

Table 1 G

**STRAIGHT GAS INDUSTRY
COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS
FOR THE YEAR ENDED DECEMBER 31,
(\$000)**

	2004	2003	2002	2001	2000
UTILITY PLANT					
1 Total Utility Plant	\$6,063,063	\$5,802,866	\$5,528,563	\$5,260,812	\$5,022,737
2 Less Acc. Prov. For Depreciation & Amortization	1,699,102	1,608,618	1,483,498	1,374,395	1,261,123
3 Net Total Utility Plant	4,363,961	4,194,248	4,045,065	3,886,417	3,761,614
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	4,955	5,041	8,703	8,799	8,874
5 Less Acc. Prov. For Depreciation & Amortization	(1,289)	(1,307)	(4,804)	(4,807)	(6,287)
6 Investment in Associated Companies	3,505	3,015	3,151	2,818	2,509
7 Investment in Subsidiary Companies	47,826	47,022	37,300	32,044	26,421
8 Other Investments	5,052	7,874	8,775	9,817	10,003
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	2,594	2,252	1,672	13,989	13,802
12 Total Other Property and Investments	62,642	63,897	54,797	62,661	55,323
CURRENT AND ACCRUED ASSETS					
13 Cash	3,810	26,003	29,245	16,923	(7,217)
14 Special Deposits		8,779	9,326	9,833	9,719
15 Working Funds	175	477	498	760	768
16 Temporary Cash Investments	83	83	0	21,600	
17 Notes Receivable	316	78	148	96	138
18 Accounts Receivable	467,412	424,937	384,151	305,293	500,156
19 Less Accum. Prov. For Uncollectible Accounts	(39,846)	(39,666)	(41,400)	(40,501)	(37,193)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	24,607	38,914	24,500	225,751	53,918
22 Materials and Supplies	24,713	24,890	24,075	24,277	24,330
23 Gas Stored Underground - Current	369,338	355,769	209,225	268,505	215,447
24 Liquefied Natural Gas in Storage	11,918	9,770	7,872	8,453	8,340
25 Prepayments	102,089	87,919	69,658	94,164	42,535
26 Interest and Dividends Receivable	(26)	287	751	2,478	470
27 Rents Receivable	10,498	10,296	6,410	32,124	25,428
28 Accrued Utility Revenue	415,883	306,666	280,164	253,147	368,906
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	1,390,972	1,255,201	1,004,624	1,222,902	1,205,744
DEFERRED DEBITS					
31 Unamort. Debt Expense	19,431	21,172	22,420	24,101	24,799
32 Extraordinary Property Losses					1
33 Prelim. Survey and Investigation Charges	58	144	76	20	117
34 Clearing Accounts	(1,676)	(1,473)	(1,257)	(1,221)	(1,347)
35 Temporary Facilities					(3)
36 Miscellaneous Deferred Debits	505,925	601,858	472,639	482,342	553,558
37 Deferred Losses from Disp. of Utility Plant					939
38 Research and Development	(3,488)	(2,970)	(1,902)	(1,507)	(1,932)
39 Accumulated Deferred Income Taxes	(67,602)	(35,076)	63,763	161,198	184,556
40 Total Deferred Debits	452,649	583,656	555,739	664,934	760,688
41 Total Assets and Other Debits	\$6,270,223	\$6,097,002	\$5,660,225	\$5,836,914	\$5,783,369

**STRAIGHT GAS INDUSTRY
COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS
FOR THE YEAR ENDED DECEMBER 31,
(\$000s)**

	2004	2003	2002	2001	2000	
PROPRIETARY CAPITAL						
Common Stock Issued	\$68,382	\$68,550	\$68,400	\$82,703	\$82,703	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	1,056,517	1,056,348	1,002,331	1,029,351	1,029,351	5
Other Paid-in Capital	121,600	95,843	89,282	180,519	180,959	6
Installments Received on Capital Stock						7
Capital Stock Expense	(26)	(31)	(36)	(41)	(45)	8
Retained Earnings	1,065,236	940,473	929,641	951,470	718,098	9
Unapp. Undistributed Subsidiary Earnings	56,725	60,602	53,384	48,079	42,160	10
Reaquired Capital Stock	(42,125)	(10,174)	(12,103)	(103,261)	(103,261)	11
Total Proprietary Capital	2,326,308	2,211,612	2,130,898	2,188,819	1,949,964	12
LONG-TERM DEBT						
Bonds	1,173,163	1,181,093	1,180,988	1,182,459	1,057,900	13
Reaquired Bonds						14
Advances from Associated Companies	218,310	344,214	424,904	444,962	474,962	15
Other Long-Term Debt	7,000	7,086	5,786	8,008	8,072	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit	(837)	(917)	(990)	(1,070)	(1,150)	18
Total Long-Term Debt	1,397,636	1,531,476	1,610,688	1,634,360	1,539,785	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable	14,081	14,934	10,600	13,874	14,720	20
Accounts Payable	347,248	287,920	227,358	187,629	354,056	21
Notes Payable to Associated Companies	774,107	608,830	314,747	219,107	236,000	22
Accounts Payable to Associated Companies	53,849	55,960	175,957	429,454	487,209	23
Customer Deposits	50,928	46,475	42,952	38,627	35,817	24
Taxes Accrued	38,126	29,641	21,227	23,978	33,075	25
Interest Accrued	20,905	25,444	24,184	29,214	22,283	26
Dividends Declared	9,579	9,373	9,121	8,852	8,851	27
Matured Long-Term Debt				5	5	28
Matured Interest				15	15	29
Tax Collections Payable	2,078	(4,374)	1,783	2,422	8,296	30
Misc. Current and Accrued Liabilities	128,616	167,897	117,601	127,837	174,086	31
Total Current and Accrued Liabilities	1,439,516	1,242,101	945,529	1,081,015	1,374,413	32
DEFERRED CREDITS						
Customer Advances for Construction	629	1,814	1,772	1,883	1,889	33
Other Deferred Credits	148,100	158,659	141,489	131,296	199,152	34
Accumulated Deferred Inv. Tax Credits	19,492	21,095	22,699	24,327	25,587	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	731,835	684,041	616,142	568,758	516,928	37
Total Deferred Credits	900,056	865,609	782,102	726,265	743,555	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve	867	1,144	8,992	10,370	26,188	40
Pension and Benefits Reserve	(14,529)	5,373	22,771	23,932	26,625	41
Miscellaneous Operating Reserves	220,369	239,686	159,244	172,153	122,839	42
Total Operating Reserves	206,708	246,203	191,007	206,455	175,652	43
Total Liabilities and Other Credits	\$6,270,223	\$6,097,002	\$5,660,225	\$5,836,914	\$5,783,369	44

Table 3 G

STRAIGHT GAS INDUSTRY
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,
(\$000s)

	2004	2003	2002	2001	2000
GAS OPERATING INCOME					
1 Operating Revenues	\$4,092,409	\$3,993,427	\$3,086,892	\$3,464,688	\$3,268,353
Operating Expenses:					
2 Operation Expense	3,043,051	2,917,502	2,055,997	2,425,992	2,297,980
3 Maintenance Expense	93,423	85,365	76,919	77,106	75,802
4 Depreciation Expense	153,215	146,897	141,447	132,511	129,556
5 Amort. and Depletion of Utility Plant	15,140	13,508	12,100	10,478	8,408
6 Amort. of Utility Plant Acq. Adj.	9,896	9,896	8,896	(20,807)	9,896
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	38,150	38,642	29,896	7,499	11,250
9 Other Expenses	96		18,844	3,730	5,649
10 Taxes Other than Income Taxes	230,764	264,164	273,663	292,254	301,063
11 Income Taxes	143,675	151,651	131,551	152,915	119,291
12 Gains from Disposition of Util. Plant					(5)
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	3,727,410	3,627,624	2,749,313	3,081,678	2,958,899
15 Net Operating Revenues	364,999	365,803	337,579	383,010	309,454
16 Other Gas Utility Operating Income					
17 Total Gas Utility Operating Income	364,999	365,803	337,579	383,010	309,454
18 Other Utility Operating Income				399	
19 Total Utility Operating Income	\$364,999	\$365,803	\$337,579	\$383,410	\$309,454

STRAIGHT GAS INDUSTRY
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,
(\$000s)

	2004	2003	2002	2001	2000	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work	\$89	\$56	(\$310)	(\$219)	(\$246)	1
Income from Nonutility Operations	(248)	2	12		104	2
Nonoperating Rental Income	234	(30)	390	1,897	(461)	3
Equity in Earnings of Subsidiary Companies	6,857	7,259	5,582	5,919	5,989	4
Interest and Dividend Income	1,648	47	4,270	5,091	8,851	5
Allowance for Funds Used During Construction	1,242	2,247	6,542	3,620	3,012	6
Miscellaneous Nonoperating Income	519	3,259	7,045	8,179	5,234	7
Gain on Disposition of Property	(60)	13,687	1,751	1,191	9	8
Total Other Income	10,281	26,526	25,283	25,677	22,492	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property		11		35		10
Miscellaneous Amortization	7	7	7	24	24	11
Miscellaneous Income Deductions	4,300	14,858	5,456	8,384	9,243	12
Total Other Income Deductions	4,307	14,876	5,463	8,443	9,267	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	(11)	766	(8,392)	1,163	841	14
Income Taxes	(2,362)	(4,006)	(4,127)	(4,281)	(5,160)	15
Total Taxes-Other Inc. & Deductions	(2,373)	(3,241)	(12,519)	(3,118)	(4,319)	16
Net Other Income and Deductions	8,347	14,891	32,339	20,352	17,544	17
INTEREST CHARGES						
Interest on Long-term Debt	75,391	76,177	74,758	76,084	67,002	18
Amortization of Debt Discount and Expense	2,333	3,241	3,273	3,248	3,129	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	34,170	40,127	42,016	44,460	45,997	21
Other Interest Expense	9,535	5,482	6,121	5,128	11,780	22
Total Interest Charges	121,429	125,026	126,168	128,921	127,908	23
Income Before Extraordinary Items	251,917	255,667	243,750	274,841	199,090	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$251,917	\$255,667	\$243,750	\$274,841	\$199,090	29
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP) *	\$940,473	\$929,641	\$951,470	\$718,098	\$672,280	30
Balance Transferred from Income	245,060	248,408	238,169	268,923	193,102	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	131,107	237,088	258,844	35,428	147,306	34
Adjustments to Retained Earnings	10,810	(488)	(1,154)	(123)	22	35
Net Change	124,763	10,833	(21,829)	233,372	45,817	36
Unappropriated Retained Earnings (EOP)	1,065,236	940,473	929,641	951,470	718,098	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	1,065,236	940,473	929,641	\$951,470	\$718,098	39

Notes:

* The beginning balance in 2002 Retained Earnings does not equal the ending balance in 2001 because Valley Energy acquired the assets of NUI Waverly that year setting its Retained Earnings at \$0.

Table 5 G

STRAIGHT GAS INDUSTRY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31
(\$000s)

	2004	2003	2002	2001	2000
Cash Flows From Operating Activities					
1 Net Income	\$251,917	\$255,667	\$243,750	\$274,841	\$199,090
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	183,608	182,607	129,143	199,403	140,049
3 Deferred Taxes & ITCs	9,138	128,850	205,516	70,578	81
4 Receivables and Inventory	17,749	(170,926)	141,081	(168,712)	89,284
5 Payables and Accrued Expenses	56,626	(30,838)	(114,437)	(164,782)	16,322
6 Regulatory Assets (Net)	19,869	(16,833)	(11,578)	24,542	(33,020)
7 Capitalized AFUDC - Equity	(1,226)	(1,157)	(4,385)	(2,524)	(3,012)
8 Undistributed Earnings of Affiliates	425	132	(344)	(302)	(5,988)
9 Other Adjustments (See company detail for explanations of major items)	23,506	(8,559)	(42,491)	79,138	(107,718)
10	(95,376)	19,844	(14,124)	70,539	(35,241)
11	(64,934)	30,674	19,878	(104,181)	69,028
12 Net Cash From Operating Activities	<u>401,301</u>	<u>389,462</u>	<u>552,011</u>	<u>278,541</u>	<u>328,875</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(332,320)	(284,784)	(276,002)	(264,997)	(285,107)
14 Acquisition Of Other Non-Current Assets	(26)	(9,705)	28	(288)	(588)
15 Investments in & Advances to Affiliates	(21,807)	121,362	(4,972)	(5,319)	26,375
16 Contributions & Advances from Affiliates	95,972	-	-	-	98,230
Net Proceeds - Sale Or Disposition Of:					
Property, Plant & Equipment					
17 Investments In Affiliated Companies	8,693	(7,898)	13	(13)	
19 Investment Securities	-	(257)	123	123	22
20 Other Current Assets & Liabilities	15				
21 Other Cash Flows - Investing Activities	(302)	604	(3,028)	(1,122)	1,293
22	-	-	-	-	-
23					
24 Net Cash From Investing Activities	<u>(249,776)</u>	<u>(180,678)</u>	<u>(283,837)</u>	<u>(271,617)</u>	<u>(159,775)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(42,512)	22,168	(45,736)	95,867	(122,597)
26 Common Stock	(93,000)	0	2,327	0	0
27 Preferred Stock	0	0	0	0	0
28 Short-Term Debt	(854)	3,134	22,879	(21,751)	21,788
29 Dividends Paid	(38,107)	(236,688)	(258,824)	(35,428)	(147,741)
30 Other Cash Flows - Financing Activities	796	0	3,420	0	0
31	0	0	(1,746)	0	0
32	0	0	0	0	0
33 Net Cash From Financing Activities	<u>(173,677)</u>	<u>(211,385)</u>	<u>(277,681)</u>	<u>38,688</u>	<u>(248,550)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(22,152)	(2,601)	(9,508)	45,613	(79,451)
35 Cash & Cash Equivalents Beginning Of Year *	28,815	31,416	40,923	(4,690)	74,761
36 Cash & Cash Equivalents End Of Year	\$6,663	\$28,815	\$31,416	\$40,923	(\$4,690)

**STRAIGHT GAS INDUSTRY
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31,**

	2004	2003	2002	2001	2000	
SALES AND CUSTOMER DATA						
REVENUES (\$000s)						
Residential	\$2,630,558	\$2,566,903	\$1,935,441	\$2,265,516	\$2,159,826	1
Commercial	691,486	653,031	473,483	562,452	536,388	2
Industrial	153,173	141,986	128,535	71,003	80,895	3
Other Ultimate Customers	122,630	120,347	72,452	73,585	76,878	4
Total Revenues-Ultimate Customer	3,597,848	3,482,267	2,609,911	2,972,557	2,853,987	5
Sales for Resale	197,479	194,961	134,438	142,054	104,631	6
Total Revenues from Gas Sales	3,795,326	3,677,227	2,744,349	3,114,611	2,958,618	7
Transportation Sales	255,419	262,541	296,209	300,625	275,224	8
Other Gas Operating Revenues	48,077	58,443	46,334	49,452	34,512	9
Total Gas Operating Revenues	\$4,098,823	\$3,998,211	\$3,086,892	\$3,464,688	\$3,268,353	10
SALES (MCF)						
Residential	203,853,559	210,971,579	188,729,609	183,658,691	206,701,559	11
Commercial	67,671,887	68,942,475	66,795,167	66,039,068	54,830,912	12
Industrial	16,827,115	17,052,919	22,201,528	9,006,435	28,444,173	13
Other Ultimate Customers	12,967,787	13,895,211	12,388,595	10,245,346	10,728,616	14
Total Sales-Ultimate Customer	301,320,348	310,862,184	290,114,899	268,949,540	300,705,260	15
Sales for Resale	27,203,885	33,233,034	44,184,609	33,714,164	29,189,487	16
Transportation Sales	174,119,809	182,665,231	228,342,176	226,382,177	215,183,331	17
Other Gas Sales				18,627		18
Total Sales	502,644,042	526,760,450	562,641,684	529,064,508	545,078,078	19
AVG NUMBERS OF CUSTOMERS						
Residential	2,146,130	2,170,255	2,194,201	2,185,603	2,178,711	20
Commercial	111,302	113,138	113,105	104,982	101,598	21
Industrial	15,855	16,596	19,220	24,743	27,532	22
Other Customers	2,437	3,380	4,688	4,472	4,982	23
Total Ultimate Customers	2,275,724	2,303,369	2,331,214	2,319,800	2,312,823	24
Resales	14	16	17	16	19	25
Total Customers	2,275,738	2,303,385	2,331,231	2,319,816	2,312,842	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,226	\$1,183	\$882	\$1,037	\$991	27
Average MCF Consumption Per Customer	95.0	97.2	86.0	84.0	94.9	28
Average Revenue Per MCF Sold	\$12.90	\$12.17	\$10.26	\$12.34	\$10.45	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$6,213	\$5,772	\$4,186	\$5,358	\$5,280	30
Average MCF Consumption Per Customer	608.0	609.4	590.6	629.1	539.7	31
Average Revenue Per MCF Sold	\$10.22	\$9.47	\$7.09	\$8.52	\$9.78	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$9,661	\$8,556	\$6,688	\$2,870	\$2,938	33
Average MCF Consumption Per Customer	1,061.3	1,027.6	1,155.1	364.0	1,033.1	34
Average Revenue Per MCF Sold	\$9.10	\$8.33	\$5.79	\$7.88	\$2.84	35
OPERATION AND MAINTENANCE EXPENSES						
Steam					\$3	36
Manufactured Gas					127	37
Natural Gas - Production & Gathering	\$14	\$27	\$12	\$15		34
Purchased Gas	2,335,276	2,221,766	1,406,657	1,883,383	1,566,564	39
Other	22,324	609	15,691	(90,579)	22,701	40
Total Production Expense	2,357,613	2,222,403	1,422,359	1,792,819	1,589,429	41
Natural Gas Storage Expense	41,838	44,201	39,571	41,263	38,087	42
Transmission Expense	104,515	109,288	104,155	111,802	125,590	43
Distribution Expense	164,358	159,165	149,303	152,814	165,670	44
Customer Account Expense	154,703	143,388	109,297	107,835	155,713	45
Sales Expense	27,533	33,872	677	669	20,118	46
Administrative and General	286,011	290,645	307,717	295,897	266,371	47
Total O & M Expense	\$3,136,572	\$3,002,962	\$2,133,079	\$2,503,098	\$2,360,978	48

Notes:

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Table 7 G

**STRAIGHT GAS INDUSTRY
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31,
(\$000s)**

	2004	2003	2002	2001	2000
1 Total Revenues	\$4,098,823	\$3,998,211	\$3,086,892	\$3,464,688	\$3,268,353
2 Sales of Gas (MCF) *	328,524,233	344,095,219	334,299,508	302,663,703	329,894,747
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$2,503,452	\$2,375,507	\$1,565,999	\$1,945,883	\$1,753,106
4 Wages and Benefits	312,816	301,418	192,110	158,899	289,203
5 Other Operation & Maintenance Exp.	320,188	325,941	374,885	398,316	331,472
6 Depreciation & Amortization Expense	216,360	208,903	192,336	129,681	159,110
7 Income Taxes-Operating	143,675	151,651	131,551	152,915	119,291
8 Other Taxes-Operating	158,438	264,164	273,663	292,254	301,063
9 Capital Costs	443,894	370,627	356,348	386,741	315,108
10 Total	\$4,098,823	\$3,998,211	\$3,086,892	\$3,464,688	\$3,268,353
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	61.1	59.4	50.7	56.2	53.6
12 Wages and Benefits	7.6	7.5	6.2	4.6	8.8
13 Other Operation & Maintenance Exp.	7.8	8.2	12.1	11.5	10.1
14 Depreciation & Amortization Expense	5.3	5.2	6.2	3.7	4.9
15 Income Taxes-Operating	3.5	3.8	4.3	4.4	3.6
16 Other Taxes-Operating	3.9	6.6	8.9	8.4	9.2
17 Capital Costs	10.8	9.3	11.5	11.2	9.6
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	7.62	6.90	4.68	6.43	5.31
20 Wages and Benefits	0.95	0.88	0.57	0.53	0.88
21 Other Operation & Maintenance Exp.	0.97	0.95	1.12	1.32	1.00
22 Depreciation & Amortization Expense	0.66	0.61	0.58	0.43	0.48
23 Income Taxes-Operating	0.44	0.44	0.39	0.51	0.36
24 Other Taxes-Operating	0.48	0.77	0.82	0.97	0.91
25 Capital Costs	1.35	1.08	1.07	1.28	0.96
26 Total	12.48	11.62	9.23	11.45	9.91

Notes:

* Includes Sales for Resale

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Data Field Below

Purchased Gas and Other Supply Exp.	1,697,292	1,538,304	1,046,710	1,193,097	1,125,560
Liquidified Petro Gas	186	208	22	271	111
Other Gas Supply	692,267	703,802	394,183	624,471	463,869
Gas Storage	41,652	43,993	39,547	40,992	37,976
Transmission Expense	104,515	109,288	104,155	111,802	125,590
Total Purchased Gas	838,620	857,292	537,907	777,536	627,546
-Total PG related to Sales for Resale PG - Ultimate Customers	838,620	857,292	537,907	777,536	627,546
<u>Wages and Benefits</u>					
Salaries	240,924	226,325	141,091	127,598	223,716
Pensions and Benefits	70,071	73,996	49,884	31,300	65,487
Total Wages and Benefits	310,995	300,321	190,975	158,899	289,203
<u>Other Expenses</u>					
Total O&M Expenses	3,136,455	3,002,866	2,132,994	2,503,098	2,373,782
-Total Purchased Gas	2,503,452	2,375,507	1,565,999	1,945,883	1,753,106
-Wages and Benefits	312,816	301,418	192,110	158,899	289,203
-Other Gains					(5)
+Other Losses					
-Other Revenues					
Other Expenses	320,188	325,941	374,885	398,316	331,477
<u>Depreciation and Amortization</u>					
Depreciation Exp	153,215	146,897	141,447	132,511	129,569
Amort & Depl of Utility Plant	12,894	11,594	10,819	9,865	8,350
Amort of Other Utility Plant	12,142	11,810	10,174	(20,194)	9,942
Amort of Property Losses					
Amort of Conversion Expenses	38,110	38,602	29,896	7,499	11,250
Total Depre and Amort	216,360	208,903	192,336	129,681	159,110
<u>Fuel and PP related to Sales for Resale</u>					
Total PG	2,503,452	2,375,507	1,565,999	1,945,883	1,772,161
divided by Total MCFs	328,524	344,095	334,300	302,664	334,314
Fuel Cost per MCF	7.620	6.904	4.684	6.429	5.301
times Sales for Resale MCFs	27,203.885	33,233.034	44,184.609	33,714.164	29,189.487
Sales for Resale PG	213,001.341	235,313.456	206,071.982	217,920.411	154,562.148
<u>Transportation Volumes</u>					
	75,604	77,014	88,322	89,278	94,624

Table 8 G

STRAIGHT GAS INDUSTRY
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,
(\$000s)

	2004	2003	2002	2001	2000	
Intangible	\$123,410	\$118,137	\$117,649	\$100,379	\$82,587	1
Production						
Manufactured Gas	2,380	2,008	2,008	2,372	2,521	2
Natural Gas	20,413	20,442	20,476	20,380	20,299	3
Natural Gas Storage						
Underground Storage						4
Other Storage	122,554	116,285	114,882	94,149	93,804	5
Transmission	348,785	332,890	319,904	300,743	298,554	6
Distribution	5,143,917	4,880,255	4,624,793	4,301,771	4,138,757	7
General	260,765	285,263	280,501	270,233	268,985	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Stored Underground, Non-current	858	0	858	858	858	11
Total Plant In Service	6,023,083	5,755,281	5,481,071	5,090,885	4,906,365	12
Plant Leased To Others						13
Plant Held For Future Use	460	460	460	460	460	14
Construction Work In Progress	38,260	45,865	46,074	168,944	115,389	15
Aquisition Adjustments	1,260	1,260	958	523	523	16
Total Plant	6,063,063	5,802,866	5,528,563	5,260,812	5,022,737	17
Accum. Prov. - Depr. & Amort.	1,699,102	1,608,618	1,483,498	1,374,395	1,261,123	18
Total Net Plant	\$4,363,961	\$4,194,248	\$4,045,065	\$3,886,417	\$3,761,614	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.97	1.01	1.06	1.13	0.88	20
Total Capitalization (\$000s)	\$4,512,132	\$4,377,026	\$4,066,933	\$4,056,160	\$3,740,469	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	31.0%	35.0%	39.6%	40.3%	41.2%	22
Preferred Stock						23
Common Stock & Retained Earnings	51.6%	50.8%	52.4%	54.0%	52.1%	24
Short-Term Debt	17.5%	14.3%	8.0%	5.7%	6.7%	25
Pretax Coverage of Interest Expense	4.20	4.18	3.94	4.28	3.45	26
Com. Stock Dividends as a % of Earnings	8.1%	-52.4%	106.2%	12.9%	74.0%	27
Return on Common Equity	13.5%	14.3%	11.3%	13.3%	10.0%	28
Internal Cash Generated as a % of Cash Outflows for Construction	121.0%	145.2%	200.0%	105.1%	115.4%	29
Earnings per Share	\$0.00	\$0.00	\$4.73	\$5.33	\$3.86	30
Book Value per Share	\$0.01	\$0.01	\$41.32	\$42.47	\$37.83	31
Dividends per Share	\$0.00	(\$0.00)	\$5.02	\$0.69	\$2.86	32
Number of Employees	3,613	3,363	4,389	3,584	4,602	33

Data Field Below

Current Assets	1,390,971,523	1,255,200,895	1,004,624,495	1,222,902,388	1,205,744,324
Current Liabilities	1,439,515,905	1,242,101,257	945,529,395	1,081,014,644	1,374,413,491
Total Capitalization	4,512,131,916	4,377,026,241	4,066,933,023	4,056,160,281	3,740,468,917
Long-Term Debt	1,397,635,669	1,531,475,956	1,610,687,849	1,634,360,001	1,539,785,059
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,326,308,468	2,221,785,834	2,130,898,291	2,188,819,430	1,949,963,755
Short-Term Debt	788,187,780	623,764,451	325,346,884	232,980,850	250,720,103
Pretax Income	509,411,368	522,763,774	497,342,302	552,395,929	441,129,361
Interest Expense	121,405,301	125,015,926	126,167,948	128,920,575	127,908,255
Dividends Paid	25,107,375	(162,912,500)	258,843,750	35,427,675	147,306,228
Net Income (Excl. Preferred Stock Dividends)	308,129,888	311,082,813	243,750,479	274,841,349	199,090,251
Internal Cash	402,122,364	413,648,007	552,010,978	278,541,226	328,874,780
Cash Outflows for Construction	332,243,254	284,784,499	276,002,307	264,996,602	285,107,468
Shares Outstanding (Millions)*** Check (SOME COMPANIES IN HOLD AMTS VS. .004)	435,100.5090	435,100.5103	51.5664	51.5434	51.5434
Misc Deferred Debits	357,825,176	443,198,914	327,755,586	400,027,411	365,507,266
Number of Employees	3,613	3,363	4,389	3,584	4,602

THE BROOKLYN UNION GAS COMPANY
COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
UTILITY PLANT					
1 Total Utility Plant	\$2,546,473,830	\$2,426,503,240	\$ 2,315,330,678	\$ 2,230,272,297	\$ 2,151,837,465
2 Less Acc. Prov. For Depreciation & Amortization	831,059,123	792,794,838	725,301,686	668,549,630	605,177,582
3 Net Total Utility Plant	1,715,414,707	1,633,708,402	1,590,028,992	1,561,722,667	1,546,659,883
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies	47,800,031	46,991,792	37,274,728	32,015,873	26,399,524
8 Other Investments	4,027,924	6,791,211	7,318,515	8,277,399	8,592,205
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	51,827,955	53,783,003	44,593,243	40,293,271	34,991,729
CURRENT AND ACCRUED ASSETS					
13 Cash	(1,850,294)	5,096,898	11,657,365	8,986,686	(13,388,275)
14 Special Deposits		8,768,868	9,316,472	9,822,379	9,708,829
15 Working Funds		275,000	275,000	275,000	275,000
16 Temporary Cash Investments				21,600,000	
17 Notes Receivable					
18 Accounts Receivable	175,534,760	132,931,741	128,581,665	104,132,411	167,500,017
19 Less Accum. Prov. For Uncollectible Accounts	(18,811,122)	(16,081,093)	(17,416,060)	(13,633,320)	(16,952,406)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	12,021,347	14,762,364	10,025,811	105,598,129	38,196,873
22 Materials and Supplies	8,864,328	9,674,672	10,259,134	8,948,337	11,957,513
23 Gas Stored Underground - Current	225,576,356	215,503,012	118,051,035	148,545,122	109,975,507
24 Liquefied Natural Gas in Storage	9,063,400	6,896,819	6,307,467	7,054,200	6,952,100
25 Prepayments	61,691,231	48,343,190	27,714,346	43,950,789	31,689,929
26 Interest and Dividends Receivable	13,170	13,170	13,069	1,986,043	10,956
27 Rents Receivable	35,346	404,202	375,141	(373,925)	
28 Accrued Utility Revenue	231,829,715	166,078,868	157,263,531	128,468,766	196,407,472
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	703,968,237	592,667,711	462,423,976	575,360,618	542,333,515
DEFERRED DEBITS					
31 Unamort. Debt Expense	17,473,135	18,794,194	20,005,165	21,326,224	22,647,283
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges				38,113	38,113
34 Clearing Accounts				(440,667)	
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	210,551,176	248,864,245	168,476,444	229,814,203	190,046,197
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development		97,000	97,000	97,000	
39 Accumulated Deferred Income Taxes	8,265,171	29,116,733	59,429,646	34,854,599	55,360,551
40 Total Deferred Debits	236,289,482	296,872,172	248,008,256	285,689,472	268,092,144
41 Total Assets and Other Debits	\$2,707,500,381	\$2,577,031,288	\$2,345,054,466	\$2,463,066,028	\$2,392,077,271

**THE BROOKLYN UNION GAS COMPANY
COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS
FOR THE YEAR ENDED DECEMBER 31,**

	2004	2003	2002	2001	2000	
PROPRIETARY CAPITAL						
Common Stock Issued	\$1	\$1	\$1	\$16,882,114	\$16,882,114	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	472,627,081	472,627,081	468,747,082	495,767,051	495,767,051	5
Other Paid-in Capital				59,203,010	59,359,132	6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	408,441,337	330,625,078	417,037,124	521,687,287	374,733,081	9
Unapp. Undistributed Subsidiary Earnings	53,431,933	57,910,552	50,588,488	45,360,956	39,744,608	10
Required Capital Stock	(15,492,825)	(10,173,598)	(12,102,722)	(103,261,214)	(103,261,214)	11
Total Proprietary Capital	919,007,527	850,989,114	924,269,973	1,035,639,204	883,224,772	12
LONG-TERM DEBT						
Bonds	638,763,056	646,692,989	646,587,888	648,059,298	648,500,000	13
Required Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit	(837,389)	(917,140)	(990,245)	(1,069,997)	(1,149,748)	18
Total Long-Term Debt	637,925,667	645,775,849	645,597,643	646,989,301	647,350,252	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable						20
Accounts Payable	158,730,727	111,209,803	91,828,572	74,866,724	145,373,583	21
Notes Payable to Associated Companies	360,947,815	277,365,475	37,811,181		98,230,000	22
Accounts Payable to Associated Companies	46,219,423	33,830,154	92,401,034	144,863,540	90,527,357	23
Customer Deposits	34,603,844	33,808,063	32,249,588	29,053,502	27,321,589	24
Taxes Accrued	10,209,410	26,363,469	13,963,721	3,504,814	23,164,701	25
Interest Accrued	3,771,908	8,380,146	6,972,116	11,962,182	8,791,533	26
Dividends Declared				2,368	2,368	27
Matured Long-Term Debt				4,920	4,920	28
Matured Interest				15,190	15,190	29
Tax Collections Payable	671,118	856,467	2,283,754	2,527,078	4,290,927	30
Misc. Current and Accrued Liabilities	30,840,386	72,158,598	37,313,429	49,761,662	68,027,040	31
Total Current and Accrued Liabilities	645,994,631	563,972,175	314,823,395	316,561,980	465,749,208	32
DEFERRED CREDITS						
Customer Advances for Construction				(64)		33
Other Deferred Credits	79,878,796	85,944,135	51,380,990	54,959,281	62,765,993	34
Accumulated Deferred Inv. Tax Credits	12,314,405	13,225,133	14,135,870	15,046,610	15,957,350	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	310,588,886	306,001,157	304,010,742	294,411,781	250,764,794	37
Total Deferred Credits	402,782,087	405,170,425	369,527,602	364,417,607	329,488,137	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve		253	8,775,129	9,924,817	21,576,169	40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves	101,790,471	111,123,472	82,060,725	89,533,119	44,688,733	42
Total Operating Reserves	101,790,471	111,123,725	90,835,854	99,457,936	66,264,902	43
Total Liabilities and Other Credits	\$2,707,500,383	\$2,577,031,288	\$2,345,054,466	\$2,463,066,028	\$2,392,077,271	44

THE BROOKLYN UNION GAS COMPANY
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
GAS OPERATING INCOME					
1 Operating Revenues	\$1,751,885,076	\$1,699,688,030	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969
Operating Expense:					
2 Operation Expense	1,248,656,433	1,203,841,510	872,182,456	913,339,088	981,569,993
3 Maintenance Expense	55,503,231	49,501,265	46,897,834	48,252,769	46,959,402
4 Depreciation Expense	72,394,409	69,955,640	67,426,985	64,599,125	57,137,937
5 Amort. and Depletion of Utility Plant	12,879,770	11,580,995	10,806,250	9,852,637	8,349,668
6 Amort. of Utility Plant Acq. Adj.	9,895,992	9,895,992	8,895,992	(20,806,510)	9,895,992
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses					
9 Other Expenses			9,705,796		5,649,181
10 Taxes Other than Income Taxes	115,783,581	131,580,290	135,667,813	142,158,422	151,064,388
11 Income Taxes	73,338,870	73,482,501	67,497,383	79,684,157	58,424,437
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	1,588,452,286	1,549,838,194	1,219,080,509	1,237,079,688	1,319,050,998
15 Net Operating Revenues	163,432,790	149,849,836	138,422,452	185,836,384	134,492,971
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	163,432,790	149,849,836	138,422,452	185,836,384	134,492,971
18 Other Utility Operating Income				399,129	
19 Total Utility Operating Income	\$163,432,790	\$149,849,836	\$138,422,452	\$186,235,513	\$134,492,971

THE BROOKLYN UNION GAS COMPANY
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work				(\$7,500)	(\$246,424)	1
Income from Nonutility Operations	(\$245,677)	(\$39,286)	(\$99,029)		104,188	2
Nonoperating Rental Income					(162,445)	3
Equity in Earnings of Subsidiary Companies	6,440,141	7,322,064	5,227,532	5,616,348	5,614,536	4
Interest and Dividend Income	1,201,185	(946,124)	1,885,266	3,043,729	8,441,846	5
Allowance for Funds Used During Construction	540,245	1,164,941	2,157,934	1,095,734	1,015,192	6
Miscellaneous Nonoperating Income	234	(976,385)	(329)	50,211	(1,944)	7
Gain on Disposition of Property		(172,557)	586,226	733,863		8
Total Other Income	7,936,128	6,352,653	9,757,599	10,532,385	14,764,949	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	3,369,833	1,962,903	1,229,192	6,243,480	3,072,579	12
Total Other Income Deductions	3,369,833	1,962,903	1,229,192	6,243,480	3,072,579	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	5,944	13,474	(9,230,125)	383,335	57,610	14
Income Taxes	(910,728)	(2,467,130)	(2,677,418)	(2,898,026)	(1,263,120)	15
Total Taxes-Other Inc. & Deductions	(904,784)	(2,453,656)	(11,907,543)	(2,514,691)	(1,205,510)	16
Net Other Income and Deductions	5,471,078	6,843,406	20,435,950	6,803,596	12,897,880	17
INTEREST CHARGES						
Interest on Long-term Debt	34,452,852	35,177,814	33,821,299	35,515,831	37,245,015	18
Amortization of Debt Discount and Expense	1,400,810	1,284,076	1,400,810	1,400,810	1,395,872	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	5,128,975	552,047	15,552	1,124,599		21
Other Interest Expense	1,583,592	(1,230,713)	(456,628)	2,427,316	2,233,038	22
Total Interest Charges	42,566,228	35,783,224	34,781,034	40,468,556	40,873,925	23
Income Before Extraordinary Items	126,337,640	120,910,018	124,077,369	152,570,554	106,516,926	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$126,337,640	\$120,910,018	\$124,077,369	\$152,570,554	\$106,516,926	29
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RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$330,625,085	\$417,037,131	\$521,687,295	\$374,733,089	\$369,830,699	30
Balance Transferred from Income	119,897,499	113,587,954	118,849,836	146,954,206	100,902,390	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	53,000,000	200,000,000	223,500,000		96,000,000	34
Adjustments to Retained Earnings	10,918,753					35
Net Change	77,816,252	(86,412,046)	(104,650,164)	146,954,206	4,902,390	36
Unappropriated Retained Earnings (EOP)	408,441,337	330,625,085	417,037,131	521,687,295	374,733,089	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$408,441,337	\$330,625,085	\$417,037,131	\$521,687,295	\$374,733,089	39

THE BROOKLYN UNION GAS COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
Cash Flows From Operating Activities					
1 Net Income	\$126,337,640	\$120,910,018	\$124,077,369	\$152,570,554	\$106,516,918
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	99,154,758	103,543,045	52,940,969	129,242,135	65,487,605
3 Deferred Taxes & ITCs	(42,234,162)	(4,379,239)	43,552,208	62,303,894	(37,922,604)
4 Receivables and Inventory	19,937,282	(74,491,225)	30,251,220	(187,988,480)	(119,044,410)
5 Payables and Accrued Expenses	6,492,487	(65,535,357)	61,337,758	(39,768,006)	65,131,511
6 Regulatory Assets (Net)	(18,995,570)	32,862,343	(5,736,225)	(6,710,978)	
7 Capitalized AFUDC - Equity	(540,245)				(1,015,192)
8 Undistributed Earnings of Affiliates					(5,614,536)
9 Other Adjustments	2,730,029	(1,334,967)	3,782,740	(3,319,086)	(68,173,304)
10	(74,356,157)	23,257,410	(8,292,713)	31,501,816	1,571,246
11	(275,000)				
12 Net Cash From Operating Activities	<u>118,251,062</u>	<u>134,832,028</u>	<u>301,913,326</u>	<u>137,831,849</u>	<u>6,937,234</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(164,131,478)	(109,480,767)	(81,941,561)	(89,455,379)	(118,343,587)
14 Acquisition Of Other Non-Current Assets		(9,717,064)			
15 Investments in & Advances to Affiliates		180,983,414	(5,258,855)	(5,616,349)	26,000,000
16 Contributions & Advances from Affiliates	95,971,608				98,230,000
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies	2,741,017	(4,736,553)			
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					(5,084)
22					
23					
24 Net Cash From Investing Activities	<u>(65,418,853)</u>	<u>57,049,030</u>	<u>(87,200,416)</u>	<u>(95,071,728)</u>	<u>5,881,329</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(7,850,182)	1,558,475	(12,102,722)	1,214,840	
26 Common Stock	(53,000,000)				
27 Preferred Stock					
28 Short-Term Debt			156,122		
29 Dividends Paid		(200,000,000)	(223,500,000)		(96,000,000)
30 Other Cash Flows - Financing Activities	795,781		3,196,086		
31			(1,391,718)		
32					
33 Net Cash From Financing Activities	<u>(60,054,401)</u>	<u>(198,441,525)</u>	<u>(233,642,232)</u>	<u>1,214,840</u>	<u>(96,000,000)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(7,222,192)	(6,560,467)	(18,929,322)	43,974,961	(83,181,437)
35 Cash & Cash Equivalents Beginning Of Year	5,371,897	11,932,364	30,861,686	(13,113,274)	70,068,163
36 Cash & Cash Equivalents End Of Year	(\$1,850,295)	\$5,371,897	\$11,932,364	\$30,861,686	(\$13,113,274)

THE BROOKLYN UNION GAS COMPANY
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$1,162,802,467	\$1,138,987,723	\$896,607,367	\$960,323,294	\$991,107,186	1
Commercial	239,338,635	217,515,788	164,339,201	204,402,155	230,853,081	2
Industrial	96,339,675	87,555,443	78,407,034	18,684,169	24,094,220	3
Other Ultimate Customers	122,438,486	120,187,029	72,311,184	73,406,508	76,747,010	4
Total Revenues-Ultimate Customer	1,620,919,263	1,564,245,983	1,211,664,786	1,256,816,126	1,322,801,497	5
Sales for Resale	12,465,942	12,182,325	(28,236)	4,443,279	(1,519,673)	6
Total Revenues from Gas Sales	1,633,385,205	1,576,428,308	1,211,636,550	1,261,259,405	1,321,281,824	7
Transportation Sales	104,897,339	111,274,137	129,947,885	144,312,359	116,760,030	8
Other Gas Operating Revenues	20,017,110	18,400,753	15,918,526	17,344,308	15,502,115	9
Total Gas Operating Revenues	\$1,758,299,654	\$1,706,103,198	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969	10
SALES (MCF)						
Residential	87,865,962	90,284,232	81,080,704	76,524,037	89,800,675	11
Commercial	27,094,649	27,014,359	29,218,356	29,747,353	16,788,887	12
Industrial	10,906,261	10,873,943	13,940,220	2,100,878	19,331,581	13
Other Ultimate Customers	12,949,663	13,877,499	12,373,351	10,228,758	10,709,574	14
Total Sales-Ultimate Customer	138,816,535	142,050,033	136,612,631	118,601,026	136,630,717	15
Sales for Resale						16
Transportation Sales	61,708,706	62,576,041	73,683,405	75,515,506	70,347,047	17
Other Gas Sales						18
Total Sales	200,525,241	204,626,074	210,296,036	194,116,532	206,977,763	19
AVG NUMBER OF CUSTOMERS						
Residential	1,046,182	1,072,252	1,112,723	1,109,925	1,105,747	20
Commercial	24,942	26,838	28,477	22,087	18,786	21
Industrial	10,040	10,803	13,587	19,240	21,925	22
Other Customers	2,383	3,328	4,637	4,422	4,446	23
Total Ultimate Customers	1,083,547	1,113,221	1,159,424	1,155,674	1,150,904	24
Resales						25
Total Customers	1,083,547	1,113,221	1,159,424	1,155,674	1,150,904	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,111	\$1,062	\$806	\$865	\$896	27
Average MCF Consumption Per Customer	84.0	84.2	72.9	68.9	81.2	28
Average Revenue Per MCF Sold	\$13.23	\$12.62	\$11.06	\$12.55	\$11.04	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$9,596	\$8,105	\$5,771	\$9,254	\$12,289	30
Average MCF Consumption Per Customer	1,086.3	1,006.6	1,026.0	1,346.8	893.7	31
Average Revenue Per MCF Sol	\$8.83	\$8.05	\$5.62	\$6.87	\$13.75	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$9,596	\$8,105	\$5,771	\$971	\$1,099	33
Average MCF Consumption Per Customer	1,086.3	1,006.6	1,026.0	109.2	881.7	34
Average Revenue Per MCF Sold	\$8.83	\$8.05	\$5.62	\$8.89	\$1.25	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$1,001,325,999	\$943,968,756	\$641,849,160	\$707,288,914	\$716,335,135	39
Other	(3,152,871)	(1,778,657)	25,175	(1,062,482)	567,931	40
Total Production Expense	998,173,128	942,190,099	641,874,335	706,226,431	716,903,066	41
Natural Gas Storage Expense	4,327,538	4,571,055	2,446,373	4,149,485	4,684,101	42
Transmission Expense	3,644,689	3,309,901	1,129,070	527,452	312,857	43
Distribution Expense	82,762,129	79,523,442	77,747,644	81,946,763	87,418,228	44
Customer Account Expense	68,874,586	62,755,752	52,337,061	49,274,515	70,203,436	45
Sales Expense	12,907,619	15,160,410		14,687	11,353,142	46
Administrative and General	133,469,974	145,832,116	143,545,807	119,452,523	137,654,565	47
Total O & M Expense	\$1,304,159,664	\$1,253,342,775	\$919,080,290	\$961,591,857	\$1,028,529,395	48

Notes:

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

**THE BROOKLYN UNION GAS COMPANY
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31,**

	2004	2003	2002	2001	2000
1 Total Revenues	\$1,758,299,654	\$1,706,103,198	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969
2 Sales of Gas (MCF) *	138,816,535	142,050,033	136,612,631	118,601,026	136,630,717
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$1,006,145,356	\$950,071,055	\$645,449,778	\$710,903,368	\$721,900,024
4 Wages and Benefits	176,849,492	170,555,733	60,900,334	35,630,277	156,058,922
5 Other Operation & Maintenance Exp.	121,164,816	132,715,987	212,730,179	215,058,212	150,570,449
6 Depreciation & Amortization Expense	95,170,171	91,432,628	87,129,226	53,645,252	75,383,597
7 Income Taxes-Operating	73,338,870	73,482,501	67,497,383	79,684,157	58,424,437
8 Other Taxes-Operating	73,338,870	131,580,290	135,667,813	142,158,422	151,064,388
9 Capital Costs	212,292,079	156,265,005	148,128,248	185,836,384	140,142,152
10 Total	\$1,758,299,654	\$1,706,103,198	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	57.2	55.7	47.5	50.0	49.7
12 Wages and Benefits	10.1	10.0	4.5	2.5	10.7
13 Other Operation & Maintenance Exp.	6.9	7.8	15.7	15.1	10.4
14 Depreciation & Amortization Expense	5.4	5.4	6.4	3.8	5.2
15 Income Taxes-Operating	4.2	4.3	5.0	5.6	4.0
16 Other Taxes-Operating	4.2	7.7	10.0	10.0	10.4
17 Capital Costs	12.1	9.2	10.9	13.1	9.6
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	7.25	6.69	4.72	5.99	5.28
20 Wages and Benefits	1.27	1.20	0.45	0.30	1.14
21 Other Operation & Maintenance Exp.	0.87	0.93	1.56	1.81	1.10
22 Depreciation & Amortization Expense	0.69	0.64	0.64	0.45	0.55
23 Income Taxes-Operating	0.53	0.52	0.49	0.67	0.43
24 Other Taxes-Operating	0.53	0.93	0.99	1.20	1.11
25 Capital Costs	1.53	1.10	1.08	1.57	1.03
26 Total	12.67	12.01	9.94	12.00	10.64

Notes:

* Includes Sales for Resale

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Data Field Below

Purchased Gas and Other Supply Exp.	998,173,128	942,190,099	641,874,335	706,226,431	716,903,066
Liquidfied Petro Gas					
Other Gas Supply					
Gas Storage	4,327,538	4,571,055	2,446,373	4,149,485	4,684,101
Transmission Expense	3,644,689	3,309,901	1,129,070	527,452	312,857
Total Purchased Gas	1,006,145,356	950,071,055	645,449,778	710,903,368	721,900,024
-Total PG related to Sales for Resale					
PG - Ultimate Customers	1,006,145,356	950,071,055	645,449,778	710,903,368	721,900,024
<u>Wages and Benefits</u>					
Salaries	154,265,947	139,429,002	53,205,688	43,219,973	131,656,226
Pensions and Benefits	22,583,545	31,126,731	7,694,646	(7,589,696)	24,402,696
Total Wages and Benefits	176,849,492	170,555,733	60,900,334	35,630,277	156,058,922
<u>Other Expenses</u>					
Total O&M Expenses	1,304,159,664	1,253,342,775	919,080,290	961,591,857	1,028,529,395
-Total Purchased Gas	1,006,145,356	950,071,055	645,449,778	710,903,368	721,900,024
-Wages and Benefits	176,849,492	170,555,733	60,900,334	35,630,277	156,058,922
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	121,164,816	132,715,987	212,730,179	215,058,212	150,570,449
<u>Depreciation and Amortization</u>					
Depreciation Exp	72,394,409	69,955,640	67,426,985	64,599,125	57,137,937
Amort & Depl of Utility Plant	12,879,770	11,580,995	10,806,250	9,852,637	8,349,668
Amort of Other Utility Plant	9,895,992	9,895,992	8,895,992	(20,806,510)	9,895,992
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	95,170,171	91,432,628	87,129,226	53,645,252	75,383,597
<u>Fuel and PP related to Sales for Resale</u>					
Total PG	1,006,145,356	950,071,055	645,449,778	710,903,368	721,900,024
divided by Total MCFs	138,816,535	142,050,033	136,612,631	118,601,026	136,952,004
Fuel Cost per MCF	7	7	4.725	5.994	5.271
times Sales for Resale MCFs					
Sales for Resale PG					
<u>Transportation Volumes</u>					
	61,708,706	62,576,041	73,683,405	75,515,506	70,347,047

THE BROOKLYN UNION GAS COMPANY
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
Intangible	\$99,943,207	\$96,935,900	\$96,647,204	\$85,945,341	\$76,191,687	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage	81,692,526	75,631,947	75,256,356	73,371,115	73,019,247	5
Transmission	93,016,119	91,497,302	91,001,544	90,633,560	90,440,340	6
Distribution	2,102,314,776	1,973,655,629	1,854,279,474	1,751,455,166	1,685,591,558	7
General	155,606,220	182,409,561	179,780,207	175,052,885	177,279,359	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current	857,650		857,650	857,650	857,650	11
Total Plant In Service	2,533,430,499	2,420,130,340	2,297,822,435	2,177,315,717	2,103,379,841	12
Plant Leased To Others						13
Plant Held For Future Use	366,554	366,554	366,554	366,554	366,554	14
Construction Work In Progress	12,676,778	6,006,346	17,141,689	52,590,026	48,091,070	15
Acquisition Adjustments						16
Total Plant	2,546,473,831	2,426,503,240	2,315,330,678	2,230,272,297	2,151,837,465	17
Accum. Prov. - Depr. & Amort.	831,059,123	792,794,838	725,301,686	668,549,630	605,177,582	18
Total Net Plant	\$1,715,414,708	\$1,633,708,402	\$1,590,028,992	\$1,561,722,667	\$1,546,659,883	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.09	1.05	1.47	1.82	1.16	20
Total Capitalization	\$1,917,881,009	\$1,784,304,036	\$1,607,678,796	\$1,682,628,505	\$1,628,805,024	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	33.3%	36.2%	40.2%	38.5%	39.7%	22
Preferred Stock						23
Common Stock & Retained Earnings	47.9%	48.3%	57.5%	61.5%	54.2%	24
Short-Term Debt	18.8%	15.5%	2.4%		6.0%	25
Pretax Coverage of Interest Expense	5.56	6.24	6.43	6.67	5.00	26
Com. Stock Dividends as a % of Earnings	-32.4%	-133.5%	180.1%		90.1%	27
Return on Common Equity	18.4%	16.8%	12.7%	15.9%	12.1%	28
Internal Cash Generated as a % of Cash Outflows for Construction	72.5%	125.3%	368.4%	154.1%	5.9%	29
Earnings per Share	\$1.63	\$1.50	\$2.45	\$3.01	\$2.10	30
Book Value per Share	\$9.19	\$8.61	\$18.25	\$20.45	\$17.44	31
Dividends per Share	(\$0.53)	(\$2.00)	\$4.41		\$1.90	32
Number of Employees	1,352	1,405	2,117	1,631	2,596	33

Data Field Below

Current Assets	703,968,237	592,667,711	462,423,976	575,360,618	542,333,515
Current Liabilities	645,994,631	563,972,175	314,823,395	316,561,980	465,749,208
Total Capitalization	1,917,881,009	1,784,304,036	1,607,678,796	1,682,628,505	1,628,805,024
Long-Term Debt	637,925,667	645,775,849	645,597,643	646,989,301	647,350,252
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	919,007,527	861,162,712	924,269,973	1,035,639,204	883,224,772
Short-Term Debt	360,947,815	277,365,475	37,811,181		98,230,000
Pretax Income	236,771,660	223,332,337	223,678,367	269,825,241	204,552,168
Interest Expense	42,566,228	35,783,224	34,781,034	40,468,556	40,873,925
Common Dividends Paid	(53,000,000)	(200,000,000)	223,500,000		96,000,000
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	163,432,790	149,849,836	124,077,369	152,570,554	106,516,926
Internal Cash	119,066,307	137,161,010	301,913,326	137,831,849	6,937,234
Cash Outflows for Construction	164,131,478	109,480,767	81,941,561	89,455,379	118,343,587
Shares Outstanding (Millions) Sch250251	100	100	50.6463	50.6463	50.6463
Misc Deferred Debits	130,672,380	162,920,110	168,476,444	229,814,203	190,046,197
Number of Employees	1,352	1,405	2,117	1,631	2,596
Pre-Tax Income					
Total Utility Operating Income	163,432,790	149,849,836	138,422,452	186,235,513	134,492,971
+Income Taxes - Electric					
+Income Taxes - Gas	73,338,870	73,482,501	67,497,383	79,684,157	58,424,437
+Other Income	7,936,128	6,352,653	9,757,599	10,532,385	14,764,949
- Other Income Deductions	3,369,833	1,962,903	1,229,192	6,243,480	3,072,579
- Other Taxes	5,944	13,474	(9,230,125)	383,335	57,610
Pre-Tax Income	241,332,010	227,708,613	223,678,367	269,825,241	204,552,168

CORNING NATURAL GAS CORPORATION
COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
UTILITY PLANT					
1 Total Utility Plant	\$25,991,988	\$25,168,302	\$24,381,329	\$23,187,325	\$22,524,219
2 Less Acc. Prov. For Depreciation & Amortization	9,868,461	9,389,704	8,961,057	8,493,402	8,076,874
3 Net Total Utility Plant	16,123,527	15,778,598	15,420,272	14,693,923	14,447,345
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies	3,504,768	3,015,316	3,151,205	2,806,101	2,509,161
7 Investment in Subsidiary Companies					
8 Other Investments					
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	2,594,037	2,251,562	1,672,204	1,639,941	1,759,331
12 Total Other Property and Investments	6,098,805	5,266,878	4,823,409	4,446,042	4,268,492
CURRENT AND ACCRUED ASSETS					
13 Cash	15,827	92,102	385,950	396,944	32,927
14 Special Deposits					
15 Working Funds	8,250	8,250	8,250	8,250	8,250
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	1,404,614	1,162,390	1,736,917	992,399	2,331,194
19 Less Accum. Prov. For Uncollectible Accounts	(59,792)	(110,734)	(113,622)	(93,990)	(103,618)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies			227,151	120,217	122,462
22 Materials and Supplies	230,529	231,862	212,870	251,940	203,136
23 Gas Stored Underground - Current	2,469,281	2,961,224	1,614,145	2,792,150	1,765,812
24 Liquefied Natural Gas in Storage					
25 Prepayments	449,561	464,340	435,715	343,191	371,454
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	4,518,270	4,809,434	4,507,376	4,811,101	4,731,617
DEFERRED DEBITS					
31 Unamort. Debt Expense	258,786	280,016	301,253	322,811	344,369
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	4,233,714	4,311,986	3,784,109	3,245,986	2,987,512
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes					
40 Total Deferred Debits	4,492,500	4,592,002	4,085,362	3,568,797	3,331,881
41 Total Assets and Other Debits	\$31,233,102	\$30,446,912	\$28,836,419	\$27,519,863	\$26,779,335

CORNING NATURAL GAS CORPORATION
COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
PROPRIETARY CAPITAL						
Common Stock Issued	\$2,534,590	\$2,703,216	\$2,552,540	\$2,300,000	\$2,300,000	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	959,512	790,886	653,346	653,346	653,346	5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense	(26,117)	(30,935)	(35,753)	(40,571)	(45,388)	8
Retained Earnings	(1,684,709)	(2,369,192)	(1,683,264)	(735,328)	(350,868)	9
Unapp. Undistributed Subsidiary Earnings	3,269,473	2,663,172	2,771,585	2,703,722	2,406,782	10
Reacquired Capital Stock						11
Total Proprietary Capital	5,052,749	3,757,147	4,258,454	4,881,169	4,963,872	12
LONG-TERM DEBT						
Bonds	9,400,000	9,400,000	9,400,000	9,400,000	9,400,000	13
Reacquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	9,400,000	9,400,000	9,400,000	9,400,000	9,400,000	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable	7,975,872	7,924,476	7,175,000	8,240,000	6,910,000	20
Accounts Payable	1,953,590	2,321,373	2,386,410	1,775,199	2,404,947	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies						23
Customer Deposits	252,257	253,693	244,022	234,833	218,500	24
Taxes Accrued	(140,204)	158,168	(376,153)	(484,042)	(558,632)	25
Interest Accrued	136,092	120,926	139,697	126,279	202,820	26
Dividends Declared		1,098	149,499	149,499	148,499	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	55,731	50,903	41,913	108,777	97,283	30
Misc. Current and Accrued Liabilities	3,895,442	3,870,753	2,299,345	(613,919)	(679,253)	31
Total Current and Accrued Liabilities	14,128,780	14,701,390	12,059,733	9,536,626	8,744,164	32
DEFERRED CREDITS						
Customer Advances for Construction	78,360	88,805	92,871	101,448	100,009	33
Other Deferred Credits	1,286,352	1,065,764	943,868	897,672	992,448	34
Accumulated Deferred Inv. Tax Credits	541	1,195	1,849	2,503	6,080	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	1,286,320	1,432,611	2,079,644	2,700,445	2,572,763	37
Total Deferred Credits	2,651,573	2,588,375	3,118,232	3,702,068	3,671,300	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves						42
Total Operating Reserves						43
Total Liabilities and Other Credits	\$31,233,102	\$30,446,912	\$28,836,419	\$27,519,863	\$26,779,336	44

CORNING NATURAL GAS CORPORATION
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
GAS OPERATING INCOME					
1 Operating Revenues	\$22,443,786	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827
Operating Expense:					
2 Operation Expense	18,698,379	17,721,268	14,846,239	18,627,844	15,270,263
3 Maintenance Expense	257,286	250,932	253,358	278,909	263,751
4 Depreciation Expense	463,882	493,399	486,980	489,675	478,644
5 Amort. and Depletion of Utility Plant					
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses					
9 Other Expenses					
10 Taxes Other than Income Taxes	1,355,598	1,332,909	1,257,145	1,375,151	1,550,711
11 Income Taxes	109,772	(121,771)	93,443	162,524	2,813
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	20,884,917	19,676,737	16,937,165	20,934,103	17,566,182
15 Net Operating Revenues	1,558,869	1,034,190	1,086,698	1,199,428	1,110,645
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	1,558,869	1,034,190	1,086,698	1,199,428	1,110,645
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$1,558,869	\$1,034,190	\$1,086,698	\$1,199,428	\$1,110,645

CORNING NATURAL GAS CORPORATION
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income						3
Equity in Earnings of Subsidiary Companies	\$420,740	(\$67,176)	\$345,104	\$296,940	\$375,049	4
Interest and Dividend Income	99,355	34,698	8,189	62,546	71,020	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income	736	791	600	766	952	7
Gain on Disposition of Property						8
Total Other Income	520,831	(31,687)	353,893	360,252	447,021	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization	6,694	6,695	6,695	6,695	6,695	11
Miscellaneous Income Deductions	(8,463)	(8,514)	(20,867)	(3,410)	(2,260)	12
Total Other Income Deductions	(1,769)	(1,820)	(14,172)	3,285	4,435	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	(654)	(654)	(654)	(3,578)	(6,114)	14
Income Taxes						15
Total Taxes-Other Inc. & Deductions	(654)	(654)	(654)	(3,578)	(6,114)	16
Net Other Income and Deductions	523,254	(29,213)	368,719	360,545	448,700	17
INTEREST CHARGES						
Interest on Long-term Debt	784,330	784,329	784,330	784,330	784,330	18
Amortization of Debt Discount and Expense	21,558	21,557	21,558	21,558	21,558	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	430,375	457,752	131,874	120,905	389,159	22
Total Interest Charges	1,236,263	1,263,638	937,762	926,793	1,195,047	23
Income Before Extraordinary Items	845,860	(258,661)	517,655	633,180	364,298	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$845,860	(\$258,661)	\$517,655	\$633,180	\$364,298	29
<hr/>						
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	(\$2,369,191)	(\$1,683,265)	(\$735,329)	(\$350,869)	\$235,934	30
Balance Transferred from Income	425,120	(191,485)	172,551	336,240	(10,751)	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock				598,000	598,000	34
Adjustments to Retained Earnings	259,363	(494,441)	(1,120,487)	(122,700)	21,948	35
Net Change	684,483	(685,926)	(947,936)	(384,460)	(586,803)	36
Unappropriated Retained Earnings (EOP)	(1,684,708)	(2,369,191)	(1,683,265)	(735,329)	(350,869)	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	(\$1,684,708)	(\$2,369,191)	(\$1,683,265)	(\$735,329)	(\$350,869)	39

CORNING NATURAL GAS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
Cash Flows From Operating Activities					
1 Net Income	\$845,860	(\$258,661)	\$517,655	\$633,180	\$364,298
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	463,882	493,399	486,980	489,675	478,644
3 Deferred Taxes & ITCs	(146,291)	(114,582)	(583,836)	30,768	280,621
4 Receivables and Inventory	200,110	(590,130)	292,731	284,533	(1,668,763)
5 Payables and Accrued Expenses	(572,610)	1,892,181	3,588,107	(537,538)	856,190
6 Regulatory Assets (Net)	309,988	(397,143)	(516,565)	(236,916)	(1,411,769)
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates	420,740	135,889	(345,104)	(296,940)	(375,049)
9 Other Adjustments					
10					
11					
12 Net Cash From Operating Activities	<u>1,521,679</u>	<u>1,160,953</u>	<u>3,439,968</u>	<u>366,762</u>	<u>(1,475,828)</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(900,642)	(1,231,677)	(2,569,316)	(1,273,775)	(1,054,656)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates	(420,740)	(135,889)	345,104	296,940	375,049
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies					
19 Investment Securities		(257,351)	123,053	122,700	21,948
20 Other Current Assets & Liabilities	14,505				
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(1,306,877)</u>	<u>(1,624,917)</u>	<u>(2,101,159)</u>	<u>(854,135)</u>	<u>(657,659)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt					
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	51,396	749,476	(1,065,000)	1,330,000	2,850,000
29 Dividends Paid			(252,540)	(598,000)	(598,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>51,396</u>	<u>749,476</u>	<u>(1,317,540)</u>	<u>732,000</u>	<u>2,252,000</u>
34 Net Increase/(Decrease) In Cash Equivalents	266,198	285,512	21,269	244,627	118,513
35 Cash & Cash Equivalents Beginning Of Year	2,351,916	2,066,404	2,045,135	1,800,508	1,681,995
36 Cash & Cash Equivalents End Of Year	\$2,618,114	\$2,351,916	\$2,066,404	\$2,045,135	\$1,800,508
(Totals include the SPECIAL FUNDS amount)					

CORNING NATURAL GAS CORPORATION
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31,

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	2004	2003	2002	2001	2000	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$12,425,897	\$11,634,115	\$9,818,462	\$14,356,887	\$11,684,642	1
Commercial	2,612,789	2,507,302	2,210,664	2,524,889	1,899,428	2
Industrial	221,479	332,245	189,513	168,672	141,401	3
Other Ultimate Customers	191,907	159,769	140,905	178,931	131,202	4
Total Revenues-Ultimate Customer	15,452,072	14,633,431	12,359,544	17,229,379	13,856,673	5
Sales for Resale	2,806,530	2,515,289	2,318,205	2,197,216	2,220,384	6
Total Revenues from Gas Sales	18,258,602	17,148,720	14,677,749	19,426,595	16,077,057	7
Transportation Sales	2,977,549	3,351,093	3,154,811	2,549,554	2,454,800	8
Other Gas Operating Revenues	1,207,635	211,114	191,303	157,382	144,970	9
Total Gas Operating Revenues	\$22,443,786	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827	10
SALES (MCF)						
Residential	1,065,475	1,155,313	1,034,757	1,344,299	1,530,673	11
Commercial	241,523	267,710	239,259	258,185	266,157	12
Industrial	21,539	32,066	20,325	16,180	15,000	13
Other Ultimate Customers	18,124	17,712	15,244	16,588	19,042	14
Total Sales-Ultimate Customer	1,346,661	1,472,801	1,309,585	1,635,252	1,830,872	15
Sales for Resale	320,478	373,765	349,933	297,923	350,784	16
Transportation Sales	6,984,863	6,494,221	6,326,900	5,879,676	6,220,086	17
Other Gas Sales						18
Total Sales	8,652,002	8,340,787	7,986,418	7,812,851	8,401,742	19
AVG NUMBERS OF CUSTOMERS						
Residential	10,389	10,210	9,947	10,102	12,940	20
Commercial	813	823	807	793	858	21
Industrial	6	6	5	5	5	22
Other Customers	54	52	51	50	536	23
Total Ultimate Customers	11,262	11,091	10,810	10,950	14,339	24
Resales	1	1	1	1	1	25
Total Customers	11,263	11,092	10,811	10,951	14,340	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,196	\$1,139	\$987	\$1,421	\$903	27
Average MCF Consumption Per Customer	102.6	113.2	104.0	133.1	118.3	28
Average Revenue Per MCF Sold	\$11.66	\$10.07	\$9.49	\$10.68	\$7.63	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$3,214	\$3,047	\$2,739	\$3,184	\$2,214	30
Average MCF Consumption Per Customer	297.1	325.3	296.5	325.6	310.2	31
Average Revenue Per MCF Sold	\$10.82	\$9.37	\$9.24	\$9.78	\$7.14	32
INDUSTRIAL						
Average Annual Bill Per Customer	\$36,913	\$55,374	\$37,903	\$33,734	\$28,280	33
Average MCF Consumption Per Customer	3,589.9	5,344.3	4,065.0	3,236.0	3,000.0	34
Average Revenue Per MCF Sold	\$10.28	\$10.36	\$9.32	\$10.42	\$9.43	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$14,349,735	\$13,257,378	\$11,254,903	\$15,344,658	\$11,603,958	39
Other	397,353	289,993	239,643	(54,951)	129,186	40
Total Production Expense	14,747,088	13,547,371	11,494,546	15,289,707	11,733,144	41
Natural Gas Storage Expense						42
Transmission Expense	265,409	328,663	340,108	344,043	294,601	43
Distribution Expense	778,526	843,654	1,002,342	969,683	876,585	44
Customer Account Expense	484,345	496,308	491,925	544,072	483,763	45
Sales Expense	47,920	89,117	115,057	140,069	123,325	46
Administrative and General	2,632,376	2,667,087	1,655,618	1,619,179	2,022,596	47
Total O & M Expense	\$18,955,665	\$17,972,200	\$15,099,596	\$18,906,753	\$15,534,014	48

Notes:

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

**CORNING NATURAL GAS CORPORATION
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31,**

	2004	2003	2002	2001	2000
1 Total Revenues	\$22,443,786	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827
2 Sales of Gas (MCF) *	1,667,139	1,846,566	1,659,518	1,933,175	2,181,656
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$14,615,144	\$13,586,041	\$11,834,654	\$15,633,750	\$12,027,745
4 Wages and Benefits	2,750,381	3,088,004	2,310,818	2,251,765	2,570,551
5 Other Operation & Maintenance Exp.	1,590,140	1,298,155	954,125	1,021,238	935,718
6 Depreciation & Amortization Expense	463,882	493,399	486,980	489,675	478,644
7 Income Taxes-Operating	109,772	(121,771)	93,443	162,524	2,813
8 Other Taxes-Operating	1,355,598	1,332,909	1,257,145	1,375,151	1,550,711
9 Capital Costs	1,558,869	1,034,190	1,086,698	1,199,428	1,110,645
10 Total	\$22,443,786	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	65.1	65.6	65.7	70.6	64.4
12 Wages and Benefits	12.3	14.9	12.8	10.2	13.8
13 Other Operation & Maintenance Exp.	7.1	6.3	5.3	4.6	5.0
14 Depreciation & Amortization Expense	2.1	2.4	2.7	2.2	2.6
15 Income Taxes-Operating	0.5	-0.6	0.5	0.7	0.0
16 Other Taxes-Operating	6.0	6.4	7.0	6.2	8.3
17 Capital Costs	6.9	5.0	6.0	5.4	5.9
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	8.77	7.36	7.13	8.09	5.51
20 Wages and Benefits	1.65	1.67	1.39	1.16	1.18
21 Other Operation & Maintenance Exp.	0.95	0.70	0.57	0.53	0.43
22 Depreciation & Amortization Expense	0.28	0.27	0.29	0.25	0.22
23 Income Taxes-Operating	0.07	-0.07	0.06	0.08	0.00
24 Other Taxes-Operating	0.81	0.72	0.76	0.71	0.71
25 Capital Costs	0.94	0.56	0.65	0.62	0.51
26 Total	13.46	11.22	10.86	11.45	8.56

Notes:

* Includes Sales for Resale

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Data Field Below

Purchased Gas and Other Supply Exp.

Liquidified Petro Gas					
Other Gas Supply	14,349,735	13,257,378	11,494,546	15,289,707	11,733,144
Gas Storage					
Transmission Expense	265,409	328,663	340,108	344,043	294,601
Total Purchased Gas	14,615,144	13,586,041	11,834,654	15,633,750	12,027,745
-Total PG related to Sales for Resale					
PG - Ultimate Customers	14,615,144	13,586,041	11,834,654	15,633,750	12,027,745

Wages and Benefits

Salaries	1,701,911	1,975,761	2,017,961	1,936,032	1,741,441
Pensions and Benefits	1,048,470	1,112,243	292,857	315,733	829,110
Total Wages and Benefits	2,750,381	3,088,004	2,310,818	2,251,765	2,570,551

Other Expenses

Total O&M Expenses	18,955,665	17,972,200	15,099,597	18,906,753	15,534,014
-Total Purchased Gas	14,615,144	13,586,041	11,834,654	15,633,750	12,027,745
-Wages and Benefits	2,750,381	3,088,004	2,310,818	2,251,765	2,570,551
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	1,590,140	1,298,155	954,125	1,021,238	935,718

Depreciation and Amortization

Depreciation Exp	463,882	493,399	486,980	489,675	478,644
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	463,882	493,399	486,980	489,675	478,644

Fuel and PP related to Sales for Resale

Total PG	14,615,144	13,586,041	11,834,654	15,633,750	12,027,745
divided by Total MCFs	1,667,139	1,846,566	1,659,518	1,933,175	2,181,656
Fuel Cost per MCF	9	7	7	8	6
times Sales for Resale MCFs	320,478	373,765	349,933	297,923	350,784
Sales for Resale PG	2,809,504	2,749,962	2,495,505	2,409,329	1,933,916

Transportation Volumes

6,984,863	6,494,221	6,326,900	5,879,676	6,220,086
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CORNING NATURAL GAS CORPORATION
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
Intangible	\$28,742	\$28,742	\$28,742	\$28,742	\$28,742	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission	4,495,229	4,304,260	3,937,132	3,690,990	3,676,278	6
Distribution	14,190,530	13,624,811	12,944,147	12,354,628	11,738,062	7
General	7,090,196	7,009,922	7,079,540	6,972,021	6,826,329	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
Total Plant In Service	25,804,697	24,967,735	23,989,561	23,046,381	22,269,411	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	187,291	200,568	391,767	140,944	254,808	15
Acquisition Adjustments						16
Total Plant	25,991,988	25,168,303	24,381,328	23,187,325	22,524,219	17
Accum. Prov. - Depr. & Amort.	9,868,461	9,389,704	8,961,057	8,493,402	8,076,874	18
Total Net Plant	\$16,123,527	\$15,778,599	\$15,420,271	\$14,693,923	\$14,447,345	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.32	0.33	0.37	0.50	0.54	20
Total Capitalization	\$22,428,621	\$21,081,623	\$20,833,454	\$22,521,169	\$21,273,872	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	41.9%	44.6%	45.1%	41.7%	44.2%	22
Preferred Stock						23
Common Stock & Retained Earnings	22.5%	17.8%	20.4%	21.7%	23.3%	24
Short-Term Debt	35.6%	37.6%	34.4%	36.6%	32.5%	25
Pretax Coverage of Interest Expense	1.35	0.70	1.65	1.86	1.31	26
Com. Stock Dividends as a % of Earnings				94.4%	164.2%	27
Return on Common Equity	19.2%	-6.5%	11.3%	12.9%	7.2%	28
Internal Cash Generated as a % of Cash Outflows for Construction	185.5%	94.3%	133.9%	28.8%	-139.9%	29
Earnings per Share	\$1.67	(\$0.51)	\$1.07	\$1.38	\$0.79	30
Book Value per Share	\$9.97	\$7.39	\$8.82	\$10.61	\$10.79	31
Dividends per Share				\$1.30	\$1.30	32
Number of Employees	71	72	73	79	78	33

	2004	2003	2002	2001	2000
<u>Data Field Below</u>					
Current Assets	4,518,270	4,809,434	4,507,376	4,811,101	4,731,617
Current Liabilities	14,128,780	14,701,390	12,059,733	9,536,626	8,744,164
Total Capitalization	22,428,621	21,081,623	20,833,454	22,521,169	21,273,872
Long-Term Debt	9,400,000	9,400,000	9,400,000	9,400,000	9,400,000
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	5,052,749	3,757,147	4,258,454	4,881,169	4,963,872
Short-Term Debt	7,975,872	7,924,476	7,175,000	8,240,000	6,910,000
Pretax Income	1,668,641	883,206	1,548,860	1,722,497	1,562,158
Interest Expense	1,236,263	1,263,638	937,762	926,793	1,195,047
Common Dividends Paid	-			598,000	598,000
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	845,860	(258,661)	517,655	633,180	364,298
Internal Cash	1,527,941	1,160,953	3,439,968	366,762	(1,475,828)
Cash Outflows for Construction	823,686	1,231,677	2,569,316	1,273,775	1,054,656
Shares Outstanding (Millions) Sch250251	0.5069	0.5082	0.4830	0.4600	0.4600
Misc Deferred Debits Sch233	2,947,362	3,246,222	2,840,241	1,995,064	1,995,064
Number of Employees	71	72	73	79	78
<u>Pre-Tax Income</u>					
Total Utility Operating Income	1,558,869	1,034,190	1,086,698	1,199,428	1,110,645
+Income Taxes - Electric	-				
+Income Taxes - Gas	109,772	(121,771)	93,443	162,524	2,813
+Other Income	520,831	(31,687)	353,893	360,252	447,021
- Other Income Deductions	(1,769)	(1,820)	(14,172)	3,285	4,435
- Other Taxes	(654)	(654)	(654)	(3,578)	(6,114)
Pre-Tax Income	2,191,895	883,206	1,548,860	1,722,497	1,562,158

KEYSPAN GAS EAST CORPORATION
COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
UTILITY PLANT					
1 Total Utility Plant	\$1,998,524,504	\$1,898,215,833	\$ 1,771,779,583	\$ 1,629,963,102	\$ 1,501,189,538
2 Less Acc. Prov. For Depreciation & Amortization	381,686,765	355,376,241	322,235,539	294,400,463	268,259,721
3 Net Total Utility Plant	1,616,837,739	1,542,839,592	1,449,544,044	1,335,562,639	1,232,929,817
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	1,252,139	1,243,800	4,803,026	4,803,026	4,803,026
5 Less Acc. Prov. For Depreciation & Amortization	(85,810)	(84,702)	(3,555,426)	(3,554,318)	(4,997,484)
6 Investment in Associated Companies				11,861	
7 Investment in Subsidiary Companies				1,297	
8 Other Investments	872,896	1,123,100	1,469,035	1,538,894	1,410,108
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	2,039,226	2,282,198	2,716,636	2,800,760	1,215,650
CURRENT AND ACCRUED ASSETS					
13 Cash	(894,040)	1,554,063	9,516,729		
14 Special Deposits		10,000	10,000	10,233	10,000
15 Working Funds				(40)	(40)
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	139,847,356	129,434,822	128,754,441	94,462,952	163,251,745
19 Less Accum. Prov. For Uncollectible Accounts	(9,663,106)	(8,222,432)	(7,920,147)	(9,951,060)	(8,191,993)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	4,406,516	10,941,773	7,780,548	110,477,050	9,372,363
22 Materials and Supplies	8,126,773	8,215,969	7,783,412	9,332,807	7,029,209
23 Gas Stored Underground - Current	115,574,005	100,342,183	47,516,423	70,886,205	84,986,807
24 Liquefied Natural Gas in Storage	2,854,997	2,873,205	1,564,216	1,398,812	1,387,639
25 Prepayments	28,947,230	28,603,195	31,262,699	39,388,692	428,587
26 Interest and Dividends Receivable					
27 Rents Receivable	10,462,997	9,891,680	6,035,342	32,498,378	25,427,662
28 Accrued Utility Revenue	99,200,025	78,423,518	64,172,446	69,896,039	80,409,857
29 Misc. Current and Accrued Assets				202	
30 Total Current and Accrued Assets	398,862,752	362,067,976	296,476,108	418,400,270	364,111,837
DEFERRED DEBITS					
31 Unamort. Debt Expense	1,699,213	2,098,277	2,113,693	2,451,506	1,807,084
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts				251,469	
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	194,413,028	228,451,363	193,970,252	187,718,489	206,806,294
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development			42,241	42,241	(92,997)
39 Accumulated Deferred Income Taxes	(78,609,747)	(67,096,648)	1,549,269	122,631,720	124,791,844
40 Total Deferred Debits	117,502,494	163,452,992	197,675,455	313,095,424	333,312,225
41 Total Assets and Other Debits	\$2,135,242,210	\$2,070,642,758	\$1,946,412,243	\$2,069,859,094	\$1,931,569,529

KEYSPAN GAS EAST CORPORATION
COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
PROPRIETARY CAPITAL						
Common Stock Issued	\$1	\$1	\$1	\$1	\$1	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	582,861,727	582,861,727	532,861,727	532,861,727	532,861,727	5
Other Paid-in Capital		(25,756,513)	(32,317,668)	(283,991)		6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	259,367,538	225,118,318	146,545,285	77,950,182	17,163,483	9
Unapp. Undistributed Subsidiary Earnings						10
Reaquired Capital Stock	(26,632,282)					11
Total Proprietary Capital	815,596,984	782,223,533	647,089,345	610,527,919	550,025,210	12
LONG-TERM DEBT						
Bonds	525,000,000	525,000,000	525,000,000	525,000,000	400,000,000	13
Reaquired Bonds						14
Advances from Associated Companies		125,904,287	175,904,287	175,962,488	175,962,488	15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	525,000,000	650,904,287	700,904,287	700,962,488	575,962,488	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable						20
Accounts Payable	111,551,090	84,703,159	68,771,834	69,880,096	105,301,123	21
Notes Payable to Associated Companies	240,110,748	123,840,327	118,111,530	105,506,717	3,069,676	22
Accounts Payable to Associated Companies	(8,454,767)	3,297,576	68,511,825	268,897,264	380,501,101	23
Customer Deposits	6,714,907	4,233,001	3,730,336	4,222,605	4,027,156	24
Taxes Accrued	20,153,962	(2,654,357)	7,647,608	1,351,103	3,080,353	25
Interest Accrued	16,968,553	16,916,087	17,014,006	17,050,147	13,204,110	26
Dividends Declared						27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	(425,154)	(2,369,322)	(1,119,063)	1,220,005	1,565,827	30
Misc. Current and Accrued Liabilities	76,568,983	80,907,454	77,701,808	71,791,582	83,895,810	31
Total Current and Accrued Liabilities	463,188,322	308,873,925	360,369,884	539,919,519	594,645,156	32
DEFERRED CREDITS						
Customer Advances for Construction			(6,180)	67,130	67,130	33
Other Deferred Credits	5,575,838	21,932,879	34,658,197	15,559,795	29,869,404	34
Accumulated Deferred Inv. Tax Credits						35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	219,453,030	189,785,268	141,264,364	127,502,145	98,697,685	37
Total Deferred Credits	225,028,868	211,718,147	175,916,381	143,129,070	128,634,219	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve					4,176,355	40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves	106,428,036	116,922,866	62,132,347	75,320,098	78,126,101	42
Total Operating Reserves	106,428,036	116,922,866	62,132,347	75,320,098	82,302,456	43
Total Liabilities and Other Credits	\$2,135,242,210	\$2,070,642,758	\$1,946,412,243	\$2,069,859,094	\$1,931,569,529	44

KEYSPAN GAS EAST CORPORATION
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,
(\$000s)

	2004	2003	2002	2001	2000
GAS OPERATING INCOME					
1 Operating Revenues	\$1,124,416,784	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,635
Operating Expense:					
2 Operation Expense	787,494,135	696,551,598	492,442,227	586,903,032	534,022,400
3 Maintenance Expense	25,111,540	22,478,761	17,098,744	16,230,413	14,648,558
4 Depreciation Expense	39,500,147	37,086,241	34,736,266	29,604,394	34,720,850
5 Amort. and Depletion of Utility Plant	2,246,349	1,914,321	1,278,448	612,791	46,062
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	38,109,650	38,601,622	29,896,041	7,498,929	11,249,887
9 Other Expenses					
10 Taxes Other than Income Taxes	65,715,475	77,502,670	85,614,234	91,203,731	92,684,396
11 Income Taxes	35,834,381	40,796,295	31,187,324	28,891,067	20,982,819
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	994,011,678	914,931,509	692,253,284	760,944,356	708,354,971
15 Net Operating Revenues	130,405,106	131,999,899	118,347,947	110,190,738	88,695,664
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	130,405,106	131,999,899	118,347,947	110,190,738	88,695,664
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$130,405,106	\$131,999,899	\$118,347,947	\$110,190,738	\$88,695,664

KEYSPAN GAS EAST CORPORATION
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work	\$221,139	\$214,153	(\$142,513)	(\$58,647)	\$132,358	1
Income from Nonutility Operations	(2,793)	41,092	111,177			2
Nonoperating Rental Income	(1,108)	(340,235)	(1,108)	1,443,166	(698,124)	3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income	(119,951)	(496,898)	430,871	26,604	(621,368)	5
Allowance for Funds Used During Construction	500,353	898,412	4,148,902	2,352,508	1,709,214	6
Miscellaneous Nonoperating Income	479,752	4,155,286	6,986,450	8,095,620	5,209,350	7
Gain on Disposition of Property	(60,022)	13,859,281	1,164,702	454,202		8
Total Other Income	1,017,369	18,331,091	12,698,483	12,313,453	5,731,430	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	198,394	12,240,048	3,712,070	1,813,748	5,663,570	12
Total Other Income Deductions	198,394	12,240,048	3,712,070	1,813,748	5,663,570	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	(17,319)	751,631	835,382	778,567	775,264	14
Income Taxes				(572,437)	(2,621,095)	15
Total Taxes-Other Inc. & Deductions	(17,319)	751,631	835,382	206,130	(1,845,831)	16
Net Other Income and Deductions	836,294	5,339,412	8,151,030	10,293,575	1,913,691	17
INTEREST CHARGES						
Interest on Long-term Debt	40,053,082	40,125,000	40,125,000	39,765,625	28,954,110	18
Amortization of Debt Discount and Expense	399,064	356,704	355,297	330,085	214,669	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	12,509,861	16,556,905	18,339,050	18,388,268	20,086,808	21
Other Interest Expense	4,030,173	1,727,668	(915,473)	1,213,635	4,401,852	22
Total Interest Charges	56,992,180	58,766,277	57,903,874	59,697,613	53,657,439	23
Income Before Extraordinary Items	74,249,220	78,573,034	68,595,103	60,786,700	36,951,916	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$74,249,220	\$78,573,034	\$68,595,103	\$60,786,700	\$36,951,916	29
<hr/>						
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$225,118,321	\$146,545,287	\$77,950,183	\$17,163,483	(\$4,788,433)	30
Balance Transferred from Income	74,249,220	78,573,034	68,595,103	60,786,700	36,951,916	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	40,000,000				15,000,000	34
Adjustments to Retained Earnings						35
Net Change	34,249,220	78,573,034	68,595,103	60,786,700	21,951,916	36
Unappropriated Retained Earnings (EOP)	259,367,541	225,118,321	146,545,287	77,950,183	17,163,483	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$259,367,541	\$225,118,321	\$146,545,287	\$77,950,183	\$17,163,483	39

KEYSPAN GAS EAST CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
Cash Flows From Operating Activities					
1 Net Income	\$74,249,220	\$78,573,034	\$68,595,103	\$60,786,700	\$36,951,916
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	42,145,560	37,101,657	35,091,563	29,934,479	34,935,519
3 Deferred Taxes & ITCs	41,180,859	117,166,821	134,844,660	30,964,584	25,970,461
4 Receivables and Inventory	(26,108,269)	(59,104,026)	125,345,619	(17,087,161)	271,476,335
5 Payables and Accrued Expenses	51,652,885	(9,969,890)	(176,682,156)	(58,421,302)	(109,939,351)
6 Regulatory Assets (Net)	32,693,879	(44,415,483)	(4,848,284)	23,113,468	(15,151,048)
7 Capitalized AFUDC - Equity	(484,022)	(973,280)	(4,148,902)	(2,352,508)	(1,709,214)
8 Undistributed Earnings of Affiliates					
9 Other Adjustments					
10	1,440,674	302,285	(2,030,913)	1,759,067	2,882,379
11	(51,941,217)	58,985,555	3,518,747	(64,250,509)	6,088,454
12 Net Cash From Operating Activities	<u>164,829,569</u>	<u>177,666,673</u>	<u>179,685,437</u>	<u>4,446,818</u>	<u>251,505,451</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(112,426,723)	(122,982,662)	(137,597,720)	(129,345,118)	(114,665,463)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates	(21,386,207)	(59,485,452)	(58,201)		
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies	6,535,258	(3,161,225)	13,158	(13,158)	
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(127,277,672)</u>	<u>(185,629,339)</u>	<u>(137,642,763)</u>	<u>(129,358,276)</u>	<u>(114,665,463)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt			(32,033,676)	124,716,009	(121,941,799)
26 Common Stock	(40,000,000)				
27 Preferred Stock					
28 Short-Term Debt			(492,269)	195,449	101,811
29 Dividends Paid					(15,000,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(40,000,000)</u>		<u>(32,525,945)</u>	<u>124,911,458</u>	<u>(136,839,988)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(2,448,103)	(7,962,666)	9,516,729		
35 Cash & Cash Equivalents Beginning Of Year	1,554,063	9,516,729			
36 Cash & Cash Equivalents End Of Year	(\$894,039)	\$1,554,063	\$9,516,729		

KEYSPAN GAS EAST CORPORATION
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$599,399,497	\$580,329,130	\$436,046,461	\$489,090,228	\$477,372,452	1
Commercial	298,368,741	284,266,363	204,927,911	211,749,401	187,195,277	2
Industrial	31,685,176	30,187,578	21,737,182	22,434,852	19,833,342	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	929,453,414	894,783,071	662,711,554	723,274,481	684,401,071	5
Sales for Resale	110,269,752	64,446,567	48,579,098	61,977,539	42,347,099	6
Total Revenues from Gas Sales	1,039,723,166	959,229,638	711,290,652	785,252,020	726,748,170	7
Transportation Sales	61,096,951	58,738,557	74,073,438	63,055,297	47,716,359	8
Other Gas Operating Revenues	23,596,667	28,963,213	25,237,141	22,827,777	22,586,107	9
Total Gas Operating Revenues	\$1,124,416,784	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,636	10
SALES (MCF)						
Residential	43,428,839	43,511,421	35,194,071	36,577,449	41,701,872	11
Commercial	26,614,896	26,873,001	23,736,262	22,608,736	23,681,623	12
Industrial	2,826,360	2,853,770	2,517,760	2,395,396	2,509,068	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	72,870,095	73,238,192	61,448,093	61,581,581	67,892,563	15
Sales for Resale	15,958,139	14,213,497	20,975,826	19,912,065	15,584,861	16
Transportation Sales	38,446,321	43,342,663	76,822,441	73,101,026	56,993,755	17
Other Gas Sales						18
Total Sales	127,274,555	130,794,352	159,246,361	154,594,672	140,471,180	19
AVG NUMBER OF CUSTOMERS						
Residential	435,446	430,959	414,360	408,704	426,918	20
Commercial	44,661	44,277	42,809	41,636	42,735	21
Industrial	4,742	4,702	4,540	4,411	4,528	22
Other Customers						23
Total Ultimate Customers	484,849	479,938	461,709	454,751	474,181	24
Resales	2	1	2	3	6	25
Total Customers	484,851	479,939	461,711	454,754	474,187	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,377	\$1,347	\$1,052	\$1,197	\$1,118	27
Average MCF Consumption Per Customer	99.7	101.0	84.9	89.5	97.7	28
Average Revenue Per MCF Sold	\$13.80	\$13.34	\$12.39	\$13.37	\$11.45	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$6,681	\$6,420	\$4,787	\$5,086	\$4,380	30
Average MCF Consumption Per Customer	595.9	606.9	554.5	543.0	554.2	31
Average Revenue Per MCF Sold	\$11.21	\$10.58	\$8.63	\$9.37	\$7.90	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$6,682	\$6,420	\$4,788	\$5,086	\$4,380	33
Average MCF Consumption Per Customer	596.0	606.9	554.6	543.1	554.1	34
Average Revenue Per MCF Sold	\$11.21	\$10.58	\$8.63	\$9.37	\$7.90	35
OPERATION AND MAINTENANCE EXPENSES						
Steam					\$3,472	36
Manufactured Gas					126,952	37
Natural Gas - Production & Gathering		\$7,266			-	38
Purchased Gas	\$663,809,805	578,269,097	\$374,846,976	\$487,591,476	416,230,391	39
Other	1,046,982	(4,260,199)	9,894,972	(27,811,900)	(8,597,960)	40
Total Production Expense	664,856,787	574,016,164	384,741,948	459,779,575	407,762,855	41
Natural Gas Storage Expense	2,208,134	2,298,762	1,105,880	2,299,408	1,781,008	42
Transmission Expense	6,428,663	7,014,098	5,536,163	4,651,645	7,382,505	43
Distribution Expense	35,367,408	32,399,708	25,718,149	23,977,945	29,046,734	44
Customer Account Expense	29,795,204	25,205,779	1,962,981	5,740,737	33,234,561	45
Sales Expense	14,069,484	18,009,176			8,096,974	46
Administrative and General	59,879,993	60,086,672	90,475,850	106,684,133	48,562,739	47
Total O & M Expense	\$812,605,675	\$719,030,359	\$509,540,971	\$603,133,444	\$535,867,376	48

Notes:

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

**KEYSPAN GAS EAST CORPORATION
DISTRIBUTION OF GAS REVENUES
FOR THE YEAR ENDED DECEMBER 31,**

	2004	2003	2002	2001	2000
1 Total Revenues	\$1,124,416,784	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,636
2 Sales of Gas (MCF) *	88,828,235	87,451,689	82,423,919	81,493,646	83,477,424
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$673,493,585	\$583,329,024	\$391,383,991	\$466,730,629	\$416,926,368
4 Wages and Benefits	16,212,004	20,016,688	25,480,006	23,825,794	20,975,399
5 Other Operation & Maintenance Exp.	122,900,087	115,684,647	92,676,974	112,577,022	110,769,191
6 Depreciation & Amortization Expense	79,856,147	77,602,185	65,910,755	37,716,113	46,016,798
7 Income Taxes-Operating	35,834,381	40,796,295	31,187,324	28,891,067	20,982,819
8 Other Taxes-Operating	35,834,381	77,502,670	85,614,234	91,203,731	92,684,396
9 Capital Costs	160,286,200	131,999,899	118,347,947	110,190,738	88,695,665
10 Total	\$1,124,416,784	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,636
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	59.9	55.7	48.3	53.6	52.3
12 Wages and Benefits	1.4	1.9	3.1	2.7	2.6
13 Other Operation & Maintenance Exp.	10.9	11.0	11.4	12.9	13.9
14 Depreciation & Amortization Expense	7.1	7.4	8.1	4.3	5.8
15 Income Taxes-Operating	3.2	3.9	3.8	3.3	2.6
16 Other Taxes-Operating	3.2	7.4	10.6	10.5	11.6
17 Capital Costs	14.3	12.6	14.6	12.6	11.1
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	7.58	6.67	4.75	5.73	4.99
20 Wages and Benefits	0.18	0.23	0.31	0.29	0.25
21 Other Operation & Maintenance Exp.	1.38	1.32	1.12	1.38	1.33
22 Depreciation & Amortization Expense	0.90	0.89	0.80	0.46	0.55
23 Income Taxes-Operating	0.40	0.47	0.38	0.35	0.25
24 Other Taxes-Operating	0.40	0.89	1.04	1.12	1.11
25 Capital Costs	1.80	1.51	1.44	1.35	1.06
26 Total	12.66	11.97	9.83	10.69	9.55

Notes:

* Includes Sales for Resale

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Data Field Below

Purchased Gas and Other Supply Exp.	664,856,787	574,016,164	384,741,948	459,779,575	407,762,855
Liquidified Petro Gas	185,591	208,432	21,870	270,539	111,021
Other Gas Supply					
Gas Storage	2,022,544	2,090,330	1,084,010	2,028,870	1,669,988
Transmission Expense	6,428,663	7,014,098	5,536,163	4,651,645	7,382,505
Total Purchased Gas	673,493,585	583,329,024	391,383,991	466,730,629	416,926,368
-Total PG related to Sales for Resale PG - Ultimate Customers	673,493,585	583,329,024	391,383,991	466,730,629	416,926,368

Wages and Benefits

Salaries	16,932,052	16,932,052	16,932,052	12,403,066	16,932,052
Pensions and Benefits	(720,048)	3,084,636	8,547,954	11,422,728	4,043,347
Total Wages and Benefits	16,212,004	20,016,688	25,480,006	23,825,794	20,975,399

Other Expenses

Total O&M Expenses	812,605,675	719,030,359	509,540,971	603,133,445	548,670,958
-Total Purchased Gas	673,493,585	583,329,024	391,383,991	466,730,629	416,926,368
-Wages and Benefits	16,212,004	20,016,688	25,480,006	23,825,794	20,975,399
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	122,900,087	115,684,647	92,676,974	112,577,022	110,769,191

Depreciation and Amortization

Depreciation Exp	39,500,147	37,086,241	34,736,266	29,604,394	34,720,850
Amort & Depl of Utility Plant					
Amort of Other Utility Plant	2,246,349	1,914,321	1,278,448	612,791	46,062
Amort of Property Losses					
Amort of Conversion Expenses	38,109,650	38,601,622	29,896,041	7,498,929	11,249,887
Total Depre and Amort	79,856,147	77,602,185	65,910,755	37,716,113	46,016,798

Fuel and PP related to Sales for Resale

Total PG	673,493,585	583,329,024	391,383,991	466,730,629	416,926,368
divided by Total MCFs	88,828,235	87,451,689	82,423,919	81,493,646	83,477,424
Fuel Cost per MCF	8	7	4.748	5.727	4.994
times Sales for Resale MCFs	15,958,139	14,213,497	20,975,826	19,912,065	15,584,861
Sales for Resale PG	120,994,237	94,808,293	99,602,185	114,040,430	77,838,287

Transportation Volumes

KEYSPAN GAS EAST CORPORATION
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
Intangible	\$15,018,986	\$13,463,521	\$13,357,988	\$6,790,228	\$1,934,589	1
Production						
Manufactured Gas	\$2,380,251.00	2,008,123	2,008,123	2,371,511	2,521,275	2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage	40,861,557	40,652,946	39,626,013	20,777,834	20,784,988	5
Transmission	204,886,334	189,653,112	179,527,410	161,591,446	160,213,700	6
Distribution	1,678,516,848	1,580,968,035	1,488,718,345	1,304,649,769	1,234,453,667	7
General	35,729,329	37,223,467	34,426,497	29,104,659	24,866,630	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
Total Plant In Service	1,977,393,305	1,863,969,203	1,757,664,376	1,525,285,447	1,444,774,849	12
Plant Leased To Others						13
Plant Held For Future Use	93,519	93,519	93,519	93,519	93,519	14
Construction Work In Progress	21,037,679	34,153,111	14,021,688	104,584,136	56,321,170	15
Acquisition Adjustments						16
Total Plant	1,998,524,503	1,898,215,833	1,771,779,583	1,629,963,102	1,501,189,538	17
Accum. Prov. - Depr. & Amort.	381,686,765	355,376,241	322,235,539	294,400,463	268,259,721	18
Total Net Plant	\$1,616,837,738	\$1,542,839,592	\$1,449,544,044	\$1,335,562,639	\$1,232,929,817	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.29	0.20	0.25	0.38	0.53	20
Total Capitalization	\$525,000,000	\$650,904,287	\$700,904,287	\$700,962,488	\$575,962,488	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	33.2%	41.8%	47.8%	49.5%	51.0%	22
Preferred Stock						23
Common Stock & Retained Earnings	51.6%	50.2%	44.1%	43.1%	48.7%	24
Short-Term Debt	15.2%	8.0%	8.1%	7.4%	0.3%	25
Pretax Coverage of Interest Expense	2.93	3.03	2.72	2.49	2.03	26
Com. Stock Dividends as a % of Earnings	53.9%				40.6%	27
Return on Common Equity	9.3%	11.0%	10.9%	10.5%	6.1%	28
Internal Cash Generated as a % of Cash Outflows for Construction	68.2%	69.2%	76.6%	2908.7%	45.6%	29
Earnings per Share	\$742,492.20	\$785,730.34	\$685,951.03	\$607,867.00	\$369,519.16	30
Book Value per Share	\$8,155,969.84	\$7,822,235.33	\$6,470,893.45	\$6,105,279.19	\$5,500,252.10	31
Dividends per Share	\$400,000.00				\$150,000.00	32
Number of Employees	671	671	941	606	557	33

Data Field Below

Current Assets	398,862,752	362,067,976	296,476,108	418,400,270	364,111,837
Current Liabilities	463,188,322	308,873,925	360,369,884	539,919,519	594,645,156
Total Capitalization	1,580,707,732	1,556,968,147	1,466,105,161	1,416,997,124	1,129,057,374
Long-Term Debt	525,000,000	650,904,287	700,904,287	700,962,488	575,962,488
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	815,596,984	782,223,533	647,089,345	610,527,919	550,025,210
Short-Term Debt	240,110,748	123,840,327	118,111,530	105,506,717	3,069,676
Pretax Income	167,075,782	178,135,606	157,686,301	148,802,943	108,971,079
Interest Expense	56,992,180	58,766,277	57,903,874	59,697,613	53,657,439
Common Dividends Paid	40,000,000				15,000,000
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	74,249,220	78,573,034	68,595,103	60,786,700	36,951,916
Internal Cash	164,829,569	177,666,673	179,685,437	4,446,818	251,505,451
Cash Outflows for Construction	112,426,723	122,982,662	137,597,720	129,345,118	114,665,463
Shares Outstanding (Millions) Sch250251	0.0001	0.0001	0.0001	0.0001	0.0001
Misc Deferred Debits	188,837,190	206,518,484	159,312,055	172,158,694	176,936,890
Number of Employees Sch 7277	671	671	941	606	557
Pre-Tax Income					
Total Utility Operating Income	130,405,106	131,999,899	118,347,947	110,190,738	88,695,664
+Income Taxes - Electric					
+Income Taxes - Gas	35,834,381	40,796,295	31,187,324	28,891,067	20,982,819
+Other Income	1,017,369	18,331,091	12,698,483	12,313,453	5,731,430
- Other Income Deductions	198,394	12,240,048	3,712,070	1,813,748	5,663,570
- Other Taxes	(17,319)	751,631	835,382	206,130	(1,845,831)
Pre-Tax Income	\$167,075,782	\$178,135,606	\$157,686,301	\$149,375,380	\$111,592,174

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
UTILITY PLANT					
1 Total Utility Plant	\$1,446,188,535	\$1,407,593,692	\$1,372,954,028	\$1,334,194,526	\$1,304,569,433
2 Less Acc. Prov. For Depreciation & Amortizatio	456,560,134	432,182,369	409,309,440	386,263,248	363,954,399
3 Net Total Utility Plant	989,628,401	975,411,323	963,644,588	947,931,278	940,615,034
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	80,802	80,137	80,137	80,137	80,137
5 Less Acc. Prov. For Depreciation & Amortizatio	(9,744)	(9,744)	(9,744)	(9,744)	(9,744)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments	1,088	1,088	1,088	1,088	1,088
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds				12,349,264	12,042,780
12 Total Other Property and Investments	72,146	71,481	71,481	12,420,745	12,114,261
CURRENT AND ACCRUED ASSETS					
13 Cash	6,367,861	18,957,075	7,565,174	7,922,552	6,169,329
14 Special Deposits					
15 Working Funds	164,300	191,200	211,400	471,609	484,150
16 Temporary Cash Investments	83,095	82,573			
17 Notes Receivable	316,247	77,617	147,716	96,277	137,680
18 Accounts Receivable	145,722,815	156,715,151	121,867,032	102,038,110	161,022,193
19 Less Accum. Prov. For Uncollectible Accounts	(11,134,041)	(15,106,501)	(15,807,393)	(16,690,086)	(11,857,953)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	8,140,524	13,187,148	6,466,796	9,555,274	6,226,536
22 Materials and Supplies	7,193,138	6,403,305	5,439,618	5,329,015	4,703,710
23 Gas Stored Underground - Current	19,812,511	31,826,524	39,100,499	41,859,400	15,511,921
24 Liquefied Natural Gas in Storage					
25 Prepayments	10,392,372	10,016,642	9,825,306	9,898,672	9,497,681
26 Interest and Dividends Receivable	(39,090)	273,413	738,276	492,211	459,429
27 Rents Receivable					
28 Accrued Utility Revenue	84,834,729	62,135,320	58,651,249	54,759,744	92,066,194
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	271,854,461	284,759,467	234,205,673	215,732,778	284,420,870
DEFERRED DEBITS					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges	57,806	143,959	76,423	(18,459)	79,007
34 Clearing Accounts	(1,681,910)	(1,482,559)	(1,265,887)	(1,030,814)	(1,347,122)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	91,699,461	115,092,976	104,053,237	60,457,367	149,937,431
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development	(3,487,765)	(3,066,981)	(2,041,161)	(1,645,829)	(1,839,260)
39 Accumulated Deferred Income Taxes	31,005	31,005	31,005	31,005	31,005
40 Total Deferred Debits	86,618,597	110,718,400	100,853,617	57,793,270	146,861,061
41 Total Assets and Other Debits	\$1,348,173,605	\$1,370,960,671	\$1,298,775,359	\$1,233,878,071	\$1,384,011,226

Notes:

* Includes Pennsylvania operations.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
PROPRIETARY CAPITAL						
Common Stock Issued	\$59,170,600	\$59,170,600	\$59,170,600	\$59,170,600	\$59,170,600	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	68,500	68,500	68,500	68,500	68,500	5
Other Paid-in Capital	121,599,684	121,599,684	121,599,684	121,599,684	121,599,684	6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	389,363,959	376,155,976	356,843,952	342,852,240	317,192,031	9
Unapp. Undistributed Subsidiary Earnings						10
Reaquired Capital Stock						11
Total Proprietary Capital	570,202,743	556,994,760	537,682,736	523,691,024	498,030,815	12
LONG-TERM DEBT						
Bonds						13
Reaquired Bonds						14
Advances from Associated Companies	218,310,000	218,310,000	249,000,000	269,000,000	299,000,000	15
Other Long-Term Debt		85,820	133,144	205,675	245,671	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	218,310,000	218,395,820	249,133,144	269,205,675	299,245,671	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable						20
Accounts Payable	70,319,274	86,748,272	62,096,250	38,841,441	97,497,766	21
Notes Payable to Associated Companies	172,900,000	207,400,000	158,600,000	113,600,000	134,700,000	22
Accounts Payable to Associated Companies	15,270,688	18,116,782	14,750,021	15,651,963	16,078,462	23
Customer Deposits	9,101,152	7,992,111	6,579,757	4,980,395	4,108,432	24
Taxes Accrued	7,967,247	5,639,919	143,413	20,306,179	7,191,804	25
Interest Accrued	6,791	15,858	51,192	32,622	18,582	26
Dividends Declared	9,100,000	9,100,000	8,700,000	8,700,000	8,700,000	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	1,776,206	(2,912,361)	576,003	(1,468,407)	2,304,798	30
Misc. Current and Accrued Liabilities	12,975,225	7,688,563	(2,185,289)	4,676,132	21,027,287	31
Total Current and Accrued Liabilities	299,416,583	339,789,144	249,311,347	205,320,325	291,627,131	32
DEFERRED CREDITS						
Customer Advances for Construction	468,823	1,628,962	1,589,851	1,595,647	1,612,988	33
Other Deferred Credits	57,442,180	45,123,284	49,201,016	53,821,178	97,253,446	34
Accumulated Deferred Inv. Tax Credits	7,110,175	7,788,619	8,467,063	9,146,690	9,475,889	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	196,662,424	183,171,120	165,425,426	139,499,964	159,812,143	37
Total Deferred Credits	261,683,602	237,711,985	224,683,356	204,063,479	268,154,466	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve	932,363	1,018,600	91,680	320,223	310,517	40
Pension and Benefits Reserve	-14,476,727	5,442,355	22,848,254	24,000,345	26,642,626	41
Miscellaneous Operating Reserves	12,105,039	11,608,007	15,024,842	7,277,000		42
Total Operating Reserves	-1,439,325	18,068,962	37,964,776	31,597,568	26,953,143	43
Total Liabilities and Other Credits	\$1,348,173,603	\$1,370,960,671	\$1,298,775,359	\$1,233,878,071	\$1,384,011,226	44

* Includes Pennsylvania operations.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
GAS OPERATING INCOME					
1 Operating Revenues	\$1,148,554,658	\$1,193,388,843	\$870,185,251	\$1,112,078,458	\$967,410,856
Operating Expense:					
2 Operation Expense	948,272,774	972,026,366	651,832,364	875,387,167	741,653,839
3 Maintenance Expense	12,238,266	12,846,601	12,421,417	12,078,471	13,696,585
4 Depreciation Expense	39,629,160	38,160,193	37,619,944	36,651,706	36,051,814
5 Amort. and Depletion of Utility Plant					
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses					
9 Other Expenses			9,138,000	3,610,000	
10 Taxes Other than Income Taxes	45,951,192	51,673,098	49,113,201	55,596,527	53,257,143
11 Income Taxes	33,921,166	36,919,533	32,086,550	43,734,771	39,282,882
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	1,080,012,558	1,111,625,791	792,211,476	1,027,058,642	883,942,263
15 Net Operating Revenues	68,542,100	81,763,052	77,973,775	85,019,816	83,468,593
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	68,542,100	81,763,052	77,973,775	85,019,816	83,468,593
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$68,542,100	\$81,763,052	\$77,973,775	\$85,019,816	\$83,468,593

* Includes Pennsylvania operations.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work	(\$131,803)	(\$158,018)	(\$167,059)	(\$152,912)	(\$132,078)	1
Income from Nonutility Operations						2
Nonoperating Rental Income	3,650	3,350	3,550	4,000	2,975	3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income	263,686	1,233,817	1,769,021	1,786,564	836,867	5
Allowance for Funds Used During Construction	201,589	183,265	235,632	171,532	287,926	6
Miscellaneous Nonoperating Income	38,310	79,303	58,372	32,013	25,143	7
Gain on Disposition of Property						8
Total Other Income	375,432	1,341,717	1,899,516	1,841,197	1,020,833	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property		10,892		35,082		10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	720,999	649,271	525,055	313,092	477,284	12
Total Other Income Deductions	720,999	660,163	525,055	348,174	477,284	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes						14
Income Taxes	(1,553,220)	(1,664,990)	(1,597,202)	(982,090)	(1,391,512)	15
Total Taxes-Other Inc. & Deductions	(1,553,220)	(1,664,990)	(1,597,202)	(982,090)	(1,391,512)	16
Net Other Income and Deductions	1,207,653	2,346,544	2,971,663	2,475,113	1,935,061	17
INTEREST CHARGES						
Interest on Long-term Debt						18
Amortization of Debt Discount and Expense	511,412	1,578,445	1,495,443	1,495,443	1,495,443	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	16,531,369	23,017,572	23,661,375	24,946,963	25,909,716	21
Other Interest Expense	3,098,989	4,201,555	6,996,908	592,314	3,802,281	22
Total Interest Charges	20,141,770	28,797,572	32,153,726	27,034,720	31,207,440	23
Income Before Extraordinary Items	49,607,983	55,312,024	48,791,712	60,460,209	54,196,214	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$49,607,983	\$55,312,024	\$48,791,712	\$60,460,209	\$54,196,214	29
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$376,155,977	\$356,843,953	\$342,852,240	\$317,192,031	\$297,795,817	30
Balance Transferred from Income	49,607,983	55,312,024	48,791,712	60,460,209	54,196,214	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	36,400,000	36,000,000	34,799,999	34,800,000	34,800,000	34
Adjustments to Retained Earnings						35
Net Change	13,207,983	19,312,024	13,991,713	25,660,209	19,396,214	36
Unappropriated Retained Earnings (EOP)	389,363,960	376,155,977	356,843,953	342,852,240	317,192,031	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$389,363,960	\$376,155,977	\$356,843,953	\$342,852,240	\$317,192,031	39

* Includes Pennsylvania operations.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
Cash Flows From Operating Activities					
1 Net Income	\$49,607,983	\$55,312,024	\$48,791,712	\$60,460,209	\$54,196,214
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	40,140,572	39,738,638	39,115,387	38,147,149	37,547,257
3 Deferred Taxes & ITCs	10,991,414	16,719,862	28,171,202	(20,577,117)	10,352,014
4 Receivables and Inventory	23,899,202	(35,124,908)	(15,261,828)	33,634,506	(58,967,009)
5 Payables and Accrued Expenses	(4,283,849)	40,721,651	(3,459,656)	(64,259,930)	58,421,000
6 Regulatory Assets (Net)	5,915,514	(4,882,490)	(440,940)	8,205,009	(16,456,881)
7 Capitalized AFUDC - Equity	(201,589)	(183,265)	(235,632)	(171,532)	(287,926)
8 Undistributed Earnings of Affiliates					
9 Other: Unrecovered Purchased Gas	21,535,275	(4,985,635)	(47,759,381)	82,814,251	(37,516,942)
10 Other: Unbilled Revenues	(22,699,409)	(3,484,071)	(3,891,505)	37,306,450	(39,666,604)
11 Other: Other Assets and Liabilities (Net)	(12,354,985)	(25,696,431)	17,816,265	(42,644,933)	64,653,398
12 Net Cash From Operating Activities	<u>112,550,128</u>	<u>78,135,375</u>	<u>62,845,624</u>	<u>132,914,062</u>	<u>72,274,521</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(53,877,322)	(49,748,106)	(53,105,476)	(43,804,572)	(49,464,772)
14 Acquisition Of Other Non-Current Assets	(665)			(306,484)	(616,518)
15 Investments in & Advances to Affiliates					
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies					
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities	(301,915)	604,329	(485,204)	(1,122,328)	1,298,147
22					
23					
24 Net Cash From Investing Activities	<u>(54,179,902)</u>	<u>(49,143,777)</u>	<u>(53,590,680)</u>	<u>(45,233,384)</u>	<u>(48,783,143)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(34,585,818)	19,262,676	(72,531)	(30,039,996)	(632,787)
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt		(1,200,000)	25,000,000	(21,100,000)	15,500,000
29 Dividends Paid	(36,400,000)	(35,600,000)	(34,800,000)	(34,800,000)	(34,800,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(70,985,818)</u>	<u>(17,537,324)</u>	<u>(9,872,531)</u>	<u>(85,939,996)</u>	<u>(19,932,787)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(12,615,592)	11,454,274	(617,587)	1,740,682	3,558,591
35 Cash & Cash Equivalents Beginning Of Year	19,230,848	7,776,574	8,394,161	6,653,479	3,094,888
36 Cash & Cash Equivalents End Of Year	\$6,615,256	\$19,230,848	\$7,776,574	\$8,394,161	\$6,653,479

Notes:

* Includes Pennsylvania operations.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$837,574,835	\$820,230,316	\$581,493,726	\$787,328,107	\$667,532,616	1
Commercial	141,536,649	140,402,194	95,808,631	136,440,890	110,573,793	2
Industrial	15,302,451	20,723,853	22,000,140	20,871,330	28,456,321	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	994,413,935	981,356,364	699,302,497	944,640,327	806,562,730	5
Sales for Resale	71,936,593	115,816,391	83,569,238	73,436,003	61,582,904	6
Total Revenues from Gas Sales	1,066,350,528	1,097,172,755	782,871,735	1,018,076,330	868,145,634	7
Transportation Sales	81,206,996	84,178,609	83,284,746	87,018,907	104,270,576	8
Other Gas Operating Revenues	997,134	10,532,637	4,028,771	6,983,222	(5,005,354)	9
Total Gas Operating Revenues	\$1,148,554,658	\$1,191,884,001	\$870,185,251	\$1,112,078,458	\$967,410,856	10
SALES (MCF)						
Residential	69,543,862	74,003,203	69,605,775	67,441,544	71,730,577	11
Commercial	12,605,790	13,681,287	12,527,311	12,497,360	13,085,380	12
Industrial	1,842,202	2,822,683	4,326,148	3,113,013	4,964,251	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	83,991,854	90,507,173	86,459,234	83,051,917	89,780,208	15
Sales for Resale	10,925,267	18,645,772	22,858,850	13,504,176	13,253,842	16
Transportation Sales	60,069,159	62,308,583	63,197,470	64,003,162	72,568,868	17
Other Gas Sales						18
Total Sales	154,986,280	171,461,528	172,515,554	160,559,255	175,602,918	19
AVG NUMBERS OF CUSTOMERS						
Residential	639,045	641,830	642,263	642,069	618,538	20
Commercial	39,077	39,426	39,262	38,736	37,515	21
Industrial	1,059	1,078	1,078	1,077	1,063	22
Other Customers						23
Total Ultimate Customers	679,181	682,334	682,603	681,882	657,116	24
Resales	11	14	14	12	12	25
Total Customers	679,192	682,348	682,617	681,894	657,128	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,311	\$1,278	\$905	\$1,226	\$1,079	27
Average MCF Consumption Per Customer	108.8	115.3	108.4	105.0	116.0	28
Average Revenue Per MCF Sold	\$12.04	\$11.08	\$8.35	\$11.67	\$9.31	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$3,622	\$3,561	\$2,440	\$3,522	\$2,947	30
Average MCF Consumption Per Customer	322.6	347.0	319.1	322.6	348.8	31
Average Revenue Per MCF Sold	\$11.23	\$10.26	\$7.65	\$10.92	\$8.45	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$14,450	\$19,232	\$20,410	\$19,372	\$26,770	33
Average MCF Consumption Per Customer	1,739.6	2,619.5	4,013.4	2,889.3	4,670.0	34
Average Revenue Per MCF Sold	\$8.31	\$7.34	\$5.09	\$6.70	\$5.73	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering	\$13,643	\$20,189	\$11,558	\$14,799	\$34,272	38
Purchased Gas	622,485,185	660,916,954	359,234,054	645,765,284	401,810,527	39
Other	23,074,682	9,614,895	4,909,272	-61,348,187	30,342,372	40
Total Production Expense	645,573,510	670,552,037	364,154,885	584,431,896	432,187,171	41
Natural Gas Storage Expense	35,302,380	37,331,482	36,016,671	34,813,818	31,622,054	42
Transmission Expense	94,176,046	98,635,366	97,150,103	106,278,729	117,600,371	43
Distribution Expense	43,526,466	44,641,023	43,360,981	44,379,983	46,775,825	44
Customer Account Expense	54,587,568	54,026,556	53,733,839	51,518,188	51,005,736	45
Sales Expense	386,126	490,872	434,459	407,929	444,618	46
Administrative and General	87,075,185	79,291,170	69,487,316	65,635,095	75,714,647	47
Total O & M Expense	\$960,627,282	\$984,968,506	\$664,338,253	\$887,465,638	\$755,350,423	48

Notes:

* Includes Pennsylvania operations.

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31,

1	Total Revenues	\$1,148,554,658	\$1,191,884,001	\$870,185,251	\$1,112,078,458	\$967,410,856
2	Sales of Gas (MCF) **	94,917,121	109,152,945	109,318,084	96,556,093	103,034,050

DOLLAR AMOUNTS

3	Purchased Gas & Other Supply Exp.	\$774,935,694	\$806,423,347	\$497,237,187	\$725,524,444	\$581,409,597
4	Wages and Benefits	112,742,204	104,286,414	100,055,316	94,948,987	106,531,794
5	Other Operation & Maintenance Exp.	72,833,142	74,163,206	66,961,279	66,992,207	67,409,033
6	Depreciation & Amortization Expense	39,629,160	38,160,193	37,619,944	36,651,706	36,051,814
7	Income Taxes-Operating	33,921,166	36,919,533	32,086,550	43,734,771	39,282,882
8	Other Taxes-Operating	45,951,192	51,673,098	49,113,201	55,596,527	53,257,143
9	Capital Costs	68,542,100	80,258,210	87,111,775	88,629,816	83,468,593
10	Total	\$1,148,554,658	\$1,191,884,001	\$870,185,251	\$1,112,078,458	\$967,410,856

PERCENT OF REVENUES

11	Purchased Gas & Other Supply Exp.	67.5	67.7	57.1	65.2	60.1
12	Wages and Benefits	9.8	8.7	11.5	8.5	11.0
13	Other Operation & Maintenance Exp.	6.3	6.2	7.7	6.0	7.0
14	Depreciation & Amortization Expense	3.5	3.2	4.3	3.3	3.7
15	Income Taxes-Operating	3.0	3.1	3.7	3.9	4.1
16	Other Taxes-Operating	4.0	4.3	5.6	5.0	5.5
17	Capital Costs	6.0	6.7	10.0	8.0	8.6
18	Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER MCF

19	Purchased Gas & Other Supply Exp.	8.16	7.39	4.55	7.51	5.64
20	Wages and Benefits	1.19	0.96	0.92	0.98	1.03
21	Other Operation & Maintenance Exp.	0.77	0.68	0.61	0.69	0.65
22	Depreciation & Amortization Expense	0.42	0.35	0.34	0.38	0.35
23	Income Taxes-Operating	0.36	0.34	0.29	0.45	0.38
24	Other Taxes-Operating	0.48	0.47	0.45	0.58	0.52
25	Capital Costs	0.72	0.74	0.80	0.92	0.81
26	Total	12.10	10.92	7.96	11.52	9.39

Notes:

* Includes Pennsylvania Operations

** Includes Sales for Resale

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Data Field Below

	2004	2003	2002	2001	2000
Purchased Gas and Other Supply Exp.					
Other Gas Supply	645,457,268	670,456,498	364,070,412	584,431,897	432,187,172
Natural Gas Storage	35,302,380	37,331,482	36,016,671	34,813,818	31,622,054
Transmission Expense	94,176,046	98,635,366	97,150,103	106,278,729	117,600,371
Total Purchased Gas	774,935,694	806,423,347	497,237,187	725,524,444	581,409,597
-Total PG related to Sales for Resale PG - Ultimate Customers	774,935,694	806,423,347	497,237,187	725,524,444	581,409,597
<u>Wages and Benefits</u>					
Salaries	66,758,248	66,758,248	67,770,969	67,770,969	71,214,418
Pensions and Benefits	45,983,956	37,528,166	32,284,347	27,178,018	35,317,376
Total Wages and Benefits	112,742,204	104,286,414	100,055,316	94,948,987	106,531,794
<u>Other Expenses</u>					
Total O&M Expenses	960,511,040	984,872,967	664,253,781	887,465,638	755,350,424
-Total Purchased Gas	774,935,694	806,423,347	497,237,187	725,524,444	581,409,597
-Wages and Benefits	112,742,204	104,286,414	100,055,316	94,948,987	106,531,794
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	72,833,142	74,163,206	66,961,279	66,992,207	67,409,033
<u>Depreciation and Amortization</u>					
Depreciation Exp	39,629,160	38,160,193	37,619,944	36,651,706	36,051,814
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	39,629,160	38,160,193	37,619,944	36,651,706	36,051,814
<u>Fuel and PP related to Sales for Resale</u>					
Total PG	774,935,694	806,423,347	497,237,187	725,524,444	581,409,597
divided by Total MCFs	94,917,121	109,152,945	109,318,084	96,556,093	103,034,050
Fuel Cost per MCF	8	7	4.549	7.514	5.643
times Sales for Resale MCFs	10,925,267	18,645,772	22,858,850	13,504,176	13,253,842
Sales for Resale PG	89,197,600	137,755,201	103,974,291	101,470,653	74,789,945
<u>Transportation Volumes</u>	N/A	N/A	N/A	N/A	N/A

NATIONAL FUEL GAS DISTRIBUTION CORPORATION *
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
Intangible	\$7,975,384	\$7,264,761	\$7,257,649	\$7,257,649	\$4,094,607	1
Production						
Manufactured Gas						2
Natural Gas	20,413,079	20,441,993	20,475,530	20,379,945	20,298,987	3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission	46,387,350	47,435,744	45,438,285	44,827,059	44,223,759	6
Distribution	1,311,185,933	1,274,674,311	1,232,023,965	1,196,417,430	1,171,246,380	7
General	56,138,809	52,458,605	53,332,078	53,276,183	54,194,162	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
Total Plant In Service	1,442,100,555	1,402,275,414	1,358,527,507	1,322,158,266	1,294,057,895	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	4,087,980	5,318,278	14,426,521	12,036,260	10,511,538	15
Acquisition Adjustments						16
Total Plant	1,446,188,535	1,407,593,692	1,372,954,028	1,334,194,526	1,304,569,433	17
Accum. Prov. - Depr. & Amort.	456,560,134	432,182,369	409,309,440	386,263,248	363,954,399	18
Total Net Plant	\$989,628,401	\$975,411,323	\$963,644,588	\$947,931,278	\$940,615,034	19

SELECTED RATIOS AND STATISTICS

Current Assets / Current Liabilities	0.91	0.84	0.94	1.05	0.98	20
Total Capitalization	\$961,412,745	\$982,790,580	\$945,415,880	\$906,496,699	\$931,976,486	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	22.7%	22.2%	26.4%	29.7%	32.1%	22
Preferred Stock	-100.0%	-100.0%				23
Common Stock & Retained Earnings	59.3%	56.7%	56.9%	57.8%	53.4%	24
Short-Term Debt	18.0%	21.1%	16.8%	12.5%	14.5%	25
Pretax Coverage of Interest Expense	5.09	4.12	3.47	4.82	3.95	26
Com. Stock Dividends as a % of Earnings	53.1%	44.0%	71.3%	57.6%	64.2%	27
Return on Common Equity	12.2%	14.9%	9.2%	11.8%	11.1%	28
Internal Cash Generated as a % of Cash Outflows for Construction	208.9%	201.0%	118.3%	303.4%	146.1%	29
Earnings per Share	\$34,271.05	\$40,881.53	\$24,395.86	\$30,230.10	\$27,098.11	30
Book Value per Share	\$285,101.37	\$278,497.38	\$268,841.37	\$261,845.51	\$249,015.41	31
Dividends per Share	\$18,200.00	\$18,000.00	\$17,400.00	\$17,400.00	\$17,400.00	32
Number of Employees	1,471	1,162	1,205	1,214	1,316	33

Notes:

* Includes Pennsylvania operations.

<u>Data Field Below</u>	2004	2003	2002	2001	2000
Current Assets	\$271,854,461	\$284,759,467	234,205,673	215,732,778	284,420,870
Current Liabilities	299,416,583	339,789,144	249,311,347	205,320,325	291,627,131
Total Capitalization	961,412,745	982,790,580	945,415,880	906,496,699	931,976,486
Long-Term Debt	218,310,002	218,395,820	249,133,144	269,205,675	299,245,671
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	570,202,743	556,994,760	537,682,736	523,691,024	498,030,815
Short-Term Debt	172,900,000	207,400,000	158,600,000	113,600,000	134,700,000
Pretax Income	102,463,266	118,682,585	111,434,786	130,247,610	123,295,024
Interest Expense	20,141,770	28,797,572	32,153,726	27,034,720	31,207,440
Dividends Paid	36,400,000	36,000,000	34,800,000	34,800,000	34,800,000
Net Income (Excl. Preferred Stock Dividends)	68,542,100	81,763,052	48,791,712	60,460,209	54,196,214
Internal Cash	112,550,128	99,992,812	62,845,624	132,914,062	72,274,521
Cash Outflows for Construction	53,877,322	49,748,106	53,105,476	43,804,572	49,464,772
Shares Outstanding (Millions) Sch250251	0.0020	0.0020	0.0020	0.0020	0.0020
Misc Deferred Debits	34,257,281	69,969,692	76,423	(18,459)	79,007
Number of Employees	1,471	1,162	1,205	1,214	1,316
Pre-Tax Income					
Total Utility Operating Income	68,542,100	81,763,052	77,973,775	85,019,816	83,468,593
+Income Taxes - Electric					
+Income Taxes - Gas	33,921,166	36,919,533	32,086,550	43,734,771	39,282,882
+Other Income	375,432	1,341,717	1,899,516	1,841,197	1,020,833
- Other Income Deductions	720,999	660,163	525,055	348,174	477,284
- Other Taxes	(1,553,220)	(1,664,990)	(1,597,202)	(982,090)	(1,391,512)
Pre-Tax Income	103,670,919	121,029,129	113,031,988	131,229,700	124,686,536

ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
UTILITY PLANT					
1 Total Utility Plant	\$41,863,179	\$41,432,444	\$40,615,131	\$40,200,199	\$39,860,927
2 Less Acc. Prov. For Depreciation & Amortization	18,576,616	17,637,158	16,558,807	15,492,689	14,543,560
3 Net Total Utility Plant	23,286,563	23,795,286	24,056,324	24,707,510	25,317,367
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	3,622,295	3,717,126	3,819,379	3,915,856	3,990,985
5 Less Acc. Prov. For Depreciation & Amortization	(1,193,877)	(1,212,099)	(1,239,328)	(1,242,557)	(1,279,453)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies	25,915	30,002	25,619	26,667	21,398
8 Other Investments	150,021	(41,351)	(\$13,759.00)		
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	2,604,354	2,493,678	2,591,911	2,699,966	2,732,930
CURRENT AND ACCRUED ASSETS					
13 Cash	170,959	303,019	120,251	(383,264)	(30,848)
14 Special Deposits					
15 Working Funds	2,685	2,911	3,226	5,473	397
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	4,472,744	4,290,763	2,795,433	3,544,225	5,734,861
19 Less Accum. Prov. For Uncollectible Accounts	(160,500)	(130,500)	(130,500)	(130,500)	(80,500)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	38,261	23,134			
22 Materials and Supplies	298,007	363,734	380,233	414,553	428,934
23 Gas Stored Underground - Current	5,905,556	5,136,230	2,942,999	4,421,702	3,206,722
24 Liquefied Natural Gas in Storage					
25 Prepayments	609,093	491,237	415,349	398,124	392,223
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	11,336,805	10,480,528	6,526,991	8,270,313	9,651,789
DEFERRED DEBITS					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts	6,402	9,950	8,883	(534)	(245)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	5,263,552	5,071,218	2,444,139	1,024,731	3,780,856
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes	2,779,414	2,866,858	2,747,743	3,648,876	4,340,722
40 Total Deferred Debits	8,049,368	7,948,026	5,200,765	4,673,073	8,121,333
41 Total Assets and Other Debits	\$45,277,090	\$44,717,518	\$38,375,991	\$40,350,862	\$45,823,419

ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
PROPRIETARY CAPITAL						
Common Stock Issued	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock						5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	10,047,707	11,024,498	10,938,054	10,050,372	9,053,803	9
Unapp. Undistributed Subsidiary Earnings	23,915	28,002	23,619	14,358	9,089	10
Reaquired Capital Stock						11
Total Proprietary Capital	14,421,622	15,402,500	15,311,673	14,414,730	13,412,892	12
LONG-TERM DEBT						
Bonds						13
Reaquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt	7,000,000	7,000,000	5,652,775	7,179,937	7,204,048	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	7,000,000	7,000,000	5,652,775	7,179,937	7,204,048	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable	6,105,000	7,010,000	3,425,000	4,145,000	6,130,000	20
Accounts Payable	4,692,914	2,937,604	2,275,093	2,263,560	3,469,397	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies	84,143	78,835	59,707	41,020	102,516	23
Customer Deposits	252,007	185,327	146,287	135,309	141,650	24
Taxes Accrued	254,636	184,581	(128,128)	(358,078)	210,394	25
Interest Accrued	21,985	11,320	6,728	24,568	47,096	26
Dividends Declared	478,500	271,875	271,875			27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable						30
Misc. Current and Accrued Liabilities	4,336,387	3,271,794	2,471,764	2,221,618	1,814,875	31
Total Current and Accrued Liabilities	16,225,572	13,951,336	8,528,326	8,472,997	11,915,928	32
DEFERRED CREDITS						
Customer Advances for Construction	81,651	96,370	95,805	119,006	108,462	33
Other Deferred Credits	3,792,286	4,532,437	5,264,257	5,978,784	8,362,710	34
Accumulated Deferred Inv. Tax Credits	66,469	80,471	94,473	108,475	122,477	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	3,761,162	3,567,039	3,354,226	3,997,545	4,565,194	37
Total Deferred Credits	7,701,568	8,276,317	8,808,761	10,203,810	13,158,843	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve	(65,000)	125,000	125,000	125,000	125,000	40
Pension and Benefits Reserve	(52,465)	(69,756)	(76,931)	(68,573)	(17,189)	41
Miscellaneous Operating Reserves	45,793	32,121	26,387	22,961	23,897	42
Total Operating Reserves	(71,672)	87,365	74,456	79,388	131,708	43
Total Liabilities and Other Credits	\$45,277,090	\$44,717,518	\$38,375,991	\$40,350,862	\$45,823,419	44

ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
GAS OPERATING INCOME					
1 Operating Revenues	\$42,697,550	\$29,821,075	\$28,324,512	\$34,486,181	\$30,110,609
Operating Expense:					
2 Operation Expense	37,615,793	24,857,676	23,063,790	29,144,307	24,269,760
3 Maintenance Expense	248,592	236,363	218,606	228,707	207,072
4 Depreciation Expense	1,138,377	1,114,565	1,103,333	1,081,265	1,102,438
5 Amort. and Depletion of Utility Plant	13,996	12,865	12,640	12,396	12,399
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses					
9 Other Expenses					
10 Taxes Other than Income Taxes	2,056,925	1,926,360	1,880,942	2,339,711	2,353,530
11 Income Taxes	470,822	574,916	626,951	442,077	591,031
12 Gains from Disposition of Util. Plant					(4,720)
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	41,544,505	28,722,745	26,906,262	33,248,463	28,540,950
15 Net Operating Revenues	1,153,045	1,098,330	1,418,250	1,237,718	1,569,659
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	1,153,045	1,098,330	1,418,250	1,237,718	1,569,659
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$1,153,045	\$1,098,330	\$1,418,250	\$1,237,718	\$1,569,659

ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income	\$231,419	\$306,610	\$387,485	\$449,489	\$396,854	3
Equity in Earnings of Subsidiary Companies	(4,087)	4,383	9,262	5,269	(1,032)	4
Interest and Dividend Income	203,545	221,548	176,357	171,577	122,587	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income				739		7
Gain on Disposition of Property						8
Total Other Income	430,877	532,541	573,104	627,074	518,409	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	19,149	13,827	10,875	16,305	31,006	12
Total Other Income Deductions	19,149	13,827	10,875	16,305	31,006	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	635	1,444	3,050	4,404	14,385	14
Income Taxes	102,245	125,630	147,547	178,030	119,172	15
Total Taxes-Other Inc. & Deductions	102,880	127,074	150,597	182,434	133,557	16
Net Other Income and Deductions	308,848	391,640	411,632	428,335	353,846	17
INTEREST CHARGES						
Interest on Long-term Debt		3,018	12,963	16,549	18,522	18
Amortization of Debt Discount and Expense						19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	367,667	315,033	362,467	647,666	837,535	22
Total Interest Charges	367,667	318,051	375,430	664,215	856,057	23
Income Before Extraordinary Items	1,094,226	1,171,919	1,454,452	1,001,838	1,067,448	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$1,094,226	\$1,171,919	\$1,454,452	\$1,001,838	\$1,067,448	29
<hr/>						
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$11,024,497	\$10,938,053	\$10,050,372	\$9,053,803	\$8,855,323	30
Balance Transferred from Income	1,098,313	1,167,536	1,445,190	996,569	1,068,480	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	1,707,375	1,087,500	543,750		870,000	34
Adjustments to Retained Earnings	(367,728)	6,408	(13,759)			35
Net Change	(976,790)	86,444	887,681	996,569	198,480	36
Unappropriated Retained Earnings (EOP)	10,047,707	11,024,497	10,938,053	10,050,372	9,053,803	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$10,047,707	\$11,024,497	\$10,938,053	\$10,050,372	\$9,053,803	39

ST. LAWRENCE GAS COMPANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
Cash Flows From Operating Activities					
1 Net Income	\$1,094,226	\$1,171,919	\$1,454,452	\$1,001,838	\$1,067,448
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,520,850	1,505,740	1,498,372	1,490,816	1,512,586
3 Deferred Taxes & ITCs	(448,686)	(618,124)	(470,715)	(2,273,731)	1,045,014
4 Receivables and Inventory	(101,381)	(1,501,965)	783,112	2,255,017	(2,366,002)
5 Payables and Accrued Expenses	3,179,236	1,838,010	503,454	(1,457,931)	1,872,434
6 Regulatory Assets (Net)					
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates	4,087	(4,383)	1,048	(5,269)	1,657
9 Other Adjustments	(769,326)	(2,193,231)	1,478,703	(1,214,980)	(896,099)
10	(117,856)	(75,888)	(17,225)	(5,901)	(21,477)
11	(362,542)	(2,614,672)	(1,456,958)	2,714,638	(1,713,905)
12 Net Cash From Operating Activities	<u>3,998,608</u>	<u>(2,492,594)</u>	<u>3,774,243</u>	<u>2,504,497</u>	<u>501,656</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(910,062)	(1,182,135)	(782,306)	(861,489)	(1,521,635)
14 Acquisition Of Other Non-Current Assets	(25,456)	12,457	28,368	18,763	28,930
15 Investments in & Advances to Affiliates					
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies	(583,001)				
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(1,518,519)</u>	<u>(1,169,678)</u>	<u>(753,938)</u>	<u>(842,726)</u>	<u>(1,492,705)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt		1,347,225	(1,527,162)	(24,111)	(22,140)
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	(905,000)	3,585,000	(720,000)	(1,985,000)	2,372,000
29 Dividends Paid	(1,707,375)	(1,087,500)	(271,875)		(1,305,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(2,612,375)</u>	<u>3,844,725</u>	<u>(2,519,037)</u>	<u>(2,009,111)</u>	<u>1,044,860</u>
34 Net Increase/(Decrease) In Cash Equivalents	(132,286)	182,453	501,268	(347,340)	53,811
35 Cash & Cash Equivalents Beginning Of Year	305,930	123,477	(377,791)	(30,451)	(84,262)
36 Cash & Cash Equivalents End Of Year	\$173,644	\$305,930	\$123,477	(\$377,791)	(\$30,451)

ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$17,070,676	\$14,380,524	\$10,406,269	\$13,247,284	\$11,203,149	1
Commercial	8,421,200	7,107,910	5,110,839	6,676,865	5,331,480	2
Industrial	9,624,657	3,186,633	6,200,839	8,844,473	8,369,934	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	35,116,533	24,675,067	21,717,947	28,768,622	24,904,563	5
Sales for Resale						6
Total Revenues from Gas Sales	35,116,533	24,675,067	21,717,947	28,768,622	24,904,563	7
Transportation Sales	5,147,986	4,906,373	5,661,265	3,597,119	3,934,782	8
Other Gas Operating Revenues	2,433,031	239,635	945,300	2,120,441	1,271,265	9
Total Gas Operating Revenues	\$42,697,550	\$29,821,075	\$28,324,512	\$34,486,182	\$30,110,609	10
SALES (MCF)						
Residential	1,810,525	1,870,814	1,677,805	1,641,411	1,801,833	11
Commercial	968,172	972,651	900,112	841,726	908,196	12
Industrial	1,230,752	470,457	1,397,075	1,380,968	1,624,274	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	4,009,449	3,313,922	3,974,992	3,864,105	4,334,303	15
Sales for Resale						16
Transportation Sales	6,856,447	7,890,839	8,252,810	7,790,608	9,028,564	17
Other Gas Sales						18
Total Sales	10,865,895	11,204,761	12,227,802	11,654,713	13,362,867	19
AVG NUMBERS OF CUSTOMERS						
Residential	13,725	13,686	13,622	13,550	13,346	20
Commercial	1,630	1,622	1,612	1,591	1,567	21
Industrial	8	7	10	10	11	22
Other Customers						23
Total Ultimate Customers	15,363	15,315	15,244	15,151	14,924	24
Resales						25
Total Customers	15,363	15,315	15,244	15,151	14,924	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,244	\$1,051	\$764	\$978	\$839	27
Average MCF Consumption Per Customer	131.9	136.7	123.2	121.1	135.0	28
Average Revenue Per MCF Sold	\$9.43	\$7.69	\$6.20	\$8.07	\$6.22	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$5,166	\$4,382	\$3,170	\$4,197	\$3,402	30
Average MCF Consumption Per Customer	594.0	599.7	558.4	529.1	579.6	31
Average Revenue Per MCF Sold	\$8.70	\$7.31	\$5.68	\$7.93	\$5.87	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$1,203,082	\$455,233	\$620,084	\$884,447	\$760,903	33
Average MCF Consumption Per Customer	153,844.0	67,208.1	139,707.5	138,096.8	147,661.3	34
Average Revenue Per MCF Sold	\$7.82	\$6.77	\$4.44	\$6.40	\$5.15	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$32,188,197	\$23,749,875	\$18,531,993	\$25,380,751	\$19,948,463	39
Other	271,940	(3,661,330)	86,065	(631,298)		40
Total Production Expense	32,460,137	20,088,545	18,618,058	24,749,452	19,948,463	41
Natural Gas Storage Expense						42
Transmission Expense						43
Distribution Expense	1,671,761	1,506,081	1,343,623	1,439,154	1,448,949	44
Customer Account Expense	822,950	714,704	705,962	663,999	706,676	45
Sales Expense	122,317	122,583	127,039	106,003	97,852	46
Administrative and General	2,787,220	2,662,127	2,487,717	2,414,406	2,274,892	47
Total O & M Expense	\$37,864,385	\$25,094,040	\$23,282,399	\$29,373,014	\$24,476,832	48

Notes:

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

**ST. LAWRENCE GAS COMPANY, INC.
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31,**

	2004	2003	2002	2001	2000
1 Total Revenues	\$42,697,550	\$29,821,075	\$28,324,512	\$34,486,182	\$30,110,609
2 Sales of Gas (MCF) *	4,009,449	3,313,922	3,974,992	3,864,105	4,334,303
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$32,460,137	\$20,088,545	\$18,618,058	\$24,749,452	\$19,948,463
4 Wages and Benefits	4,166,205	3,384,701	3,225,136	2,160,325	2,967,248
5 Other Operation & Maintenance Exp.	1,238,043	1,620,794	1,439,205	2,463,237	1,561,121
6 Depreciation & Amortization Expense	1,152,373	1,127,430	1,115,973	1,093,661	1,114,837
7 Income Taxes-Operating	470,822	574,916	626,951	442,077	591,031
8 Other Taxes-Operating	2,056,925	1,926,360	1,880,942	2,339,711	2,353,530
9 Capital Costs	1,153,045	1,098,329	1,418,247	1,237,719	1,574,379
10 Total	\$42,697,550	\$29,821,075	\$28,324,512	\$34,486,182	\$30,110,609
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	76.0	67.4	65.7	71.8	66.3
12 Wages and Benefits	9.8	11.4	11.4	6.3	9.9
13 Other Operation & Maintenance Exp.	2.9	5.4	5.1	7.1	5.2
14 Depreciation & Amortization Expense	2.7	3.8	3.9	3.2	3.7
15 Income Taxes-Operating	1.1	1.9	2.2	1.3	2.0
16 Other Taxes-Operating	4.8	6.5	6.6	6.8	7.8
17 Capital Costs	2.7	3.7	5.0	3.6	5.2
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	8.10	6.06	4.68	6.40	4.60
20 Wages and Benefits	1.04	1.02	0.81	0.56	0.68
21 Other Operation & Maintenance Exp.	0.31	0.49	0.36	0.64	0.36
22 Depreciation & Amortization Expense	0.29	0.34	0.28	0.28	0.26
23 Income Taxes-Operating	0.12	0.17	0.16	0.11	0.14
24 Other Taxes-Operating	0.51	0.58	0.47	0.61	0.54
25 Capital Costs	0.29	0.33	0.36	0.32	0.36
26 Total	10.65	9.00	7.13	8.92	6.95

Notes:

* Includes Sales for Resale

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Data Field Below

Purchased Gas and Other Supply Exp.

Liquidified Petro Gas					
Other Gas Supply	\$32,460,137	\$20,088,545	\$18,618,058	\$24,749,452	19,948,463

Total Purchased Gas	32,460,137	20,088,545	18,618,058	24,749,452	19,948,463
-Total PG related to Sales for Resale					
PG - Ultimate Customers	32,460,137	20,088,545	18,618,058	24,749,452	19,948,463

Wages and Benefits

Salaries	2,993,521	2,240,979	2,180,171	2,160,325	2,064,230
Pensions and Benefits	1,172,684	1,143,722	1,044,965		903,018
Total Wages and Benefits	4,166,205	3,384,701	3,225,136	2,160,325	2,967,248

Other Expenses

Total O&M Expenses	37,864,385	25,094,040	23,282,399	29,373,014	24,476,832
-Total Purchased Gas	32,460,137	20,088,545	18,618,058	24,749,452	19,948,463
-Wages and Benefits	4,166,205	3,384,701	3,225,136	2,160,325	2,967,248
-Other Gains					(4,740)
+Other Losses					
-Other Revenues					
Other Expenses	1,238,043	1,620,794	1,439,205	2,463,237	1,561,121

Depreciation and Amortization

Depreciation Exp	1,138,377	1,114,565	1,103,333	1,081,265	1,114,837
Amort & Depl of Utility Plant	13,996	12,865	12,640	12,396	
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	1,152,373	1,127,430	1,115,973	1,093,661	1,114,837

Fuel and PP related to Sales for Resale

Total PG	32,460,137	20,088,545	18,618,058	24,749,452	19,948,463
divided by Total MCFs	4,009,449	3,313,922	3,974,992	3,864,105	4,334,303
Fuel Cost per MCF	8.096	6.062	4.684	6.405	4.602
times Sales for Resale MCFs					
Sales for Resale PG					

Transportation Volumes

	6,856,447	7,890,839	8,252,810	7,790,608	9,028,564
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ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
Intangible	\$411,297	\$411,297	\$343,354	\$343,354	\$331,237	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission						6
Distribution	35,026,695	34,686,550	34,300,944	33,939,811	33,503,532	7
General	6,200,593	6,161,707	5,882,303	5,826,967	5,818,364	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
Total Plant In Service	41,638,585	41,259,554	40,526,600	40,110,132	39,653,133	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	224,594	172,890	88,530	90,064	207,791	15
Acquisition Adjustments						16
Total Plant	41,863,179	41,432,444	40,615,130	40,200,196	39,860,924	17
Accum. Prov. - Depr. & Amort.	18,576,616	17,637,158	16,558,807	15,492,689	14,543,560	18
Total Net Plant	\$23,286,563	\$23,795,286	\$24,056,323	\$24,707,507	\$25,317,364	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.70	0.75	0.77	0.98	0.81	20
Total Capitalization	\$27,526,622	\$29,412,500	\$24,389,448	\$25,739,667	\$26,746,940	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	25.4%	23.8%	23.2%	27.9%	26.9%	22
Preferred Stock	-100.0%	-100.0%				23
Common Stock & Retained Earnings	52.4%	52.4%	62.8%	56.0%	50.1%	24
Short-Term Debt	22.2%	23.8%	14.0%	16.1%	22.9%	25
Pretax Coverage of Interest Expense	4.42	5.26	6.94	3.44	3.08	26
Com. Stock Dividends as a % of Earnings	148.1%	99.0%	37.4%		81.5%	27
Return on Common Equity	7.7%	7.2%	9.8%	7.2%	8.0%	28
Internal Cash Generated as a % of Cash Outflows for Construction	439.4%	-210.9%	482.5%	290.7%	33.0%	29
Earnings per Share	\$0.00	\$0.00	\$3.34	\$2.30	\$2.45	30
Book Value per Share	\$0.00	\$0.00	\$35.20	\$33.14	\$30.83	31
Dividends per Share	\$0.00	\$0.00	\$1.25		\$2.00	32
Number of Employees	44	49	49	50	51	33

Data Field Below

Current Assets	11,336,805	10,480,528	6,526,991	8,270,313	9,651,789
Current Liabilities	16,225,572	13,951,336	8,528,326	8,472,997	11,915,928
Total Capitalization	27,526,622	29,412,500	24,389,448	25,739,667	26,746,940
Long-Term Debt	7,000,000	7,000,000	5,652,775	7,179,937	7,204,048
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	\$14,421,622	15,402,500	15,311,673	14,414,730	13,412,892
Short-Term Debt	\$6,105,000	7,010,000	3,425,000	4,145,000	6,130,000
Pretax Income	\$1,623,867.00	1,673,246	2,604,380	2,286,160	2,633,708
Interest Expense	367,667	318,051	375,430	664,215	856,057
Dividends Paid	1,707,375	1,087,500	543,750		870,000
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	1,153,045	1,098,330	1,454,452	1,001,838	1,067,448
Internal Cash	3,998,608	(2,492,594)	3,774,243	2,504,497	501,656
Cash Outflows for Construction	910,062	1,182,135	782,306	861,489	1,521,635
Shares Outstanding (Millions) Sch250251	435,000	435,000	0.4350	0.4350	0.4350
Misc Deferred Debits	1,471,266	538,781	(2,820,118)	(4,954,053)	(4,581,854)
Number of Employees	44	49	49	50	51
<u>Pre-Tax Income</u>					
Total Utility Operating Income	\$1,153,045	\$1,098,330	\$1,418,250	\$1,237,718	\$1,569,659
+Income Taxes - Electric					
+Income Taxes - Gas	470,822	574,916	626,951	442,077	591,031
+Other Income	430,877	532,541	573,104	627,074	518,409
- Other Income Deductions	19,149	13,827	10,875	16,305	31,006
- Other Taxes	635	1,444	3,050	4,404	14,385
Pre-Tax Income	2,034,960	2,190,516	2,604,380	2,286,160	2,633,708

VALLEY ENERGY
COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
UTILITY PLANT					
1 Total Utility Plant	\$4,020,961	\$3,952,761	\$3,502,182	\$2,994,453	\$2,755,787
2 Less Acc. Prov. For Depreciation & Amortization	1,351,275	1,237,926	1,131,748	1,195,384	1,111,000
3 Net Total Utility Plant	2,669,686	2,714,835	2,370,434	1,799,069	1,644,787
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments					
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments					
CURRENT AND ACCRUED ASSETS					
13 Cash					
14 Special Deposits					
15 Working Funds					
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	429,903	402,530	415,072	122,453	316,138
19 Less Accum. Prov. For Uncollectible Accounts	(16,955)	(14,743)	(12,545)	(2,069)	(6,126)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies					
22 Materials and Supplies					7,224
23 Gas Stored Underground - Current					
24 Liquefied Natural Gas in Storage					
25 Prepayments			5,080	184,729	155,425
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue	18,050	27,992	76,764	22,195	22,035
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	430,998	415,779	484,371	327,308	494,696
DEFERRED DEBITS					
31 Unamort. Debt Expense				682	
32 Extraordinary Property Losses					1,279
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					(3,437)
36 Miscellaneous Deferred Debits	(235,720)	66,360	(89,045)	81,305	
37 Deferred Losses from Disp. of Utility Plant					939,488
38 Research and Development					
39 Accumulated Deferred Income Taxes	(68,009)	5,742	4,886	31,800	31,800
40 Total Deferred Debits	(303,729)	72,102	(84,159)	113,787	969,130
41 Total Assets and Other Debits	\$2,796,955	\$3,202,716	\$2,770,646	\$2,240,164	\$3,108,613

VALLEY ENERGY
COMPARATIVE BALANCE SHEET
LIABILITIES AND OTHER CREDITS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
PROPRIETARY CAPITAL						
Common Stock Issued	\$2,326,592	\$2,326,592	\$2,326,592			1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock						5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	(299,749)	(81,410)	(40,481)	(\$334,615)	\$306,194	9
Unapp. Undistributed Subsidiary Earnings						10
Reaquired Capital Stock						11
Total Proprietary Capital	2,026,843	2,245,182	2,286,111	(334,615)	306,194	12
LONG-TERM DEBT						
Bonds						13
Reaquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt				622,600	622,600	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt				622,600	622,600	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable				1,489,133	1,680,427	20
Accounts Payable				2,265	9,273	21
Notes Payable to Associated Companies	148,345	224,173	224,173			22
Accounts Payable to Associated Companies	729,305	637,062	233,968			23
Customer Deposits	3,877	2,456	2,048	395		24
Taxes Accrued	(319,510)	(50,404)	(23,478)	(341,569)	(13,219)	25
Interest Accrued				18,472	18,457	26
Dividends Declared						27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable				34,503	36,965	30
Misc. Current and Accrued Liabilities						31
Total Current and Accrued Liabilities	562,017	813,287	436,711	1,203,197	1,731,904	32
DEFERRED CREDITS						
Customer Advances for Construction						33
Other Deferred Credits	124,583	60,735	40,414	79,379	(92,474)	34
Accumulated Deferred Inv. Tax Credits				23,064	25,092	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	83,512	83,512	7,410	646,539	515,298	37
Total Deferred Credits	208,095	144,247	47,824	748,982	447,916	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves						42
Total Operating Reserves						43
Total Liabilities and Other Credits	\$2,796,955	\$3,202,716	\$2,770,646	\$2,240,165	\$3,108,613	44

VALLEY ENERGY
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
GAS OPERATING INCOME					
1 Operating Revenues	\$2,410,697	\$2,886,218	\$2,254,290	\$1,938,961	\$1,560,590
Operating Expense:					
2 Operation Expense	2,313,836	2,503,083	1,630,021	2,590,076	1,193,372
3 Maintenance Expense	64,225	50,764	28,812	37,122	26,720
4 Depreciation Expense	88,710	86,844	73,594	84,515	64,496
5 Amort. and Depletion of Utility Plant			2,712		
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	40,056	40,056			
9 Other Expenses	95,719			120,336	
10 Taxes Other than Income Taxes	(98,721)	148,678	129,544	(419,420)	152,379
11 Income Taxes		(428)	59,297		6,859
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	2,503,825	2,828,997	1,923,980	2,412,629	1,443,826
15 Net Operating Revenues	(93,128)	57,221	330,310	(473,668)	116,763
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	(93,128)	57,221	330,310	(473,668)	116,763
18 Other Utility Operating Income					
19 Total Utility Operating Income	(\$93,128)	\$57,221	\$330,310	(\$473,668)	\$116,763

VALLEY ENERGY
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income						3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income						5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income						7
Gain on Disposition of Property				\$2,998	\$9,451	8
Total Other Income				2,998	9,451	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization				17,472	17,472	11
Miscellaneous Income Deductions	\$184	\$459		380	378	12
Total Other Income Deductions	184	459		17,852	17,850	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes						14
Income Taxes				(6,068)	(3,431)	15
Total Taxes-Other Inc. & Deductions				(6,068)	(3,431)	16
Net Other Income and Deductions	(184)	(459)		(8,786)	(4,968)	17
INTEREST CHARGES						
Interest on Long-term Debt	101,192	87,164	14,672	1,593		18
Amortization of Debt Discount and Expense				597	1,887	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	23,835	10,527	1,450	126,488	116,459	22
Total Interest Charges	125,027	97,691	16,122	128,678	118,347	23
Income Before Extraordinary Items	(218,339)	(40,929)	314,188	(611,132)	(6,551)	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	(\$218,339)	(\$40,929)	\$314,188	(\$611,132)	(\$6,551)	29
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	(\$81,410)	(\$40,481)	(\$334,614)	\$306,193	\$350,972	30
Balance Transferred from Income	(218,339)	(40,929)	314,188	(611,132)	(6,551)	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock				29,675	38,228	34
Adjustments to Retained Earnings 1			(20,055)			35
Net Change	(218,339)	(40,929)	294,133	(640,807)	(44,779)	36
Unappropriated Retained Earnings (EOP)	(299,749)	(81,410)	(40,481)	(334,614)	306,193	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	(\$299,749)	(\$81,410)	(\$40,481)	(\$334,614)	\$306,193	39

1. NUI Waverly Assets Were Acquired by Valley Energy in 2002, setting Retained Earnings at \$0.

VALLEY ENERGY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000
Cash Flows From Operating Activities					
1 Net Income	(\$218,339)	(\$40,929)	\$314,188	(\$611,134)	(\$6,551)
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	182,329	224,844	9,793	99,146	87,290
3 Deferred Taxes & ITCs	(204,922)	75,246	2,524	129,212	355,493
4 Receivables and Inventory	(78,416)	(114,235)	(329,374)	189,628	(146,303)
5 Payables and Accrued Expenses	157,512	214,955	275,828	(337,410)	(19,449)
6 Regulatory Assets (Net)	(55,000)		(35,920)	171,853	
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates					
9 Other Adjustments	9,568	(45,324)	6,956	858,183	(1,132,076)
10	357,079	(155,405)	108,385	(22,240)	(6,658)
11					
12 Net Cash From Operating Activities	<u>149,811</u>	<u>159,152</u>	<u>352,380</u>	<u>477,238</u>	<u>(868,254)</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(73,983)	(159,152)	(5,928)	(256,269)	(57,355)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates					
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies					
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities			(2,542,548)		
22					
23					
24 Net Cash From Investing Activities	<u>(73,983)</u>	<u>(159,152)</u>	<u>(2,548,476)</u>	<u>(256,269)</u>	<u>(57,355)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(75,828)				
26 Common Stock			2,326,592		
27 Preferred Stock					
28 Short-Term Debt				(191,294)	963,836
29 Dividends Paid				(29,675)	(38,228)
30 Other Cash Flows - Financing Activities			224,173		
31			(354,669)		
32					
33 Net Cash From Financing Activities	<u>(75,828)</u>		<u>2,196,096</u>	<u>(220,969)</u>	<u>925,609</u>
34 Net Increase/(Decrease) In Cash Equivalents	(0)				(0)
35 Cash & Cash Equivalents Beginning Of Year	(0)	(0)	(0)	(0)	
36 Cash & Cash Equivalents End Of Year	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)

VALLEY ENERGY
COMPARATIVE STATEMENT OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEAR ENDED DECEMBER 31,

	2004	2003	2002	2001	2000	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$1,284,816	\$1,341,540	\$1,068,792	\$1,170,355	\$926,170	1
Commercial	1,207,545	1,231,185	1,085,995	657,521	534,463	2
Industrial						3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	2,492,361	2,572,725	2,154,787	1,827,876	1,460,633	5
Sales for Resale						6
Total Revenues from Gas Sales	2,492,361	2,572,725	2,154,787	1,827,876	1,460,633	7
Transportation Sales	92,641	92,405	86,512	92,199	86,988	8
Other Gas Operating Revenues	(174,305)	95,646	12,991	18,887	12,969	9
Total Gas Operating Revenues	\$2,410,697	\$2,760,776	\$2,254,290	\$1,938,962	\$1,560,590	10
SALES (MCF)						
Residential	138,896	146,596	136,497	129,951	135,929	11
Commercial	146,858	133,467	173,867	85,708	100,669	12
Industrial						13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	285,754	280,063	310,364	215,659	236,597	15
Sales for Resale						16
Transportation Sales	54,314	52,885	59,149	92,199	25,011	17
Other Gas Sales				18,627		18
Total Sales	340,068	332,948	369,513	326,485	261,608	19
AVG NUMBERS OF CUSTOMERS						
Residential	1,343	1,318	1,286	1,253	1,222	20
Commercial	179	152	138	139	137	21
Industrial						22
Other Customers						23
Total Ultimate Customers	1,522	1,470	1,424	1,392	1,359	24
Resales						25
Total Customers	1,522	1,470	1,424	1,392	1,359	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$957	\$1,018	\$831	\$934	\$758	27
Average MCF Consumption Per Customer	103.4	111.2	106.1	103.7	111.2	28
Average Revenue Per MCF Sold	\$9.25	\$9.15	\$7.83	\$9.01	\$6.81	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$6,746	\$8,100	\$7,870	\$4,730	\$3,901	30
Average MCF Consumption Per Customer	820.4	878.1	1,259.9	616.6	734.8	31
Average Revenue Per MCF Sold	\$8.22	\$9.22	\$6.25	\$7.67	\$5.31	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	N/A	N/A	N/A	N/A	N/A	33
Average MCF Consumption Per Customer	N/A	N/A	N/A	N/A	N/A	34
Average Revenue Per MCF Sold	N/A	N/A	N/A	N/A	N/A	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$1,116,791	\$1,604,271	\$939,552	\$2,012,190	\$635,150	39
Other	685,453	404,546	535,845	329,348	259,144	40
Total Production Expense	1,802,244	2,008,817	1,475,397	2,341,538	894,294	41
Natural Gas Storage Expense			1,755			42
Transmission Expense						43
Distribution Expense	251,549	250,891	130,309	100,481	103,886	44
Customer Account Expense	138,581	188,602	65,251	93,922	78,438	45
Sales Expense					1,595	46
Administrative and General	166,642	105,537	64,287	91,257	141,879	47
Total O & M Expense	\$2,359,016	\$2,553,847	\$1,736,999	\$2,627,198	\$1,220,092	48
Notes:						

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

**VALLEY ENERGY
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31,**

	2004	2003	2002	2001	2000
1 Total Revenues	\$2,410,697	\$2,760,776	\$2,254,290	\$1,938,962	\$1,560,590
2 Sales of Gas (MCF) *	285,754	280,063	310,364	215,659	236,597
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$1,802,244	\$2,008,817	\$1,475,397	\$2,341,538	\$894,294
4 Wages and Benefits	95,437	86,348	138,807	81,773	99,347
5 Other Operation & Maintenance Exp.	461,335	458,682	122,795	203,888	226,451
6 Depreciation & Amortization Expense	88,710	86,844	73,594	84,515	64,496
7 Income Taxes-Operating		(428)	59,297		6,859
8 Other Taxes-Operating	(98,721)	148,678	129,544	(419,420)	152,379
9 Capital Costs	61,692	(28,165)	254,856	(353,332)	116,764
10 Total	\$2,410,697	\$2,760,776	\$2,254,290	\$1,938,962	\$1,560,590
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	74.8	72.8	65.4	120.8	57.3
12 Wages and Benefits	4.0	3.1	6.2	4.2	6.4
13 Other Operation & Maintenance Exp.	19.1	16.6	5.4	10.5	14.5
14 Depreciation & Amortization Expense	3.7	3.1	3.3	4.4	4.1
15 Income Taxes-Operating		0.0	2.6		0.4
16 Other Taxes-Operating	-4.1	5.4	5.7	-21.6	9.8
17 Capital Costs	2.6	-1.0	11.3	-18.2	7.5
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	6.31	7.17	4.75	10.86	3.78
20 Wages and Benefits	0.33	0.31	0.45	0.38	0.42
21 Other Operation & Maintenance Exp.	1.61	1.64	0.40	0.95	0.96
22 Depreciation & Amortization Expense	0.31	0.31	0.24	0.39	0.27
23 Income Taxes-Operating		0.00	0.19		0.03
24 Other Taxes-Operating	-0.35	0.53	0.42	-1.94	0.64
25 Capital Costs	0.22	-0.10	0.82	-1.64	0.49
26 Total	8.44	9.86	7.26	8.99	6.60

Notes:

* Includes Sales for Resale

These figures represent revenues and sales to full-service customers only (customers who receive their commodity and transportation services from the utility). Reductions in the Average Annual Bill Per Customer and Average MCF Consumption Per Customer in 1999 reflect the migration of some full-service customers to partial-service status (i.e., Esco customers) which are not included in this publication.

Data Field Below

Purchased Gas and Other Supply Exp. Liquidified Petro Gas Other Gas Supply	1,802,244	2,008,817	1,475,397	2,341,538	894,294
Total Purchased Gas	1,802,244	2,008,817	1,475,397	2,341,538	894,294
-Total PG related to Sales for Resale PG - Ultimate Customers	1,802,244	2,008,817	1,475,397	2,341,538	894,294
<u>Wages and Benefits</u>					
Salaries	93,092	85,981	119,487	108,099	108,099
Pensions and Benefits	2,345	367	19,320	(26,326)	(8,752)
Total Wages and Benefits	95,437	86,348	138,807	81,773	99,347
<u>Other Expenses</u>					
Total O&M Expenses	2,359,016	2,553,847	1,736,999	2,627,198	1,220,092
-Total Purchased Gas	1,802,244	2,008,817	1,475,397	2,341,538	894,294
-Wages and Benefits	95,437	86,348	138,807	81,773	99,347
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	461,335	458,682	122,795	203,888	226,451
<u>Depreciation and Amortization</u>					
Depreciation Exp	88,710	86,844	73,594	84,515	64,496
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	88,710	86,844	73,594	84,515	64,496
<u>Fuel and PP related to Sales for Resale</u>					
Total PG	1,802,244	2,008,817	1,475,397	2,341,538	19,948,463
divided by Total MCFs	285,754	280,063	310,364	215,659	4,334,303
Fuel Cost per MCF	6.307	7.173	4.754	10.858	4.602
times Sales for Resale MCFs					
Sales for Resale PG					
<u>Transportation Volumes</u>	54,314	52,885	59,149	92,199	9,028,564

Data Field Below

Current Assets	430,998	415,779	484,371	327,308	494,696
Current Liabilities	562,017	813,287	436,711	1,203,197	1,731,904
Total Capitalization	2,175,188	2,469,355	2,510,284	1,777,118	2,609,221
Long-Term Debt				622,600	622,600
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,026,843	2,245,182	2,286,111	(334,615)	306,194
Short-Term Debt	148,345	224,173	224,173	1,489,133	1,680,427
Pretax Income	(191,849)	56,793	389,607	(488,522)	115,224
Interest Expense	101,192	87,164	16,122	128,678	118,347
Dividends Paid				29,675	38,228
Net Income (Excl. Preferred Stock Dividends)	(93,128)	57,221	314,188	(611,132)	(6,551)
Internal Cash	149,811	159,152	352,380	477,238	(868,254)
Cash Outflows for Construction	73,983	159,152	5,928	256,269	57,355
Shares Outstanding (Millions) Sch250251					
Misc Deferred Debits	(360,303)	5,625	(129,459)	1,031,962	1,031,962
Number of Employees	4	4	4	4	4
<u>Pre-Tax Income</u>					
Total Utility Operating Income	(\$93,128)				116,763
+Income Taxes - Electric					
+Income Taxes - Gas	(\$98,721)				6,859
+Other Income					9,451
- Other Income Deductions					17,850
- Other Taxes					
Pre-Tax Income	(\$191,849)				115,224