (Debit)			
23	Other Changes (Explain)			
24	Balance - End of Year			

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

STATEMENT OF CASH FLOWS

1. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.

3. Operating Activities -- Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

2. Under "Other" specify significant amounts and group others.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 72 (c) on page 116)	14,156,000	13,151,000
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	70,495,000	45,291,000
5	Amortization of (Specify) Debt Discount	-	-
5.01	Provision for Bad Debt	11,291,000	1,754,000
5.02	Financial derivative trading losses	11,280,000	-
5.03	Gain on Sale of Investment Securities	(8,869,000)	-
5.04	Gain on Sale of Real Estate	(13,532,000)	-
5.05	Non-Cash Compensation Expense	2,311,000	-
5.06	Cumulative effect of change in accounting principle	(602,000)	-
6	Deferred Income Taxes (Net)	(5,294,000)	8,896,000
7	Investment Tax Credit Adjustments (Net)	-	-
8	Net (Increase) Decrease in Receivables	(225,009,000)	(23,771,000)
9	Net (Increase) Decrease in Inventory	(33,443,000)	(2,994,000)
10	Net (Increase) Decrease in Allowances Payable	-	-
11	Net Increase (Decrease) in Payables and Accrued Expenses	179,110,000	2,556,000
12	Net (Increase) Decrease in Other Regulatory Assets	-	-
13	Net Increase (Decrease) in Other Regulatory Liabilities	(42,398,000)	11,011,000
14	(Less) Allowance for Other Funds Used During Construction	-	-
15	(Less) Undistributed Earnings from Subsidiary Companies	-	-
16	Other:	(7,097,000)	957,000
16.01	Deferred Interest-Missouri Safety Program	(1,049,000)	334,000
16.02	Change in Customer Deposits	(4,043,000)	(828,000)
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of lines 2 thru 16.02)	(52,693,000)	56,357,000
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	-	-
23	Gross Additions to Nuclear Fuel	-	-
24	Gross Additions to Common Utility Plant	(119,327,000)	(81,004,000)
25	Gross Additions to Nonutility Plant	-	-
26	(Less) Allowance for Other Funds Used During Construction	-	-
27	Other:	(1,549,000)	(445,000)
27.01			
27.02			
28	Cash Outflows for Plant (Total of lines 22 thru 27.02)	(120,876,000)	(81,449,000)
29			
30	Acquisition of Other Noncurrent Assets (d)	(407,838,000)	(35,831,000)
31	Proceeds from Disposal of Noncurrent Assets (d)	-	-
32			
33	Investments in and Advances to Assoc. and Subsidiary Companies	-	-
34	Contributions and Advances from Assoc. and Subsidiary Companies	-	-
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies	-	-
37			
38	Purchase of Investment Securities (a)	(21,449,000)	(19,047,000)
39	Proceeds from Sales of Investment Securities (a)	-	-

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities: Include at Other (line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U.S. of A. General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.

5. Codes Used:
 (a) Net Proceeds or payments.
 (b) Bonds, Debentures, and other long-term debt.
 (c) Include commercial paper.
 (d) Identify separate such items as investments, fixed assets intangibles, etc.
6. Enter on page 122 clarifications and explanations.
7. At lines 5, 16, 27, 47, 56, 58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5.01, 5.02, etc.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
40	Loans Made or Purchased	-	-
41	Collections on Loans	-	-
42			
43	Net (Increase) Decrease in Receivables	290,000	(4,000,000)
44	Net (Increase) Decrease in Inventory	-	-
45	Net (Increase) Decrease in Allowances Held for Speculation	-	-
46	Net Increase (Decrease) in Payables and Accrued Expenses	-	-
47	Other: Deferred Charges/Credits	6,726,000	(7,089,000)
47.01	Customer Advances	500,000	1,265,000
47.02	Proceeds from Sale of Assets	44,160,000	-
47.03	Settlement of Lawsuit	-	-
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47.03)	(498,487,000)	(146,151,000)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	531,668,000	293,502,000
54	Preferred Stock	-	-
55	Common Stock	-	-
56	Other: Common Stock Options	1,116,000	(4,000)
56.01			
57	Net Increase in Short-term Debt (c)	-	-
58	Other: Increase in cash overdrafts	-	(6,853,000)
58.01			
58.02			
59	Cash Provided by Outside Sources (Total of lines 53 thru 58.02)	532,784,000	286,645,000
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	(8,592,000)	(158,425,000)
63	Preferred Stock	-	-
64	Common Stock	-	-
65	Other:	-	-
65.01	Purchase of Treasury Stock	(13,099,000)	(1,326,000)
65.02	Payment of merger debt assumed	(114,171,000)	-
66	Net Decrease in Short-Term Debt (c)	162,097,000	(37,100,000)
67			
68	Dividends on Preferred Stock	-	-
69	Dividends on Common Stock	-	-
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	559,019,000	89,794,000
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of lines 18, 49, and 71)	7,839,000	-
75			
76	Cash and Cash Equivalents at Beginning of Year	-	-
77			
78	Cash and Cash Equivalents at End of Year	7,839,000	-

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year of Report Dec. 31, 2000
---	---	--	--

STATEMENT OF CASH FLOWS (Continued)

Reconciliation of Cash

Account 131 per page 110	-
Account 132-34 per page 110	168,593
Account 135 per page 110	105,364
Account 136 per page 110	<u>11,563,949</u>
Cash and cash equivalents	11,837,906
Affiliates cash balances	31,140,479
Reclass negative cash balances	(35,138,942)
Rounding difference	<u>(557)</u>
Cash per cash flow on page 121	<u><u>7,838,886</u></u>

NOTE: The statement of cash flows on pages 120 and 121 was prepared based on Southern Union Company and affiliates balances as presented in the Company's SEC filings.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.

2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material initiated by the utility. Also, briefly explain of any dividends in arrears on cumulative preferred stock.

3. Furnish detail on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets.

4. Where Accounts 189, *Unamortized Loss on Reacquired Debt*, and 257, *Unamortized Gain on Reacquired Debt*, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. Disclose details on any significant financial changes during the reporting year to the respondent or respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.

7. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.

8. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.

9. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

Note: Where possible, information has been updated as of December 31, 2000. The Company's fiscal year end is June 30.

Summary of Significant Accounting Policies

Operations Southern Union Company (Southern Union and, together with its wholly-owned subsidiaries, the Company), is a public utility primarily engaged in the distribution and sale of natural gas to residential, commercial and industrial customers. Substantial operations of the Company are subject to regulation.

Principles of Consolidation The consolidated financial statements include the accounts of Southern Union and its wholly-owned subsidiaries. Investments in which the Company owns a 20% to 50% interest are accounted for using the equity method. All significant intercompany accounts and transactions are eliminated in consolidation.

Gas Utility Revenues and Gas Purchase Costs Gas utility customers are billed on a monthly-cycle basis. The related cost of gas and revenue taxes are matched with cycle-billed revenues through utilization of purchased gas adjustment provisions in tariffs approved by the regulatory agencies having jurisdiction. Revenues from gas delivered but not yet billed are accrued, along with the related gas purchase costs and revenue-related taxes.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

Accumulated Other Comprehensive Income In 1999, the Company adopted Reporting Comprehensive Income, a FASB standard which established rules for the reporting of comprehensive income and its components. The main components of comprehensive income that relate to the Company are net earnings, unrealized holding gains on investments and additional minimum pension liability adjustments, all of which are presented in the consolidated statement of stockholders' equity. Prior to adoption, the unrealized holding gains were presented as part of stockholders' equity and the pension liability adjustments were presented in the consolidated balance sheet.

Credit Risk Concentrations of credit risk in trade receivables are limited due to the large customer base with relatively small individual account balances. In addition, Company policy requires a deposit from certain customers. The allowance for doubtful accounts is increased for estimated uncollectible accounts and reduced for the write-off of trade receivables.

Fair Value of Financial Instruments The carrying amounts reported in the balance sheet for accounts receivable, accounts payable and notes payable approximate their fair value. The fair value of the Company's preferred securities of subsidiary trust and long-term debt is estimated using current market quotes and other estimation techniques.

Inventories Inventories consist of natural gas in underground storage and materials and supplies.

New Pronouncements In June 1998, the Financial Accounting Standards Board issued Accounting for Derivative Instruments and Hedging Activities, as amended. The Statement was adopted by the Company on July 1, 2000. The Statement requires the Company to recognize all derivatives on the consolidated balance sheet at their fair value. On the date of the derivative contract, the Company designates the derivative as: (i) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge); (ii) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), or (iii) "held for trading" ("trading" instruments). Changes in the fair value of a derivative that qualifies as a fair-value hedge, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk (including gains or losses on firm commitments), are recorded in earnings. Changes in the fair value of a derivative that qualifies as a cash-flow hedge are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Lastly, changes in the fair value of derivative trading instruments are reported in current-period earnings.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Acquisitions

On September 28, 2000, Southern Union completed the acquisition of Providence Energy Corporation (ProvEnergy) for approximately \$270,000,000 in cash plus the assumption of \$90,000,000 in long-term debt. The ProvEnergy natural gas distribution operations are Providence Gas and North Attleboro Gas, which collectively serve approximately 176,000 natural gas customers. Providence Gas serves natural gas customers in Providence and Newport, Rhode Island, and 23 other cities and towns in Rhode Island. North Attleboro Gas serves customers in North Attleboro and Plainville, Massachusetts, towns adjacent to the northeastern Rhode Island border. Subsidiaries of the Company acquired in the ProvEnergy merger include ProvEnergy Oil Enterprises, Inc. ("ProvEnergy Oil"), and ProvEnergy Power Company, LLC. ProvEnergy Oil operates a fuel oil distribution business through its subsidiary, ProvEnergy Fuels, Inc. (ProvEnergy Fuels). ProvEnergy Fuels serves over 15,000 residential and commercial customers in Rhode Island and Massachusetts. ProvEnergy Power Company owns 50% of Capital Center Energy Company, LLC, a joint venture formed between ProvEnergy and ERI Services, Inc. to provide retail power.

On September 28, 2000, Southern Union also completed the acquisition of Fall River Gas Company (Fall River Gas) for approximately 1,400,000 shares of Southern Union common stock and approximately \$27,000,000 in cash plus assumption of \$20,000,000 in long-term debt. Fall River Gas serves approximately 49,000 customers in the city of Fall River and the towns of Somerset, Swansea and Westport, all located in southeastern Massachusetts. Also acquired in the Fall River Gas merger was Fall River Gas Appliance Company, Inc. which rents water heaters and conversion burners (primarily for residential use) in Fall River Gas' service area.

On September 20, 2000, Southern Union completed the acquisition of Valley Resources, Inc. (Valley Resources) for approximately \$125,000,000 in cash plus the assumption of \$30,000,000 in long-term debt. Valley Resources natural gas distribution operations are Valley Gas Company and Bristol and Warren Gas Company, which collectively serve approximately 65,000 natural gas customers. Valley Resources' three non-utility subsidiaries acquired in the merger rent and sell appliances, offer service contract programs, sell liquid propane in Rhode Island and nearby Massachusetts, and distribute as a wholesaler franchised lines to plumbing and heating contractors. Also acquired in the acquisition was Valley Resources' 90% interest in Alternate Energy Corporation, which sells, installs and designs natural gas conversion systems and facilities, is an authorized representative of the ONSI Corporation fuel cell, holds patents for a natural gas/diesel co-firing system and for a device to control the flow of fuel on dual-fuel equipment.

The Company funded the cash portion of the above described acquisitions and any related refinancings of assumed debt with a bank note (the Term Note). See Debt and Capital Lease.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

The assets of ProvEnergy, Fall River Gas and Valley Resources (hereafter referred to as the Company's "New England Operations") have been included in the consolidated balance sheet of the Company at December 31, 2000 and the results of operations from the New England Operations have been included in the statement of consolidated operations since their respective acquisition dates. The New England Operations' primary business is the distribution of natural gas through its public utility companies (collectively referred to as the "New England Division"). The acquisitions were accounted for using the purchase method. The additional purchase cost assigned to utility plant of approximately \$355,000,000 reflects the excess of the purchase price over the historical book carrying value of the utility plant. Amortization of the additional purchase cost assigned to utility plant is provided on a straight-line basis over forty years. The final allocation of the purchase price of the New England Operations acquisition is expected to be completed in the fourth quarter of fiscal year 2001. The Company plans to sell or dispose of certain non-core businesses acquired in the New England Operations.

Prior to the consummation of the acquisition of the New England Operations, the Company purchased shares of Providence Energy Corporation, Fall River Gas Company and Valley Resources, Inc. common stock for \$2,862,000. As all necessary approvals for the merger had not been obtained when these shares were purchased, these purchases were treated as investment securities prior to closing the mergers.

On November 4, 1999, the Company acquired Pennsylvania Enterprises, Inc. (hereafter referred to as the "Pennsylvania Operations") in a transaction valued at approximately \$500,000,000, including assumption of long-term debt of approximately \$115,000,000. The Company issued approximately 16,700,000 shares (before adjustment for any subsequent stock dividend) of common stock and paid approximately \$36,000,000 in cash to complete the transaction. The Company funded the cash portion of the acquisition of the Pennsylvania Operations and related refinancings with the sale of \$300,000,000 of 8.25% Senior Notes due 2029 completed on November 3, 1999 (8.25% Senior Notes). See Debt and Capital Lease.

The Pennsylvania Operations are headquartered in Wilkes-Barre, Pennsylvania with natural gas distribution being its primary business. The principal operating division of the Pennsylvania Operations is the PG Energy division of the Company which serves more than 156,000 gas customers in northeastern and central Pennsylvania. Subsidiaries of the Company included in the Pennsylvania Operations include PG Energy Services Inc., (Energy Services); Keystone Pipeline Services, Inc. (Keystone, a wholly-owned subsidiary of PG Energy Services Inc.); and PEI Power Corporation. Through Energy Services the Company markets a diversified range of energy-related products and services under the name of PG Energy PowerPlus and supplies propane under the name of PG Energy Propane. Keystone provides pipeline and fiber optic cable construction, installation, maintenance, and rehabilitation services. PEI Power Corporation operates a cogeneration plant that generates steam and electricity for resale. The Company plans to sell or dispose of both Keystone and the propane operations of Energy Services; these operations are not material to the Company. The Company has not yet sold these operations and there can be no assurance that a sale on terms satisfactory to the Company will be completed.

The assets of the Pennsylvania Operations are included in the consolidated balance sheet of the Company at December 31, 2000 and the results of operations from the Pennsylvania Operations have been included in the statement of consolidated operations since November 4, 1999. The acquisition was accounted for using the purchase method. The additional purchase cost assigned to utility plant of approximately \$261,000,000 reflects the excess of the purchase price over the historical book carrying value of the utility plant. Amortization of the additional purchase cost assigned to utility plant is provided on a straight-line basis over forty years.

Prior to the consummation of the acquisition of the Pennsylvania Operations, the Company purchased 358,500 shares of Pennsylvania Enterprises, Inc. stock for \$11,887,000 during both the first and second quarters of the Company's fiscal year 2000. As all necessary approvals for the merger had not been obtained, these purchases were treated as investments securities.

Cash Flow Information

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Short-term investments are highly liquid investments with maturities of more than three months when purchased, and are carried at cost, which approximates market. The Company places its temporary cash investments with a high credit quality financial institution, which, in turn, invests the temporary funds in a variety of high-quality short-term financial securities.

Under the Company's cash management system, checks issued but not presented to banks frequently result in overdraft balances for accounting purposes and are classified in accounts payable in the consolidated balance sheet.

Property, Plant and Equipment

Plant Plant in service and construction work in progress are stated at original cost net of contributions in aid of construction in Missouri. The cost of additions includes an allowance for funds used during construction and applicable overhead charges. Gain or loss is recognized upon the disposition of significant utility properties and other property constituting operating units. Gain or loss from minor dispositions of property is charged to accumulated depreciation and amortization. The Company capitalizes the cost of significant internally-developed computer software systems and amortizes the cost over the expected useful life. See Debt and Capital Lease.

Acquisitions of rate-regulated entities are recorded at the historical book carrying value of utility plant. Additional purchase cost assigned to utility plant is the excess of the purchase price over the book carrying value of the net assets acquired. Periodically, the Company evaluates the carrying value of its additional purchase cost assigned to utility plant, long-lived assets, capital leases and other identifiable intangibles by comparing the anticipated future operating income from the businesses giving rise to the respective asset with the original cost or unamortized balance.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

Depreciation and Amortization Depreciation of utility plant is provided at an average straight-line rate of approximately 3% per annum of the cost of such depreciable properties less applicable salvage. Franchises are amortized over their respective lives. Depreciation and amortization of other property is provided at straight-line rates estimated to recover the costs of the properties, after allowance for salvage, over their respective lives. Internally-developed computer software system costs are amortized over various regulatory-approved periods. Amortization of additional purchase cost assigned to utility plant is provided on a straight-line basis over forty years unless the Company's regulators have provided for the recovery of the additional purchase cost in rates, in which case the Company's policy is to utilize the amortization period which follows the rate recovery period.

Investment Securities

At December 31, 2000, the Company held securities of Capstone Turbine Corporation (Capstone). This investment is classified as "available for sale" under the Statement of Financial Accounting Standards Board (FASB) Accounting for Certain Investments in Debt and Equity Securities; accordingly, these securities are stated at fair value, with unrealized gains and losses recorded as a separate component of common stockholders' equity. Realized gains and losses on sales of investments, as determined on a specific identification basis, are included in the Consolidated Statement of Operations when realized. In November, 2000, the Company sold approximately 9.5% of its holdings in Capstone, realizing a before-tax gain of \$8,869,000. As of December 31, 2000, the Company's remaining investment in Capstone had a fair value of \$105,587,000 and unrealized gain, net of tax, of \$63,353,000. As of February 8, 2001, the fair value of the Company's investment in Capstone was \$129,646,000. Subject to market conditions that are not detrimental to the Company, and as opportunities arise following the completion of the applicable lock-up periods to which it was subject, the Company expects to monetize its investment. The Company intends to use the proceeds from such sales to reduce outstanding debt.

All other securities owned by the Company are accounted for under the cost method. The Company's other investments in securities consist of common and/or preferred stock in non-public companies whose stock is not traded on a securities exchange. Realized gains and losses on sales of these investments, as determined on a specific identification basis, are included in the Consolidated Statement of Operations when incurred, and dividends are recognized as income when received.

Real Estate

On December 15, 2000, the Company sold its Austin, Texas headquarters building, Lavaca Plaza. The property, purchased by the Company in 1991, netted pre-tax cash proceeds of \$20,638,000, resulting in a pre-tax gain of approximately \$13,532,000.

Stockholders' Equity

Stock Splits and Dividends On June 30, 2000 and August 6, 1999 Southern Union distributed its annual 5% common stock dividend to stockholders of record on June 19, 2000 and July 23, 1999, respectively. A portion of the 5% stock dividend distributed on June 30, 2000 and August 6, 1999 was characterized as a distribution of capital due to the level of the Company's retained earnings available for distribution as of the declaration date.

Common Stock The Company maintains its 1992 Long-Term Stock Incentive Plan (1992 Plan) under which options to purchase 6,986,010 shares were provided to be granted to officers and key employees at prices not less than the fair market value on the date of grant. The 1992 Plan allows for the granting of stock appreciation rights, dividend equivalents, performance shares and restricted stock. The Company also had an incentive stock option plan (1982 Plan) which provided for the granting of 787,500 options, until December 31, 1991. Upon exercise of an option granted under the 1982 Plan, the Company may elect, instead of issuing shares, to make a cash payment equal to the difference at the date of exercise between the option price and the market price of the shares as to which such option is being exercised. Options granted under both the 1992 Plan and the 1982 Plan are exercisable for periods of ten years from the date of grant or such lesser period as may be designated for particular options, and become exercisable after a specified period of time from the date of grant in cumulative annual installments. Options typically vest 20% per year for five years but may be a lesser or greater period as designated for particular options.

In connection with the acquisition of the Pennsylvania Operations, the Company adopted the Pennsylvania Division 1992 Stock Option Plan (Pennsylvania Option Plan) and the Pennsylvania Division Stock Incentive Plan (Pennsylvania Incentive Plan). Under the terms of the Pennsylvania Option Plan, a total of 378,002 shares were provided to be granted to eligible employees. Stock options awarded under the Pennsylvania Option Plan may be either Incentive Stock Options or Nonqualified Stock Options. Upon acquisition, individuals not electing a cash payment equal to the difference at the date of acquisition between the option price and the market price of the shares as to which such option related, were converted to Southern Union options using a conversion rate that maintained the same aggregate value and the aggregate spread of the pre-acquisition options. No additional options will be granted under the Pennsylvania Option Plan. Under the terms of the Pennsylvania Incentive Plan, a total of 181,514 shares were provided to be granted to eligible employees, officers and directors. Awards under the Pennsylvania Incentive Plan may take the form of stock options, restricted stock, and other awards where the value of the award is based upon the performance of the Company's stock. Upon acquisition, individuals not electing a cash payment equal to the difference at the date of acquisition between the option price and the market price of the shares as to which such option related, were converted to Southern Union options using a conversion rate that maintained the same aggregate value and the aggregate spread of the pre-acquisition options. During 2000, 12,600 options were granted to a Director of the Company at an exercise price of \$17.23. These options granted vest 20% per year for five years. No additional options will be granted under the Pennsylvania Incentive Plan.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

The Company accounts for its incentive plans under the Accounting Principles Board opinion, Accounting for Stock Issued to Employees and related authoritative interpretations. The Company recorded no compensation expense for 2000, 1999 and 1998. During 1997, the Company adopted the FASB standard, Accounting for Stock-Based Compensation, for footnote disclosure purposes only. Had compensation cost for these incentive plans been determined consistent with this standard, the Company's net income and diluted earnings per share would have been \$9,386,000 and \$.21, respectively, in 2000, \$9,429,000 and \$.28, respectively, in 1999, and \$11,141,000 and \$.34, respectively, in 1998. Because this standard has not been applied to options granted prior to July 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants in 2000 and 1998, respectively: dividend yield of nil for both years; volatility of 27.5% and 19.5%; risk-free interest rate of 6% and 5.5%; and expected life outstanding of 5.5 to 7.2 years for both years. No options were granted during 1999.

	Shares Under Option	1992 Plan Weighted Average Exercise Price	Shares Under Option	1982 Plan Weighted Average Exercise Price
Outstanding July 1, 1998	2,709,914	\$ 10.30	382,955	\$ 2.93
Execised	(113,176)	6.10	(43,789)	2.94
Canceled	(44,531)	14.22	--	--
Outstanding June 30, 1999	2,552,267	10.42	339,166	2.93
Granted	1,026,695	17.25	--	--
Execised	(117,637)	6.91	(216,381)	2.95
Canceled	(17,018)	15.63	--	--
Outstanding June 30, 2000	<u>3,444,307</u>	12.55	<u>122,785</u>	2.90

The following table summarizes information about stock options outstanding under the 1992 Plan at June 30, 2000:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
\$0.00-\$ 5.00	344,761	2.3 years	\$ 3.67	344,761	\$ 3.67
5.01- 10.00	862,122	4.3 years	7.50	719,558	7.34
10.01-15.00	475,084	6.8 years	12.47	288,549	12.44
15.01- 20.00	1,762,340	8.8 years	16.78	293,755	16.13
	<u>3,444,307</u>			<u>1,646,623</u>	

The shares exercisable under the 1992 Plan and the corresponding weighted average exercise price at June 30, 2000, 1999 and 1998 were 1,646,623 and \$9.03; 1,426,417 and \$7.89; and 1,084,224 and \$6.26, respectively. The shares exercisable under the 1982 Plan and the corresponding weighted average exercise price at June 30, 2000, 1999 and 1998 were 122,785 and \$2.90; 339,167 and \$2.93; and 382,958 and \$2.93, respectively. The shares exercisable under the Pennsylvania Option Plan and the corresponding weighted average exercise price at June 30, 2000 were 378,002 and \$11.09. The shares exercisable under the Pennsylvania Option Plan and the corresponding weighted average price at June 30, 2000 were 168,913 and \$12.69. The weighted average remaining contractual life of options outstanding under the 1982 Plan at June 30, 2000 was 0.4 years. The weighted average remaining contractual life of options outstanding under the Pennsylvania Option Plan and the Pennsylvania Incentive Plan at June 30, 2000 were 6 and 7.9 years, respectively. There were 3,074,674 shares available for future option grants under the 1992 Plan at June 30, 2000. No shares were available for future option grants under the 1982 Plan at June 30, 2000.

On February 10, 1994, Southern Union granted a warrant which expires on February 10, 2004, to purchase up to 105,531 shares of Common Stock at an exercise price of \$6.58 to the Company's outside legal counsel.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	--	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

Retained Earnings Under the most restrictive provisions in effect, as a result of the sale of Senior Notes, Southern Union will not declare or pay any cash or asset dividends on common stock (other than dividends and distributions payable solely in shares of its common stock or in rights to acquire its common stock) or acquire or retire any shares of Southern Union's common stock, unless no event of default exists and the Company meets certain financial ratio requirements. In addition, Southern Union's charter relating to the issuance of preferred stock limits the payment of cash or asset dividends on capital stock.

Preferred Securities of Subsidiary Trust

On May 17, 1995, Southern Union Financing I (Subsidiary Trust), a consolidated wholly-owned subsidiary of Southern Union, issued \$100,000,000 of 9.48% Trust Originated Preferred Securities (Preferred Securities). In connection with the Subsidiary Trust's issuance of the Preferred Securities and the related purchase by Southern Union of all of the Subsidiary Trust's common securities (Common Securities), Southern Union issued to the Subsidiary Trust \$103,092,800 principal amount of its 9.48% Subordinated Deferrable Interest Notes, due 2025 (Subordinated Notes). The sole assets of the Subsidiary Trust are the Subordinated Notes. The interest and other payment dates on the Subordinated Notes correspond to the distribution and other payment dates on the Preferred Securities and the Common Securities. Under certain circumstances, the Subordinated Notes may be distributed to holders of the Preferred Securities and holders of the Common Securities in liquidation of the Subsidiary Trust. The Subordinated Notes are redeemable at the option of the Company on or after May 17, 2000, at a redemption price of \$25 per Subordinated Note plus accrued and unpaid interest. The Preferred Securities and the Common Securities will be redeemed on a pro rata basis to the same extent as the Subordinated Notes are repaid, at \$25 per Preferred Security and Common Security plus accumulated and unpaid distributions. Southern Union's obligations under the Subordinated Notes and related agreements, taken together, constitute a full and unconditional guarantee by Southern Union of payments due on the Preferred Securities. As of December 31, 2000, 4,000,000 shares of Preferred Securities were outstanding.

Debt and Capital Lease

Senior Notes On November 3, 1999, the Company completed the sale of \$300,000,000 of 8.25% Senior Notes (8.25% Notes) due 2029. The net proceeds from the sale of these 8.25% Notes were used to: (i) fund the acquisition of Pennsylvania Enterprises, Inc.; (ii) repay approximately \$109,900,000 of borrowings under the revolving credit facility, and (iii) repay approximately \$136,000,000 of long- and short-term debt assumed in the acquisition.

Assumed Debt In connection with the acquisition of the Pennsylvania Operations, the Company assumed \$45,000,000 of First Mortgage Bonds bearing interest between 8.375% and 9.34%. In connection with the acquisition of ProvEnergy, the Company assumed \$86,916,000 of First Mortgage Bonds bearing interest between 5.62% and 10.25%. In connection with the acquisition of Fall River Gas, the Company assumed \$19,500,000 of First Mortgage Bonds bearing interest between 7.24% and 9.44%. In connection with the acquisition of Valley Resources, the Company assumed \$6,905,000 of 7.70% Debentures.

Credit Facilities On May 31, 2000, the Company restated and amended its short-term and long-term credit facilities (together referred to as "Revolving Credit Facilities"). The Company has available \$90,000,000 under the short-term facility, which expires May 30, 2001, and \$135,000,000 under the long-term facility, which expires on May 31, 2003. The Company has additional availability under uncommitted line of credit facilities with various banks. Borrowings under the Revolving Credit Facilities are available for Southern Union's working capital, letter of credit requirements and other general corporate purposes. A balance of \$175,000,000 was outstanding under the Revolving Credit Facilities at December 31, 2000.

Capital Lease The Company completed the installation of an Automated Meter Reading (AMR) system at Missouri Gas Energy during the first quarter of fiscal year 1999. The installation of the AMR system involved an investment of approximately \$30,000,000 which is accounted for as a capital lease obligation. As of December 31, 2000, the capital lease obligation outstanding was \$24,166,000 with a fixed rate of 5.79%. This system has significantly improved meter reading accuracy and timeliness and provided electronic accessibility to meters in residential customers' basements, thereby assisting in the reduction of the number of estimated bills.

Term Note On August 28, 2000 the Company entered into the Term Note to fund (i) the cash portion of the consideration to be paid to the Fall River Gas' stockholders; (ii) the all cash consideration to be paid to the ProvEnergy and Valley Resources stockholders, (iii) repayment of approximately \$50,000,000 of long- and short-term debt assumed in the mergers, and (iv) all related acquisition costs. As of December 31, 2000, a balance of \$529,000,000 was outstanding under this Term Note. The Term Note expires August 27, 2001 but may be extended at the Company's option through August 26, 2002 for a 12.5 basis point fee. No additional draws can be made on the Term Note.

Employee Benefits

Pension and Other Post-retirement Benefits The Company adopted in 1999, Employers Disclosures About Pensions and Other Post-Retirement Benefits, a FASB standard which changed the Company's reporting requirements for its pension and post-retirement benefit plans.

The Company maintains three trustee non-contributory defined benefit retirement plans (Plans) which cover substantially all employees. The Company funds the Plans' cost in accordance with federal regulations, not to exceed the amounts deductible for income tax purposes. The Plans' assets are invested in cash, government securities, corporate bonds and stock, and various funds. The Company also has a supplemental non-contributory retirement plan for certain executive employees and other post-retirement benefit plans for its employees. Post-retirement medical and other benefit liabilities are accrued on an actuarial basis during the years an employee provides services.

The Company's three qualified defined benefit retirement Plans cover (i) those Company employees who are not employed by Missouri Gas Energy or the Pennsylvania Operations; (ii) those employees who are employed by Missouri Gas Energy; and (iii) those employees who are employed by the Pennsylvania Operations. On December 31, 1998, the Plans covering (i) and (ii) above, exclusive of Missouri Gas Energy's union employees, were converted from the traditional defined benefit Plans with benefits based on years of service and final average compensation to cash balance defined benefit plans in which an account is maintained for each employee. The initial value of the account was determined as the actuarial present value (as defined in the Plans) of the benefit accrued at transition (December 31, 1998) under the pre-existing traditional defined benefit plan. Future contribution credits to the accounts are based on a percentage of future compensation, which varies by individual. Interest credits to the accounts are based on 30-year Treasury bond yields.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

Defined Contribution Plan The Company provides a Savings Plan available to all employees. Since January 1, 1997, the Company had contributed \$.50 of Company stock for each \$1.00 contributed by a non-Missouri Gas Energy participant up to 5% of the employee's salary. Additionally, the Company contributes \$.75 of Company stock for each \$1.00 contributed by a non-Missouri Gas Energy participant from 6% to 10% of the employee's salary. Effective July 1, 1998, Company contributions for Missouri Gas Energy non-union employees were revised to coincide with that of non-Missouri Gas Energy participants as described above. For Missouri Gas Energy union employees, the Company contributes \$.50 of Company stock for each \$1.00 contributed by such a participant up to 7% of the employee's salary. In Pennsylvania, the Company contributes 40% of the first 4% of the participant's compensation paid into the Savings Plan for all participants, other than those employed by Keystone. The matching contribution for Keystone participants is equal to 50% of the first 4% of the participant's compensation paid into the Savings Plan. Company contributions are 100% vested after five years of continuous service. Company contributions to the plan during 2000 and 1999, were \$2,034,000 and \$1,717,000, respectively.

Effective January 1, 1999 the Company amended its defined contribution plan to provide contributions for certain employees who were employed as of December 31, 1998. These contributions were designed to replace certain benefits previously provided under defined benefit plans. Employer contributions to these separate accounts, referred to as Retirement Power Accounts, within the defined contribution plan were determined based on the employee's age plus years of service plus accumulated sick leave as of December 31, 1998. The contribution amounts are determined as a percentage of compensation and range from 3.5% to 8.5%.

Post-employment Benefits Certain post-employment benefits such as disability and health care continuation coverage provided to former or inactive employees after employment but before retirement, are accrued if attributable to an employees' previously rendered service. The Company has recorded a regulatory asset to the extent it intends to file rate applications to include such costs in rates and such recovery is probable.

Common Stock Held in Trust From time to time, the Company repurchases outstanding shares of common stock of Southern Union to fund certain Company employee stock-based compensation plans. At December 31, 2000, 1,000,335 shares of common stock were held by various rabbi trusts for certain of the Company's benefit plans and 193,669 shares were held in a rabbi trust for certain employees who deferred receipt of Company shares for stock options exercised.

Taxes on Income

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

The Company accounts for income taxes utilizing the liability method which bases the amounts of current and future tax assets and liabilities on events recognized in the financial statements and on income tax laws and rates existing at the time the temporary differences are expected to reverse.

Utility Regulation and Rates

Missouri On November 7, 2000, Missouri Gas Energy filed a \$39,384,000 request for a rate increase with the Missouri Public Service Commission (MPSC). Statutes require that the MPSC reach a decision in the case within an eleven-month period.

Missouri Gas Energy received authorization from the MPSC for a new gas supply incentive plan that became effective August 31, 2000. Earnings under the plan are primarily dependent on market prices for natural gas declining to certain preauthorized levels which are now below current market prices. There is no assurance that the Company will have an opportunity to generate earnings under this aspect of the plan during fiscal 2001.

On August 21, 1998, Missouri Gas Energy was notified by the MPSC of its decision to grant a \$13,300,000 annual increase to revenue effective on September 2, 1998, which is primarily earned volumetrically. The MPSC rate order reflected a 10.93% return on common equity. The rate order, however, disallowed certain previously recorded deferred costs requiring a non-cash write-off of \$2,221,000. The Company recorded this charge to earnings in its fiscal year ended June 30, 1998. On December 8, 1998, the MPSC denied rehearing requests made by all parties other than Missouri Gas Energy and granted a portion of Missouri Gas Energy's rehearing request. On October 10, 2000, the MPSC issued its decision on rehearing Missouri Gas Energy's request which served to reduce the \$13,300,000 annual revenue increase by \$70,000. The MPSC's orders are subject to judicial review and although certain parties may argue for a reduction in Missouri Gas Energy's authorized base revenue increase on judicial review, Missouri Gas Energy expects such arguments to be unsuccessful.

As a result of the January 31, 1994 acquisition of Missouri Gas Energy, the MPSC required Missouri Gas Energy to reduce rate base by \$30,000,000 to compensate Missouri rate payers for rate base reductions that were eliminated as a result of the acquisition. This is being amortized over a ten-year period on a straight-line basis since the date of acquisition.

Rhode Island Effective October 1, 2000, the Rhode Island Public Utilities Commission (RIPUC) approved a settlement agreement between Providence Gas, the Rhode Island Division of Public Utilities and Carriers, the Energy Council of Rhode Island, and The George Wiley Center. The settlement agreement recognizes the need for an increase in distribution system revenues of \$4.5 million, recovered through an adjustment to the throughput portion of the gas charge, and provides for a 21-month base rate freeze. In the settlement agreement, the RIPUC authorized system improvement programs. Additionally, higher levels of support for low income bill payment assistance was authorized as well as the continuation of the utility's demand side management and weatherization assistance programs.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

The settlement agreement also contains a weather mitigation clause and a non-firm margin incentive mechanism (non-firm margin is margin earned from interruptible customers with the ability to switch to alternative fuels). The weather mitigation clause is designed to mitigate the impact of weather volatility on customer billings, which will assist customers in paying bills and stabilize the revenue stream to Providence Gas. Providence Gas will defer the margin impact of weather that is greater than 2 percent colder-than-normal and will recover the margin impact of weather that is greater than 2 percent warmer-than-normal by making the corresponding adjustment to the deferred revenue account (DRA). The non-firm margin incentive mechanism is designed to encourage Providence Gas to promote the development of non-firm margins, which will reduce the cost of service to all customers. Providence Gas will retain 25 percent of all non-firm margins earned in excess of \$1.2 million.

Under the settlement agreement, Providence Gas may earn up to 10.7 percent but not less than 7.0 percent using the average return on equity for the two 12 month periods of October 2000 through September 2001 and July 2001 through June 2002.

Pennsylvania On April 3, 2000, PG Energy filed an application with the Pennsylvania Public Utility Commission (PPUC) seeking an increase in its base rates designed to produce \$17,900,000 in additional annual revenues. On December 7, 2000, the PPUC approved a settlement agreement that provides for a rate increase designed to produce \$10,800,000 of additional annual revenue. The new rates became effective on January 1, 2001.

El Paso, Texas On October 18, 1999, Southern Union Gas filed a \$1,696,000 rate increase request for the El Paso service area with the City of El Paso. In February 2000, the City of El Paso approved a \$650,000 revenue increase, and an improved rate design that collects a greater portion of the Company's revenue stream from the monthly customer charge. Additionally, the City of El Paso approved a new 30-year franchise for Southern Union Gas.

Leases

The Company leases certain facilities, equipment and office space under cancelable and noncancelable operating leases. The minimum annual rentals under operating leases for the next five years ending June 30 are as follows: 2001 -- \$7,513,000; 2002 -- \$6,322,000; 2003 -- \$16,905,000; 2004 -- \$3,999,000; 2005 -- \$4,052,000 and thereafter \$10,862,000. Rental expense was \$10,384,000, \$7,732,000 and \$6,054,000 for the years ended June 30, 2000, 1999 and 1998 respectively.

Commitments and Contingencies

Environmental The Company is subject to federal, state and local laws and regulations relating to the protection of the environment. These evolving laws and regulations may require expenditures over a long period of time to control environmental impacts. The Company has established procedures for the on-going evaluation of its operations to identify potential environmental exposures and assure compliance with regulatory policies and procedures.

The Company is investigating the possibility that the Company or predecessor companies may have been associated with Manufactured Gas Plant (MGP) sites in its former service territories, principally in Arizona and New Mexico, and present service territories in Texas, Missouri and its newly acquired service territories in Pennsylvania, Massachusetts and Rhode Island. At the present time, the Company is aware of certain MGP sites in these areas and is investigating those and certain other locations. While the Company's evaluation of these Texas, Missouri, Arizona, New Mexico, Pennsylvania, Massachusetts and Rhode Island MGP sites is in its preliminary stages, it is likely that some compliance costs may be identified and become subject to reasonable quantification. Certain MGP sites located within the Company's service territories are currently the subject of governmental actions. These sites are as follows:

Kansas City, Missouri MGP Sites In a letter dated May 10, 1999, the Missouri Department of Natural Resources (MDNR) sent notice of a planned Site Inspection/Removal Site Evaluation of the Kansas City Coal Gas Former MGP site. This site (comprised of two adjacent MGP operations previously owned by two separate companies and hereafter referred to as Station A and Station B) is located at East 1st Street and Campbell in Kansas City, Missouri and is owned by Missouri Gas Energy. A 1988 investigation of the site performed by an Environmental Protection Agency (EPA) contractor determined that further remedial assessment was not required under the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the SUPERFUND Amendments and Reauthorization Act of 1986. The MDNR has stated that the reassessment of the Kansas City Coal Gas site is part of a statewide effort to identify, evaluate, and prioritize the potential hazards posed by all of Missouri's MGP sites. During July 1999, the Company sent applications to MDNR submitting the two sites to the agency's Voluntary Cleanup Program (VCP). The sites were accepted into the VCP on August 2, 1999 and MDNR subsequently approved the Company's proposed work plans for the environmental assessment of the sites. The final environment reports were sent to the state on March 6, 2000. In a letter dated June 21, 2000, MDNR responded to the Station A environmental report submitted by the Company. In that letter, MDNR stated that soil remediation will be necessary at the site (Station A) but that further exploration and delineation of site contamination should be performed before remedial methods can be determined. In response to MDNR's request, the Company submitted a work plan for further investigation of the site to the agency on September 18, 2000. MDNR has not responded to the Station B environmental report submitted by the Company.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

Independence, Missouri MGP Site The Company received a letter dated December 16, 1999 from MDNR notifying the Company of a Pre-Comprehensive Environmental Response Compensation and Liability Information System (CERCLIS) Site Screening investigation of a former MGP located at Pacific Avenue & South River Boulevard in Independence, Missouri. The Company contacted the MDNR to inform the state that, as this property is not owned by the Company, it cannot grant access to the property for MDNR's investigation. MDNR proceeded to investigate the site in cooperation with the site's current owner. In a letter dated May 17, 2000, MDNR reported that the site is not recommended for CERCLIS entry and no further CERCLA action is recommended. However, due to the presence of characteristic waste, the site is eligible for the state's Registry of Confirmed Abandoned or Uncontrollable Hazardous Waste Disposal Sites in Missouri.

Providence, Rhode Island Sites During 1995, Providence Gas began an environmental evaluation at its primary gas distribution facility located at 642 Allens Avenue in Providence, Rhode Island. Environmental studies and a subsequent remediation work plan were completed at an approximate cost of \$4.5 million. Providence Gas also began a soil remediation project on a portion of the site in July 1999. As of December 31, 2000, approximately \$8.9 million had been expended on soil remediation under the remediation work plan. Based on the results of the environmental investigation and the site information learned during the performance of work under the remediation work plan, the Company is now revising the remediation work plan. Because of the uncertainties associated with the revision of the remediation work plan and the development of a remedial solution for the entire site, the Company cannot offer any conclusions as to the total future cost of remediation of the property at this time.

In November 1998, Providence Gas received a letter of responsibility from the Department of Environmental Management (DEM) relating to possible contamination on previously owned property at 170 Allens Avenue in Providence. The current operator of the property has also received a letter of responsibility. A work plan has been created and approved by DEM. An investigation has begun to determine the extent of contamination, as well as the extent of the Company's responsibility. Providence Gas entered into a cost-sharing agreement with the current operator of the property, under which Providence Gas is responsible for approximately twenty percent (20%) of the costs related to the investigation. Costs of testing at this site as of December 31, 2000 were approximately \$300,000. Until the results of the investigation are known, the Company cannot offer any conclusions as to its responsibility.

Tiverton, Rhode Island Site Fall River Gas Company is a defendant in a civil action seeking to recover anticipated remediation costs associated with contamination found at property owned by the plaintiffs. This claim is based on alleged dumping of material by Fall River Gas Company trucks at the site in the 1930s and 1940s.

Valley Resources Sites Valley Resources is a party to an action in which Blackstone Valley Electric Company ("Blackstone") brought suit for contribution to its expenses of cleanup of a site on Mendon Road in Attleboro, Massachusetts, to which coal manufacturing waste was transported from a former MGP site in Pawtucket, Rhode Island (the "Blackstone Litigation"). Blackstone Valley Electric Company v. Stone & Webster, Inc., Stone & Webster Engineering Corporation, Stone & Webster Management Consultants, Inc. and Valley Gas Company, C. A. No. 94-10178JLT, United States District Court, District of Massachusetts. Valley Resources takes the position in that litigation that it is indemnified for any cleanup expenses by Blackstone pursuant to a 1961 agreement signed at the time of Valley Resources' creation. This suit was stayed in 1995 pending the issuance of rulemaking at the United States EPA (Commonwealth of Massachusetts v. Blackstone Valley Electric Company, 67 F.3d 981 (1995)). In January 2001, the EPA issued a Preliminary Administrative Decision on this issue and announced that, until March 21, 2001, it is soliciting comments on the Decision. While this suit has been stayed, Valley Resources and Blackstone (merged with Narragansett Electric Company in May 2000) have received letters of responsibility from the Rhode Island DEM with respect to releases from two MGP sites in Rhode Island. DEM issued letters of responsibility to Valley Resources and Blackstone in September 1995 for the Tidewater MGP in Pawtucket, Rhode Island, and in February 1997 for the Hamlet Avenue MGP in Woonsocket, Rhode Island. Valley Resources entered into an agreement with Blackstone (now Narragansett) in which Valley Resources and Blackstone agreed to share equally the expenses for the costs associated with the Tidewater site subject to reallocation upon final determination of the legal issues that exist between the companies with respect to responsibility for expenses for the Tidewater site and otherwise. No such agreement has been reached with respect to the Hamlet site.

To the extent that potential costs associated with former MGPs are quantified, the Company expects to provide any appropriate accruals and seek recovery for such remediation costs through all appropriate means, including in rates charged to customers, insurance and regulatory relief. At the time of the closing of the acquisition of the Company's Missouri service territories, the Company entered into an Environmental Liability Agreement that provides that Western Resources retains financial responsibility for certain liabilities under environmental laws that may exist or arise with respect to Missouri Gas Energy. In addition, at the time it was acquired, Providence Gas had in place a regulatory plan that created a mechanism for the recovery of environmental-related costs. This plan provided for recovery of environmental investigation and remediation costs incurred through September 30, 1997, as well as costs incurred during the three-year term of the plan, are to be amortized over a 10-year period, at a level authorized under the plan. A new plan, effective October 1, 2000 through June 30, 2002, establishes an environmental fund for the recovery of evaluation, remedial and clean-up costs arising out of the Company's MGPs and sites associated with the operation and disposal activities from MGPs.

Although significant charges to earnings could be required prior to rate and insurance recovery, management does not believe that environmental expenditures for MGP sites will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company follows the provisions of an American Institute of Certified Public Accountants Statement of Position, Environmental Remediation Liabilities, for recognition, measurement, display and disclosure of environmental remediation liabilities.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
---	---	--------------------------------	--

NOTES TO FINANCIAL STATEMENTS

Southwest Gas Litigation On February 1, 1999, Southern Union submitted a proposal to the Board of Directors of Southwest Gas Corporation (Southwest) to acquire all of Southwest's outstanding common stock for \$32.00 per share. Southwest then had a pending merger agreement with ONEOK, Inc. (ONEOK) at \$28.50 per share. On February 22, 1999, Southern Union and Southwest both publicly announced Southern Union's proposal, after the Southwest Board of Directors determined that Southern Union's proposal was a Superior Proposal (as defined in the Southwest merger agreement with ONEOK). At that time Southern Union entered into a Confidentiality and Standstill Agreement with Southwest at Southwest's insistence. On April 25, 1999, Southwest's Board of Directors rejected Southern Union's \$32.00 per share offer and accepted an amended offer of \$30.00 per share from ONEOK. On April 27, 1999, Southern Union increased its offer to \$33.50 per share and agreed to pay interest which, together with dividends, would provide Southwest shareholders with a 6% annual rate of return on its \$33.50 offer, commencing February 15, 2000, until closing. Southern Union's revised proposal was rejected by Southwest's Board of Directors. On January 21, 2000, ONEOK announced that it was withdrawing from the Southwest merger agreement.

There are several lawsuits pending that relate to activities surrounding Southern Union's efforts to acquire Southwest. Southern Union intends to vigorously pursue its claims against Southwest, ONEOK, and certain individual defendants, and vigorously defend itself against the claims by Southwest and ONEOK. With the exception of ongoing legal fees associated with the aforementioned litigation, the Company believes that the results of the above-noted Southwest litigation will not have a materially adverse effect on the Company's financial Condition, results of operations or cash flows.

Regulatory The continuation of the Missouri Safety Program will result in significant levels of future capital expenditures. The Company estimates incurring capital expenditures of \$15,631,000 in fiscal 2001 related to this program.

In August 1998, a jury in Edinburg, Texas concluded deliberations on the City of Edinburg's franchise fee lawsuit against PG&E Gas Transmission, Texas Corporation (formerly Valero Energy Corporation (Valero)) and a number of its subsidiaries, as well as former Valero subsidiary Rio Grande Valley Gas Company (RGV) and RGV's successor company, Southern Union Company. The case, based upon events that occurred between 1985-1987, centers on specific contractual language in the 1985 franchise agreement between RGV and the City of Edinburg. Southern Union purchased RGV from Valero in October 1993. The jury awarded the plaintiff damages, against all defendants under several largely overlapping but mutually exclusive claims, totaling approximately \$13,000,000. The trial judge subsequently reduced the award to approximately \$700,000 against Southern Union and \$7,800,000 against Valero and Southern Union together. The trial court's decision was appealed to the Thirteenth District of the Texas Court of Appeals (Court of Appeals). In December 2000, the Court of Appeals reversed and modified the trial court's judgment of approximately \$8,500,000 and reduced the award to the City of Edinburg to \$585,000, plus pre-judgment interest of \$190,000 against RGV and Valero for breach of contract. The Court of Appeals upheld the award for attorneys' fees of approximately \$3,500,000 against Valero, RGV and Southern Union. The Court of Appeals granted the Company's Motion for Rehearing and removed Southern Union from the entire Judgment. The other Parties have appealed the Court of Appeals decision. The Company believes it will ultimately prevail, and that the outcome of this matter will not have a material adverse impact on the Company's results of operations, financial position or cash flows. The Company also has entered into a settlement agreement to settle a related class action lawsuit with a majority of the cities served by the Company in Texas. The settlement has been approved by the Trial Court. The settlement has been appealed by several class members. The Company believes the settlement will ultimately be upheld. The settlement will not have a material adverse impact on the Company's results of operations, financial position or cash flows.

Other Southern Union and its subsidiaries are parties to other legal proceedings that management considers to be normal actions to which an enterprise of its size and nature might be subject, and not to be material to the Company's overall business or financial condition, results of operations or cash flows.

Commitments Due to the operation of purchase gas adjustment clauses, gas purchase costs generally do not directly affect earnings of our regulated utility operations. However, the Company's unregulated gas marketing operations are subject to price risk related to fixed-price sales commitments that are not matched with corresponding fixed-price purchase agreements. At December 31, 2000, Energy Services had fixed-price sales commitments with various customers that provide for the delivery of approximately 468,000 Dekatherms of natural gas through April 2001 at an average sales price per Dekatherm of \$3.13. The Company has exposure to the changes in natural gas prices related to fluctuating commodity prices, which can impact the Company's financial position or results of operations, either favorably or unfavorably. The impact of changing prices on the Company's financial position at a point in time is not necessarily indicative of the impact of price movements throughout the year.

The Company is committed under various agreements to purchases certain quantities of gas in the future. At June 30, 2000, the Company has purchases commitments for certain quantities of gas at variable, market-based prices that have an annual value of \$113,666,000. The Company's purchase commitments may extend over a period of several years depending upon when the required quantity is purchased. The Company has purchase gas tariffs in effects for all its utility service areas that provide for recovery of its purchase gas cost under defined methodologies.

An open contract of a non-regulated, whole owned subsidiary was present at June 30, 2000 for 10,000 MMBtu of natural gas per day for the contract period of January 2001 to December 2001 at a fixed price of \$2.72 per MMBtu. The company had exposure to the changes in gas prices related to fluctuating commodity prices, which can impact the Company's financial position or results of operations, either favorably or unfavorably.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2000
NOTES TO FINANCIAL STATEMENTS			
<p>In connection with the acquisition of the Pennsylvania Operations, the Company assumed a guaranty with a bank whereby the Company unconditionally guaranteed payment of financing obtained for the development of PEI Power Park. In March 1999, the Bough of Archbald, the County of Lackawanna, and the Valley View School District (together the Taxing Authorities) approved a Tax Incremental Financing Plan (TIF Plan) for the development of PEI Power Park. The TIF plan requires that: (i) the Redevelopment Authority of Lackawanna County raise \$10,600,000 of funds to be used for infrastructure improvements of the PEI Power Park; (ii) the Taxing Authorities create a tax increment district and use the incremental tax revenues generated from new development to service the \$10,600,000 debt; and (iii) PEI Power Corporation, a subsidiary of the Company, guarantee the debt service payments. In May 1999, the Redevelopment Authority of Lackawanna County borrowed \$10,600,000 from a bank under a promissory note (TIF Debt). The TIF Debt has a 12-year term, with a 7.75% annual interest rate, and requires semi-annual principal and interest payments of approximately \$725,000 (interest only for the first year). As of June 30, 2000, incremental tax revenues cover approximately 17% of the annual debt service. The balance outstanding on the TIF Debt was \$9,805,000 and as of June 30, 2000.</p> <p>During fiscal year 2000, the Company agreed to a one-year contract and a three-year contract with each bargaining unit representing Pennsylvania employees, which were effective on April 1, 2000 and August 1, 2000, respectively. In December 1998, the Company agreed to five-year contracts with each bargaining-unit representing Missouri employees, which were effective in May 1999. Of the Company's employees representing by unions, 95% are employed by Missouri Gas Energy.</p> <p>The Company had standby letters of credit outstanding of \$6,199,000 and \$1,622,000 at June 30, 2000 and 1999, respectively, which guarantee payment of various insurance premiums and state taxes.</p>			

Blank Page

[Next page is 200]

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION				
Line No.	Item (a)	Total (b)		
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	2,145,729,486		
4	Property Under Capital Leases	-		
5	Plant Purchased or Sold	45,531		
6	Completed Construction not Classified	20,379,802		
7	Experimental Plant Unclassified	-		
8	TOTAL Utility Plant (Total of lines 3 thru 7)	2,166,154,819		
9	Leased to Others	-		
10	Held for Future Use	809,030		
11	Construction Work in Progress	29,695,237		
12	Acquisition Adjustments	757,348,832		
13	TOTAL Utility Plant (Total of lines 8 thru 12)	2,954,007,918		
14	Accumulated Provision for Depreciation, Amortization, & Depletion	(752,210,147)		
15	Net Utility Plant (Total of lines 13 and 14)	2,201,797,771		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION			
17	In Service:			
18	Depreciation	(707,721,242)		
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	-		
20	Amortization of Underground Storage Land and Land Rights	-		
21	Amortization of Other Utility Plant	(7,342,327)		
22	TOTAL In Service (Total of lines 18 thru 21)	(715,063,569)		
23	Leased to Others			
24	Depreciation	-		
25	Amortization and Depletion	-		
26	TOTAL Leased to Others (Total of lines 24 and 25)	-		
27	Held for Future Use			
28	Depreciation	-		
29	Amortization	-		
30	TOTAL Held for Future Use (Total of lines 28 and 29)	-		
31	Abandonment of Leases (Natural Gas)	-		
32	Amortization of Plant Acquisition Adjustment	(37,146,578)		
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	(752,210,147)		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION (Continued)				
Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line
				1
				2
-	2,145,729,486	-	-	3
-	-	-	-	4
-	45,531	-	-	5
-	20,379,802	-	-	6
-	-	-	-	7
-	2,166,154,819	-	-	8
-	-	-	-	9
-	809,030	-	-	10
-	29,695,237	-	-	11
-	757,348,832	-	-	12
-	2,954,007,918	-	-	13
-	(752,210,147)	-	-	14
-	2,201,797,771	-	-	15
				16
				17
-	(707,721,242)	-	-	18
	-			19
	-			20
-	(7,342,327)	-	-	21
-	(715,063,569)	-	-	22
				23
-	-	-	-	24
-	-	-	-	25
-	-	-	-	26
				27
-	-	-	-	28
-	-	-	-	29
-	-	-	-	30
	-			31
-	(37,146,578)	-	-	32
-	(752,210,147)	-	-	33

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106)

- | | |
|--|--|
| <p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, <i>Gas Plant in Service(Classified)</i> , this page and the next include Account 102, <i>Gas Plant Purchased or Sold</i>, Account 103, <i>Experimental Gas Plant Unclassified</i> , and Account 106, <i>Completed Construction Not Classified -- Gas</i>.</p> <p>3. Include in column (c) or (d), as appropriate corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an</p> | <p>estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),</p> |
|--|--|

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	411,846	860
3	302 Franchises and Consents	490,765	1,437
4	303 Miscellaneous Intangible Plant	13,240,932	289,352
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	14,143,543	291,649
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	304 Land and Land Rights	-	-
9	305 Structures and Improvements	-	-
10	306 Boiler Plant Equipment	-	-
11	307 Other Power Equipment	-	-
12	311 Liquefied Petroleum Gas Equipment	-	-
13	313 Generating Equipment- Other Processes	-	-
14	320 Other Equipment	-	-
15	325.1 Producing Lands	-	-
16	325.2 Producing Leaseholds	-	-
17	325.3 Gas Rights	-	-
18	325.4 Rights-of-Way	-	-
19	325.5 Other Land and Land Rights	-	-
20	326 Gas Well Structures	-	-
21	327 Field Compressor Station Structures	-	-
22	328 Field Measuring and Regulating Station Equipment	-	-
23	329 Other Structures	-	-
24	330 Producing Gas Wells -- Well Construction	-	-
25	331 Producing Gas Wells -- Well Equipment	-	-
26	332 Field Lines	-	-
27	333 Field Compressor Station Equipment	-	-
28	334 Field Measuring and Regulating Station Equipment	-	-
29	335 Drilling and Cleaning Equipment	-	-
30	336 Purification Equipment	-	-
31	337 Other Equipment	-	-
32	338 Unsuccessful Exploration and Development Costs	-	-
33	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25)	-	-
34	PRODUCTS EXTRACTION PLANT		
35	340 Land and Land Rights	-	-
36	341 Structures and Improvements	-	-
37	342 Extraction and Refining Equipment	-	-
38	343 Pipe Lines	-	-
39	344 Extracted Products Storage Equipment	-	-
40	345 Compressor Equipment	-	-

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc.,

and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
-	-	-	412,706	2
-	188,054	-	680,256	3
-	36,144,118	-	49,674,402	4
-	36,332,172	-	50,767,364	5
				6
				7
-	224,596	-	224,596	8
-	2,055,541	-	2,055,541	9
-	29,028	-	29,028	10
-	126,875	-	126,875	11
-	2,389,592	-	2,389,592	12
-	2,101,639	-	2,101,639	13
-	197,315	-	197,315	14
-	-	-	-	15
-	-	-	-	16
-	-	-	-	17
-	-	-	-	18
-	-	-	-	19
-	-	-	-	20
-	-	-	-	21
-	-	-	-	22
-	-	-	-	23
-	-	-	-	24
-	-	-	-	25
-	-	-	-	26
-	-	-	-	27
-	-	-	-	28
-	-	-	-	29
-	-	-	-	30
-	-	-	-	31
-	-	-	-	32
-	7,124,586	-	7,124,586	33
				34
-	-	-	-	35
-	-	-	-	36
-	-	-	-	37
-	-	-	-	38
-	-	-	-	39
-	-	-	-	40

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
GAS PLANT IN SERVICE (Accounts 101,102,103, and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	346 Gas Measuring and Regulating Equipment	-	-	
35	347 Other Equipment	-	-	
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	-	-	
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	-	-	
38	Manufactured Gas Production Plant (Submit Supplementary Statement)	-	-	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	-	-	
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land	-	-	
43	350.2 Rights-of-Way	-	-	
44	351 Structures and Improvements	-	-	
45	352 Wells	-	-	
46	352.1 Storage Leaseholds and Rights	-	-	
47	352.2 Reservoirs	-	-	
48	352.3 Non-recoverable Natural Gas	-	-	
49	353 Lines	-	-	
50	354 Compressor Station Equipment	-	-	
51	355 Measuring and Regulating Equipment	-	-	
52	356 Purification Equipment	-	-	
53	357 Other Equipment	-	-	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	-	-	
55	Other Storage Plant			
56	360 Land and Land Rights	-	-	
57	361 Structures and Improvements	-	3,132	
58	362 Gas Holders	-	-	
59	363 Purification Equipment	-	-	
60	363.1 Liquefaction Equipment	-	-	
61	363.2 Vaporizing Equipment	-	-	
62	363.3 Compressor Equipment	-	-	
63	363.4 Measuring and Regulating Equipment	-	-	
64	363.5 Other Equipment	-	-	
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	-	3,132	
66	Base Load Liquefied Natural Gas Terminating and Processing Plant			
67	364.1 Land and Land Rights	-	-	
68	364.2 Structures and Improvements	-	-	
69	364.3 LNG Processing Terminal Equipment	-	-	
70	364.4 LNG Transportation Equipment	-	-	
71	364.5 Measuring and Regulating Equipment	-	-	
72	364.6 Compressor Station Equipment	-	-	
73	364.7 Communications Equipment	-	-	
74	364.8 Other Equipment	-	-	
75	TOTAL Base Load Liquefied Nat'l Gas, Terminating and Processing Plant (lines 67-74)	-	-	
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	-	3,132	
77	TRANSMISSION PLANT			
78	365.1 Land and Land Rights	41,133	20	
79	365.2 Rights-of-Way	(20,380)	-	
80	366 Structures and Improvements	-	-	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)

Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
-	-	-	-	34
-	-	-	-	35
-	-	-	-	36
-	7,124,586	-	7,124,586	37
-	-	-	-	38
-	7,124,586	-	7,124,586	39
				40
				41
-	-	-	-	42
-	-	-	-	43
-	-	-	-	44
-	-	-	-	45
-	-	-	-	46
-	-	-	-	47
-	-	-	-	48
-	-	-	-	49
-	-	-	-	50
-	-	-	-	51
-	-	-	-	52
-	-	-	-	53
-	-	-	-	54
				55
-	16,933	-	16,933	56
-	780,371	-	783,503	57
-	4,081,047	-	4,081,047	58
-	-	-	-	59
-	-	-	-	60
-	-	-	-	61
-	-	-	-	62
-	-	-	-	63
-	4,131,339	-	4,131,339	64
-	9,009,690	-	9,012,822	65
				66
-	-	-	-	67
-	-	-	-	68
-	-	-	-	69
-	-	-	-	70
-	-	-	-	71
-	-	-	-	72
-	-	-	-	73
-	-	-	-	74
-	-	-	-	75
-	9,009,690	-	9,012,822	76
				77
-	83,175	-	124,328	78
-	-	-	(20,380)	79
-	635,955	-	635,955	80

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	367 Mains	853,932	1,070	
82	368 Compressor Station Equipment	-	-	
83	369 Measuring and Regulating Station Equipment	224,364	39,313	
84	370 Communication Equipment	-	-	
85	371 Other Equipment	-	-	
86	TOTAL Transmission Plant (Enter Total of lines 78 thru 85)	1,099,049	40,403	
87	DISTRIBUTION PLANT			
88	374 Land and Land Rights	3,113,834	319,301	
89	375 Structures and Improvements	7,091,049	370,873	
90	376 Mains	699,489,224	52,905,926	
91	377 Compressor Station Equipment	(11,169)	(715)	
92	378 Measuring and Regulating Station Equipment-General	27,253,182	2,533,956	
93	379 Measuring and Regulating Station Equipment-City Gate	9,333,321	355,508	
94	380 Services	504,641,741	32,973,045	
95	381 Meters	81,388,751	6,051,826	
96	382 Meter Installations	50,677,991	4,864,625	
97	383 House Regulators	23,977,083	1,464,248	
98	384 House Regulator Installations	2,000,484	44,427	
99	385 Industrial Measuring and Regulating Station Equipment	19,344,899	60,671	
100	386 Other Property on Customers' Premises	1,311,460	1,512	
101	387 Other Equipment	(131,885)	20,935	
102	TOTAL Distribution Plant (Enter Total of lines 88 thru 101)	1,429,479,965	101,966,138	
103	GENERAL PLANT			
104	389 Land and Land Rights	1,604,438	10,263	
105	390 Structures and Improvements	19,628,826	1,190,385	
106	391 Office Furniture and Equipment	43,413,413	4,696,061	
107	392 Transportation Equipment	12,931,753	1,925,057	
108	393 Stores Equipment	570,181	5,239	
109	394 Tools, Shop, and Garage Equipment	7,464,558	1,070,050	
110	395 Laboratory Equipment	86,264	84	
111	396 Power Operated Equipment	2,624,857	144,969	
112	397 Communication Equipment	22,240,619	1,915,888	
113	398 Miscellaneous Equipment	1,077,881	8,314	
114	Subtotal (Enter Total of lines 104 thru 113)	111,642,790	10,966,310	
115	399 Other Tangible Property	7,409	99,602	
116	TOTAL General Plant (Enter Total of lines 114 and 115)	111,650,199	11,065,912	
117	TOTAL (Accounts 101 and 106)	1,556,372,756	113,367,232	
118	Gas Plant Purchased (See Instruction 8)	-	-	
119	(Less) Gas Plant Sold (See Instruction 8)	-	-	
120	Experimental Gas Plant Unclassified	-	-	
121	TOTAL Gas Plant in Service (Enter Total of lines 117 thru 120)	1,556,372,756	113,367,232	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106) (Continued)

Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
(197)	18,614,650	-	19,469,455	81
-	-	-	-	82
(1,370)	1,235,108	-	1,497,415	83
-	-	-	-	84
-	-	-	-	85
(1,567)	20,568,888	-	21,706,773	86
				87
(13,521)	790,849	(6,221)	4,204,242	88
(159,722)	8,449,612	(2,232)	15,749,580	89
(1,794,301)	172,904,812	(9,838)	923,495,823	90
(751,804)	915,830	-	152,142	91
(761,247)	3,223,521	3,801	32,253,213	92
(49,583)	5,376,855	(4,983)	15,011,118	93
(1,568,491)	128,355,048	16,594	664,417,937	94
(833,743)	35,167,294	-	121,774,128	95
(290,233)	31,159,883	26,179	86,438,445	96
(452,596)	898,502	(25,534)	25,861,703	97
-	567,918	-	2,612,829	98
(15,849)	659,953	-	20,049,674	99
(20,977)	478,058	-	1,770,053	100
(54,158)	489,359	-	324,251	101
(6,766,225)	389,437,494	(2,234)	1,914,115,138	102
				103
(174,704)	617,280	-	2,057,277	104
(867,634)	13,025,130	-	32,976,707	105
(1,621,534)	22,705,627	2,232	69,195,799	106
(2,246,866)	2,241,556	-	14,851,500	107
-	77,305	-	652,725	108
(230,867)	2,368,610	(2,349)	10,670,002	109
-	142,220	-	228,568	110
(372,646)	255,703	-	2,652,883	111
(1,242,558)	2,722,904	-	25,636,853	112
(4,867)	2,613,614	2,351	3,697,293	113
(6,761,676)	46,769,949	2,234	162,619,607	114
-	701,520	-	808,531	115
(6,761,676)	47,471,469	2,234	163,428,138	116
(13,529,468)	509,944,299	-	2,166,154,819	117
				118
-	-	-	-	119
-	-	-	-	120
(13,529,468)	509,944,299	-	2,166,154,819	121

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year Ending Dec. 31, 2000
CONSTRUCTION WORK IN PROGRESS-GAS (ACCOUNT 107)				
1. Report below descriptions and balances at end of year of projects in process of construction (Account 107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$1,000,000) may be grouped.				
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)	
1				
2	MISSOURI GAS ENERGY			
3				
4	Minor additions to:			
5	Contribution in Aid of Construction	(125,491)		
6	Distribution System	1,328,559		
7	General Plant	32,178		
8	Intangible Plant:	4,332,659		
9	sub-total	5,567,905		
10				
11				
12				
13				
14	SOUTHERN UNION GAS			
15	Minor additions to:			
16	Distribution System	4,535,011		
17	General Plant	448,518		
18	sub-total	4,983,529		
19				
20				
21	SOUTHERN UNION COMPANY			
22	General Plant	821,602		
23				
24				
25	SOUTH FLORIDA NATURAL GAS CO.	152,743		
26				
27				
28	PG ENERGY			
29	Install approx. 48,000 ft. of 12" steel gas main			
30	House's Run to Northumberland	1,214,615	2,981,585	
31	Construct Mountain Top City Gate Station	1,791,368	1,867,161	
32	Install approx. 20500' of 8" plastic gas main and related			
33	facilities to service Coming Industries, Waverly.	342,119	1,540,242	
34	All other projects	4,803,492	7,224,863	
35	General Plant	588,162	772,010	
36	sub-total	8,739,756	14,385,861	
37	FALL RIVER GAS CO.			
38	Distribution System	581,322		
39	General Plant	21,116		
40	sub-total	602,438		
41	PROVIDENCE			
42	Main Relocation	1,652,216	2,971,681	
43	Regulator Stations	1,812,200	221,377	
44	Building Renovations	199,290	71,395	
45	AM/FM	1,348,685	3,633,336	
46	Other Technology	333,338	37,696	
47	Aquidneck LNG	579,649	1,406,146	
48	New Main	1,094,723	144,180	
49	sub-total	7,020,101	8,485,811	
50	VALLEY RESOURCES CO.			
51	Mains (New & Replacements)	287,966	753,700	
52	Leak Clamping	181,288	304,000	
53	Services (New & Replacements)	366,913	435,000	
54	Meters, Regulators, Pumping & Regulating Equipment	128,836	534,100	
55	Misc. Equip. & Minor Bldg. Improvemens	14,566	130,300	
56	Main Extension-Kennedy Manor-Pawtucket	2,359		
57	Main Replacement-Court St.-Woonsocket	(1,322)		
58	Main Replacement-Medium Pressure System-Pawtucket	144,687	20,000	
59	Regulator Station-Rockland Ave.-Woonsocket	1,735		
60	Main Replacement-Ashton Viaduct-Cumberland	23,304		
61	Main Replacement-Perrin Avenue-Pawtucket	201,082		
62	Main Extension-Lincoln Mall-Lincoln	107,379	14,400	
63	Main Extension-Berkshire Estates-Pawtucket	3,570		
64	Main Extension-Cumberland Crossing-Cumberland	70,188	30,000	
65	Microturbines	79,983		
66	Main Replacement-Rathburn Street-Woonsocket	44,505		
67	Regulator Station-New River Road-Lincoln	54,850		
68	Regulator Station-Nate Whipple Highway-Cumberland	49,442		
69	LNG Plant Air Dryer	480	6,900	
70	Bristol Mapping Development	-	60,000	
71	BTU Stabilization System- Brown Street	45,352		
72	sub-total	1,807,163	2,288,400	
73				
74	TOTAL	29,695,237	25,160,072	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	--	--------------------------------	-------------------------------------

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Construction Overhead

1. Administrative and General and Engineering and Supervision:
 - (A) Components of overhead cost are considered to be administrative salaries and expenses, employee fringe benefits and certain other general costs devoted to general planning and administration of construction program.
 - (B) The proportion of such overhead costs charged to construction is based upon an analysis made annually.
 - (C) The applicable monthly construction overhead is recorded in a clearing account and then capitalized to construction as a percent of direct costs to construction exclusive of overhead previously allocated.
 - (D) Overhead costs are spread equitably to all construction except certain specific work orders which may be exempted based upon circumstances of construction.
 - (E) Certain specific jobs may be exempted as company personnel may be directly assigned for the project. In those cases, all salaries and expenses are charged direct.
 - (F) Overhead charges are indirectly assigned except for those projects described in (E).
2. Allowance for Funds Used During Construction:
 - (A) AFUDC is charged to all classes of property for those specific jobs requiring more than 30 days to complete except those for purchases of equipment which are available for service upon request.
 - (B) AFUDC is compounded monthly.
 - (C) AFUDC is computed during the period of physical construction and terminates at inservice.
 - (D) Allowance for Funds Rate is calculated in accordance with Order No. 561.

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
(1) Average Short-Term Debt	S		
(2) Short-Term Interest			s
(3) Long-Term Debt	D		d
(4) Preferred Stock	P		p
(5) Common Equity	C		c
(6) Total Capitalization		100%	
(7) Average Construction Work in Progress Balance	W See Note:		

2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D + P + C))(1-(S/W))]$

3. Rate for Other Funds $[1-(S/W)][p(P/(D + P + C)) + c(C/(D + P + C))]$

4. Weighted Average Rate Actually Used for the Year:

- a. Rate for Borrowed Funds -
- b. Rate for Other Funds -

Note: The AFUDC rate for Southern Union Company:

From Jan 00 - June 00	5.75%
From July 00 - Dec 00	5.78%

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, pages 204-209, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a

- significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
 5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g. 7.01, 7.02, etc.

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
Section A. BALANCE AND CHANGES DURING YEAR					
1	Balance Beginning of Year	477,470,857	477,470,857		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	54,016,911	54,016,911		
4	(413) Expense of Gas Plant Leased to Others				
5	Transportation Expenses - Clearing	1,889,096	1,889,096		
6	Other Clearing Accounts	1,121,340	1,121,340		
7	Other (Specify): <i>New England Division beg. bal.</i>	185,764,222	185,764,222		
7.01	Reclass of conversion balances	-	-		
8	TOTAL Deprec. Prov. for Year	242,791,569	242,791,569	-	-
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	(13,517,001)	(13,517,001)		
11	Cost of Removal	(1,922,048)	(1,922,048)		
12	Salvage (Credit)	359,370	359,370		
13	TOTAL Net Chrgs for Plant Ret. (Total of lines 10 thru 12)	(15,079,679)	(15,079,679)		
14	Other Debit or Credit Items (Describe):	-	-		
14.01a	Contributions	2,956,404	2,956,404		
14.01b	Cost of Removal	(378,666)	(378,666)		
14.02	Transfers from 1110	-	-		
14.03	Transfer of accumulated Reserve	-	-		
14.04	Prior period adjustments	(39,243)	(39,243)		
14.05	Out of period adjustment	-	-		
15	Balance End of Year	707,721,242	707,721,242	-	-
Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS					
16	Production-Manufactured Gas	8,564,984	8,564,984		
17	Production and Gathering- Natural Gas	-	-		
18	Products Extraction- Natural Gas	-	-		
19	Underground Gas Storage	1,973,835	1,973,835		
20	Other Storage Plant	841,611	841,611		
21	Base Load LNG Terminaling and Processing Plant	-	-		
22	Transmission	949,168	949,168		
23	Distribution	642,269,757	642,269,757		
24	General	53,121,886	53,121,886		
25	TOTAL (Total of lines 16 thru 24)	707,721,242	707,721,242	-	-

Name of Respondent Southern Union Company				This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending Dec. 31, 2000	
GAS STORED (ACCOUNTS 117.1, 117.2, 117.3, 117.4, 164.1, 164.2 AND 164.3)									
1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustment, the Dth and dollar amount of adjustment, and account charged or credited.					2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas properly recordable in the plant accounts. 3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e. fixed assets method or inventory method).				
Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of Year	-		-		61,572,090	-	-	61,572,090
2	Gas Delivered to Storage	-		661,136		140,789,661	2,284,211	184,116	143,919,124
3	Gas Withdrawn from Storage	-		(426,443)		(107,248,870)	(1,635,739)	(69,375)	(109,380,427)
4	Other Debits or Credits	389,201		1,211,922		361,100	2,563,040	120,539	4,645,802
5	Balance at End of Year	389,201		1,446,615		95,473,981	3,211,512	235,280	100,756,589
6	Mcf	155,217		338,806		22,289,321	525,833	77,368	23,386,545
7	Amount Per Mcf	\$ 2.51		\$ 4.27		\$ 4.28	\$ 6.11	\$ 3.04	\$ 4.31

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
INVESTMENTS (ACCOUNT 123, 124, AND 136)				
<p>1. Report below investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investments</i>, and 136, <i>Temporary Cash Investments</i>.</p> <p>2. Provide a subheading for each account and list thereunder the information called for:</p> <p>(a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, <i>Other Investments</i>, state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, <i>Temporary Cash Investments</i>, also may be grouped by classes.</p> <p>(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or open account.</p>				
Line No.	Description of Investment	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)	Purchases or Additions During Year
	(a)	(b)	(c)	(d)
1				
2	Account 123- NONE			
3				
4	Account 124-			
5				
6	Advent Network, Inc.		-	4,495,073
7				
8	Capstone		9,999,998	625,000
9				
10	PointServe (formerly Epicron)		2,583,658	10,002,500
11				
12	Servana.com		-	3,000,001
13				
14	Receivable		43,127	-
15				
16	Account 136-			
17	Vista Money Market Fund (1)		26,528	(1)
18				
19	(1) Since this investment is a money market fund,			
20	investment balances change daily.			
21				
22				
23				

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

INVESTMENTS (ACCOUNT 123, 124, AND 136) (Continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Sales or Other Dispositions During Year	Principal Amount or No. of Shares at End of Year	Book cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)	Revenues for Year	Gain or Loss from Investment Disposed of	Line No.
(e)	(f)	(g)	(h)	(i)	
					1
					2
					3
					4
					5
(4,495,073)	-	-	-	-	6
					7
(10,624,998)	-	-	-	-	8
					9
(12,586,158)	-	-	-	-	10
					11
(3,000,001)	-	-	-	-	12
					13
(43,127)	-	-	-	-	14
					15
					16
(1)	(1)	11,563,949	3,285,265	-	17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
					38
					39
					40

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)

1. Report below investments in Accounts 123.1, *Investments in Subsidiary Companies*.

2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g), and (h).

(a) Investment In Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.

(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.

3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	Lavaca Realty Company		N/A	2,430,873
2				
3	Mercado Gas Services, Inc.			8,161,475
4				
5	Atlantic Utilities			(17,315)
6				
7	Southern Transmission Company			2,619,791
8				
9	Southern Union Total Energy Services			48,370
10				
11	Southern Union Energy International, Inc.			392,673
12				
13	KellAir Aviation Company			(6,453,053)
14				
15	Norteno Pipeline Company			710,336
16				
17	ConTigo, Inc.			40,465
18				
19	Energy WorX, Inc.			160,583
20				
21	SUPro Energy Company			1,122,888
22				
23	PG Energy Services Group, Inc., Keystone Pipeline Services, Inc., PEI Power Corporation, and Theta Land Corporation			31,539
24				
25	KellAir North Carolina			-
26				
27	SUC Propane			-
28				
29	Subsidiaries within New England Division			-
30				
31	Enhanced Service Systems			-
32				
33				
34				
35				
36				
37				
38				
39				
40	TOTAL Cost of Account 123.1 \$ _____		TOTAL	9,248,625

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1) (Continued)

4. Designate in a footnote any securities, notes, or accounts that were pledged, and state the name of pledges and purpose of the pledge.

5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.

6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.

7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustment includible in column (f).

8. Report on Line 40, column (a) the total cost of Account 123.1.

Equity in Subsidiary Earnings for Year	Revenues for Year	Amount of Investment at End of Year	Gain or Loss from Investment Disposed of	Line No.
(e)	(f)	(g)	(h)	
	9,447,311	11,878,184		1
				2
(175,424)	(10,432,009)	(2,445,958)		3
				4
	7,027	(10,288)		5
				6
	191,685	2,811,476		7
				8
	(239)	48,131		9
				10
	227,761	620,434		11
				12
	(1,909,092)	(8,362,145)		13
				14
	56,846	767,182		15
				16
(41,204)	(6,736)	(7,475)		17
				18
	150,357	310,940		19
				20
188,312	(922,083)	389,117		21
				22
441,142	291,536	764,217		23
				24
	(629,146)	(629,146)		25
				26
	38,423	38,423		27
				28
(15,104,079)	1,544,538	(13,559,541)		29
				30
125,688,588	5,702,839	131,391,427		31
				32
				33
				34
				35
				36
				37
				38
				39
110,997,335	3,759,018	124,004,978		40

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending Dec. 31, 2000	
PREPAYMENTS (ACCOUNT 165)							
1. Report below the particulars (details) on each prepayment.							
Line No.	Nature of Prepayment (a)	Balance at End of Year (in dollars) (b)					
1	Prepaid Insurance	4,890,115					
2	Prepaid Rents	64,427					
3	Prepaid Taxes	2,150,492					
4	Prepaid Interest						
5	Miscellaneous Prepayments	1,218,466					
6	TOTAL	8,323,500					
EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)							
Line No.	Description of Extraordinary Loss [Include the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] Add rows as necessary to report all data. (a)	Balance at Beginning of Year (b)	Total Amount of Loss (c)	Losses Recognized During Year (d)	WRITTEN OFF DURING YEAR		Balance at End of Year (g)
					Account Charged (e)	Amount (f)	
7	NONE						
8							
9							
10							
11							
12							
13							
14							
15	TOTAL						
UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)							
Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2, and period of amortization (mo, yr, to mo, yr).] Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses. (a)	Balance at Beginning of Year (b)	Total Amount of Charges (c)	Costs Recognized During Year (d)	WRITTEN OFF DURING YEAR		Balance at End of Year (g)
					Account Charged (e)	Amount (f)	
16	NONE						
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	TOTAL						

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending Dec. 31, 2000	
OTHER REGULATORY ASSETS (ACCOUNT 182.3)							
1. Reporting below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts). 2. For regulatory assets being amortized, show period of amortization in column (a).				3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes. 4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.			
Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Year (b)	Debits (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)	
				Account Charged (d)	Amount (e)		
1	Missouri Safety Program Gas						
2	Service Line Replacement Costs:						
3							
4	SLRP Order #2						
5	Approved by the MPSC for plant	4,912,286	-	403	577,664	4,334,622	
6	investments 7/1/91 through			408			
7	10/15/93. Amortized over 20			419			
8	years beginning 10/15/93.						
9							
10	SLRP Order #3						
11	Approved by the MPSC for plant	10,579,806	-	403	1,239,876	9,339,930	
12	investment effective 10/15/93.			408			
13	Amortized over 20 years beginning			419			
14	March 1997.						
15							
16	SLRP Order #4						
17	Approved by MPSC for plant	2,652,759	-	403	306,088	2,346,671	
18	investment effective March 1997			419			
19							
20	SLRP Order #5						
21	Approved by MPSC for plant	2,236,684	3,944,204		-	6,180,888	
22	investment effective June 1998						
23							
24	MPSC Assessment	722,892	1,170,292	928	1,254,843	638,341	
25							
26							
27	Post Retirement Benefits - Other	38,975,313	4,327,622	926	3,142,062	40,160,873	
28	than Pensions (SFAS 106),						
29	Accounting for Post Employment						
30	Benefits (SFAS 112) and early						
31	retirement costs						
32							
33	Corporate Owned Life Insurance			926			
34	Other(Premiums, Admin. Fees)	255,644	-		122,709	132,935	
35							
36							
37							
38							
39							
40	SUB-TOTAL - Continued on 232-1	60,335,384	9,442,118		6,643,242	63,134,260	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	--	--------------------------------	-------------------------------------

OTHER REGULATORY ASSETS (ACCOUNT 182.3) (Continued)

1. Reporting below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No.	Description and Purpose of Other Regulatory Assets	Balance at Beginning of Year	Debits	WRITTEN OFF DURING YEAR		Balance at End of Year
				Account Charged	Amount	
	(a)	(b)	(c)	(d)	(e)	(f)
1						
2	Other Regulatory Assets	951,641	1,022,436	Var.	627,799	1,346,278
3						
4	Deferred Computer Software Cost					
5	Amort. Periods are various	1,656,998	532,665	921	864,883	1,324,780
6						
7	Deferred PURTA tax assessment	739,719	-	408	739,719	-
8						
9	Deferred Regulatory Commission					
10	PG Energy 2001 Rate Case	-	430,165		-	430,165
11	1998 Pennsylvania Rate Case	275,321	9,445	928	273,251	11,515
12						
13						
14	-	-	0	0	-	-
15						
16						
17						
18	Rate Case Accounts:					
19	El Paso Rate Case 1997	1,024,139	-	928	261,482	762,657
20	Andrew Rate Case 1999	17,310	6,488	928	13,882	9,916
21	El Paso Rate Case 1999	32,939	60,525		-	93,464
22	Rate Case Jacksboro	-	283		-	283
23	Rate Case Weatherford	-	20,523		-	20,523
24						
25						
26						
27	SFAS 109 Regulatory Assets (2)	-	412,128		-	412,128
28	Recoverable Transition Obligation (2)	-	10,700		-	10,700
29	Develop Transportation Rates (2)	-	58,832		-	58,832
30	Rate Re-Design Expenses (2)	-	74,019		-	74,019
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46	-					
47	TOTAL	65,033,451	12,080,327		9,424,259	67,689,520

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

MISCELLANEOUS DEFERRED DEBITS (ACCOUNT 186)

1. Report below the details called for concerning miscellaneous deferred debits.

2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2	SFAS 112	1,342,923	-		-	1,342,923
3						
4	Supplemental Retirement	10,285,338	5,564,236		263,625	15,585,949
5						
6	Leasehold Improvements	46,637	-	418	7,175	39,462
7						
8	Deferred Costs	(1,783,163)	12,220,099	421	11,375,108	(938,172)
9						
10	Other	51,821	693,221	Var.	604,555	140,487
11						
12	Year 2000	1,438,899	502,435		378,489	1,562,845
13						
14	Pension	12,088	263,625		-	275,713
15						
16	Vacation Accrual	1,814,331	-		-	1,814,331
17						
18	Servana Project	-	829,422		-	829,422
19						
20	Take or Pay Gas Purchase Expense	137,139	-	253	137,139	-
21	Amortize transaction costs					
22	over 3 years					
23						
24	Broadway Lease	1,032,272	108,818		-	1,141,090
25						
26	Sales Commission Payments	342,675	-	912	296,968	45,707
27	Each year amortize over 3 years					
28						
29	Impounded Revenue	1,046,581	535,327		-	1,581,908
30						
31	C & LM Programs Charges (3)	-	717,538	916.9	892,012	(174,474)
32						
33	Hyde Building (3)	-	-		87,233	(87,233)
34						
35	Regulatory Asset- OPEB (3)	-	398,409	926.1	111,619	286,790
36						
37	Underground Tanks (3)	-	72,257	107	72,257	-
38						
39						
40	Miscellaneous Work in Progress	-				-
41	SUB TOTAL- Continue on 233-1	15,767,541	21,905,387		14,226,180	23,446,748

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending Dec. 31, 2000	
MISCELLANEOUS DEFERRED DEBITS (ACCOUNT 186)							
1. Report below the details called for concerning miscellaneous deferred debits.				2. For any deferred debit being amortized, show period of amortization in column (a).			
				3. Minor items (less than \$250,000) may be grouped by classes.			
Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)	
				Account Charged (d)	Amount (e)		
42	Subtotal from 233	15,767,541	21,905,387		14,226,180	23,446,748	
43							
44	Unbundling Costs (3)	-	263,231	232	-	263,231	
45							
46	Goodwill (3)	-	5,553,811	265	-	5,553,811	
47							
48	Reg. Asset- PIPP (3)	-	840,105	904	62,034	778,071	
49							
50	Deferred Networking Cost (3)	-	53,235	874	1,765	51,470	
51							
52	Deferred Pension -RJF (3)	-	204,980	926	5,458	199,522	
53							
54	Deferred FAS 109 Expense (3)	-	4,662,275	VAR.	-	4,662,275	
55							
56	Def'd Revenue Unbilled (3)	-	19,875,712	480	72,565	19,803,147	
57							
58	Reg Asset Pension (3)	-	6,962,411	N/A	490,190	6,472,221	
59							
60	Deferred Year 2000 Expense (3)	-	5,398,000	404	89,967	5,308,033	
61							
62	Cash Value of Life Insurance (3)	-	955,772	N/A	-	955,772	
63							
64	Exogenous Recovery (3)	-	2,603,224	480	993,900	1,609,324	
65							
66	Employee Vacation Accrual (3)	-	792,743	232	90,794	701,949	
67							
68	Deferred Piping- Customer Premises	299,577	73,781	4043	56,032	317,326	
69							
70							
71	Deferred Merger costs	571,670	-		571,670	-	
72							
73	SFAS 133	-	378,410		-	378,410	
74							
75							
76							
77							
78							
79							
80							
81	Miscellaneous Work in Progress	50,656				727,395	
82	SUB-TOTAL	16,689,444	70,523,077		16,660,555	71,228,705	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

CAPITAL STOCK (ACCOUNTS 201 and 204)

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Common Stock - New York Stock Exchange	200,000,000	\$ 1.00	N/A
2				
3				
4	Company-obligated manditorily redeemable preferred securities of subsidiary trust - New York Stock Exchange	4,000,000	\$ 25.00	N/A
5				
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				
37				
38				
39				
40				

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000	
CAPITAL STOCK (ACCOUNTS 201 and 204) (Continued)						
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative. 5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.			6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.			
OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent.)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
51,982,172	\$ 51,982,172	1,010,077	\$ (15,894,981)	1,194,004	\$ (16,091,637)	1
						2
						3
						4
4,000,000	\$ 100,000,000	---	---	---	---	5
						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
						37
						38
						39
						40

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (ACCOUNTS 202, 203, 205, 206, 207, and 212)				
<p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, <i>Common Stock Subscribed</i>, and Account 205, <i>Preferred Stock Subscribed</i>, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, <i>Common Stock Liability for Conversion</i>, or Account 206, <i>Preferred Stock Liability for Conversion</i>, at the end of year.</p> <p>4. For Premium on Account 207, <i>Capital Stock</i>, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.</p>				
Line No.	Name of Account and Description of Item (a)	*	Number of Shares (c)	Amount (d)
1	202 Common Stock Subscribed			None
2				
3	205 Preferred Stock Subscribed			None
4				
5	203 Common Stock Liability for Conversion			None
6				
7	206 Preferred Stock Liability for Conversion			None
8				
9	207 Premium on Capital Stock			
10	Premium on Capital Stock, \$1 Par Value		51,982,172	626,250,416
11				
12	212 Installments Received on Capital Stock			None
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	TOTAL		51,982,172	626,250,416

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

**SECURITIES ISSUED OR ASSUMED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses, relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

Securities issued in 2000

In conjunction with the mergers with Valley Resources, Inc. (VR) on September 20, 2000 and Providence Energy Corporation (PVY) and Fall River Gas Company (FAL) on September 28, 2000, Southern Union Company (the "Company") entered into a 364-day Term Note agreement with a group of banks for a total of \$535,000,000. Debt expenses totaling \$1,471,000 as of December 31, 2000 were incurred in connection with the debt issuance. These costs are being amortized at a monthly rate of \$123,000 over the term of the debt in accordance with General Instruction 17. For a 12.5 basis point fee, Southern Union may extend this facility for an additional 364-day term. While this debt is short term debt, it is classified as long term debt on the Company's financials because of FASB requirements.

In conjunction with the merger with FAL on September 28, 2000, the Company issued approximately 1,371,000 shares of Southern Union common stock, par value \$1.00. No significant costs were incurred in conjunction with this issuance. No underwriting firm was used.

Securities assumed in 2000

In conjunction with the merger with PVY, VR and FAL, the Company assumed the following first mortgage bonds and senior notes of Providence Gas Company, Valley Resources, Inc. and Fall River Gas Company.

Rate and due date	Original Issue Date	Amt @ 12/31/00	Unamortized Debt Expense	Additional Cost Incurred	Mo. Amort.
<u>Providence Gas Company First Mortgage</u>					
10.25% Series M, due July 31, 2008	1-Aug-88	\$2,182,000	35,867	44,413	867
9.63% Series N, due May 30, 2020	1-Jun-90	\$10,000,000	78,461	204,864	1213
8.46% Series O, due Sept 30, 2022	1-Sep-92	\$12,500,000	444,866	232,318	2683
8.09% Series P, due Sept 30, 2022	1-Sep-92	\$12,500,000	89,804	232,319	1234
5.62% Series Q, due Nov 30, 2003	1-Nov-93	\$4,800,000	543,539	118,946	17917
7.5% Series R, due Dec 15, 2025	1-Dec-95	\$15,000,000	84,367	281,873	1222
6.82% Series S, due April 1, 2018	1-Apr-98	\$15,000,000	107,138	283,043	1872
6.5% Series T, due Feb 1, 2029	1-Feb-99	\$14,531,000	2,211,965	234,950	7204
<u>Valley Resources, Inc.</u>					
7.7% Senior Notes, due Sept 1, 2027	15-Aug-97	\$6,839,000	283,578	--	878
Bank loan re: KSOP		\$2,356,731	--	--	--
<u>Fall River Gas Company First Mortgage</u>					
9.44%, due Feb 15, 2020	20-Feb-90	\$6,500,000	168,720	57,621	980
7.99%, due Sept 15, 2026	20-Sep-96	\$7,000,000	73,417	61,993	435
7.24%, due Dec 15, 2027	1-Dec-97	\$6,000,000	56,691	53,281	337

The unamortized debt expense is the balance assumed at the acquisition date. The additional costs were incurred with respect to a consent solicitation to amend the underlying Indentures in conjunction with the assumption of the mortgage debt.

Securities retired

In conjunction with the merger with VR, \$19,775,000 of 8.00% Valley Gas Company First Mortgage bonds due 2022 (issued in 1992) were called by VR prior to the merger and retired. A 3% premium (or \$593,250) was paid to redeem these bonds and was classified in account 1890 after Southern Union merged with VR. The premium is being amortized over the remaining life of the retired debt at \$2,226 per month.

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
LONG-TERM DEBT (ACCOUNTS 221, 222, 223, and 224)				
<p>1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, <i>Bonds</i>, 222, <i>Reacquired Bonds</i>, 223, <i>Advances from Associated Companies</i>, and 224, <i>Other Long-Term Debt</i>.</p> <p>2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p>				
Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1	Debt Held at End of Year:			
2				
3	9.34% First Mortgage - PG Energy (3)	8/15/1989	9/1/2019	15,000,000
4	8.375% First Mortgage - PG Energy (3)	12/1/1992	12/1/2002	30,000,000
5	10.25% Providence Series M (5)	8/1/1988	7/31/2008	2,182,000
6	9.63% Providence Series N (5)	6/1/1990	5/30/2020	10,000,000
7	8.46% Providence Series O (5)	9/1/1992	9/30/2022	12,500,000
8	8.09% Providence Series P (5)	9/1/1992	9/30/2022	12,500,000
9	5.62% Providence Series Q (5)	11/1/1993	11/30/2003	4,800,000
10	7.5% Providence Series R (5)	12/1/1995	12/15/2025	15,000,000
11	6.82% Providence Series S (5)	4/1/1998	4/1/2018	15,000,000
12	6.5% Providence Series T (5)	2/1/1999	2/1/2029	14,531,000
13	9.44% Fall River (7)	2/20/1990	2/15/2020	6,500,000
14	7.99% Fall River (7)	9/20/1996	9/15/2026	7,000,000
15	7.24% Fall River (7)	12/1/1997	12/15/2027	6,000,000
16				
17	NE ESOP			2,356,732
18	8.25% Senior Notes	11/3/1999	11/15/2029	300,000,000
19	7.6% Senior Notes	1/31/1994	2/1/2024	364,515,000
20	AMR Lease	(1) 3/31/1999	(2) 3/31/2002	24,166,395
21	7.7% Valley Resources (6)	8/15/1997	9/1/2027	6,839,000
22	Term Loan	8/28/2000	8/27/2001	529,000,000
23				
24	(1) Nominal date of issue - 3/31/97 with monthly funding through 9/30/98			
25				
26	(2) Date of maturity - quarterly from 3/31/02 through 9/30/03			
27				
28	(3) These first mortgage bonds were originally issued by Scranton Spring Brook			
29	Water Service Company and was the debt of PG Energy at the time Southern			
30	Union Company acquired them (November 4, 1999) and assumed the debt.			
31				
32	(4) Capital lease is at LIBOR plus .55 and was fixed at 5.79% with an interest rate swap.			
33				
34	(5) These first mortgage bonds were originally issued by and debt of The Providence			
35	Gas Company when Southern Union Company acquired them (9/28/00) and assumed			
36	the debt.			
37				
38	Continuation of footnotes page 257			
39				
40	TOTAL			1,377,890,127

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

LONG-TERM DEBT (ACCOUNT 221, 222, 223 and 224) (Continued)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, *Interest on Long-Term Debt* and Account 430, *Interest on Debt to Associated Companies*.

9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price Per \$100 at End of Year (i)	Line No.
Rate (In %)	Amount	Reacquired Bonds (Account 222)	Sinking and Other Funds		
(e)	(f)	(g)	(h)	(i)	
		-	-	-	1
		-	-	-	2
9.34%	1,401,000	-	-	-	3
8.375%	2,512,500	-	-	-	4
10.25%	54,685	-	-	-	5
9.630%	240,750	-	-	-	6
8.460%	264,375	-	-	-	7
8.090%	252,812	-	-	-	8
5.620%	82,427	-	-	-	9
7.50%	281,250	-	-	-	10
6.82%	255,750	-	-	-	11
6.50%	236,914	-	-	-	12
7.70%	132,215	-	-	-	13
9.44%	153,400	-	-	-	14
7.99%	139,825	-	-	-	15
7.24%	108,600	-	-	-	16
0	48,457	-	-	-	17
8.25%	24,681,250	-	-	-	18
7.60%	27,703,140	-	-	-	19
(4) 5.79%	1,293,957	-	-	-	20
LIBOR+87.5bp	10,549,523	-	-	-	21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
					38
					39
	70,392,830	-	-		40

(6) This Senior Note was issued by the debt of Valley Resources, Inc. when Southern Union Company acquired them (9/20/00) and assumed the debt.

(7) These first Mortgage bonds were issued by and the debt of Fall River Gas when Southern Union Company acquired them (9/28/00) and assumed the debt.

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (ACCOUNTS 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
1	181- Unamortized Debt Expense				
2	9.34% First Mortgage, due 2019	15,000,000	342,871	11/4/1999	9/1/2019
3					
4	8.375% First Mortgage, due 2002	30,000,000	622,773	11/4/1999	12/1/2002
5					
6	8.25% Senior Notes, due 2029	300,000,000	6,643,217	11/4/1999	11/15/2029
6.1					
7	7.6% Senior Notes, due 2024	475,000,000	5,386,788	2/1/1994	2/1/2024
8					
9	AMR Lease	28,975,015	126,202	7/1/1997	9/30/2003
10					
11	Revolver	225,000,000	2,100,472	9/30/1993	6/30/2003
12					
13	Providence Series M 10.25%	10,000,000	80,280	9/28/2000	7/31/2008
14					
15	Providence Series N 9.63%	10,000,000	283,324	9/28/2000	5/30/2020
16					
17	Providence Series O 8.46%	12,500,000	677,184	9/28/2000	9/30/2022
18					
19	Providence Series P 8.09%	12,500,000	322,123	9/28/2000	9/30/2022
20					
21	Providence Series Q 5.62%	16,000,000	662,485	9/28/2000	11/30/2003
22					
23	Providence Series R 7.5%	15,000,000	366,240	9/28/2000	11/30/2003
24					
25	Providence Series S 6.82%	15,000,000	390,181	9/28/2000	4/1/2018
26					
27	Providence Series T 6.5%	15,000,000	2,446,915	9/28/2000	2/1/2029
28					
29	Valley Resources 7.7%	7,000,000	278,754	9/20/2000	9/1/2027
30					
31	Fall River 9.44%	6,500,000	226,341	9/28/2000	2/15/2020
32					
33	Fall River 7.99%	7,000,000	135,410	9/28/2000	12/15/2026
34					
35	Fall River 7.24%	6,000,000	109,972	9/28/2000	12/15/2027
36					
37	Term Loan	535,000,000	1,470,798	8/28/2000	8/27/2001
38					
39	9.48% Preferred Securities	100,000,000	3,918,644	5/17/1995	5/17/2025
40					
41	Chase Equipment Leasing	-	58,484	1/1/2000	12/1/2004
42					
43	TOTAL	1,841,475,015	26,649,458		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year Ending Dec. 31, 2000	
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accts. 181, 225, 226) (Cont.)				
5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.		6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years. 7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.		
Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)	Line No.
339,990		(a) 17,287	322,703	1
563,199	(b) 26,445	(a) 211,976	377,668	2
6,462,376	(b) 144,738	(a) 222,609	6,384,505	3
3,317,913		(a) 137,768	3,180,145	4
77,305		(b) 20,615	56,690	5
198,033	(b) 518,156	(a) 152,371	563,818	6
-	(b) 44,413	(a) 2,588	77,692	6.1
-	(c) 35,867			7
-	(b) 204,864	(a) 3,616	279,709	8
-	(c) 78,461			9
-	(b) 232,318	(a) 7,723	669,461	10
-	(c) 444,866			11
-	(b) 232,319	(a) 3,674	318,449	12
-	(c) 89,804			13
-	(b) 118,946	(a) 53,647	608,838	14
-	(c) 543,539			15
-	(b) 281,873	(a) 3,638	362,602	16
-	(c) 84,367			17
-	(b) 283,043	(a) 5,573	384,608	18
-	(c) 107,138			19
-	(b) 234,950	(a) 21,587	2,425,328	20
-	(c) 2,211,965			21
-	(b) 278,754	(a) (2,192)	280,946	22
-	(c) 57,621			23
-	(b) 168,720	(a) 2,920	223,421	24
-	(c) 61,993			25
-	(b) 73,417	(a) 1,304	134,106	26
-	(c) 53,281			27
-	(b) 56,691	(a) 1,010	108,962	28
-	(c) 1,470,798			29
3,362,755	0	(a) 490,266	980,532	30
0	(b) 58,484			31
14,321,571	8,197,831	1,490,285	21,029,117	32
(a) Amortized in 2000				33
(b) Additional costs				34
(c) Assumed in acquisition				35
(d) Issuance cost				36
Sum of (a)'s=	1,490,285			37
Per Page 260=	656,006			38
Total account 428	2,146,291			39

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (ACCOUNTS 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform System of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, *Amortization of Loss on Reacquired Debt*, or credited to Account 429.1, *Amortization of Gain on Reacquired Debt-Credit*.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	<u>189 Unamortized Loss on Reacquired Debt</u>			(d)	(695,942)	
2				(p)	(1,981,327)	
3	9.45% Note, due 2004	1/31/1994	10,000,000	(2,677,269)	(1) (2,149,252)	(2) (2,060,010)
4	(See Note 1)					
5				(d)	(1,865,207)	
6	10.0% Note, due 2012	1/31/1994	25,000,000	(8,408,618)	(1) (8,247,599)	(2) (7,905,137)
7	(See Note 1)			(10,273,825)		
8						
9	10.5% Note, due 2017	3/2/1994	50,000,000	(2,363,652)	(1) (4,566,724)	(2) (4,377,102)
10	(See Note 1)			(3,325,000)		
11				(5,688,652)		
12						
13	11.5% Brazos Bonds, due 2000	3/15/1996	1,200,000	(168,336)	(1) (8,677)	(2) -
14						
15						
16	6.92% PG Energy notes	11/4/1999	25,000,000	(132,155)	(1) (576,539)	(2) (557,214)
17	(See Note 2)			(447,605)		
18				(579,760)		
19						
20				(d)	-	
21	8% Mortgage Bonds, due 2002	9/20/2000	19,775,000	(593,250)	-	(2) (586,572)
22	(See Note 3)			(593,250)		
23						
24						
25			Sum of (1)'s =	(15,548,791)		
26			Sum of (2)'s =	(15,486,035)		
27				(62,756)		
28			Addition	(593,250)		
29				(656,006)		
30					Difference amortized (See page 259)	
31	<u>257 Unamortized gain on reacquired debt:</u>					
32				(d)	(652,662)	
33	7.6% Senior Note, due 2024	various	110,485,000	(3,268,535)		
34	(See Note 4)			2,615,873	2,333,738	2,236,835
35						
36						
37						
38	Note 1: These issues were refunded with the issuance of 7.6% Senior Notes due February 1, 2024.					
39	Note 2: This issue was refunded with the issuance of 8.25% Senior Notes due November 15, 2029.					
40	Note 3: This issue of mortgage debt was refunded with interim debt by Valley gas Company just prior to merger with Southern Union Company on September 20, 2000.					
41						
42	Note 4: These issues were refunded with the issuance of 9.48% Preferred Securities due May 17, 2025.					
43						
44	(d) Unamortized debt expense					
45	(p) Premiums paid to reacquire debt.					

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year Ending Dec. 31, 2000
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES			
<p>1. Report the reconciliation of reported net income for the year. 2. If the utility is a member of a group which files consolidated Federal taxable income used in computing Federal Income Tax accrual tax return, reconcile reported net income with taxable net income as if show computation of such tax accruals. Include in the reconciliation a separate return were to be filed, indicating, however, intercompany as far as practicable, the same detail as furnished on Schedule amounts to be eliminated in such a consolidated return. State names the tax return for the year. Submit a reconciliation even though of group members, tax assigned to each group member, and basis of is no taxable income for the year. Indicate clearly the nature of allocation, assignments, or sharing of the consolidated tax among the reconciling amount.</p>			
Line No.	DETAILS (a)	Amount (b)	
1	Net Income for the Year (Page 116)	14,156,444	
2	Reconciling Items for the Year (5)		
3			
4	Taxable Income Not Reported on Books		
5	See page 261-1	6,361,295	
6			
7			
8			
9	Deductions Recorded on Books Not Deducted for Return		
10	See page 261-1	5,052,655	
11			
12			
13			
14	Income Recorded on Books Not Included in Return		
15		-	
16			
17			
18			
19	Deductions on Return Not Charged Against Book Income		
20	See page 261-3	33,977,024	
21			
22			
23			
24			
25			
26			
27	Federal Tax Net Income	(8,406,630)	
28	Show Computation of Tax:		
29			
30	See page 261-4		
31			

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	DETAILS (a)	Amount (5) (b)
1	Taxable income not reported on books	
2	Contributions in aid of construction	4,256,245
3	Section 481 Adjustment	2,105,050
4		6,361,295
5		
6	Deductions recorded on books not deducted for return	
7	Reverse Federal Income Tax Accruals	(4,816,328)
8	City Income Taxes	126,601
9	Meals & Entertainment	272,863
10	Club Dues	107,178
11	Acquisition Adjustments	8,529,972
12	Lobbying Expenses	72,000
13	Officers Life Insurance	75,000
14	Non deductible depreciations- oil stepped up basis	25,000
15	FAS 109 amortization	331,000
16	Compensation Excess 1 Mil	329,369
17		5,052,655
18		
19		
20	Deductions on return not charged against book income	
21	Depreciation expense	23,564,560
22	Reserve for Bad Debts	(100,000)
23	Reserve for Gas I&D	(250,000)
24	Reserve for Water I&D	100,000
25	Reserve for Workers Compensation	(100,000)
26	Provision for Obsolete M&S	(85,000)
27	Eliminate Duplicate Depreciation	(1,300,000)
28	Cost of Removal Post 70 Property	200,000
29	Salvage Post 1980 Property	(100,000)
30	1998 Gas Rate Case	(105,000)
31	2000 Gas Rate Case	100,000
32	Gas Deprec. Study	(8,374)
33	CAP Program	62,000
34	Customer Choice Program	50,000
35	Sub-Total (continue page 261-2)	22,028,186
36		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	DETAILS (a)	Amount (\$) (b)
1	Subtotal Page 261-1	22,028,186
2	Deferred PURTA Tax	62,522
3	Low Income Usage reduction Program	(100,000)
4	Pension Plans	100,000
5	Incentive Program	200,000
6	Trademark expenses-amortizable	2,499
7	Deferred revenue- Warrenty Maintenance Prog.	2,285
8	Severance Agreements	421
9	Post Retirements Benefits	150,000
10	Bare Pipe Evaluation Program	(15,336)
11	Amort. Of Flood Related Charges-Oper.	(31,776)
12	Amort. Of Flood Related Charges-Main.	(24,968)
13	Gas Plant Remediation	(15,000)
14	Early Retirement Pension Liability	(100,000)
15	Deferred ERP	100,000
16	Deferred OPEB Costs	(154,716)
17	Deferred FAS 106 Costs	(75,000)
18	Corrosion Control- Remedial Expense	5,000
19	Corrosion Control- Amortization	100,000
20	Team PA Partner Program	90,000
21	Perq Plan	40,000
22	Deferred CAP Liability	(136,068)
23	State Gas Consumer Ed. Program	60,000
24	Operator Qualification Program	17,000
25	Deferred Collective Bargaining Expenses	50,000
26	Amortization	1,677,848
27	Amortization of Goodwill	(296,908)
28	Reserve book amortization	(917,423)
29	Removal costs and salvage	878,951
30	Deferred Credits	159,470
31	Deferred Charges	(419,755)
32	AFUDC	103,215
33	Inventory Adjustment	(32,243)
34	Gain/(Loss) Sale of Assets	(12,376)
35	Subtotal (Continue Page 261-3)	23,495,828

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	DETAILS (a)	Amount (5) (b)
1	Subtotal from page 261-2	23,495,828
2	Insurance Claims/Medical reserve	305,468
3	Pension expense	1,158,422
4	Incentive compensation	(18,481)
5	Abandonment expense	3,548,659
6	Reserves	516,012
7	New England Acquisition Costs	473,233
8	General Acquisition Costs	46,648
9	SLRP	780,512
10	Bad debts	1,145,142
11	Y2K Costs	1,654,147
12	Injures and damages	(873,853)
13	Research & Expense	2,243,571
14	Contingency reserve	(22,675)
15	Amortization of Y2K Costs	(128,362)
16	Change in clearing accts	(604,826)
17	Amortization of debt expense	482,857
18	Director Deferrals	(192,500)
19	Accrued Expenses	(6,320)
20	Change in insurance reserves	200,000
21	Nondeductible Fees	(13,400)
22	Amort. COLI	(122,709)
23	Reverse Lease Payments	(91,349)
24	Total	33,977,024
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	DETAILS (a)	Amount (5) (b)
1	Regular Tax Calculation:	
2	Total income	(8,406,630)
3	Deduction before environmental tax	-
4	Add: Environmental tax	-
5	Total deduction	-
6	Taxable income before NOL	(8,406,630)
7	NOL carryback	-
8	Taxable income	(8,406,630)
9		
10	Tax Calculation:	
11	Regular tax @ 35%	-
12	Less: AMT credit	-
13	Add: Alternative minimum tax	1,130,765
14	Add: Environmental tax	-
15	Total tax	1,130,765
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this

page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such a manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
1	Income Taxes		
2	Federal	3,528,961	
3	State	861,701	
4	City	6,000	
5	Taxes Other than Income		
6	Payroll	332,225	
7	Ad Valorem	1,597,548	
8	Gross Receipts Tax	230,037	
9	Franchise Payment - Local	3,774,157	
10	Franchise Tax - State	(158,338)	
11	City Earnings	-	
12	City Franchise	1,511,960	
13	Compensating Use	90,451	
14	Excess & Surplus Insurance	111,342	
15	Annual Reports	1,952	
16	Other	137,045	
17			
18	TOTAL	12,025,041	-

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Department (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2		9,430,051		
3		57,000		
4		-		
5				
6		1,429,260		
7		7,872,728		
8		3,722,633		
9		17,039,681		
10		492,460		
11		-		
12		37,941,173		
13		267,542		
14		-		
15		-		
16		-		
17		-		
18	TOTAL	78,252,528		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year Ending Dec. 31, 2000
---	---	--	-------------------------------------

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 238) (g)	Prepaid Taxes Included in Acct. 165) (h)	
-					1
9,430,051	(4,100,000)	(4) (9,764,291)	(905,279)		2
57,000	(103,952)	(4) (547,547)	267,202		3
-	(9,767)	(4) -	(3,767)		4
					5
1,429,260	(8,191,044)	11,647,617	5,218,058		6
7,872,728	(7,473,395)	(112,590)	1,884,291		7
3,722,633	(3,609,292)	620	343,998		8
17,039,681	(13,242,856)	(53,075)	7,517,907		9
492,460	(2,270,541)	2,462,792	526,373		10
-	-	-	-		11
37,941,173	(23,245,697)	(275,385)	15,932,051		12
267,542	(292,420)	-	65,573		13
-	-	-	111,342		14
-	-	-	1,952		15
3,364,019	-	308,888	3,809,952		16
					17
81,616,547	(62,538,964)	3,667,029	34,769,653	-	18

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, <u>2000</u>
---	---	--------------------------------	--

BASIS FOR DISTRIBUTION OF TAXES

Payroll - Distributed to same account and department as payroll on which they are based.

Compensating Use - Distributed to same account and department as purchases on which they are based.

Ad Valorem - Direct distribution to same account and department as taxable property on which they are based.

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)				
1. Describe and report the amount of other current and accrued liabilities at the end of year.		2. Minor items (less than \$250,000) may be grouped under appropriate title.		
Line No.	Item (a)	Balance at End of Year (b)		
1				
2				
3	Unbilled cost of gas	88,755,626		
4	Accrued vacation	6,537,846		
5	Accrued liabilities	5,842,022		
6	Pension	409,403		
7	Medical benefits	1,688,470		
8	Payroll and incentive accruals	1,110,317		
9	Broadway building lease	1,079,353		
10	FAS 106 accrual	(1,394,374)		
11	FAS 103 accrual	1,166,538		
12	Miscellaneous	3,611,850		
13	Supplemental retirement	5,213,254		
14	Injuries and damages	977,988		
15	Professional fees	286,284		
16	Redeemed shares	25,141		
17	Other accrued liabilities	3,650,663		
18	Contributions in Aid of Construction	474,311		
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	TOTAL	119,434,692		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year Ending Dec. 31, 2000
---	---	--	-------------------------------------

OTHER DEFERRED CREDITS (ACCOUNT 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credits being amortized, show the period of amortization.
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1						
2						
3	Gas refunds payable	17,663,624	804,481,482	17,731,643	6,040,049	5,972,030
4	Accrual for acquisition related contingencies	137,140	186	137,139	-	-
5	Accrual for pension	(5,351,289)	926	2,195,835	-	(7,547,124)
6	FAS 106	38,698,060	131,242,926,1847	2,948,401	5,284,094	41,033,753
7	FAS 112	1,342,923				1,342,923
8	Higginsville refund	453,388	-	38,031	-	415,357
9	Supplemental retirement compensation	17,696,804	131	1,911,350	17,334	15,802,788
10	Conservation clause	381,719	131	470,000	664,676	576,395
11	Miscellaneous	661,705	various	1,112,990	7,810,205	7,358,920
12	Third party damages and theft	429,361	-	290,497	562,667	701,531
13	Deferred early retirement liability	1,794,964	242,926	115,883	-	1,679,081
14	Deferred compensation	3,183,244	-	4,081,745	-	(898,501)
15	Rabbi Trust	-	464,601	289,039	9,798,212	9,509,173
16	Panhandle Eastern Pipeline Contribution	-	-	1,400,000	1,400,000	-
17	Environmental	2,776,410	Var.	412,003	20,514	2,384,921
18	Investments Credit- Fall River	-	-	33,213	430,098	396,885
19	amortized over the life of the property at 3.5%	-	-	-	-	-
20	Regulatory SFAS 109 Liability-ITC (FR)	-	-	-	411,712	411,712
21	Regulatory SFAS 109 Liability-OPEB (FR)	-	-	-	885,580	885,580
22	Deferred Director's Fees-VR	-	191	9,641	1,176,337	1,166,696
23	Deferred Revenue-GCC/CGA	-	Var.	19,447,793	(289,062)	(19,736,855)
24	Weatherization Program- Low Income	-	480	300,000	75,000	(225,000)
25	Accrued Environmental Reserve	-	108	1,961,168	7,104,497	5,143,329
26	Deferred Pension FAS 87	-	-	490,190	5,058,274	4,568,084
27	Accrued FAS 109 Liability	-	-	-	4,072,119	4,072,119
28	Advanced Payments on Heating Agreements	-	488	432,124	1,245,042	812,918
29	DSM Rebate Program	-	Var.	774,789	1,454,949	680,160
30	Other Deferred Debits	-	431	6,966	547,949	540,983
31	Conservation Program	-	-	-	287,850	287,850
32	Deferred Interest	-	419	13,662	104,886	91,224
33	Other	-	-	20,539	135,473	114,934
34						
35						
36						
37						
38						
39						
40						
41						
42						
43		79,868,053		56,624,641	54,298,455	77,541,866

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283. 2. For Other, include deferrals relating to other income and deductions.					
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR		
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)	
1	Account 283				
2	Electric	-	-	-	
3	Gas	93,845,212	3,572,303	(208,284)	
4	Other (Define)	-	-	-	
5	Total (Total of lines 2 thru 4)	93,845,212	3,572,303	(208,284)	
6	Other (Specify)	-	-	-	
6.01		-	-	-	
6.02		-	-	-	
7	TOTAL Account 283 (Total of lines 5 thru 6.?)	93,845,212	3,572,303	(208,284)	
8	Classification of TOTAL				
9	Federal Income Tax	83,319,590	3,024,756	(208,284)	
10	State Income Tax	10,525,622	547,547	-	
11	Local Income Tax	-	-	-	

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

ACCUMULATED DEFERRED INCOME TAXES-OTHER (ACCOUNT 283) (Continued)

3. Provide in a footnote explanations for pages 276 and 277. Include amounts relating to insignificant items listed under Other.

4. Add additional rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02, and 6.01, 6.02, etc. Use separate pages as required.

Notes 102, and 104, 105, etc. See separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account No. (g)	Amount (h)	Account No. (i)	Amount (j)		
							1
							2
					64,515,727	162,141,526	3
							4
					64,515,727	162,141,526	5
							6
							6.01
							6.02
					64,515,727	162,141,526	7
							8
					64,515,727	151,068,357	9
					-	11,073,169	10
							11

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

OTHER REGULATORY LIABILITIES (ACCOUNT 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Account Credited (c)	Amount (d)		
1	Deferred regulatory credit from the adoption of FAS 109 (SFNG)	21,656			-	21,656
2						
3						
4	<u>Valley Resources</u>					
5	Energy Conservation Program	-			80,041	80,041
6	(Loan Distribution)					
7	Energy Conservation Program	-			69,459	69,459
8	(To Be Distributed)					
9	Transition Distribution	-			10,700	10,700
10	SFAS 109 Deferred FIT	-			1,802,439	1,802,439
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						
37						
38						
39						
40						
41						
42						
43						
44						
45	TOTAL	21,656	-	-	1,962,639	1,984,295

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS OPERATING REVENUES

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.

2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.

3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480-484 Sales	8,201,826	4,345,112	(2,808,740)	2,439,781
2	485 Intracompany Transfers	-	-	-	-
3	487 Forfeited Discounts	-	-	-	-
4	488 Miscellaneous Service Revenues	-	-	-	-
5	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities	1,002,149	650,563	-	-
6	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities	3,313,191	1,990,704	-	-
7	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities	-	-	-	-
8	489.4 Revenues from Storing Gas of Others	-	-	-	-
9	490 Sales of Prod. Ext. from Natural Gas	-	-	-	-
10	491 Revenues form Natural Gas Proc. by Others	-	-	-	-
11	492 Incidental Gasoline and Oil Sales	-	-	-	-
12	493 Rent from Gas Property	-	-	-	-
13	494 Interdepartmental Rents	-	-	-	-
14	495 Other Gas Revenues	-	-	-	-
15	Subtotal:	12,517,166	6,986,379	(2,808,740)	2,439,781
16	496 (Less) Provision for Rate Refunds	-	-	-	-
17	TOTAL:	12,517,166	6,986,379	(2,808,740)	2,439,781

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS OPERATING REVENUES (Continued)

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.

5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.

6. Report the revenues from transportation services that are bundled with storage services as transportation service revenue.

OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS	
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amounts for Current Year (j)	Amount for Previous Year (k)
1,023,035,827	572,910,262	1,028,428,913	579,695,155	130,381,050	93,699,336
-	-	-	-		
3,010,322	1,985,137	3,010,322	1,985,137		
4,482,984	4,540,075	4,482,984	4,540,075		
12,387,247	11,460,076	13,389,396	12,110,639	26,607,951	23,718,224
6,312,128	6,170,816	9,625,319	8,161,520	25,182,350	21,892,329
18,215,508	2,744,529	18,215,508	2,744,529	29,792,352	5,149,082
-	-	-	-	-	-
-	-	-	-		
-	-	-	-		
106,814	6,775	106,814	6,775		
2,804	-	2,804	-		
-	-	-	-		
531,565	175,959	531,565	175,959		
1,068,085,199	599,993,629	1,077,793,625	609,419,789		
22,284	-	22,284	-		
1,068,107,483	599,993,629	1,077,815,909	609,419,789		

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (ACCOUNT 489.1)

1. Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i.e. state in which gas enters respondent's system).

2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.

Line No.	Rate Schedule and Zone of Receipt (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	Missouri	1,002,149	650,563	-	-
2	Texas	-	-	-	-
3	PG Energy	-	-	-	-
4	Fall River:	-	-	-	-
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000	
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (Continued)						
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e).				4. Delivered Dth of gas must not be adjusted for discounting.		
OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		Line No.
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)	
2,735,266	2,530,226	3,737,416	3,180,789	7,597,617	6,993,734	1
9,210,306	8,929,850	9,210,306	8,929,850	18,631,276	16,724,490	2
-	-	-	-	-	-	3
441,675	-	441,675	-	379,058	-	4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (ACCOUNT 489.2)

1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.

overruns must be reported on page 308.

3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).

2. Revenues for penalties including penalties for unauthorized

Line No.	Zone of Delivery. Rate Schedule (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	Missouri	3,313,191	1,990,704	-	-
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

Name of Respondent Southern Union Company	This Report Is:	Date of Report	Year Ending
	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	Dec. 31, 2000

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (Continued)

4. Delivered Dth of gas must not be adjusted for discounting.
5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.
6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		Line No.
Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	
(f)	(g)	(h)	(i)	(j)	(k)	
6,312,128	6,170,816	9,625,319	8,161,520	25,182,350	21,892,329	1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS OPERATION AND MAINTENANCE EXPENSES

1. Report operation and maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnote.

2. Provide in footnotes the source of the index used to determine the price for gas supplied by shippers as reflected on line 74.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (<i>Submit Supplemental Statement</i>)	70,781	-
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Well Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses		
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses	209,862	-
17	760 Rents	4,911	-
18	TOTAL Operation (Total of lines 7 thru 17)	214,773	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering	4,721	-
21	762 Maintenance of Structures and Improvements	1,594	-
22	763 Maintenance of Producing Gas Wells	11,976	-
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Measuring and Regulating Station Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Total of lines 20 thru 28)	18,291	-
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	233,064	-

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering			
34	771 Operation Labor			
35	772 Gas Shrinkage			
36	773 Fuel			
37	774 Power			
38	775 Materials			
39	776 Operation Supplies and Expenses			
40	777 Gas Processed by Others			
41	778 Royalties on Products Extracted			
42	779 Marketing Expenses			
43	780 Products Purchased for Resale			
44	781 Variation in Products Inventory			
45	(Less) 782 Extracted Products Used by the Utility - Credit			
46	783 Rents			
47	TOTAL Operation (Total of lines 33 thru 46)	-	-	
48	Maintenance			
49	784 Maintenance Supervision and Engineering			
50	785 Maintenance of Structures and Improvements			
51	786 Maintenance of Extraction and Refining Equipment			
52	787 Maintenance of Pipe Lines			
53	788 Maintenance of Extracted Products Storage Equipment			
54	789 Maintenance of Compressor Equipment			
55	790 Maintenance of Gas Measuring and Regulating Equipment			
56	791 Maintenance of Other Equipment			
57	TOTAL Maintenance (Total of lines 49 thru 56)	-	-	
58	TOTAL Products Extraction (Total of lines 47 and 57)	-	-	

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals			
62	796 Nonproductive Well Drilling			
63	797 Abandoned Leases			
64	798 Other Exploration			
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	-	-	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases			
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers			
70	801 Natural Gas Field Line Purchases			
71	802 Natural Gas Gasoline Plant Outlet Purchases			
72	803 Natural Gas Transmission Line Purchases			
73	804 Natural Gas City Gate Purchases	376,725,496	96,735,367	
74	804.1 Liquefied Natural Gas Purchases	(14,356,990)		
75	805 Other Gas Purchases	313,419,800	227,789,947	
76	(Less) 805.1 Purchased Gas Cost Adjustments	1,714,036	(77,410)	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	677,502,342	324,447,904	
78	806 Exchange Gas			
79	Purchased Gas Expenses			
80	807.1 Well Expense - Purchased Gas			
81	807.2 Operation of Purchased Gas Measuring Stations			
82	807.3 Maintenance of Purchased Gas Measuring Stations			
83	807.4 Purchased Gas Calculations Expenses			
84	807.5 Other Purchased Gas Expenses	958,269	124,172	
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	958,269	124,172	

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2000	Year Ending Dec. 31, 2000
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1	Gas Withdrawn from Storage - Debit	42,125,057	6,003,925
87	(Less) 808.2	Gas Delivered to Storage - Credit	(36,896,853)	(743,109)
88	809.1	Withdrawals of Liquefied Natural Gas for Processing - Debit	1,635,739	-
89	(Less) 809.2	Deliveries of Natural Gas for Processing - Credit	(1,867,872)	-
90	Gas Used in Utility Operations - Credit			
91	810	Gas Used for Compressor Station Fuel - Credit	-	-
92	811	Gas Used for Products Extraction - Credit	-	-
93	812	Gas Used for Other Utility Operations - Credit	(653,768)	(92,476)
94	TOTAL Gas Used in Utility Operations - Credit (Total of lines 91 thru 93)		(653,768)	(92,476)
95	813	Other Gas Supply Expenses	(16,157,738)	-
96	TOTAL Other Gas Supply Exp. (Total of lines 77, 78, 85, 86 thru 89, 94,95)		666,645,176	329,740,416
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)		666,949,021	329,740,416
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expense			
100	Operation			
101	814	Operation Supervision and Engineering		
102	815	Maps and Records		
103	816	Wells Expenses		
104	817	Lines Expenses		
105	818	Compressor Station Expenses		
106	819	Compressor Station Fuel and Power		
107	820	Measuring and Regulating Station Expenses		
108	821	Purification Expenses		
109	822	Exploration and Development		
110	823	Gas Losses		
111	824	Other Expenses		
112	825	Storage Well Royalties		
113	826	Rents		
114	TOTAL Operation (Total of lines 101 thru 113)		-	-

Name of Respondent Southern Union Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
---	---	--------------------------------	-------------------------------------

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering		
117	831 Maintenance of Structures and Improvements		
118	832 Maintenance of Reservoirs and Wells		
119	833 Maintenance of Lines	764	368
120	834 Maintenance of Compressor Station Equipment		
121	835 Maintenance of Measuring and Regulating Station Equipment		
122	836 Maintenance of Purification Equipment		
123	837 Maintenance of Other Equipment		
124	TOTAL Maintenance (Total of lines 116 thru 123)	764	368
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	764	368
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering	-	
129	841 Operation Labor and Expenses	174,723	-
130	842 Rents	2,105	5,282
131	842.1 Fuel	1,366	-
132	842.2 Power	7,757	-
133	842.3 Gas Losses	107	-
134	TOTAL Operation (Total of lines 128 thru 133)	186,058	5,282
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering		
137	843.2 Maintenance of Structures and Improvements		
138	843.3 Maintenance of Gas Holders		
139	843.4 Maintenance of Purification Equipment		
140	843.5 Maintenance of Liquefaction Equipment		
141	843.6 Maintenance of Vaporizing Equipment		
142	843.7 Maintenance of Compressor Equipment		
143	843.8 Maintenance of Measuring and Regulating Equipment		
144	843.9 Maintenance of Other Equipment	54,727	-
145	TOTAL Maintenance (Total of lines 136 thru 144)	54,727	-
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	240,785	5,282

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminating and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses			
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulating Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel			
158	845.2 Power			
159	845.3 Rents			
160	845.4 Demurrage Charges			
161	(Less) 845.5 Wharfage Receipts - Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Total of lines 149 thru 164)	-	-	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering			
168	847.2 Maintenance of Structures and Improvements			
169	847.3 Maintenance of LNG Processing Terminal Equipment			
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equipment	4,721	-	
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment	10,880	-	
175	TOTAL Maintenance (Total of lines 167 thru 174)	15,601	-	
176	TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 and 175)			
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	-	-	

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850	Operation Supervision and Engineering	33,755	5,805
181	851	System Control and Load Dispatching	76,293	1,128
182	852	Communication System Expenses	21,298	-
183	853	Compressor Station Labor and Expenses	-	-
184	854	Gas for Compressor Station Fuel	-	-
185	855	Other Fuel and Power for Compressor Stations	-	-
186	856	Mains Expenses	55,488	22,588
187	857	Measuring and Regulating Station Expenses	110,855	65,737
188	858	Transmission and Compression of Gas by Others	-	-
189	859	Other Expenses	17,722	9,733
190	860	Rents	-	-
191	TOTAL Operation (Total of lines 180 thru 190)		315,411	104,991
192	Maintenance			
193	861	Maintenance Supervision and Engineering	123	1,711
194	862	Maintenance of Structures and Improvements	-	84
195	863	Maintenance of Mains	15,773	17,072
196	864	Maintenance of Compressor Station Equipment	-	-
197	865	Maintenance of Measuring and Regulating Station Equipment	1,470	6,740
198	866	Maintenance of Communication Equipment	-	483
199	867	Maintenance of Other Equipment	-	526
200	TOTAL Maintenance (Total of lines 193 thru 199)		17,366	26,616
201	TOTAL Transmission Expenses (Total of lines 191 and 200)		332,777	131,607
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870	Operation Supervision and Engineering	5,632,433	3,086,033
205	871	Distribution Load Dispatching	1,088,939	268,588
206	872	Compressor Station Labor and Expenses	1,982	160
207	873	Compressor Station Fuel and Power	6,731,212	-

Name of Respondent Southern Union Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending Dec. 31, 2000
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
208	874	Mains and Services Expenses	6,731,670	4,804,472
209	875	Measuring and Regulating Station Expenses - General	1,331,212	988,907
210	876	Measuring and Regulating Station Expenses - Industrial	23,096	31,911
211	877	Measuring and Regulating Station Expenses - City Gas Check Station	188,477	37,742
212	878	Meter and House Regulator Expenses	8,673,386	7,205,278
213	879	Customer Installations Expenses	5,272,333	4,291,151
214	880	Other Expenses	4,987,503	4,917,356
215	881	Rents	221,113	180,190
216	TOTAL Operation (Total of lines 204 thru 215)		34,152,144	25,811,788
217	Maintenance			
218	885	Maintenance Supervision and Engineering	1,436,625	1,034,057
219	886	Maintenance of Structures and Improvements	494,935	299,721
220	887	Maintenance of Mains	11,041,618	8,364,830
221	888	Maintenance of Compressor Station Equipment	208	357
222	889	Maintenance of Measuring and Regulating Station Equipment - General	1,241,640	622,049
223	890	Maintenance of Meas. and Reg. Station Equipment - Industrial	761,996	586,966
224	891	Maintenance of Meas. and Reg. Station Equip. - City Gate Check Station	140,482	45,833
225	892	Maintenance of Services	1,942,531	1,487,937
226	893	Maintenance of Meters and House Regulators	1,482,096	787,096
227	894	Maintenance of Other Equipment	794,856	1,027,881
228	TOTAL Maintenance (Total of lines 218 thru 227)		19,336,987	14,256,727
229	TOTAL Distribution Expenses (Total of lines 216 and 228)		53,489,131	40,068,515
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901	Supervision	1,486,190	1,036,794
233	902	Meter Reading Expenses	3,797,883	2,451,718
234	903	Customer Records and Collection Expenses	18,482,800	13,741,234