

Table 1 G

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

	2006	2005	2004	2003	2002
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$6,599,180	\$6,339,989	\$6,063,063	\$5,802,866	\$5,528,563
2 Less Acc. Prov. For Depreciation & Amortization	1,884,541	1,798,136	1,699,102	1,608,618	1,483,498
3 Net Total Utility Plant	4,714,639	4,541,853	4,363,961	4,194,248	4,045,065
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property	1,763	1,696	4,955	5,041	8,703
5 Less Acc. Prov. For Depreciation & Amortization	(19)	(18)	(1,289)	(1,307)	(4,804)
6 Investment in Associated Companies	1,749	2,366	3,505	3,015	3,151
7 Investment in Subsidiary Companies	48,216	49,788	47,826	47,022	37,300
8 Other Investments	(1,181)	1,993	5,052	7,874	8,775
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	2,918	2,889	2,594	2,252	1,672
12 Total Other Property and Investments	53,446	58,713	62,642	63,897	54,797
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	20,244	41,080	3,810	26,003	29,245
14 Special Deposits	911	5,965	0	8,779	9,326
15 Working Funds	360	161	175	477	498
16 Temporary Cash Investments	31,467	40	83	83	0
17 Notes Receivable	901	870	316	78	148
18 Accounts Receivable	442,006	656,161	467,412	424,937	384,151
19 Less Accum. Prov. For Uncollectible Accounts	(56,820)	(65,098)	(39,846)	(39,666)	(41,400)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	109,422	80,434	24,607	38,914	24,500
22 Materials and Supplies	22,779	23,908	24,713	24,890	24,075
23 Gas Stored Underground - Current	580,447	582,083	369,338	355,769	209,225
24 Liquefied Natural Gas in Storage	13,487	14,095	11,918	9,770	7,872
25 Prepayments	106,089	88,189	102,089	87,919	69,658
26 Interest and Dividends Receivable	378	105	(26)	287	751
27 Rents Receivable	16,188	11,205	10,498	10,296	6,410
28 Accrued Utility Revenue	329,885	473,758	415,883	306,666	280,164
29 Misc. Current and Accrued Assets	2,614	82,319			
30 Total Current and Accrued Assets	1,620,356	1,995,276	1,390,972	1,255,201	1,004,624
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense	23,224	21,863	19,431	21,172	22,420
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges	(366)	68	58	144	76
34 Clearing Accounts	(251)	(624)	(1,676)	(1,473)	(1,257)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	1,045,119	627,311	505,925	601,858	472,639
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development	(434)	(4,427)	(3,488)	(2,970)	(1,902)
39 Accumulated Deferred Income Taxes	48,518	50,900	(67,602)	(35,076)	63,763
40 Total Deferred Debits	1,115,811	695,090	452,649	583,656	555,739
41 <b>Total Assets and Other Debits</b>	<b>\$7,504,253</b>	<b>\$7,290,932</b>	<b>\$6,270,223</b>	<b>\$6,097,002</b>	<b>\$5,660,225</b>

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

	2006	2005	2004	2003	2002	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$68,382	\$68,382	\$68,382	\$68,550	\$68,400	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	1,056,517	1,056,517	1,056,517	1,056,348	1,002,331	5
Other Paid-in Capital	122,968	122,015	121,600	95,843	89,282	6
Installments Received on Capital Stock						7
Capital Stock Expense	(16)	(21)	(26)	(31)	(36)	8
Retained Earnings	1,400,199	1,254,749	1,065,236	940,473	929,641	9
Unapp. Undistributed Subsidiary Earnings	62,554	63,598	56,725	60,602	53,384	10
Requaired Capital Stock	(60,664)	(47,605)	(42,125)	(10,174)	(12,103)	11
Accumulated Other Comprehensive Income	0					
Total Proprietary Capital	2,649,939	2,517,635	2,326,308	2,211,612	2,130,898	12
<b>LONG-TERM DEBT</b>						
Bonds	1,672,948	1,173,233	1,173,163	1,181,093	1,180,988	13
Reaquired Bonds						14
Advances from Associated Companies	258,310	218,310	218,310	344,214	424,904	15
Other Long-Term Debt	8,362	8,742	7,000	7,086	5,786	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit	0	(758)	(837)	(917)	(990)	18
Total Long-Term Debt	1,939,620	1,399,527	1,397,636	1,531,476	1,610,688	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable	17,706	14,386	14,081	14,934	10,600	20
Accounts Payable	292,711	469,062	347,248	287,920	227,358	21
Notes Payable to Associated Companies	339,108	993,140	774,107	608,830	314,747	22
Accounts Payable to Associated Companies	603,515	212,364	53,849	55,960	175,957	23
Customer Deposits	41,799	47,087	50,928	46,475	42,952	24
Taxes Accrued	(4,448)	22,811	38,126	29,641	21,227	25
Interest Accrued	28,862	25,421	20,905	25,444	24,184	26
Dividends Declared	25,767	9,100	9,579	9,373	9,121	27
Matured Long-Term Debt	0					28
Matured Interest	0					29
Tax Collections Payable	(254)	6,832	2,078	(4,374)	1,783	30
Misc. Current and Accrued Liabilities	97,022	137,241	128,616	167,897	117,601	31
Total Current and Accrued Liabilities	1,441,788	1,937,445	1,439,516	1,242,101	945,529	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	865	674	629	1,814	1,772	33
Other Deferred Credits	226,511	241,026	148,100	158,659	141,489	34
Accumulated Deferred Inv. Tax Credits	16,275	18,273	19,492	21,095	22,699	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	921,213	832,183	731,835	684,041	616,142	37
Total Deferred Credits	1,164,863	1,092,156	900,056	865,609	782,102	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve	4,788	3,811	867	1,144	8,992	40
Pension and Benefits Reserve	(23,565)	(16,443)	(14,529)	5,373	22,771	41
Miscellaneous Operating Reserves	326,819	356,802	220,369	239,686	159,244	42
Total Operating Reserves	308,042	344,170	206,708	246,203	191,007	43
<b>Total Liabilities and Other Credits</b>	<b>\$7,504,253</b>	<b>\$7,290,932</b>	<b>\$6,270,223</b>	<b>\$6,097,002</b>	<b>\$5,660,225</b>	<b>44</b>

Table 3 G

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

	2006	2005	2004	2003	2002
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$4,646,996	\$4,975,521	\$4,092,409	\$3,993,427	\$3,086,892
Operating Expenses:					
2 Operation Expense	3,586,699	3,927,439	3,043,051	2,917,502	2,055,997
3 Maintenance Expense	99,588	101,328	93,423	85,365	76,919
4 Depreciation Expense	140,671	153,672	153,215	146,897	141,447
5 Amort. and Depletion of Utility Plant	12,292	14,264	15,140	13,508	12,100
6 Amort. of Utility Plant Acq. Adj.	9,896	9,896	9,896	9,896	8,896
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	32,018	34,034	38,150	38,642	29,896
9 Other Expenses	115,718	65,857	0		18,844
10 Taxes Other than Income Taxes	189,588	219,387	230,958	264,164	273,663
11 Income Taxes	148,859	132,685	143,576	151,651	131,551
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	4,335,329	4,658,562	3,727,410	3,627,624	2,749,313
15 Net Operating Revenues	311,667	316,959	364,999	365,803	337,579
16 Other Gas Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	311,667	316,959	364,999	365,803	337,579
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$311,667	\$316,959	\$364,999	\$365,803	\$337,579

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

	2006	2005	2004	2003	2002	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work	\$515	\$159	\$89	\$56	(\$310)	1
Income from Nonutility Operations	209	48	(248)	2	12	2
Nonoperating Rental Income	169	(495)	234	(30)	390	3
Equity in Earnings of Subsidiary Companies	5,766	6,873	6,857	7,259	5,582	4
Interest and Dividend Income	12,032	3,956	1,648	47	4,270	5
Allowance for Funds Used During Construction	841	1,756	1,242	2,247	6,542	6
Miscellaneous Nonoperating Income	593	2,743	519	3,259	7,045	7
Gain on Disposition of Property	61	119	(60)	13,687	1,751	8
Total Other Income	20,187	15,159	10,281	26,526	25,283	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property	0			11		10
Miscellaneous Amortization	160	7	7	7	7	11
Miscellaneous Income Deductions	3,143	6,138	4,300	14,858	5,456	12
Total Other Income Deductions	3,303	6,144	4,307	14,876	5,463	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes	414	263	(11)	766	(8,392)	14
Income Taxes	810	(1,842)	(2,362)	(4,006)	(4,127)	15
Total Taxes-Other Inc. & Deductions	1,224	(1,579)	(2,373)	(3,241)	(12,519)	16
Net Other Income and Deductions	15,660	10,594	8,347	14,891	32,339	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	75,171	76,176	75,391	76,177	74,758	18
Amortization of Debt Discount and Expense	2,501	2,235	2,333	3,241	3,273	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	54,625	37,628	34,170	40,127	42,016	21
Other Interest Expense	8,618	18,401	9,535	5,482	6,121	22
Total Interest Charges	140,915	134,440	121,429	125,026	126,168	23
Income Before Extraordinary Items	186,412	193,113	251,917	255,667	243,750	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	<b>\$186,412</b>	<b>\$193,113</b>	<b>\$251,917</b>	<b>\$255,667</b>	<b>\$243,750</b>	<b>29</b>
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP) *	\$1,254,749	\$1,065,236	\$940,473	\$929,641	\$951,470	30
Balance Transferred from Income	180,646	186,240	245,060	248,408	238,169	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	111,022	41,250	131,107	237,088	258,844	34
Adjustments to Retained Earnings	7,215	(2,863)	10,810	(488)	(1,154)	35
Net Change	145,449	189,513	124,763	10,833	(21,829)	36
Unappropriated Retained Earnings (EOP)	1,400,199	1,254,749	1,065,236	940,473	929,641	37
Appropriated Retained Earnings (EOP)	0					38
<b>Total Retained Earnings</b>	<b>1,400,199</b>	<b>1,254,749</b>	<b>1,065,236</b>	<b>940,473</b>	<b>929,641</b>	<b>39</b>

**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)**

	2006	2005	2004	2003	2002
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$254,902	\$240,605	\$251,917	\$255,667	\$243,750
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	164,776	128,891	183,608	182,607	129,143
3 Deferred Taxes & ITCs	195,612	(74,639)	9,138	128,850	205,516
4 Receivables and Inventory	23,668	(238,670)	17,749	(170,926)	141,081
5 Payables and Accrued Expenses	(221,342)	(15,742)	56,626	(30,838)	(114,437)
6 Regulatory Assets (Net)	(240,850)	41,953	19,869	(16,833)	(11,578)
7 Capitalized AFUDC - Equity	(1,937)	(1,756)	(1,226)	(1,157)	(4,385)
8 Undistributed Earnings of Affiliates	614	637	425	132	(344)
9 Other Adjustments (See company detail for explanations of major items)	21,937	(24,377)	23,506	(8,559)	(42,491)
10	(20,967)	42,888	(95,376)	19,844	(14,124)
11	(26,838)	822	(64,934)	30,674	19,878
12 Net Cash From Operating Activities	<u>149,575</u>	<u>100,611</u>	<u>401,301</u>	<u>389,462</u>	<u>552,011</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(317,470)	(336,213)	(332,320)	(284,784)	(276,002)
14 Acquisition Of Other Non-Current Assets	(54)	33	(26)	(9,705)	28
15 Investments in & Advances to Affiliates	58,519	(40,144)	(21,807)	121,362	(4,972)
16 Contributions & Advances from Affiliates	(303,240)	293,692	95,972	-	-
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment	0				
18 Investments In Affiliated Companies	4,794	(12,872)	8,693	(7,898)	13
19 Investment Securities	-	-	-	(257)	123
20 Other Current Assets & Liabilities	0	0	15		
21 Other Cash Flows - Investing Activities	1,066	(488)	(302)	604	(3,028)
22	-	-	-	-	-
23	0				
24 Net Cash From Investing Activities	<u>(556,386)</u>	<u>(95,992)</u>	<u>(249,776)</u>	<u>(180,678)</u>	<u>(283,837)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	477,032	73,981	(42,512)	22,168	(45,736)
26 Common Stock	0	0	(93,000)	0	2,327
27 Preferred Stock	0	0	0	0	0
28 Short-Term Debt	3,320	306	(854)	3,134	22,879
29 Dividends Paid	(94,355)	(41,250)	(38,107)	(236,688)	(258,824)
30 Other Cash Flows - Financing Activities	0	(148)	796	0	3,420
31	0	0	0	0	(1,746)
32	0	0	0	0	0
33 Net Cash From Financing Activities	<u>385,997</u>	<u>32,888</u>	<u>(173,677)</u>	<u>(211,385)</u>	<u>(277,681)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(20,813)	37,507	(22,152)	(2,601)	(9,508)
35 Cash & Cash Equivalents Beginning Of Year *	44,170	6,663	28,815	31,416	40,923
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$23,356</b>	<b>\$44,170</b>	<b>\$6,663</b>	<b>\$28,815</b>	<b>\$31,416</b>

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

	2006	2005	2004	2003	2002	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES (\$000s)</b>						
Residential	\$2,760,031	\$3,065,375	\$2,630,558	\$2,566,903	\$1,935,441	1
Commercial	697,629	733,216	691,486	653,031	473,483	2
Industrial	83,732	148,425	153,173	141,986	128,535	3
Other Ultimate Customers	153,367	174,595	122,630	120,347	72,452	4
Total Revenues-Ultimate Customer	3,694,759	4,121,610	3,597,848	3,482,267	2,609,911	5
Sales for Resale	620,690	537,673	197,479	194,961	134,438	6
Total Revenues from Gas Sales	4,315,450	4,659,283	3,795,326	3,677,227	2,744,349	7
Transportation Sales	275,532	267,175	255,419	262,541	296,209	8
Other Gas Operating Revenues	59,314	55,477	48,077	58,443	46,334	9
Total Gas Operating Revenues	\$4,650,296	\$4,981,936	\$4,098,823	\$3,998,211	\$3,086,892	10
<b>SALES (MCF)</b>						
Residential	171,201,247	198,858,494	203,853,559	210,971,579	188,729,609	11
Commercial	50,326,381	53,915,530	67,671,887	68,942,475	66,795,167	12
Industrial	6,592,507	11,431,172	16,827,115	17,052,919	22,201,528	13
Other Ultimate Customers	12,165,682	14,022,091	12,967,787	13,895,211	12,388,595	14
Total Sales-Ultimate Customer	240,285,817	278,227,287	301,320,348	310,862,184	290,114,899	15
Sales for Resale	75,435,767	62,822,944	27,203,885	33,233,034	44,184,609	16
Transportation Sales	209,229,586	177,982,412	174,119,809	182,665,231	228,342,176	17
Other Gas Sales	0					18
Total Sales	524,951,170	519,032,643	502,644,042	526,760,450	562,641,684	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	2,168,203	2,160,471	2,146,130	2,170,255	2,194,201	20
Commercial	120,259	112,458	111,302	113,138	113,105	21
Industrial	8,575	16,114	15,855	16,596	19,220	22
Other Customers	2,968	2,437	2,437	3,380	4,688	23
Total Ultimate Customers	2,300,005	2,291,480	2,275,724	2,303,369	2,331,214	24
Resales	30	21	14	16	17	25
Total Customers	2,300,035	2,291,501	2,275,738	2,303,385	2,331,231	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,273	\$1,419	\$1,226	\$1,183	\$882	27
Average MCF Consumption Per Customer	79.0	92.0	95.0	97.2	86.0	28
Average Revenue Per MCF Sold	\$16.12	\$15.41	\$12.90	\$12.17	\$10.26	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$5,801	\$6,520	\$6,213	\$5,772	\$4,186	30
Average MCF Consumption Per Customer	418.5	479.4	608.0	609.4	590.6	31
Average Revenue Per MCF Sold	\$13.86	\$13.60	\$10.22	\$9.47	\$7.09	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$9,765	\$9,211	\$9,661	\$8,556	\$6,688	33
Average MCF Consumption Per Customer	768.8	709.4	1,061.3	1,027.6	1,155.1	34
Average Revenue Per MCF Sold	\$12.70	\$12.98	\$9.10	\$8.33	\$5.79	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering	\$17	\$99	\$14	\$27	\$12	38
Purchased Gas	2,917,199	3,188,302	2,335,276	2,221,766	1,406,657	39
Other	(12,432)	7,142	22,324	609	15,691	40
Total Production Expense	2,904,784	3,195,543	2,357,613	2,222,403	1,422,359	41
Natural Gas Storage Expense	41,206	42,872	41,838	44,201	39,571	42
Transmission Expense	103,145	106,163	104,515	109,288	104,155	43
Distribution Expense	175,153	176,006	164,358	159,165	149,303	44
Customer Account Expense	166,821	203,471	154,703	143,388	109,297	45
Sales Expense	22,414	22,330	27,533	33,872	677	46
Administrative and General	272,926	280,206	286,011	290,645	307,717	47
Total O & M Expense	\$3,686,447	\$4,026,591	\$3,136,572	\$3,002,962	\$2,133,079	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)**

	2006	2005	2004	2003	2002
1 Total Revenues	\$4,650,296	\$4,981,936	\$4,098,823	\$3,998,211	\$3,086,892
2 Sales of Gas (MCF) *	315,721,584	341,050,231	328,524,233	344,095,219	334,299,508
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$3,047,301	\$3,346,468	\$2,503,452	\$2,375,507	\$1,565,999
4 Wages and Benefits	236,934	248,546	312,816	301,418	192,110
5 Other Operation & Maintenance Exp.	402,052	433,753	320,188	325,941	374,885
6 Depreciation & Amortization Expense	194,877	211,866	216,400	208,943	192,336
7 Income Taxes-Operating	148,743	132,685	143,576	151,651	131,551
8 Other Taxes-Operating	228,774	237,094	230,958	264,164	273,663
9 Capital Costs	391,615	371,524	371,432	370,587	356,348
10 Total	\$4,650,296	\$4,981,936	\$4,098,823	\$3,998,211	\$3,086,892
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	65.5	67.2	61.1	59.4	50.7
12 Wages and Benefits	5.1	5.0	7.6	7.5	6.2
13 Other Operation & Maintenance Exp.	8.6	8.7	7.8	8.2	12.1
14 Depreciation & Amortization Expense	4.2	4.3	5.3	5.2	6.2
15 Income Taxes-Operating	3.2	2.7	3.5	3.8	4.3
16 Other Taxes-Operating	4.9	4.8	5.6	6.6	8.9
17 Capital Costs	8.4	7.5	9.1	9.3	11.5
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	9.65	9.81	7.62	6.90	4.68
20 Wages and Benefits	0.75	0.73	0.95	0.88	0.57
21 Other Operation & Maintenance Exp.	1.27	1.27	0.97	0.95	1.12
22 Depreciation & Amortization Expense	0.62	0.62	0.66	0.61	0.58
23 Income Taxes-Operating	0.47	0.39	0.44	0.44	0.39
24 Other Taxes-Operating	0.72	0.70	0.70	0.77	0.82
25 Capital Costs	1.24	1.09	1.13	1.08	1.07
26 Total	14.73	14.61	12.48	11.62	9.23

**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.	2,257,038	2,463,766	1,697,292	1,538,304	1,046,710
Liquidified Petro Gas	396	324	186	208	22
Other Gas Supply	679,701	771,256	692,267	703,802	394,183
Gas Storage	41,180	42,851	41,652	43,993	39,547
Transmission Expense	103,145	106,175	104,515	109,288	104,155
Total Purchased Gas	824,422	920,606	838,620	857,292	537,907
-Total PG related to Sales for Resale PG - Ultimate Customers	824,422	920,606	838,620	857,292	537,907
<b><u>Wages and Benefits</u></b>					
Salaries	173,798	175,947	240,924	226,325	141,091
Pensions and Benefits	61,493	71,074	70,071	73,996	49,884
Total Wages and Benefits	235,290	247,021	310,995	300,321	190,975
<b><u>Other Expenses</u></b>					
Total O&M Expenses	3,686,287	4,028,767	3,136,455	3,002,866	2,132,994
-Total Purchased Gas	3,047,301	3,346,468	2,503,452	2,375,507	1,565,999
-Wages and Benefits	236,934	248,546	312,816	301,418	192,110
-Other Gains	0				
+Other Losses	0				
-Other Revenues	0				
Other Expenses	402,052	433,753	320,188	325,941	374,885
<b><u>Depreciation and Amortization</u></b>					
Depreciation Exp	140,711	153,672	153,215	146,897	141,447
Amort & Depl of Utility Plant	9,523	11,651	12,894	11,594	10,819
Amort of Other Utility Plant	12,665	12,509	12,142	11,810	10,174
Amort of Property Losses	0				
Amort of Conversion Expenses	32,018	34,034	38,150	38,642	29,896
Total Depre and Amort	194,917	211,866	216,400	208,943	192,336
<b><u>Fuel and PP related to Sales for Resale</u></b>					
Total PG	3,049,105	3,346,468	2,503,452	2,375,507	1,565,999
divided by Total MCFs	315,722	341,050	328,524	344,095	334,300
Fuel Cost per MCF	9.658	9.812	7.620	6.904	4.684
times Sales for Resale MCFs	30,011.622	33,226.717	27,203.885	33,233.034	44,184.609
Sales for Resale PG	281,776.990	308,153.390	213,001.341	235,313.456	206,071.982
<b><u>Transportation Volumes</u></b>					
	73,336	80,561	75,604	77,014	88,322

Table 8 G

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

	2006	2005	2004	2003	2002	
Intangible	\$138,631	\$134,592	\$123,410	\$118,137	\$117,649	1
Production	-	-	-	-	-	
Manufactured Gas	2,380	2,380	2,380	2,008	2,008	2
Natural Gas	20,384	20,207	20,413	20,442	20,476	3
Natural Gas Storage	-	-	-	-	-	
Underground Storage	48	48	0	0	0	4
Other Storage	123,571	123,895	122,554	116,285	114,882	5
Transmission	366,809	346,707	348,785	332,890	319,904	6
Distribution	5,582,073	5,343,935	5,143,917	4,880,255	4,624,793	7
General	262,609	273,268	260,765	285,263	280,501	8
Gas - Purchased or Sold	-	-	-	-	-	9
Experimental - Unclassified	-	-	-	-	-	10
Gas - Stored Underground, Non-current	-	858	858	0	858	11
<b>Total Plant In Service</b>	<b>6,496,505</b>	<b>6,245,890</b>	<b>6,023,083</b>	<b>5,755,281</b>	<b>5,481,071</b>	<b>12</b>
Plant Leased To Others	0	-	-	-	-	13
Plant Held For Future Use	460	460	460	460	460	14
Construction Work In Progress	76,036	92,379	38,260	45,865	46,074	15
Aquisition Adjustments	1,260	1,260	1,260	1,260	958	16
<b>Total Plant</b>	<b>6,574,262</b>	<b>6,339,989</b>	<b>6,063,063</b>	<b>5,802,866</b>	<b>5,528,563</b>	<b>17</b>
Accum. Prov. - Depr. & Amort.	1,846,973	1,798,136	1,699,102	1,608,618	1,483,498	18
<b>Total Net Plant</b>	<b>\$4,727,289</b>	<b>\$4,541,853</b>	<b>\$4,363,961</b>	<b>\$4,194,248</b>	<b>\$4,045,065</b>	<b>19</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.12	1.03	0.97	1.01	1.06	20
Total Capitalization (\$000s)	\$4,946,374	\$4,924,688	\$4,512,132	\$4,377,026	\$4,066,933	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	39.2%	28.4%	31.0%	35.0%	39.6%	22
Preferred Stock	-	-	-	-	-	23
Common Stock & Retained Earnings	53.6%	51.1%	51.6%	50.8%	52.4%	24
Short-Term Debt	7.2%	20.5%	17.5%	14.3%	8.0%	25
Pretax Coverage of Interest Expense	3.79	3.72	4.20	4.18	3.94	26
Com. Stock Dividends as a % of Earnings	28.6%	10.2%	8.1%	-52.4%	106.2%	27
Return on Common Equity	12.9%	12.8%	13.5%	14.3%	11.3%	28
Internal Cash Generated as a % of Cash Outflows for Construction	51.5%	34.7%	121.0%	145.2%	200.0%	29
Earnings per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$4.73	30
Book Value per Share	\$0.01	\$0.01	\$0.01	\$0.01	\$41.32	31
Dividends per Share	\$0.00	\$0.00	\$0.00	(\$0.00)	\$5.02	32
Number of Employees	3,453	3,468	3,613	3,363	4,389	33

**Data Field Below**

Current Assets	1,620,356,111	1,998,164,876	1,390,971,523	1,255,200,895	1,004,624,495
Current Liabilities	1,441,788,451	1,937,445,077	1,439,515,905	1,242,101,257	945,529,395
Total Capitalization	4,946,374,235	4,924,688,174	4,512,131,916	4,377,026,241	4,066,933,023
Long-Term Debt	1,939,619,851	1,399,527,151	1,397,635,669	1,531,475,956	1,610,687,849
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,649,939,478	2,517,634,510	2,326,308,468	2,221,785,834	2,130,898,291
Short-Term Debt	356,814,906	1,007,526,513	788,187,780	623,764,451	325,346,884
Pretax Income	533,625,008	500,659,644	509,411,368	522,763,774	497,342,302
Interest Expense	140,889,467	134,416,260	121,405,301	125,015,926	126,167,948
Dividends Paid	95,114,000	31,550,000	25,107,375	(162,912,500)	258,843,750
Net Income (Excl. Preferred Stock Dividends)	332,848,937	309,316,671	308,129,888	311,082,813	243,750,479
Internal Cash	163,423,626	116,400,626	402,122,364	413,648,007	552,010,978
Cash Outflows for Construction	317,470,248	335,493,874	332,243,254	284,784,499	276,002,307
Shares Outstanding (Millions)*** Check (SOME COMPANIES IN HOLD AMTS VS. .004)	435,200.5089	435,200.5089	435,100.5090	435,100.5103	51.5664
Misc Deferred Debits	818,608,222	386,284,821	357,825,176	443,198,914	327,755,586
Number of Employees	3,453	3,468	3,613	3,363	4,389

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

	2006	2005	2004	2003	2002
<b>UTILITY PLANT</b>					
Total Utility Plant	\$2,809,549,036	\$2,672,798,730	\$2,546,473,830	\$2,426,503,240	\$ 2,315,330,678
Less Acc. Prov. For Depreciation & Amortization	920,414,979	882,846,551	831,059,123	792,794,838	725,301,686
Net Total Utility Plant	1,889,134,057	1,789,952,179	1,715,414,707	1,633,708,402	1,590,028,992
<b>OTHER PROPERTY AND INVESTMENTS</b>					
Nonutility Property					
Less Acc. Prov. For Depreciation & Amortization					
Investment in Associated Companies					
Investment in Subsidiary Companies	48,185,948	49,759,831	47,800,031	46,991,792	37,274,728
Other Investments	110,347	1,808,516	4,027,924	6,791,211	7,318,515
Sinking Funds					
Depreciation Fund					
Other Special Funds					
Total Other Property and Investments	48,296,295	51,568,347	51,827,955	53,783,003	44,593,243
<b>CURRENT AND ACCRUED ASSETS</b>					
Cash	7,783,746	21,090,054	(1,850,294)	5,096,898	11,657,365
Special Deposits	2,813	4,568,466		8,768,868	9,316,472
Working Funds	189,948			275,000	275,000
Temporary Cash Investments					
Notes Receivable					
Accounts Receivable	157,459,579	259,634,180	175,534,760	132,931,741	128,581,665
Less Accum. Prov. For Uncollectible Accounts	(17,573,587)	(25,400,584)	(18,811,122)	(16,081,093)	(17,416,060)
Notes Receivable from Associated Companies					
Accounts Receivable from Assoc. Companies	19,332,650	23,558,955	12,021,347	14,762,364	10,025,811
Materials and Supplies	8,821,255	8,734,783	8,864,328	9,674,672	10,259,134
Gas Stored Underground - Current	366,619,206	371,026,266	225,576,356	215,503,012	118,051,035
Liquefied Natural Gas in Storage	9,549,454	10,032,868	9,063,400	6,896,819	6,307,467
Prepayments	61,129,472	55,983,546	61,691,231	48,343,190	27,714,346
Interest and Dividends Receivable		13,608	13,170	13,170	13,069
Rents Receivable	5,628,834	4,105,821	35,346	404,202	375,141
Accrued Utility Revenue	175,634,320	262,844,419	231,829,715	166,078,868	157,263,531
Misc. Current and Accrued Assets	1,441,205	43,727,823			
Total Current and Accrued Assets	796,018,895	1,039,920,205	703,968,237	592,667,711	462,423,976
<b>DEFERRED DEBITS</b>					
Unamort. Debt Expense	21,532,376	20,292,422	17,473,135	18,794,194	20,005,165
Extraordinary Property Losses					
Prelim. Survey and Investigation Charges					
Clearing Accounts					
Temporary Facilities					
Miscellaneous Deferred Debits	459,445,637	259,054,049	210,551,176	248,864,245	168,476,444
Deferred Losses from Disp. of Utility Plant					
Research and Development				97,000	97,000
Accumulated Deferred Income Taxes	123,615,227	70,352,577	8,265,171	29,116,733	59,429,646
Total Deferred Debits	604,593,240	349,699,048	236,289,482	296,872,172	248,008,256
<b>Total Assets and Other Debits</b>	<b>\$3,338,042,487</b>	<b>\$3,231,139,779</b>	<b>\$2,707,500,381</b>	<b>\$2,577,031,288</b>	<b>\$2,345,054,466</b>

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

	2006	2005	2004	2003	2002	
<b>PROPRIETARY CAPITAL</b>						
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	472,627,082	472,627,081	472,627,081	472,627,081	468,747,082	5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	645,597,853	514,685,122	408,441,337	330,625,078	417,037,124	9
Unapp. Undistributed Subsidiary Earnings	59,812,050	60,241,733	53,431,933	57,910,552	50,588,488	10
Reaquired Capital Stock	(59,801,996)	(20,877,456)	(15,492,825)	(10,173,598)	(12,102,722)	11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	1,118,234,990	1,026,676,481	919,007,527	850,989,114	924,269,973	12
<b>LONG-TERM DEBT</b>						
Bonds	1,038,903,190	638,833,123	638,763,056	646,692,989	646,587,888	13
Reaquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit		(757,637)	(837,389)	(917,140)	(990,245)	18
Total Long-Term Debt	1,038,903,190	638,075,486	637,925,667	645,775,849	645,597,643	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable						20
Accounts Payable	123,907,538	199,121,320	158,730,727	111,209,803	91,828,572	21
Notes Payable to Associated Companies	19,390,573	547,650,810	360,947,815	277,365,475	37,811,181	22
Accounts Payable to Associated Companies	307,820,877	46,562,111	46,219,423	33,830,154	92,401,034	23
Customer Deposits	22,670,130	28,173,007	34,603,844	33,808,063	32,249,588	24
Taxes Accrued	6,610,943	25,711,487	10,209,410	26,363,469	13,963,721	25
Interest Accrued	10,745,641	7,879,325	3,771,908	8,380,146	6,972,116	26
Dividends Declared						27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	(1,035,204)	2,445,331	671,118	856,467	2,283,754	30
Misc. Current and Accrued Liabilities	6,822,844	47,096,225	30,840,386	72,158,598	37,313,429	31
Total Current and Accrued Liabilities	496,933,340	904,639,616	645,994,631	563,972,175	314,823,395	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction						33
Other Deferred Credits	98,486,286	120,344,037	79,878,796	85,944,135	51,380,990	34
Accumulated Deferred Inv. Tax Credits	10,492,940	11,804,666	12,314,405	13,225,133	14,135,870	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	399,571,965	334,938,788	310,588,886	306,001,157	304,010,742	37
Total Deferred Credits	508,551,191	467,087,491	402,782,087	405,170,425	369,527,602	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve				253	8,775,129	40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves	175,419,775	194,660,705	101,790,471	111,123,472	82,060,725	42
Total Operating Reserves	175,419,775	194,660,705	101,790,471	111,123,725	90,835,854	43
<b>Total Liabilities and Other Credits</b>	<b>\$3,338,042,487</b>	<b>\$3,231,139,779</b>	<b>\$2,707,500,383</b>	<b>\$2,577,031,288</b>	<b>\$2,345,054,466</b>	<b>44</b>

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

	2006	2005	2004	2003	2002
<b>GAS OPERATING INCOME</b>					
Operating Revenues	\$2,116,022,579	\$2,236,282,286	\$1,751,885,076	\$1,699,688,030	\$1,357,502,961
Operating Expense:					
Operation Expense	1,598,721,505	1,732,029,310	1,248,656,433	1,203,841,510	872,182,456
Maintenance Expense	60,594,685	63,248,185	55,503,231	49,501,265	46,897,834
Depreciation Expense	56,103,005	71,457,424	72,394,409	69,955,640	67,426,985
Amort. and Depletion of Utility Plant	9,508,676	11,636,651	12,879,770	11,580,995	10,806,250
Amort. of Utility Plant Acq. Adj.	9,895,992	9,895,992	9,895,992	9,895,992	8,895,992
Amort. of Property Losses					
Amort. of Conversion Expenses					
Other Expenses					9,705,796
Taxes Other than Income Taxes	116,458,916	121,851,776	115,783,581	131,580,290	135,667,813
Income Taxes	75,614,537	60,613,126	73,338,870	73,482,501	67,497,383
Gains from Disposition of Util. Plant					
Losses from Disposition of Util. Plant					
Total Operating Expenses	1,926,897,316	2,070,732,464	1,588,452,286	1,549,838,194	1,219,080,509
Net Operating Revenues	189,125,263	165,549,822	163,432,790	149,849,836	138,422,452
Other Utility Operating Income					
<b>Total Gas Utility Operating Income</b>	189,125,263	165,549,822	163,432,790	149,849,836	138,422,452
Other Utility Operating Income					
<b>Total Utility Operating Income</b>	\$189,125,263	\$165,549,822	\$163,432,790	\$149,849,836	\$138,422,452

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

	2006	2005	2004	2003	2002	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work	\$15,000.00	(\$107,500)				1
Income from Nonutility Operations	165,960	81,825	(\$245,677)	(\$39,286)	(\$99,029)	2
Nonoperating Rental Income						3
Equity in Earnings of Subsidiary Companies	6,380,118	6,809,800	6,440,141	7,322,064	5,227,532	4
Interest and Dividend Income	411,317	(971,902)	1,201,185	(946,124)	1,885,266	5
Allowance for Funds Used During Construction	1,506,745	719,025	540,245	1,164,941	2,157,934	6
Miscellaneous Nonoperating Income		26	234	(976,385)	(329)	7
Gain on Disposition of Property		75,199		(172,557)	586,226	8
Total Other Income	8,479,140	6,606,473	7,936,128	6,352,653	9,757,599	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	806,266	4,963,407	3,369,833	1,962,903	1,229,192	12
Total Other Income Deductions	806,266	4,963,407	3,369,833	1,962,903	1,229,192	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes	712	1,071	5,944	13,474	(9,230,125)	14
Income Taxes	910,737	(910,728)	(910,728)	(2,467,130)	(2,677,418)	15
Total Taxes-Other Inc. & Deductions	(910,025)	(909,657)	(904,784)	(2,453,656)	(11,907,543)	16
Net Other Income and Deductions	8,552,898	2,552,723	5,471,078	6,843,406	20,435,950	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	33,609,738	35,105,376	34,452,852	35,177,814	33,821,299	18
Amortization of Debt Discount and Expense	1,668,833	1,407,756	1,400,810	1,284,076	1,400,810	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	22,623,302	9,673,925	5,128,975	552,047	15,552	21
Other Interest Expense	1,339,239	3,633,260	1,583,592	(1,230,713)	(456,628)	22
Total Interest Charges	59,241,112	49,820,317	42,566,228	35,783,224	34,781,034	23
Income Before Extraordinary Items	138,437,049	118,282,228	126,337,640	120,910,018	124,077,369	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions		(378,643)				26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items		(378,643)				28
<b>Net Income</b>	<b>\$138,437,049</b>	<b>\$117,903,585</b>	<b>\$126,337,640</b>	<b>\$120,910,018</b>	<b>\$124,077,369</b>	<b>29</b>
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	\$514,685,122	\$408,441,337	\$330,625,085	\$417,037,131	\$521,687,295	30
Balance Transferred from Income	132,056,932	111,093,785	119,897,499	113,587,954	118,849,836	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	7,954,000	4,850,000	53,000,000	200,000,000	223,500,000	34
Adjustments to Retained Earnings	6,809,800		10,918,753			35
Net Change	130,912,732	106,243,785	77,816,252	(86,412,046)	(104,650,164)	36
Unappropriated Retained Earnings (EOP)	645,597,854	514,685,122	408,441,337	330,625,085	417,037,131	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	<b>\$645,597,854</b>	<b>\$514,685,122</b>	<b>\$408,441,337</b>	<b>\$330,625,085</b>	<b>\$417,037,131</b>	<b>39</b>

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

	2006	2005	2004	2003	2002
<b>Cash Flows From Operating Activities</b>					
Net Income	\$138,437,049	\$117,903,585	\$126,337,640	\$120,910,018	\$124,077,369
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, Depletion & Amortization	76,098,903	43,018,025	99,154,758	103,543,045	52,940,969
Deferred Taxes & ITCs	100,665,196	(88,170,333)	(42,234,162)	(4,379,239)	43,552,208
Receivables and Inventory	(90,124,543)	(84,515,531)	19,937,282	(74,491,225)	30,251,220
Payables and Accrued Expenses	(118,474,088)	(77,656,508)	6,492,487	(65,535,357)	61,337,758
Regulatory Assets (Net)	(25,323,758)	38,958,875	(18,995,570)	32,862,343	(5,736,225)
Capitalized AFUDC - Equity	(1,506,745)	(719,025)	(540,245)		
Undistributed Earnings of Affiliates					
Other Adjustments	(7,826,997)	6,589,462	2,730,029	(1,334,967)	3,782,740
	(45,867,893)	55,853,431	(74,356,157)	23,257,410	(8,292,713)
			(275,000)		
Net Cash From Operating Activities	<u>26,077,124</u>	<u>11,261,981</u>	<u>118,251,062</u>	<u>134,832,028</u>	<u>301,913,326</u>
<b>Cash Flows From Investing Activities</b>					
Cash Outflows For Construction	(163,221,456)	(152,618,938)	(164,131,478)	(109,480,767)	(81,941,561)
Acquisition Of Other Non-Current Assets				(9,717,064)	
Investments in & Advances to Affiliates				180,983,414	(5,258,855)
Contributions & Advances from Affiliates	(267,001,471)	187,045,684	95,971,608		
Net Proceeds - Sale Or Disposition Of:					
Property, Plant & Equipment					
Investments In Affiliated Companies	4,226,305	(11,537,608)	2,741,017	(4,736,553)	
Investment Securities					
Other Current Assets & Liabilities					
Other Cash Flows - Investing Activities					
Net Cash From Investing Activities	<u>(425,996,622)</u>	<u>22,889,138</u>	<u>(65,418,853)</u>	<u>57,049,030</u>	<u>(87,200,416)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
Long-Term Debt	394,567,190	(6,360,770)	(7,850,182)	1,558,475	(12,102,722)
Common Stock			(53,000,000)		
Preferred Stock					
Short-Term Debt					156,122
Dividends Paid	(7,954,000)	(4,850,000)		(200,000,000)	(223,500,000)
Other Cash Flows - Financing Activities			795,781		3,196,086
					(1,391,718)
Net Cash From Financing Activities	<u>386,613,190</u>	<u>(11,210,770)</u>	<u>(60,054,401)</u>	<u>(198,441,525)</u>	<u>(233,642,232)</u>
Net Increase/(Decrease) In Cash Equivalents	(13,306,308)	22,940,349	(7,222,192)	(6,560,467)	(18,929,322)
Cash & Cash Equivalents Beginning Of Year	21,090,054	(1,850,295)	5,371,897	11,932,364	30,861,686
<b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$7,783,746</b>	<b>\$21,090,054</b>	<b>(\$1,850,295)</b>	<b>\$5,371,897</b>	<b>\$11,932,364</b>

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

	2006	2005	2004	2003	2002	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$1,220,972,979	\$1,374,704,201	\$1,162,802,467	\$1,138,987,723	\$896,607,367	1
Commercial	210,112,393	206,736,518	239,338,635	217,515,788	164,339,201	2
Industrial	31,717,438	83,216,523	96,339,675	87,555,443	78,407,034	3
Other Ultimate Customers	153,102,196	174,382,203	122,438,486	120,187,029	72,311,184	4
Total Revenues-Ultimate Customer	1,615,905,006	1,839,039,445	1,620,919,263	1,564,245,983	1,211,664,786	5
Sales for Resale	385,775,298	279,779,677	12,465,942	12,182,325	(28,236)	6
Total Revenues from Gas Sales	2,001,680,304	2,118,819,122	1,633,385,205	1,576,428,308	1,211,636,550	7
Transportation Sales	98,601,301	106,386,089	104,897,339	111,274,137	129,947,885	8
Other Gas Operating Revenues	19,040,973	17,491,654	20,017,110	18,400,753	15,918,526	9
Total Gas Operating Revenues	\$2,119,322,579	\$2,242,696,865	\$1,758,299,654	\$1,706,103,198	\$1,357,502,961	10

	2006	2005	2004	2003	2002	
<b>SALES (MCF)</b>						
Residential	74,679,943	85,679,183	87,865,962	90,284,232	81,080,704	11
Commercial	15,245,117	15,029,512	27,094,649	27,014,359	29,218,356	12
Industrial	2,764,405	6,049,748	10,906,261	10,873,943	13,940,220	13
Other Ultimate Customers	12,149,187	14,003,439	12,949,663	13,877,499	12,373,351	14
Total Sales-Ultimate Customer	104,838,652	120,761,881	138,816,535	142,050,033	136,612,631	15
Sales for Resale	45,424,145	29,596,227				16
Transportation Sales	60,540,883	67,041,296	61,708,706	62,576,041	73,683,405	17
Other Gas Sales						18
Total Sales	210,803,680	217,399,404	200,525,241	204,626,074	210,296,036	19

	2006	2005	2004	2003	2002	
<b>AVG NUMBER OF CUSTOMERS</b>						
Residential	1,064,525	1,056,246	1,046,182	1,072,252	1,112,723	20
Commercial	34,099	25,582	24,942	26,838	28,477	21
Industrial	3,292	10,297	10,040	10,803	13,587	22
Other Customers	2,911	2,367	2,383	3,328	4,637	23
Total Ultimate Customers	1,104,827	1,094,492	1,083,547	1,113,221	1,159,424	24
Resales	11					25
Total Customers	1,104,838	1,094,492	1,083,547	1,113,221	1,159,424	26

**OPERATING REVENUES RELATIONSHIP**

	2006	2005	2004	2003	2002	
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,147	\$1,302	\$1,111	\$1,062	\$806	27
Average MCF Consumption Per Customer	70.2	81.1	84.0	84.2	72.9	28
Average Revenue Per MCF Sold	\$16.35	\$16.04	\$13.23	\$12.62	\$11.06	29

	2006	2005	2004	2003	2002	
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$6,162	\$8,081	\$9,596	\$8,105	\$5,771	30
Average MCF Consumption Per Customer	447.1	587.5	1,086.3	1,006.6	1,026.0	31
Average Revenue Per MCF Sold	\$13.78	\$13.76	\$8.83	\$8.05	\$5.62	32

	2006	2005	2004	2003	2002	
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$9,635	\$8,082	\$9,596	\$8,105	\$5,771	33
Average MCF Consumption Per Customer	839.7	587.5	1,086.3	1,006.6	1,026.0	34
Average Revenue Per MCF Sold	\$11.47	\$13.76	\$8.83	\$8.05	\$5.62	35

**OPERATION AND MAINTENANCE EXPENSES**

	2006	2005	2004	2003	2002	
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$1,358,424,771	\$1,462,410,855	\$1,001,325,999	\$943,968,756	\$641,849,160	39
Other	(10,578)	(1,990,656)	(3,152,871)	(1,778,657)	25,175	40
Total Production Expense	1,358,414,193	1,460,420,199	998,173,128	942,190,099	641,874,335	41
Natural Gas Storage Expense	3,311,143	4,857,913	4,327,538	4,571,055	2,446,373	42
Transmission Expense	6,461,269	4,550,313	3,644,689	3,309,901	1,129,070	43
Distribution Expense	86,220,627	92,260,938	82,762,129	79,523,442	77,747,644	44
Customer Account Expense	70,479,042	96,836,188	68,874,586	62,755,752	52,337,061	45
Sales Expense	10,760,078	11,887,762	12,907,619	15,160,410		46
Administrative and General	123,669,838	124,464,180	133,469,974	145,832,116	143,545,807	47
Total O & M Expense	\$1,659,316,190	\$1,795,277,494	\$1,304,159,664	\$1,253,342,775	\$919,080,290	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.

	2006	2005	2004	2003	2002
	\$2,119,322,579	\$2,242,696,865	\$1,758,299,654	\$1,706,103,198	\$1,357,502,961
Sales of Gas (MCF) *	150,262,797	150,358,108	138,816,535	142,050,033	136,612,631

**DOLLAR AMOUNTS**

Purchased Gas & Other Supply Exp.	\$1,368,186,605	\$1,469,828,425	\$1,006,145,356	\$950,071,055	\$645,449,778
Wages and Benefits	108,118,903	108,705,360	176,849,492	170,555,733	60,900,334
Other Operation & Maintenance Exp.	183,010,683	216,743,709	121,164,816	132,715,987	212,730,179
Depreciation & Amortization Expense	75,507,673	92,990,067	95,170,171	91,432,628	87,129,226
Income Taxes-Operating	75,614,537	60,613,126	73,338,870	73,482,501	67,497,383
Other Taxes-Operating	116,458,916	121,851,776	115,783,581	131,580,290	135,667,813
Capital Costs	192,425,263	171,964,401	169,847,368	156,265,005	148,128,248
Total	\$2,119,322,579	\$2,242,696,865	\$1,758,299,654	\$1,706,103,198	\$1,357,502,961

**PERCENT OF REVENUES**

Purchased Gas & Other Supply Exp.	64.6	65.5	57.2	55.7	47.5
Wages and Benefits	5.1	4.8	10.1	10.0	4.5
Other Operation & Maintenance Exp.	8.6	9.7	6.9	7.8	15.7
Depreciation & Amortization Expense	3.6	4.1	5.4	5.4	6.4
Income Taxes-Operating	3.6	2.7	4.2	4.3	5.0
Other Taxes-Operating	5.5	5.4	6.6	7.7	10.0
Capital Costs	9.1	7.7	9.7	9.2	10.9
Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER MCF**

Purchased Gas & Other Supply Exp.	9.11	9.78	7.25	6.69	4.72
Wages and Benefits	0.72	0.72	1.27	1.20	0.45
Other Operation & Maintenance Exp.	1.22	1.44	0.87	0.93	1.56
Depreciation & Amortization Expense	0.50	0.62	0.69	0.64	0.64
Income Taxes-Operating	0.50	0.40	0.53	0.52	0.49
Other Taxes-Operating	0.78	0.81	0.83	0.93	0.99
Capital Costs	1.28	1.14	1.22	1.10	1.08
Total	14.10	14.92	12.67	12.01	9.94

**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.	1,358,414,193	1,460,420,199	998,173,128	942,190,099	641,874,335
Liquidified Petro Gas					
Other Gas Supply					
Gas Storage	3,311,143	4,857,913	4,327,538	4,571,055	2,446,373
Transmission Expense	6,461,269	4,550,313	3,644,689	3,309,901	1,129,070
Total Purchased Gas	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055	645,449,778
-Total PG related to Sales for Resale					
PG - Ultimate Customers	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055	645,449,778
<b><u>Wages and Benefits</u></b>					
Salaries	89,589,319	89,589,319	154,265,947	139,429,002	53,205,688
Pensions and Benefits	18,529,584	19,116,041	22,583,545	31,126,731	7,694,646
Total Wages and Benefits	108,118,903	108,705,360	176,849,492	170,555,733	60,900,334
<b><u>Other Expenses</u></b>					
Total O&M Expenses	1,659,316,190	1,795,277,495	1,304,159,664	1,253,342,775	919,080,290
-Total Purchased Gas	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055	645,449,778
-Wages and Benefits	108,118,903	108,705,360	176,849,492	170,555,733	60,900,334
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	183,010,683	216,743,709	121,164,816	132,715,987	212,730,179
<b><u>Depreciation and Amortization</u></b>					
Depreciation Exp	56,103,005	71,457,424	72,394,409	69,955,640	67,426,985
Amort & Depl of Utility Plant	9,508,676	11,636,651	12,879,770	11,580,995	10,806,250
Amort of Other Utility Plant	9,895,992	9,895,992	9,895,992	9,895,992	8,895,992
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	75,507,673	92,990,067	95,170,171	91,432,628	87,129,226
<b><u>Fuel and PP related to Sales for Resale</u></b>					
Total PG	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055	645,449,778
divided by Total MCFs	150,262,797	150,358,108	138,816,535	142,050,033	136,612,631
Fuel Cost per MCF	9	10	7	7	4.725
times Sales for Resale MCFs					
Sales for Resale PG					
<b><u>Transportation Volumes</u></b>	60,540,883	67,041,296	61,708,706	62,576,041	73,683,405

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

	2006	2005	2004	2003	2002	
Intangible	\$110,873,564.00	\$108,049,530	\$99,943,207	\$96,935,900	\$96,647,204	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage	47,970	47,970				4
Other Storage	82,105,475	82,467,035	81,692,526	75,631,947	75,256,356	5
Transmission	91,279,906	93,320,320	93,016,119	91,497,302	91,001,544	6
Distribution	2,314,850,021	2,195,226,705	2,102,314,776	1,973,655,629	1,854,279,474	7
General	149,144,051	156,445,504	155,606,220	182,409,561	179,780,207	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current		857,650	857,650		857,650	11
<b>Total Plant In Service</b>	<b>2,748,300,987</b>	<b>2,636,414,714</b>	<b>2,533,430,499</b>	<b>2,420,130,340</b>	<b>2,297,822,435</b>	<b>12</b>
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	36,017,462	36,017,462	12,676,778	6,006,346	17,141,689	15
Acquisition Adjustments						16
<b>Total Plant</b>	<b>2,784,685,003</b>	<b>2,672,798,730</b>	<b>2,546,473,831</b>	<b>2,426,503,240</b>	<b>2,315,330,678</b>	<b>17</b>
Accum. Prov. - Depr. & Amort.	882,846,551	882,846,551	831,059,123	792,794,838	725,301,686	18
<b>Total Net Plant</b>	<b>\$1,901,838,452</b>	<b>\$1,789,952,179</b>	<b>\$1,715,414,708</b>	<b>\$1,633,708,402</b>	<b>\$1,590,028,992</b>	<b>19</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.60	1.15	1.09	1.05	1.47	20
Total Capitalization	\$2,176,528,753	\$2,212,402,777	\$1,917,881,009	\$1,784,304,036	\$1,607,678,796	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	47.7%	28.8%	33.3%	36.2%	40.2%	22
Preferred Stock						23
Common Stock & Retained Earnings	51.4%	46.4%	47.9%	48.3%	57.5%	24
Short-Term Debt	0.9%	24.8%	18.8%	15.5%	2.4%	25
Pretax Coverage of Interest Expense	4.47	4.54	5.56	6.24	6.43	26
Com. Stock Dividends as a % of Earnings	-4.2%	-2.9%	-32.4%	-133.5%	180.1%	27
Return on Common Equity	17.0%	16.3%	17.6%	16.0%	12.1%	28
Internal Cash Generated as a % of Cash Outflows for Construction	16.9%	7.4%	72.5%	125.3%	368.4%	29
Earnings per Share	\$1.89	\$1.66	\$1.63	\$1.50	\$2.45	30
Book Value per Share	\$11.18	\$10.27	\$9.19	\$8.61	\$18.25	31
Dividends per Share	(\$0.08)	(\$0.05)	(\$0.53)	(\$2.00)	\$4.41	32
Number of Employees	1,284	1,285	1,352	1,405	2,117	33

**Data Field Below**

Current Assets	796,018,895	1,039,920,205	703,968,237	592,667,711	462,423,976
Current Liabilities	496,933,340	904,639,616	645,994,631	563,972,175	314,823,395
Total Capitalization	2,176,528,753	2,212,402,777	1,917,881,009	1,784,304,036	1,607,678,796
Long-Term Debt	1,038,903,190	638,075,486	637,925,667	645,775,849	645,597,643
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,118,234,990	1,026,676,481	919,007,527	861,162,712	924,269,973
Short-Term Debt	19,390,573	547,650,810	360,947,815	277,365,475	37,811,181
Pretax Income	264,739,800	226,162,948	236,771,660	223,332,337	223,678,367
Interest Expense	59,241,112	49,820,317	42,566,228	35,783,224	34,781,034
Common Dividends Paid	(7,954,000)	(4,850,000)	(53,000,000)	(200,000,000)	223,500,000
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	189,125,022	165,549,822	163,432,790	149,849,836	124,077,369
Internal Cash	27,583,869	11,261,981	119,066,307	137,161,010	301,913,326
Cash Outflows for Construction	163,221,456	151,899,914	164,131,478	109,480,767	81,941,561
Shares Outstanding (Millions) Sch250251	100	100	100	100	50.6463
Misc Deferred Debits	360,959,351	138,710,012	130,672,380	162,920,110	168,476,444
Number of Employees	1,284	1,285	1,352	1,405	2,117
Pre-Tax Income					
Total Utility Operating Income	\$189,125,262.85	165,549,822	163,432,790	149,849,836	138,422,452
+Income Taxes - Electric					
+Income Taxes - Gas	\$75,614,536.85	60,613,126	73,338,870	73,482,501	67,497,383
+Other Income	\$8,449,139.50	6,606,473	7,936,128	6,352,653	9,757,599
- Other Income Deductions	\$806,265.80	4,963,407	3,369,833	1,962,903	1,229,192
- Other Taxes	\$712.31	1,071	5,944	13,474	(9,230,125)
Pre-Tax Income	\$264,739,799.70	227,804,943	241,332,010	227,708,613	223,678,367

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

	2006	2005	2004	2003	2002
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$28,755,768	\$27,535,516	\$25,991,988	\$25,168,302	\$24,381,329
2 Less Acc. Prov. For Depreciation & Amortization	10,946,400	10,417,406	9,868,461	9,389,704	8,961,057
3 Net Total Utility Plant	17,809,368	17,118,110	16,123,527	15,778,598	15,420,272
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies	1,749,377	2,365,507	3,504,768	3,015,316	3,151,205
7 Investment in Subsidiary Companies					
8 Other Investments					
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	2,917,604	2,889,058	2,594,037	2,251,562	1,672,204
12 Total Other Property and Investments	4,666,981	5,254,564	6,098,805	5,266,878	4,823,409
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	563,887	748,568	15,827	92,102	385,950
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	1,764,251	2,464,738	1,404,614	1,162,390	1,736,917
19 Less Accum. Prov. For Uncollectible Accounts	(34,837)	(49,082)	(59,792)	(110,734)	(113,622)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies					227,151
22 Materials and Supplies	330,027	279,839	230,529	231,862	212,870
23 Gas Stored Underground - Current	1,152,294	1,241,169	2,469,281	2,961,224	1,614,145
24 Liquefied Natural Gas in Storage					
25 Prepayments	568,774	525,366	449,561	464,340	435,715
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	4,352,646	5,218,848	4,518,270	4,809,434	4,507,376
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense	230,141	253,958	258,786	280,016	301,253
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	5,565,531	6,715,704	4,233,714	4,311,986	3,784,109
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes					
40 Total Deferred Debits	5,795,672	6,969,662	4,492,500	4,592,002	4,085,362
41 <b>Total Assets and Other Debits</b>	<b>\$32,624,667</b>	<b>\$34,561,184</b>	<b>\$31,233,102</b>	<b>\$30,446,912</b>	<b>\$28,836,419</b>

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

	2006	2005	2004	2003	2002	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$2,534,590	\$2,534,590	\$2,534,590	\$2,703,216	\$2,552,540	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	959,512	959,512	959,512	790,886	653,346	5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense	(16,481)	(21,300)	(26,117)	(30,935)	(35,753)	8
Retained Earnings	(3,455,656)	(1,914,035)	(1,684,709)	(2,369,192)	(1,683,264)	9
Unapp. Undistributed Subsidiary Earnings	2,714,081	3,330,211	3,269,473	2,663,172	2,771,585	10
Required Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	2,736,046	4,888,978	5,052,749	3,757,147	4,258,454	12
<b>LONG-TERM DEBT</b>						
Bonds	9,045,000	9,400,000	9,400,000	9,400,000	9,400,000	13
Required Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt	1,361,661	1,741,665				16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	10,406,661	11,141,665	9,400,000	9,400,000	9,400,000	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable	8,121,460	6,121,459	7,975,872	7,924,476	7,175,000	20
Accounts Payable	3,589,965	3,959,313	1,953,590	2,321,373	2,386,410	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies						23
Customer Deposits	237,087	244,690	252,257	253,693	244,022	24
Taxes Accrued	(1,214,686)	(1,027,261)	(140,204)	158,168	(376,153)	25
Interest Accrued	139,206	101,589	136,092	120,926	139,697	26
Dividends Declared				1,098	149,499	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	72,034	84,081	55,731	50,903	41,913	30
Misc. Current and Accrued Liabilities	4,427,026	5,301,746	3,895,442	3,870,753	2,299,345	31
Total Current and Accrued Liabilities	15,372,092	14,785,616	14,128,780	14,701,390	12,059,733	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	78,360	78,360	78,360	88,805	92,871	33
Other Deferred Credits	1,892,226	1,593,492	1,286,352	1,065,764	943,868	34
Accumulated Deferred Inv. Tax Credits			541	1,195	1,849	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	2,139,282	2,073,073	1,286,320	1,432,611	2,079,644	37
Total Deferred Credits	4,109,868	3,744,925	2,651,573	2,588,375	3,118,232	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves						42
Total Operating Reserves						43
<b>Total Liabilities and Other Credits</b>	<b>\$32,624,667</b>	<b>\$34,561,184</b>	<b>\$31,233,102</b>	<b>\$30,446,912</b>	<b>\$28,836,419</b>	<b>44</b>

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

	2006	2005	2004	2003	2002
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927	\$18,023,863
Operating Expense:					
2 Operation Expense	23,563,699	21,005,903	18,698,379	17,721,268	14,846,239
3 Maintenance Expense	356,833	259,417	257,286	250,932	253,358
4 Depreciation Expense	559,340	498,325	463,882	493,399	486,980
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	1,855,619	1,239,328	1,355,598	1,332,909	1,257,145
11 Income Taxes	(1,547,591)	189,778	109,772	(121,771)	93,443
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	24,787,900	23,192,751	20,884,917	19,676,737	16,937,165
15 Net Operating Revenues	861,692	1,473,594	1,558,869	1,034,190	1,086,698
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	861,692	1,473,594	1,558,869	1,034,190	1,086,698
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$861,692	\$1,473,594	\$1,558,869	\$1,034,190	\$1,086,698

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

	2006	2005	2004	2003	2002	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income						3
Equity in Earnings of Subsidiary Companies	(\$616,130)	\$60,738	\$420,740	(\$67,176)	\$345,104	4
Interest and Dividend Income	153,424	148,527	99,355	34,698	8,189	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income	(559,566)	600	736	791	600	7
Gain on Disposition of Property						8
Total Other Income	(1,022,272)	209,865	520,831	(31,687)	353,893	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization	160,214	6,694	6,694	6,695	6,695	11
Miscellaneous Income Deductions	1,620,062	(10,853)	(8,463)	(8,514)	(20,867)	12
Total Other Income Deductions	1,780,276	(4,159)	(1,769)	(1,820)	(14,172)	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes		(541)	(654)	(654)	(654)	14
Income Taxes						15
Total Taxes-Other Inc. & Deductions		(541)	(654)	(654)	(654)	16
Net Other Income and Deductions	(2,802,548)	214,565	523,254	(29,213)	368,719	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	777,319	784,330	784,330	784,329	784,330	18
Amortization of Debt Discount and Expense	24,006	22,170	21,558	21,557	21,558	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	722,825	549,827	430,375	457,752	131,874	22
Total Interest Charges	1,524,150	1,356,327	1,236,263	1,263,638	937,762	23
Income Before Extraordinary Items	(3,465,006)	331,832	845,860	(258,661)	517,655	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	(\$3,465,006)	\$331,832	\$845,860	(\$258,661)	\$517,655	29
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	(\$1,914,035)	(\$1,684,708)	(\$2,369,191)	(\$1,683,265)	(\$735,329)	30
Balance Transferred from Income	(2,848,876)	271,094	425,120	(191,485)	172,551	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock						34
Adjustments to Retained Earnings	1,307,255	(500,421)	259,363	(494,441)	(1,120,487)	35
Net Change	(1,541,621)	(229,327)	684,483	(685,926)	(947,936)	36
Unappropriated Retained Earnings (EOP)	(3,455,656)	(1,914,035)	(1,684,708)	(2,369,191)	(1,683,265)	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	(\$3,455,656)	(\$1,914,035)	(\$1,684,708)	(\$2,369,191)	(\$1,683,265)	39

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

	2006	2005	2004	2003	2002
<b>Cash Flows From Operating Activities</b>					
1 Net Income	(\$3,465,006)	\$331,832	\$845,860	(\$258,661)	\$517,655
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	528,994	548,945	463,882	493,399	486,980
3 Deferred Taxes & ITCs	418,918	786,212	(146,291)	(114,582)	(583,836)
4 Receivables and Inventory	724,929	32,163	200,110	(590,130)	292,731
5 Payables and Accrued Expenses	(373,927)	2,818,389	(572,610)	1,892,181	3,588,107
6 Regulatory Assets (Net)	440,970	(2,472,345)	309,988	(397,143)	(516,565)
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates	616,129	638,842	420,740	135,889	(345,104)
9 Other Adjustments					
10					
11					
12 Net Cash From Operating Activities	<u>(1,108,993)</u>	<u>2,684,038</u>	<u>1,521,679</u>	<u>1,160,953</u>	<u>3,439,968</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(1,220,252)	(1,543,528)	(900,642)	(1,231,677)	(2,569,316)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates			(420,740)	(135,889)	345,104
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies	908,113				
19 Investment Securities				(257,351)	123,053
20 Other Current Assets & Liabilities			14,505		
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(312,139)</u>	<u>(1,543,528)</u>	<u>(1,306,877)</u>	<u>(1,624,917)</u>	<u>(2,101,159)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(735,004)	1,741,665			
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	2,000,001	(1,854,413)	51,396	749,476	(1,065,000)
29 Dividends Paid					(252,540)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>1,264,997</u>	<u>(112,748)</u>	<u>51,396</u>	<u>749,476</u>	<u>(1,317,540)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(156,135)	1,027,762	266,198	285,512	21,269
35 Cash & Cash Equivalents Beginning Of Year	3,645,876	2,618,114	2,351,916	2,066,404	2,045,135
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$3,489,741</b>	<b>\$3,645,876</b>	<b>\$2,618,114</b>	<b>\$2,351,916</b>	<b>\$2,066,404</b>
(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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	2006	2005	2004	2003	2002	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$14,874,083	\$14,170,213	\$12,425,897	\$11,634,115	\$9,818,462	1
Commercial	3,072,266	2,802,044	2,612,789	2,507,302	2,210,664	2
Industrial	265,698	238,930	221,479	332,245	189,513	3
Other Ultimate Customers	264,477	212,300	191,907	159,769	140,905	4
Total Revenues-Ultimate Customer	18,476,524	17,423,487	15,452,072	14,633,431	12,359,544	5
Sales for Resale	3,024,256	2,831,287	2,806,530	2,515,289	2,318,205	6
Total Revenues from Gas Sales	21,500,780	20,254,774	18,258,602	17,148,720	14,677,749	7
Transportation Sales	3,740,172	2,897,594	2,977,549	3,351,093	3,154,811	8
Other Gas Operating Revenues	408,640	1,513,977	1,207,635	211,114	191,303	9
Total Gas Operating Revenues	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927	\$18,023,863	10
<b>SALES (MCF)</b>						
Residential	908,784	1,084,451	1,065,475	1,155,313	1,034,757	11
Commercial	198,930	227,769	241,523	267,710	239,259	12
Industrial	20,244	19,512	21,539	32,066	20,325	13
Other Ultimate Customers	16,495	18,652	18,124	17,712	15,244	14
Total Sales-Ultimate Customer	1,144,453	1,350,384	1,346,661	1,472,801	1,309,585	15
Sales for Resale	262,523	300,684	320,478	373,765	349,933	16
Transportation Sales	6,376,737	7,134,775	6,984,863	6,494,221	6,326,900	17
Other Gas Sales						18
Total Sales	7,783,713	8,785,842	8,652,002	8,340,787	7,986,418	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	10,101	10,404	10,389	10,210	9,947	20
Commercial	771	845	813	823	807	21
Industrial	7	6	6	6	5	22
Other Customers	57	70	54	52	51	23
Total Ultimate Customers	10,936	11,325	11,262	11,091	10,810	24
Resales	1	1	1	1	1	25
Total Customers	10,937	11,326	11,263	11,092	10,811	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,473	\$1,362	\$1,196	\$1,139	\$987	27
Average MCF Consumption Per Customer	90.0	104.2	102.6	113.2	104.0	28
Average Revenue Per MCF Sold	\$16.37	\$13.07	\$11.66	\$10.07	\$9.49	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$3,985	\$3,316	\$3,214	\$3,047	\$2,739	30
Average MCF Consumption Per Customer	258.0	269.5	297.1	325.3	296.5	31
Average Revenue Per MCF Sold	\$15.44	\$12.30	\$10.82	\$9.37	\$9.24	32
<b>INDUSTRIAL</b>						
Average Annual Bill Per Customer	\$37,957	\$39,822	\$36,913	\$55,374	\$37,903	33
Average MCF Consumption Per Customer	2,892.0	3,252.0	3,589.9	5,344.3	4,065.0	34
Average Revenue Per MCF Sold	\$13.12	\$12.25	\$10.28	\$10.36	\$9.32	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$17,513,361	\$14,349,735	\$14,349,735	\$13,257,378	\$11,254,903	39
Other	239,416	397,353	397,353	289,993	239,643	40
Total Production Expense	17,752,777	14,747,088	14,747,088	13,547,371	11,494,546	41
Natural Gas Storage Expense						42
Transmission Expense	307,880	265,409	265,409	328,663	340,108	43
Distribution Expense	1,024,391	778,528	778,526	843,654	1,002,342	44
Customer Account Expense	534,049	515,277	484,345	496,308	491,925	45
Sales Expense	9,246	16,988	47,920	89,117	115,057	46
Administrative and General	4,292,190	2,632,374	2,632,376	2,667,087	1,655,618	47
Total O & M Expense	\$23,920,533	\$18,955,664	\$18,955,665	\$17,972,200	\$15,099,596	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,**

	2006	2005	2004	2003	2002
1 Total Revenues	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927	\$18,023,863
2 Sales of Gas (MCF) *	1,406,976	1,651,068	1,667,139	1,846,566	1,659,518
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$17,821,241	\$16,732,570	\$14,615,144	\$13,586,041	\$11,834,654
4 Wages and Benefits	3,155,433	2,601,624	2,750,381	3,088,004	2,310,818
5 Other Operation & Maintenance Exp.	2,943,858	1,931,126	1,590,140	1,298,155	954,125
6 Depreciation & Amortization Expense	559,340	498,325	463,882	493,399	486,980
7 Income Taxes-Operating	(1,547,591)	189,778	109,772	(121,771)	93,443
8 Other Taxes-Operating	(1,547,591)	1,239,328	1,355,598	1,332,909	1,257,145
9 Capital Costs	4,264,902	1,473,594	1,558,869	1,034,190	1,086,698
10 Total	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927	\$18,023,863
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	69.5	67.8	65.1	65.6	65.7
12 Wages and Benefits	12.3	10.5	12.3	14.9	12.8
13 Other Operation & Maintenance Exp.	11.5	7.8	7.1	6.3	5.3
14 Depreciation & Amortization Expense	2.2	2.0	2.1	2.4	2.7
15 Income Taxes-Operating	-6.0	0.8	0.5	-0.6	0.5
16 Other Taxes-Operating	-6.0	5.0	6.0	6.4	7.0
17 Capital Costs	16.6	6.0	6.9	5.0	6.0
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	12.67	10.13	8.77	7.36	7.13
20 Wages and Benefits	2.24	1.58	1.65	1.67	1.39
21 Other Operation & Maintenance Exp.	2.09	1.17	0.95	0.70	0.57
22 Depreciation & Amortization Expense	0.40	0.30	0.28	0.27	0.29
23 Income Taxes-Operating	-1.10	0.11	0.07	-0.07	0.06
24 Other Taxes-Operating	-1.10	0.75	0.81	0.72	0.76
25 Capital Costs	3.03	0.89	0.94	0.56	0.65
26 Total	18.23	14.94	13.46	11.22	10.86

**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	17,513,361	16,455,187	14,349,735	13,257,378	11,494,546
Gas Storage					
Transmission Expense	307,880	277,383	265,409	328,663	340,108
Total Purchased Gas	17,821,241	16,732,570	14,615,144	13,586,041	11,834,654
-Total PG related to Sales for Resale					
PG - Ultimate Customers	17,821,241	16,732,570	14,615,144	13,586,041	11,834,654

**Wages and Benefits**

Salaries	2,056,637	1,706,903	1,701,911	1,975,761	2,017,961
Pensions and Benefits	1,098,796	894,721	1,048,470	1,112,243	292,857
Total Wages and Benefits	3,155,433	2,601,624	2,750,381	3,088,004	2,310,818

**Other Expenses**

Total O&M Expenses	23,920,532	21,265,320	18,955,665	17,972,200	15,099,597
-Total Purchased Gas	17,821,241	16,732,570	14,615,144	13,586,041	11,834,654
-Wages and Benefits	3,155,433	2,601,624	2,750,381	3,088,004	2,310,818
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,943,858	1,931,126	1,590,140	1,298,155	954,125

**Depreciation and Amortization**

Depreciation Exp	559,340	498,325	463,882	493,399	486,980
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	559,340	498,325	463,882	493,399	486,980

**Fuel and PP related to Sales for Resale**

Total PG	17,821,241	16,732,570	14,615,144	13,586,041	11,834,654
divided by Total MCFs	1,406,976	1,651,068	1,667,139	1,846,566	1,659,518
Fuel Cost per MCF	13	10	9	7	7
times Sales for Resale MCFs	262,523	300,684	320,478	373,765	349,933
Sales for Resale PG	3,325,206	3,047,249	2,809,504	2,749,962	2,495,505

**Transportation Volumes**

	6,376,737	7,134,775	6,984,863	6,494,221	6,326,900
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**CORNING NATURAL GAS CORPORATION**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2006	2005	2004	2003	2002	
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	4,529,824	4,531,606	4,495,229	4,304,260	3,937,132	6
Distribution	16,909,367	15,105,996	14,190,530	13,624,811	12,944,147	7
General	7,233,073	7,182,329	7,090,196	7,009,922	7,079,540	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
<b>Total Plant In Service</b>	<b>28,701,006</b>	<b>26,848,673</b>	<b>25,804,697</b>	<b>24,967,735</b>	<b>23,989,561</b>	<b>12</b>
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress		686,843	187,291	200,568	391,767	15
Acquisition Adjustments						16
<b>Total Plant</b>	<b>28,701,006</b>	<b>27,535,516</b>	<b>25,991,988</b>	<b>25,168,303</b>	<b>24,381,328</b>	<b>17</b>
Accum. Prov. - Depr. & Amort.	10,946,400	10,417,406	9,868,461	9,389,704	8,961,057	18
<b>Total Net Plant</b>	<b>\$17,754,606</b>	<b>\$17,118,110</b>	<b>\$16,123,527</b>	<b>\$15,778,599</b>	<b>\$15,420,271</b>	<b>19</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.28	0.55	0.32	0.33	0.37	20
Total Capitalization	\$21,264,167	\$22,152,102	\$22,428,621	\$21,081,623	\$20,833,454	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	48.9%	50.3%	41.9%	44.6%	45.1%	22
Preferred Stock						23
Common Stock & Retained Earnings	12.9%	22.1%	22.5%	17.8%	20.4%	24
Short-Term Debt	38.2%	27.6%	35.6%	37.6%	34.4%	25
Pretax Coverage of Interest Expense	-0.45	1.23	1.35	0.70	1.65	26
Com. Stock Dividends as a % of Earnings						27
Return on Common Equity	38.8%	28.4%	9.7%	-4.8%	3.8%	28
Internal Cash Generated as a % of Cash Outflows for Construction	-95.2%	173.9%	185.5%	94.3%	133.9%	29
Earnings per Share	\$1.70	\$2.91	\$1.67	(\$0.51)	\$1.07	30
Book Value per Share	\$5.40	\$9.64	\$9.97	\$7.39	\$8.82	31
Dividends per Share						32
Number of Employees	69	62	71	72	73	33

<b><u>Data Field Below</u></b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Current Assets	\$4,352,646	8,107,906	4,518,270	4,809,434	4,507,376
Current Liabilities	\$15,372,092	14,785,616	14,128,780	14,701,390	12,059,733
Total Capitalization	\$21,264,167	22,152,102	22,428,621	21,081,623	20,833,454
Long-Term Debt	\$10,406,661	11,141,665	9,400,000	9,400,000	9,400,000
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	\$2,736,046	4,888,978	5,052,749	3,757,147	4,258,454
Short-Term Debt	\$8,121,460	6,121,459	7,975,872	7,924,476	7,175,000
Pretax Income	(\$685,899)	1,663,372	1,668,641	883,206	1,548,860
Interest Expense	1,524,150	1,356,327	1,236,263	1,263,638	937,762
Common Dividends Paid	-	-	-	-	-
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	\$861,692.00	1,473,594	845,860	(258,661)	517,655
Internal Cash	(1,161,996)	2,684,038	1,527,941	1,160,953	3,439,968
Cash Outflows for Construction	1,220,252	1,543,528	823,686	1,231,677	2,569,316
Shares Outstanding (Millions) Sch250251	0.5069	0.5069	0.5069	0.5082	0.4830
Misc Deferred Debits Sch233	3,673,305	5,122,213	2,947,362	3,246,222	2,840,241
Number of Employees	51	62	71	72	73
<b><u>Pre-Tax Income</u></b>					
Total Utility Operating Income	861,692	1,473,594	1,558,869	1,034,190	1,086,698
+Income Taxes - Electric	-	-	-	-	-
+Income Taxes - Gas	(1,547,591)	189,778	109,772	(121,771)	93,443
+Other Income	(\$1,022,272)	209,865	520,831	(31,687)	353,893
- Other Income Deductions	\$1,780,276	(4,159)	(1,769)	(1,820)	(14,172)
- Other Taxes		(541)	(654)	(654)	(654)
Pre-Tax Income	(3,488,447)	1,877,937	2,191,895	883,206	1,548,860

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

	2006	2005	2004	2003	2002
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$2,195,043,972	\$2,109,758,514	\$1,998,524,504	\$1,898,215,833	\$ 1,771,779,583
2 Less Acc. Prov. For Depreciation & Amortization	434,747,362	400,637,659	381,686,765	355,376,241	322,235,539
3 Net Total Utility Plant	1,760,296,610	1,709,120,855	1,616,837,739	1,542,839,592	1,449,544,044
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property	1,682,680	1,615,167	1,252,139	1,243,800	4,803,026
5 Less Acc. Prov. For Depreciation & Amortization	(9,353)	(8,245)	(85,810)	(84,702)	(3,555,426)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments		706,646	872,896	1,123,100	1,469,035
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	1,673,327	2,313,568	2,039,226	2,282,198	2,716,636
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	3,279,752	3,525,830	(894,040)	1,554,063	9,516,729
14 Special Deposits	907,776	1,396,703		10,000	10,000
15 Working Funds					
16 Temporary Cash Investments	31,442,593				
17 Notes Receivable					
18 Accounts Receivable	130,433,524	179,861,234	139,847,356	129,434,822	128,754,441
19 Less Accum. Prov. For Uncollectible Accounts	(4,770,455)	(9,719,099)	(9,663,106)	(8,222,432)	(7,920,147)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	80,789,398	44,550,814	4,406,516	10,941,773	7,780,548
22 Materials and Supplies	7,038,087	7,518,581	8,126,773	8,215,969	7,783,412
23 Gas Stored Underground - Current	182,190,696	183,932,942	115,574,005	100,342,183	47,516,423
24 Liquefied Natural Gas in Storage	3,937,174	4,061,990	2,854,997	2,873,205	1,564,216
25 Prepayments	32,431,583	20,375,167	28,947,230	28,603,195	31,262,699
26 Interest and Dividends Receivable					
27 Rents Receivable	10,559,080	7,099,596	10,462,997	9,891,680	6,035,342
28 Accrued Utility Revenue	86,370,761	112,950,154	99,200,025	78,423,518	64,172,446
29 Misc. Current and Accrued Assets	1,172,729	38,591,211			
30 Total Current and Accrued Assets	565,782,697	594,145,124	398,862,752	362,067,976	296,476,108
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense	1,461,380	1,316,292	1,699,213	2,098,277	2,113,693
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	466,306,768	240,364,359	194,413,028	228,451,363	193,970,252
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					42,241
39 Accumulated Deferred Income Taxes	(78,752,205)	(22,180,619)	(78,609,747)	(67,096,648)	1,549,269
40 Total Deferred Debits	389,015,943	219,500,033	117,502,494	163,452,992	197,675,455
41 <b>Total Assets and Other Debits</b>	<b>\$2,716,768,577</b>	<b>\$2,525,079,580</b>	<b>\$2,135,242,210</b>	<b>\$2,070,642,758</b>	<b>\$1,946,412,243</b>

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

	2006	2005	2004	2003	2002	
<b>PROPRIETARY CAPITAL</b>						
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	582,861,727	582,861,727	532,861,727	5
Other Paid-in Capital				(25,756,513)	(32,317,668)	6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	414,797,813	340,838,774	259,367,538	225,118,318	146,545,285	9
Unapp. Undistributed Subsidiary Earnings						10
Reaquired Capital Stock	(861,647)	(26,727,663)	(26,632,282)			11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	996,797,894	896,972,839	815,596,984	782,223,533	647,089,345	12
<b>LONG-TERM DEBT</b>						
Bonds	625,000,000	525,000,000	525,000,000	525,000,000	525,000,000	13
Reaquired Bonds						14
Advances from Associated Companies				125,904,287	175,904,287	15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	625,000,000	525,000,000	525,000,000	650,904,287	700,904,287	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable						20
Accounts Payable	86,470,561	149,676,816	111,551,090	84,703,159	68,771,834	21
Notes Payable to Associated Companies	125,017,873	193,989,244	240,110,748	123,840,327	118,111,530	22
Accounts Payable to Associated Companies	271,802,710	144,312,589	(8,454,767)	3,297,576	68,511,825	23
Customer Deposits	8,451,028	8,016,965	6,714,907	4,233,001	3,730,336	24
Taxes Accrued	(2,303,074)	15,510,181	20,153,962	(2,654,357)	7,647,608	25
Interest Accrued	17,808,730	17,292,418	16,968,553	16,916,087	17,014,006	26
Dividends Declared						27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	(217,573)	804,007	(425,154)	(2,369,322)	(1,119,063)	30
Misc. Current and Accrued Liabilities	64,849,929	71,324,285	76,568,983	80,907,454	77,701,808	31
Total Current and Accrued Liabilities	571,880,184	600,926,505	463,188,322	308,873,925	360,369,884	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction					(6,180)	33
Other Deferred Credits	53,437,942	63,827,845	5,575,838	21,932,879	34,658,197	34
Accumulated Deferred Inv. Tax Credits						35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	318,307,785	276,255,379	219,453,030	189,785,268	141,264,364	37
Total Deferred Credits	371,745,727	340,083,224	225,028,868	211,718,147	175,916,381	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves	151,344,772	162,097,013	106,428,036	116,922,866	62,132,347	42
Total Operating Reserves	151,344,772	162,097,013	106,428,036	116,922,866	62,132,347	43
<b>Total Liabilities and Other Credits</b>	<b>\$2,716,768,577</b>	<b>\$2,525,079,580</b>	<b>\$2,135,242,210</b>	<b>\$2,070,642,758</b>	<b>\$1,946,412,243</b>	<b>44</b>

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

	2006	2005	2004	2003	2002
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408	\$810,601,231
Operating Expense:					
2 Operation Expense	983,229,607	1,080,075,179	787,494,135	696,551,598	492,442,227
3 Maintenance Expense	25,342,031	24,632,681	25,111,540	22,478,761	17,098,744
4 Depreciation Expense	42,771,350	40,298,163	39,500,147	37,086,241	34,736,266
5 Amort. and Depletion of Utility Plant	2,769,251	2,612,928	2,246,349	1,914,321	1,278,448
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	31,978,397	33,994,125	38,109,650	38,601,622	29,896,041
9 Other Expenses					
10 Taxes Other than Income Taxes	65,134,895	65,857,298	65,715,475	77,502,670	85,614,234
11 Income Taxes	42,187,913	48,150,414	35,834,381	40,796,295	31,187,324
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	1,193,413,445	1,295,620,787	994,011,678	914,931,509	692,253,284
15 Net Operating Revenues	126,021,396	137,285,180	130,405,106	131,999,899	118,347,947
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	126,021,396	137,285,180	130,405,106	131,999,899	118,347,947
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$126,021,396	\$137,285,180	\$130,405,106	\$131,999,899	\$118,347,947

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

	2006	2005	2004	2003	2002	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work	\$521,260	\$373,687	\$221,139	\$214,153	(\$142,513)	1
Income from Nonutility Operations	43,535	(33,485)	(2,793)	41,092	111,177	2
Nonoperating Rental Income	(1,108)	(499,160)	(1,108)	(340,235)	(1,108)	3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income	154,083	179,671	(119,951)	(496,898)	430,871	5
Allowance for Funds Used During Construction	212,321	880,518	500,353	898,412	4,148,902	6
Miscellaneous Nonoperating Income	(383,917)	2,678,940	479,752	4,155,286	6,986,450	7
Gain on Disposition of Property	61,400	43,421	(60,022)	13,859,281	1,164,702	8
Total Other Income	607,574	3,623,591	1,017,369	18,331,091	12,698,483	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	224,208	497,106	198,394	12,240,048	3,712,070	12
Total Other Income Deductions	224,208	497,106	198,394	12,240,048	3,712,070	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes	413,163	262,321	(17,319)	751,631	835,382	14
Income Taxes						15
Total Taxes-Other Inc. & Deductions	413,163	262,321	(17,319)	751,631	835,382	16
Net Other Income and Deductions	(29,797)	2,864,165	836,294	5,339,412	8,151,030	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	40,622,352	40,125,000	40,053,082	40,125,000	40,125,000	18
Amortization of Debt Discount and Expense	386,261	382,921	399,064	356,704	355,297	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	9,845,657	10,119,968	12,509,861	16,556,905	18,339,050	21
Other Interest Expense	1,178,290	7,845,585	4,030,173	1,727,668	(915,473)	22
Total Interest Charges	52,032,560	58,473,474	56,992,180	58,766,277	57,903,874	23
Income Before Extraordinary Items	73,959,039	81,675,871	74,249,220	78,573,034	68,595,103	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions		(204,634)				26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items		(204,634)				28
<b>Net Income</b>	<b>\$73,959,039</b>	<b>\$81,471,237</b>	<b>\$74,249,220</b>	<b>\$78,573,034</b>	<b>\$68,595,103</b>	<b>29</b>
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	\$340,838,774	\$259,367,541	\$225,118,321	\$146,545,287	\$77,950,183	30
Balance Transferred from Income	73,959,039	81,471,237	74,249,220	78,573,034	68,595,103	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock			40,000,000			34
Adjustments to Retained Earnings						35
Net Change	73,959,039	81,471,237	34,249,220	78,573,034	68,595,103	36
Unappropriated Retained Earnings (EOP)	414,797,813	340,838,777	259,367,541	225,118,321	146,545,287	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	<b>\$414,797,813</b>	<b>\$340,838,777</b>	<b>\$259,367,541</b>	<b>\$225,118,321</b>	<b>\$146,545,287</b>	<b>39</b>

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

	2006	2005	2004	2003	2002
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$73,959,039	\$81,471,237	\$74,249,220	\$78,573,034	\$68,595,103
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	45,395,513	43,294,011	42,145,560	37,101,657	35,091,563
3 Deferred Taxes & ITCs	98,623,992	373,224	41,180,859	117,166,821	134,844,660
4 Receivables and Inventory	48,315,784	(105,608,217)	(26,108,269)	(59,104,026)	125,345,619
5 Payables and Accrued Expenses	(81,524,778)	35,034,971	51,652,885	(9,969,890)	(176,682,156)
6 Regulatory Assets (Net)	(196,165,353)	(2,049,656)	32,693,879	(44,415,483)	(4,848,284)
7 Capitalized AFUDC - Equity	(212,321)	(880,518)	(484,022)	(973,280)	(4,148,902)
8 Undistributed Earnings of Affiliates					
9 Other Adjustments					
10	(4,948,644)	55,993	1,440,674	302,285	(2,030,913)
11	(9,621,985)	18,491,201	(51,941,217)	58,985,555	3,518,747
12 Net Cash From Operating Activities	<u>(26,178,752)</u>	<u>70,182,246</u>	<u>164,829,569</u>	<u>177,666,673</u>	<u>179,685,437</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(96,347,491)	(132,263,928)	(112,426,723)	(122,982,662)	(137,597,720)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates	58,518,750	(40,144,299)	(21,386,207)	(59,485,452)	(58,201)
16 Contributions & Advances from Affiliates	(36,238,584)	106,645,851			
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies			6,535,258	(3,161,225)	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>(74,067,325)</u>	<u>(65,762,376)</u>	<u>(127,277,672)</u>	<u>(185,629,339)</u>	<u>(137,642,763)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	100,000,000				(32,033,676)
26 Common Stock			(40,000,000)		
27 Preferred Stock					
28 Short-Term Debt					(492,269)
29 Dividends Paid					
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>100,000,000</u>		<u>(40,000,000)</u>		<u>(32,525,945)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(246,077)	4,419,870	(2,448,103)	(7,962,666)	9,516,729
35 Cash & Cash Equivalents Beginning Of Year	3,525,831	(894,039)	1,554,063	9,516,729	
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$3,279,753</b>	<b>\$3,525,831</b>	<b>(\$894,039)</b>	<b>\$1,554,063</b>	<b>\$9,516,729</b>

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

	2006	2005	2004	2003	2002	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$629,322,559	\$698,003,806	\$599,399,497	\$580,329,130	\$436,046,461	1
Commercial	327,950,588	352,175,445	298,368,741	284,266,363	204,927,911	2
Industrial	34,826,611	37,399,162	31,685,176	30,187,578	21,737,182	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	992,099,757	1,087,578,413	929,453,414	894,783,071	662,711,554	5
Sales for Resale	231,890,782	255,062,278	110,269,752	64,446,567	48,579,098	6
Total Revenues from Gas Sales	1,223,990,539	1,342,640,691	1,039,723,166	959,229,638	711,290,652	7
Transportation Sales	73,307,493	64,781,077	61,096,951	58,738,557	74,073,438	8
Other Gas Operating Revenues	22,136,809	25,484,199	23,596,667	28,963,213	25,237,141	9
Total Gas Operating Revenues	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408	\$810,601,231	10
<b>SALES (MCF)</b>						
Residential	37,357,037	43,701,322	43,428,839	43,511,421	35,194,071	11
Commercial	23,805,829	25,638,221	26,614,896	26,873,001	23,736,262	12
Industrial	2,528,054	2,722,644	2,826,360	2,853,770	2,517,760	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	63,690,920	72,062,188	72,870,095	73,238,192	61,448,093	15
Sales for Resale	29,749,099	32,926,033	15,958,139	14,213,497	20,975,826	16
Transportation Sales	76,433,257	37,412,948	38,446,321	43,342,663	76,822,441	17
Other Gas Sales						18
Total Sales	169,873,276	142,401,169	127,274,555	130,794,352	159,246,361	19
<b>AVG NUMBER OF CUSTOMERS</b>						
Residential	451,575	443,064	435,446	430,959	414,360	20
Commercial	45,227	45,362	44,661	44,277	42,809	21
Industrial	4,803	4,817	4,742	4,702	4,540	22
Other Customers						23
Total Ultimate Customers	501,605	493,243	484,849	479,938	461,709	24
Resales	18	20	2	1	2	25
Total Customers	501,623	493,263	484,851	479,939	461,711	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,394	\$1,575	\$1,377	\$1,347	\$1,052	27
Average MCF Consumption Per Customer	82.7	98.6	99.7	101.0	84.9	28
Average Revenue Per MCF Sold	\$16.85	\$15.97	\$13.80	\$13.34	\$12.39	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$7,251	\$7,764	\$6,681	\$6,420	\$4,787	30
Average MCF Consumption Per Customer	526.4	565.2	595.9	606.9	554.5	31
Average Revenue Per MCF Sold	\$13.78	\$13.74	\$11.21	\$10.58	\$8.63	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$7,251	\$7,764	\$6,682	\$6,420	\$4,788	33
Average MCF Consumption Per Customer	526.3	565.2	596.0	606.9	554.6	34
Average Revenue Per MCF Sold	\$13.78	\$13.74	\$11.21	\$10.58	\$8.63	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering				\$7,266		38
Purchased Gas	864,943,894	966,389,569	\$663,809,805	578,269,097	\$374,846,976	39
Other	(567,411)	(3,373,159)	1,046,982	(4,260,199)	9,894,972	40
Total Production Expense	864,376,483	963,016,410	664,856,787	574,016,164	384,741,948	41
Natural Gas Storage Expense	2,675,990	2,629,304	2,208,134	2,298,762	1,105,880	42
Transmission Expense	7,150,489	6,893,778	6,428,663	7,014,098	5,536,163	43
Distribution Expense	42,493,702	36,191,620	35,367,408	32,399,708	25,718,149	44
Customer Account Expense	25,521,469	28,695,477	29,795,204	25,205,779	1,962,981	45
Sales Expense	11,132,373	9,920,217	14,069,484	18,009,176		46
Administrative and General	55,221,132	57,361,053	59,879,993	60,086,672	90,475,850	47
Total O & M Expense	\$1,008,571,638	\$1,104,707,860	\$812,605,675	\$719,030,359	\$509,540,971	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,**

	2006	2005	2004	2003	2002
1 Total Revenues	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408	\$810,601,231
2 Sales of Gas (MCF) *	93,440,019	104,988,221	88,828,235	87,451,689	82,423,919
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$874,599,254	\$972,863,958	\$673,493,585	\$583,329,024	\$391,383,991
4 Wages and Benefits	10,734,416	14,144,373	16,212,004	20,016,688	25,480,006
5 Other Operation & Maintenance Exp.	123,237,968	117,699,529	122,900,087	115,684,647	92,676,974
6 Depreciation & Amortization Expense	77,518,998	76,905,216	79,856,147	77,602,185	65,910,755
7 Income Taxes-Operating	42,187,913	48,150,414	35,834,381	40,796,295	31,187,324
8 Other Taxes-Operating	65,134,895	65,857,298	65,715,475	77,502,670	85,614,234
9 Capital Costs	126,021,396	137,285,179	130,405,106	131,999,899	118,347,947
10 Total	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408	\$810,601,231
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	66.3	67.9	59.9	55.7	48.3
12 Wages and Benefits	0.8	1.0	1.4	1.9	3.1
13 Other Operation & Maintenance Exp.	9.3	8.2	10.9	11.0	11.4
14 Depreciation & Amortization Expense	5.9	5.4	7.1	7.4	8.1
15 Income Taxes-Operating	3.2	3.4	3.2	3.9	3.8
16 Other Taxes-Operating	4.9	4.6	5.8	7.4	10.6
17 Capital Costs	9.6	9.6	11.6	12.6	14.6
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	9.36	9.27	7.58	6.67	4.75
20 Wages and Benefits	0.11	0.13	0.18	0.23	0.31
21 Other Operation & Maintenance Exp.	1.32	1.12	1.38	1.32	1.12
22 Depreciation & Amortization Expense	0.83	0.73	0.90	0.89	0.80
23 Income Taxes-Operating	0.45	0.46	0.40	0.47	0.38
24 Other Taxes-Operating	0.70	0.63	0.74	0.89	1.04
25 Capital Costs	1.35	1.31	1.47	1.51	1.44
26 Total	14.12	13.65	12.66	11.97	9.83

**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.	864,376,483	963,016,410	664,856,787	574,016,164	384,741,948
Liquidified Petro Gas	396,292	324,466	185,591	208,432	21,870
Other Gas Supply					
Gas Storage	2,675,990	2,629,304	2,022,544	2,090,330	1,084,010
Transmission Expense	7,150,489	6,893,778	6,428,663	7,014,098	5,536,163
Total Purchased Gas	874,599,254	972,863,958	673,493,585	583,329,024	391,383,991
-Total PG related to Sales for Resale PG - Ultimate Customers	874,599,254	972,863,958	673,493,585	583,329,024	391,383,991

**Wages and Benefits**

Salaries	16,932,052	16,932,052	16,932,052	16,932,052	16,932,052
Pensions and Benefits	(6,197,636)	(2,787,679)	(720,048)	3,084,636	8,547,954
Total Wages and Benefits	10,734,416	14,144,373	16,212,004	20,016,688	25,480,006

**Other Expenses**

Total O&M Expenses	1,008,571,639	1,104,707,860	812,605,675	719,030,359	509,540,971
-Total Purchased Gas	874,599,254	972,863,958	673,493,585	583,329,024	391,383,991
-Wages and Benefits	10,734,416	14,144,373	16,212,004	20,016,688	25,480,006
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	123,237,968	117,699,529	122,900,087	115,684,647	92,676,974

**Depreciation and Amortization**

Depreciation Exp	42,771,350	40,298,163	39,500,147	37,086,241	34,736,266
Amort & Depl of Utility Plant					
Amort of Other Utility Plant	2,769,251	2,612,928	2,246,349	1,914,321	1,278,448
Amort of Property Losses					
Amort of Conversion Expenses	31,978,397	33,994,125	38,109,650	38,601,622	29,896,041
Total Depre and Amort	77,518,998	76,905,216	79,856,147	77,602,185	65,910,755

**Fuel and PP related to Sales for Resale**

Total PG	874,599,254	972,863,958	673,493,585	583,329,024	391,383,991
divided by Total MCFs	93,440,019	104,988,221	88,828,235	87,451,689	82,423,919
Fuel Cost per MCF	9	9	8	7	4.748
times Sales for Resale MCFs	29,749,099	32,926,033	15,958,139	14,213,497	20,975,826
Sales for Resale PG	278,451,784	305,106,141	120,994,237	94,808,293	99,602,185

**Transportation Volumes**

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

	2006	2005	2004	2003	2002	
Intangible	\$19,204,835	\$17,989,976	\$15,018,986	\$13,463,521	\$13,357,988	1
Production						
Manufactured Gas	2,380,251	2,380,251	2,380,251	2,008,123	2,008,123	2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage	41,465,558	41,428,250	40,861,557	40,652,946	39,626,013	5
Transmission	223,099,346	202,227,050	204,886,334	189,653,112	179,527,410	6
Distribution	1,827,891,486	1,750,843,195	1,678,516,848	1,580,968,035	1,488,718,345	7
General	50,266,427	46,742,398	35,729,329	37,223,467	34,426,497	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
<b>Total Plant In Service</b>	<b>2,164,307,903</b>	<b>2,061,611,120</b>	<b>1,977,393,305</b>	<b>1,863,969,203</b>	<b>1,757,664,376</b>	<b>12</b>
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	30,642,550	48,053,875	21,037,679	34,153,111	14,021,688	15
Acquisition Adjustments						16
<b>Total Plant</b>	<b>2,195,043,972</b>	<b>2,109,758,514</b>	<b>1,998,524,503</b>	<b>1,898,215,833</b>	<b>1,771,779,583</b>	<b>17</b>
Accum. Prov. - Depr. & Amort.	434,747,362	400,637,659	381,686,765	355,376,241	322,235,539	18
<b>Total Net Plant</b>	<b>\$1,760,296,610</b>	<b>\$1,709,120,855</b>	<b>\$1,616,837,738</b>	<b>\$1,542,839,592</b>	<b>\$1,449,544,044</b>	<b>19</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.33	0.37	0.29	0.20	0.25	20
Total Capitalization	\$625,000,000	\$525,000,000	\$525,000,000	\$650,904,287	\$700,904,287	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	35.8%	32.5%	33.2%	41.8%	47.8%	22
Preferred Stock						23
Common Stock & Retained Earnings	57.1%	55.5%	51.6%	50.2%	44.1%	24
Short-Term Debt	7.2%	12.0%	15.2%	8.0%	8.1%	25
Pretax Coverage of Interest Expense	3.23	3.22	2.93	3.03	2.72	26
Com. Stock Dividends as a % of Earnings			53.9%			27
Return on Common Equity	7.8%	9.5%	9.3%	11.0%	10.9%	28
Internal Cash Generated as a % of Cash Outflows for Construction	-368.0%	188.5%	68.2%	69.2%	76.6%	29
Earnings per Share	\$0.74	\$0.82	\$742,492.20	\$785,730.34	\$685,951.03	30
Book Value per Share	\$9.97	\$8.97	\$8,155,969.84	\$7,822,235.33	\$6,470,893.45	31
Dividends per Share			\$400,000.00			32
Number of Employees	636	639	671	671	941	33

**Data Field Below**

Current Assets	\$565,782,697	594,145,124	398,862,752	362,067,976	296,476,108
Current Liabilities	571,880,184	600,926,505	463,188,322	308,873,925	360,369,884
Total Capitalization	1,746,815,767	1,615,962,083	1,580,707,732	1,556,968,147	1,466,105,161
Long-Term Debt	625,000,000	525,000,000	525,000,000	650,904,287	700,904,287
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	996,797,894	896,972,839	815,596,984	782,223,533	647,089,345
Short-Term Debt	125,017,873	193,989,244	240,110,748	123,840,327	118,111,530
Pretax Income	168,179,513	188,299,759	167,075,782	178,135,606	157,686,301
Interest Expense	52,032,560	58,473,474	56,992,180	58,766,277	57,903,874
Common Dividends Paid	-	-	40,000,000	-	-
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	73,959,039	81,675,871	74,249,220	78,573,034	68,595,103
Internal Cash	(26,178,752)	70,182,246	164,829,569	177,666,673	179,685,437
Cash Outflows for Construction	96,347,491	132,263,928	112,426,723	122,982,662	137,597,720
Shares Outstanding (Millions) Sch250251	100	100	0.0001	0.0001	0.0001
Misc Deferred Debits	412,868,826	176,536,515	188,837,190	206,518,484	159,312,055
Number of Employees Sch 7277	636	639	671	671	941
Pre-Tax Income					
Total Utility Operating Income	\$126,021,396.42	137,285,180	130,405,106	131,999,899	118,347,947
+Income Taxes - Electric					
+Income Taxes - Gas	42,187,913	48,150,414	35,834,381	40,796,295	31,187,324
+Other Income	607,574	3,623,591	1,017,369	18,331,091	12,698,483
- Other Income Deductions	224,208	497,106	198,394	12,240,048	3,712,070
- Other Taxes	413,163	262,321	(17,319)	751,631	835,382
Pre-Tax Income	\$168,179,513	\$188,299,759	\$167,075,782	\$178,135,606	\$157,686,301

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

	2006	2005	2004	2003	2002
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$1,518,057,014	\$1,483,382,307	\$1,446,188,535	\$1,407,593,692	\$1,372,954,028
2 Less Acc. Prov. For Depreciation & Amortizatio	496,679,119	483,351,115	456,560,134	432,182,369	409,309,440
3 Net Total Utility Plant	1,021,377,895	1,000,031,192	989,628,401	975,411,323	963,644,588
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property	80,802	80,802	80,802	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	36,105		1,088	1,088	1,088
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	107,163	71,058	72,146	71,481	71,481
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	8,530,139	15,693,722	6,367,861	18,957,075	7,565,174
14 Special Deposits					
15 Working Funds	157,250	150,550	164,300	191,200	211,400
16 Temporary Cash Investments	24,675	40,445	83,095	82,573	
17 Notes Receivable	430,633	319,126	316,247	77,617	147,716
18 Accounts Receivable	147,954,357	208,936,292	145,722,815	156,715,151	121,867,032
19 Less Accum. Prov. For Uncollectible Accounts	(34,183,644)	(29,645,847)	(11,134,041)	(15,106,501)	(15,807,393)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	9,267,843	12,244,995	8,140,524	13,187,148	6,466,796
22 Materials and Supplies	6,294,749	7,071,697	7,193,138	6,403,305	5,439,618
23 Gas Stored Underground - Current	23,740,076	18,872,610	19,812,511	31,826,524	39,100,499
24 Liquefied Natural Gas in Storage					
25 Prepayments	11,211,688	10,753,693	10,392,372	10,016,642	9,825,306
26 Interest and Dividends Receivable	378,217	91,755	(39,090)	273,413	738,276
27 Rents Receivable					
28 Accrued Utility Revenue	67,866,028	97,932,085	84,834,729	62,135,320	58,651,249
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	241,672,011	342,461,123	271,854,461	284,759,467	234,205,673
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges	-365,611	67,680	57,806	143,959	76,423
34 Clearing Accounts	(263,926)	(633,044)	(1,681,910)	(1,482,559)	(1,265,887)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	104,154,761	113,250,731	91,699,461	115,092,976	104,053,237
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development	(433,728)	(4,471,956)	(3,487,765)	(3,066,981)	(2,041,161)
39 Accumulated Deferred Income Taxes	31,005	31,005	31,005	31,005	31,005
40 Total Deferred Debits	103,122,501	108,244,416	86,618,597	110,718,400	100,853,617
41 Total Assets and Other Debits	\$1,366,279,570	\$1,450,807,789	\$1,348,173,605	\$1,370,960,671	\$1,298,775,359

**Notes:**

\* Includes Pennsylvania operations.

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

	2006	2005	2004	2003	2002	
<b>PROPRIETARY CAPITAL</b>						
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	122,968,176	122,015,127	121,599,684	121,599,684	121,599,684	6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	335,411,159	393,063,356	389,363,959	376,155,976	356,843,952	9
Unapp. Undistributed Subsidiary Earnings						10
Reaquired Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	517,618,435	574,317,583	570,202,743	556,994,760	537,682,736	12
<b>LONG-TERM DEBT</b>						
Bonds						13
Reaquired Bonds						14
Advances from Associated Companies	258,310,000	218,310,000	218,310,000	218,310,000	249,000,000	15
Other Long-Term Debt				85,820	133,144	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	258,310,000	218,310,000	218,310,000	218,395,820	249,133,144	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable						20
Accounts Payable	75,003,798	111,336,875	70,319,274	86,748,272	62,096,250	21
Notes Payable to Associated Companies	194,700,000	251,500,000	172,900,000	207,400,000	158,600,000	22
Accounts Payable to Associated Companies	23,066,670	20,045,510	15,270,688	18,116,782	14,750,021	23
Customer Deposits	10,171,900	10,343,578	9,101,152	7,992,111	6,579,757	24
Taxes Accrued	(7,082,000)	(16,955,388)	7,967,247	5,639,919	143,413	25
Interest Accrued	93,510	105,090	6,791	15,858	51,192	26
Dividends Declared	25,767,000	9,100,000	9,100,000	9,100,000	8,700,000	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	926,464	3,498,952	1,776,206	(2,912,361)	576,003	30
Misc. Current and Accrued Liabilities	13,243,205	7,767,623	12,975,225	7,688,563	(2,185,289)	31
Total Current and Accrued Liabilities	335,890,547	396,742,240	299,416,583	339,789,144	249,311,347	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	739,401	531,101	468,823	1,628,962	1,589,851	33
Other Deferred Credits	70,339,792	52,092,289	57,442,180	45,123,284	49,201,016	34
Accumulated Deferred Inv. Tax Credits	5,753,286	6,431,730	7,110,175	7,788,619	8,467,063	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	196,350,731	214,993,328	196,662,424	183,171,120	165,425,426	37
Total Deferred Credits	273,183,210	274,048,448	261,683,602	237,711,985	224,683,356	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve	4,849,515	3,875,773	932,363	1,018,600	91,680	40
Pension and Benefits Reserve	(23,572,137)	(16,486,255)	(14,476,727)	5,442,355	22,848,254	41
Miscellaneous Operating Reserves			12,105,039	11,608,007	15,024,842	42
Total Operating Reserves	(18,722,622)	(12,610,482)	(1,439,325)	18,068,962	37,964,776	43
<b>Total Liabilities and Other Credits</b>	<b>\$1,366,279,570</b>	<b>\$1,450,807,789</b>	<b>\$1,348,173,603</b>	<b>\$1,370,960,671</b>	<b>\$1,298,775,359</b>	<b>44</b>

\* Includes Pennsylvania operations.

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

	2006	2005	2004	2003	2002
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,193,388,843	\$870,185,251
Operating Expense:					
2 Operation Expense	939,925,561	1,048,247,001	948,272,774	972,026,366	651,832,364
3 Maintenance Expense	12,964,734	12,886,477	12,238,266	12,846,601	12,421,417
4 Depreciation Expense	39,972,529	40,156,967	39,629,160	38,160,193	37,619,944
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
10 Taxes Other than Income Taxes	46,706,321	46,211,038	45,951,192	51,673,098	49,113,201
11 Income Taxes	32,177,856	23,335,155	33,921,166	36,919,533	32,086,550
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	1,071,747,001	1,170,836,638	1,080,012,558	1,111,625,791	792,211,476
15 Net Operating Revenues	67,421,551	59,502,673	68,542,100	81,763,052	77,973,775
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	67,421,551	59,502,673	68,542,100	81,763,052	77,973,775
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$67,421,551	\$59,502,673	\$68,542,100	\$81,763,052	\$77,973,775

\* Includes Pennsylvania operations.

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

	2006	2005	2004	2003	2002	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work	(\$21,222)	(\$107,002)	(\$131,803)	(\$158,018)	(\$167,059)	1
Income from Nonutility Operations						2
Nonoperating Rental Income	4,250	3,950	3,650	3,350	3,550	3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income	4,971,705	4,317,492	263,686	1,233,817	1,769,021	5
Allowance for Funds Used During Construction	217,813	156,433	201,589	183,265	235,632	6
Miscellaneous Nonoperating Income	29,454	59,504	38,310	79,303	58,372	7
Gain on Disposition of Property						8
Total Other Income	5,202,000	4,430,377	375,432	1,341,717	1,899,516	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property		74,884		10,892		10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	483,372	676,454	720,999	649,271	525,055	12
Total Other Income Deductions	483,372	751,338	720,999	660,163	525,055	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes						14
Income Taxes	(100,254)	(930,995)	(1,553,220)	(1,664,990)	(1,597,202)	15
Total Taxes-Other Inc. & Deductions	(100,254)	(930,995)	(1,553,220)	(1,664,990)	(1,597,202)	16
Net Other Income and Deductions	4,818,882	4,610,034	1,207,653	2,346,544	2,971,663	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt						18
Amortization of Debt Discount and Expense	421,955	421,954	511,412	1,578,445	1,495,443	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	22,155,820	17,834,349	16,531,369	23,017,572	23,661,375	21
Other Interest Expense	4,249,076	5,757,007	3,098,989	4,201,555	6,996,908	22
Total Interest Charges	26,826,851	24,013,310	20,141,770	28,797,572	32,153,726	23
Income Before Extraordinary Items	45,413,582	40,099,397	49,607,983	55,312,024	48,791,712	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	<b>\$45,413,582</b>	<b>\$40,099,397</b>	<b>\$49,607,983</b>	<b>\$55,312,024</b>	<b>\$48,791,712</b>	<b>29</b>
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	\$393,063,356	\$389,363,959	\$376,155,977	\$356,843,953	\$342,852,240	30
Balance Transferred from Income	45,413,582	\$40,099,397	49,607,983	55,312,024	48,791,712	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	103,068,000	\$36,400,000	36,400,000	36,000,000	34,799,999	34
Adjustments to Retained Earnings	2,221					35
Net Change	(57,652,197)	3,699,397	13,207,983	19,312,024	13,991,713	36
Unappropriated Retained Earnings (EOP)	335,411,159	393,063,356	389,363,960	376,155,977	356,843,953	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	<b>\$335,411,159</b>	<b>\$393,063,356</b>	<b>\$389,363,960</b>	<b>\$376,155,977</b>	<b>\$356,843,953</b>	<b>39</b>

\* Includes Pennsylvania operations.

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

	2006	2005	2004	2003	2002
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$45,413,582	\$40,099,397	\$49,607,983	\$55,312,024	\$48,791,712
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	41,347,533	40,612,846	40,140,572	39,738,638	39,115,387
3 Deferred Taxes & ITCs	(3,303,719)	12,842,664	10,991,414	16,719,862	28,171,202
4 Receivables and Inventory	63,811,755	(47,712,402)	23,899,202	(35,124,908)	(15,261,828)
5 Payables and Accrued Expenses	(21,620,149)	23,857,399	(4,283,849)	40,721,651	(3,459,656)
6 Regulatory Assets (Net)	(19,788,261)	7,528,627	5,915,514	(4,882,490)	(440,940)
7 Capitalized AFUDC - Equity	(217,813)	(156,433)	(201,589)	(183,265)	(235,632)
8 Undistributed Earnings of Affiliates					
9 Other: Unrecovered Purchased Gas	29,497,971	(29,861,804)	21,535,275	(4,985,635)	(47,759,381)
10 Other: Unbilled Revenues	30,066,057	(13,097,356)	(22,699,409)	(3,484,071)	(3,891,505)
11 Other: Other Assets and Liabilities (Net)	(15,305,128)	(15,465,099)	(12,354,985)	(25,696,431)	17,816,265
12 Net Cash From Operating Activities	<u>149,901,828</u>	<u>18,647,839</u>	<u>112,550,128</u>	<u>78,135,375</u>	<u>62,845,624</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(54,939,092)	(51,090,307)	(53,877,322)	(49,748,106)	(53,105,476)
14 Acquisition Of Other Non-Current Assets			(665)		
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	1,065,611	(488,069)	(301,915)	604,329	(485,204)
22					
23					
24 Net Cash From Investing Activities	<u>(53,873,481)</u>	<u>(51,578,376)</u>	<u>(54,179,902)</u>	<u>(49,143,777)</u>	<u>(53,590,680)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(16,800,000)	78,599,998	(34,585,818)	19,262,676	(72,531)
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt				(1,200,000)	25,000,000
29 Dividends Paid	(86,401,000)	(36,400,000)	(36,400,000)	(35,600,000)	(34,800,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(103,201,000)</u>	<u>42,199,998</u>	<u>(70,985,818)</u>	<u>(17,537,324)</u>	<u>(9,872,531)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(7,172,653)	9,269,461	(12,615,592)	11,454,274	(617,587)
35 Cash & Cash Equivalents Beginning Of Year	15,884,717	6,615,256	19,230,848	7,776,574	8,394,161
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$8,712,064</b>	<b>\$15,884,717</b>	<b>\$6,615,256</b>	<b>\$19,230,848</b>	<b>\$7,776,574</b>

**Notes:**

\* Includes Pennsylvania operations.

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

	2006	2005	2004	2003	2002	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$874,486,623.00	\$958,099,454	\$837,574,835	\$820,230,316	\$581,493,726	1
Commercial	145,524,961	160,500,170	141,536,649	140,402,194	95,808,631	2
Industrial	10,932,832	16,306,304	15,302,451	20,723,853	22,000,140	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	1,030,944,416	1,134,905,928	994,413,935	981,356,364	699,302,497	5
Sales for Resale			71,936,593	115,816,391	83,569,238	6
Total Revenues from Gas Sales	1,030,944,416	1,134,905,928	1,066,350,528	1,097,172,755	782,871,735	7
Transportation Sales	93,723,278	88,431,004	81,206,996	84,178,609	83,284,746	8
Other Gas Operating Revenues	14,500,858	7,002,379	997,134	10,532,637	4,028,771	9
Total Gas Operating Revenues	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,191,884,001	\$870,185,251	10
<b>SALES (MCF)</b>						
Residential	56,596,827	66,558,179	69,543,862	74,003,203	69,605,775	11
Commercial	10,106,421	11,972,325	12,605,790	13,681,287	12,527,311	12
Industrial	850,052	1,538,099	1,842,202	2,822,683	4,326,148	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	67,553,300	80,068,603	83,991,854	90,507,173	86,459,234	15
Sales for Resale			10,925,267	18,645,772	22,858,850	16
Transportation Sales	59,460,770	60,008,770	60,069,159	62,308,583	63,197,470	17
Other Gas Sales						18
Total Sales	127,014,070	140,077,373	154,986,280	171,461,528	172,515,554	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	626,896	635,632	639,045	641,830	642,263	20
Commercial	38,358	38,856	39,077	39,426	39,262	21
Industrial	465	986	1,059	1,078	1,078	22
Other Customers						23
Total Ultimate Customers	665,719	675,474	679,181	682,334	682,603	24
Resales			11	14	14	25
Total Customers	665,719	675,474	679,192	682,348	682,617	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,395	\$1,507	\$1,311	\$1,278	\$905	27
Average MCF Consumption Per Customer	90.3	104.7	108.8	115.3	108.4	28
Average Revenue Per MCF Sold	\$15.45	\$14.39	\$12.04	\$11.08	\$8.35	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$3,794	\$4,131	\$3,622	\$3,561	\$2,440	30
Average MCF Consumption Per Customer	263.5	308.1	322.6	347.0	319.1	31
Average Revenue Per MCF Sold	\$14.40	\$13.41	\$11.23	\$10.26	\$7.65	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$23,511	\$16,538	\$14,450	\$19,232	\$20,410	33
Average MCF Consumption Per Customer	1,828.1	1,559.9	1,739.6	2,619.5	4,013.4	34
Average Revenue Per MCF Sold	\$12.86	\$10.60	\$8.31	\$7.34	\$5.09	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering	\$16,992.00	\$99,172.00	\$13,643	\$20,189	\$11,558	38
Purchased Gas	640,201,598	703,896,609	622,485,185	660,916,954	359,234,054	39
Other	-12,029,581	13,033,828	23,074,682	9,614,895	4,909,272	40
Total Production Expense	628,189,009	717,029,609	645,573,510	670,552,037	364,154,885	41
Natural Gas Storage Expense	35,192,970	35,363,908	35,302,380	37,331,482	36,016,671	42
Transmission Expense	89,225,168	94,453,043	94,176,046	98,635,366	97,150,103	43
Distribution Expense	43,557,694	44,920,450	43,526,466	44,641,023	43,360,981	44
Customer Account Expense	69,680,451	76,259,895	54,587,568	54,026,556	53,733,839	45
Sales Expense	439,081	433,607	386,126	490,872	434,459	46
Administrative and General	86,766,394	92,806,716	87,075,185	79,291,170	69,487,316	47
Total O & M Expense	\$953,050,767	\$1,061,267,228	\$960,627,282	\$984,968,506	\$664,338,253	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	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,191,884,001	\$870,185,251
2	Sales of Gas (MCF) **	67,553,300	80,068,603	94,917,121	109,152,945	109,318,084
<b>DOLLAR AMOUNTS</b>						
3	Purchased Gas & Other Supply Exp.	\$752,446,675	\$846,712,810	\$774,935,694	\$806,423,347	\$497,237,187
4	Wages and Benefits	110,934,398	119,092,118	112,742,204	104,286,414	100,055,316
5	Other Operation & Maintenance Exp.	89,509,222	95,328,550	72,833,142	74,163,206	66,961,279
6	Depreciation & Amortization Expense	39,972,529	40,156,967	39,629,160	38,160,193	37,619,944
7	Income Taxes-Operating	32,177,856	23,335,155	33,921,166	36,919,533	32,086,550
8	Other Taxes-Operating	46,706,321	46,211,038	45,951,192	51,673,098	49,113,201
9	Capital Costs	67,421,551	59,502,673	68,542,100	80,258,210	87,111,775
10	Total	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,191,884,001	\$870,185,251
<b>PERCENT OF REVENUES</b>						
11	Purchased Gas & Other Supply Exp.	66.1	68.8	67.5	67.7	57.1
12	Wages and Benefits	9.7	9.7	9.8	8.7	11.5
13	Other Operation & Maintenance Exp.	7.9	7.7	6.3	6.2	7.7
14	Depreciation & Amortization Expense	3.5	3.3	3.5	3.2	4.3
15	Income Taxes-Operating	2.8	1.9	3.0	3.1	3.7
16	Other Taxes-Operating	4.1	3.8	4.0	4.3	5.6
17	Capital Costs	5.9	4.8	6.0	6.7	10.0
18	Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>						
19	Purchased Gas & Other Supply Exp.	11.14	10.57	8.16	7.39	4.55
20	Wages and Benefits	1.64	1.49	1.19	0.96	0.92
21	Other Operation & Maintenance Exp.	1.33	1.19	0.77	0.68	0.61
22	Depreciation & Amortization Expense	0.59	0.50	0.42	0.35	0.34
23	Income Taxes-Operating	0.48	0.29	0.36	0.34	0.29
24	Other Taxes-Operating	0.69	0.58	0.48	0.47	0.45
25	Capital Costs	1.00	0.74	0.72	0.74	0.80
26	Total	16.86	15.37	12.10	10.92	7.96

**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**

	2006	2005	2004	2003	2002
Purchased Gas and Other Supply Exp.					
Other Gas Supply	628,028,537	716,895,859	645,457,268	670,456,498	364,070,412
Natural Gas Storage	35,192,970	35,363,908	35,302,380	37,331,482	36,016,671
Transmission Expense	89,225,168	94,453,043	94,176,046	98,635,366	97,150,103
Total Purchased Gas	752,446,675	846,712,810	774,935,694	806,423,347	497,237,187
-Total PG related to Sales for Resale PG - Ultimate Customers	752,446,675	846,712,810	774,935,694	806,423,347	497,237,187
<b><u>Wages and Benefits</u></b>					
Salaries	63,998,858	66,434,692	66,758,248	66,758,248	67,770,969
Pensions and Benefits	46,935,540	52,657,426	45,983,956	37,528,166	32,284,347
Total Wages and Benefits	110,934,398	119,092,118	112,742,204	104,286,414	100,055,316
<b><u>Other Expenses</u></b>					
Total O&M Expenses	952,890,295	1,061,133,478	960,511,040	984,872,967	664,253,781
-Total Purchased Gas	752,446,675	846,712,810	774,935,694	806,423,347	497,237,187
-Wages and Benefits	110,934,398	119,092,118	112,742,204	104,286,414	100,055,316
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	89,509,222	95,328,550	72,833,142	74,163,206	66,961,279
<b><u>Depreciation and Amortization</u></b>					
Depreciation Exp	39,972,529	40,156,967	39,629,160	38,160,193	37,619,944
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	39,972,529	40,156,967	39,629,160	38,160,193	37,619,944
<b><u>Fuel and PP related to Sales for Resale</u></b>					
Total PG	752,446,675	846,712,810	774,935,694	806,423,347	497,237,187
divided by Total MCFs	67,553,300	80,068,603	94,917,121	109,152,945	109,318,084
Fuel Cost per MCF	11	11	8	7	4.549
times Sales for Resale MCFs			10,925,267	18,645,772	22,858,850
Sales for Resale PG			89,197,600	137,755,201	103,974,291
<b><u>Transportation Volumes</u></b>	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,**

	2006	2005	2004	2003	2002	
Intangible	\$8,080,013	\$8,080,013	\$7,975,384	\$7,264,761	\$7,257,649	1
Production						
Manufactured Gas						2
Natural Gas	20,383,613	20,207,497	20,413,079	20,441,993	20,475,530	3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission	47,900,067	46,627,550	46,387,350	47,435,744	45,438,285	6
Distribution	1,383,509,858	1,344,376,790	1,311,185,933	1,274,674,311	1,232,023,965	7
General	49,220,815	56,936,750	56,138,809	52,458,605	53,332,078	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
<b>Total Plant In Service</b>	1,509,094,365	1,476,228,600	1,442,100,555	1,402,275,414	1,358,527,507	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	8,962,648	7,153,707	4,087,980	5,318,278	14,426,521	15
Acquisition Adjustments						16
<b>Total Plant</b>	1,518,057,013	1,483,382,307	1,446,188,535	1,407,593,692	1,372,954,028	17
Accum. Prov. - Depr. & Amort.	496,679,119	483,351,115	456,560,134	432,182,369	409,309,440	18
<b>Total Net Plant</b>	\$1,021,377,894	\$1,000,031,192	\$989,628,401	\$975,411,323	\$963,644,588	19

**SELECTED RATIOS AND STATISTICS**

Current Assets / Current Liabilities	0.72	0.86	0.91	0.84	0.94	20
Total Capitalization	\$970,628,435	\$1,044,127,583	\$961,412,745	\$982,790,580	\$945,415,880	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	26.6%	20.9%	22.7%	22.2%	26.4%	22
Preferred Stock			-100.0%	-100.0%		23
Common Stock & Retained Earnings	53.3%	55.0%	59.3%	56.7%	56.9%	24
Short-Term Debt	20.1%	24.1%	18.0%	21.1%	16.8%	25
Pretax Coverage of Interest Expense	3.71	3.45	5.09	4.12	3.47	26
Com. Stock Dividends as a % of Earnings	152.9%	61.2%	53.1%	44.0%	71.3%	27
Return on Common Equity	12.3%	10.4%	12.2%	14.9%	9.2%	28
Internal Cash Generated as a % of Cash Outflows for Construction	295.4%	67.4%	208.9%	201.0%	118.3%	29
Earnings per Share	\$33,710.78	\$29,751.34	\$34,271.05	\$40,881.53	\$24,395.86	30
Book Value per Share	\$258,809.22	\$287,158.79	\$285,101.37	\$278,497.38	\$268,841.37	31
Dividends per Share	\$51,534.00	\$18,200.00	\$18,200.00	\$18,000.00	\$17,400.00	32
Number of Employees	1,437	1,437	1,471	1,162	1,205	33

**Notes:**

\* Includes Pennsylvania operations.

<b><u>Data Field Below</u></b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Current Assets	\$241,672,011	\$342,461,123	\$271,854,461	\$284,759,467	234,205,673
Current Liabilities	335,890,547	396,742,240	299,416,583	339,789,144	249,311,347
Total Capitalization	970,628,435	1,044,127,583	961,412,745	982,790,580	945,415,880
Long-Term Debt	258,310,000	218,310,000	218,310,002	218,395,820	249,133,144
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	517,618,435	574,317,583	570,202,743	556,994,760	537,682,736
Short-Term Debt	194,700,000	251,500,000	172,900,000	207,400,000	158,600,000
Pretax Income	99,599,407	82,837,828	102,463,266	118,682,585	111,434,786
Interest Expense	26,826,851	24,013,310	20,141,770	28,797,572	32,153,726
Dividends Paid	103,068,000	36,400,000	36,400,000	36,000,000	34,800,000
Net Income (Excl. Preferred Stock Dividends)	67,421,551	59,502,673	68,542,100	81,763,052	48,791,712
Internal Cash	162,296,320	34,437,178	112,550,128	99,992,812	62,845,624
Cash Outflows for Construction	54,939,092	51,090,307	53,877,322	49,748,106	53,105,476
Shares Outstanding (Millions) Sch250251	0.0020	0.0020	0.0020	0.0020	0.0020
Misc Deferred Debits	33,814,969	61,158,442	34,257,281	69,969,692	76,423
Number of Employees	1,437	1,437	1,471	1,162	1,205
Pre-Tax Income					
Total Utility Operating Income	\$67,421,551	59,502,673	68,542,100	81,763,052	77,973,775
+Income Taxes - Electric					
+Income Taxes - Gas	32,177,856	23,335,155	33,921,166	36,919,533	32,086,550
+Other Income	5,202,000	4,430,377	375,432	1,341,717	1,899,516
- Other Income Deductions	483,372	751,338	720,999	660,163	525,055
- Other Taxes	(100,254)	(930,995)	(1,553,220)	(1,664,990)	(1,597,202)
Pre-Tax Income	99,599,407	87,447,862	103,670,919	121,029,129	113,031,988

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

	2006	2005	2004	2003	2002
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$43,653,497	\$42,454,039	\$41,863,179	\$41,432,444	\$40,615,131
2 Less Acc. Prov. For Depreciation & Amortization	20,187,428	19,418,152	18,576,616	17,637,158	16,558,807
3 Net Total Utility Plant	23,466,069	23,035,887	23,286,563	23,795,286	24,056,324
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property			3,622,295	3,717,126	3,819,379
5 Less Acc. Prov. For Depreciation & Amortization			(1,193,877)	(1,212,099)	(1,239,328)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies	29,884	27,880	25,915	30,002	25,619
8 Other Investments	(1,327,616)	(522,126)	150,021	(41,351)	(\$13,759.00)
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	(1,297,732)	(494,246)	2,604,354	2,493,678	2,591,911
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	86,507	21,392	170,959	303,019	120,251
14 Special Deposits					
15 Working Funds	4,501	1,893	2,685	2,911	3,226
16 Temporary Cash Investments					
17 Notes Receivable	470,000	550,580			
18 Accounts Receivable	4,101,766	4,771,089	4,472,744	4,290,763	2,795,433
19 Less Accum. Prov. For Uncollectible Accounts	(235,000)	(235,000)	(160,500)	(130,500)	(130,500)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	32,365	79,666	38,261	23,134	
22 Materials and Supplies	294,916	303,343	298,007	363,734	380,233
23 Gas Stored Underground - Current	6,744,472	7,010,078	5,905,556	5,136,230	2,942,999
24 Liquefied Natural Gas in Storage					
25 Prepayments	747,015	551,317	609,093	491,237	415,349
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	12,246,542	13,054,358	11,336,805	10,480,528	6,526,991
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts	13,358	9,125	6,402	9,950	8,883
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	9,479,999	7,555,651	5,263,552	5,071,218	2,444,139
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes	3,727,449	2,764,726	2,779,414	2,866,858	2,747,743
40 Total Deferred Debits	13,220,806	10,329,502	8,049,368	7,948,026	5,200,765
41 <b>Total Assets and Other Debits</b>	<b>\$47,635,685</b>	<b>\$45,925,501</b>	<b>\$45,277,090</b>	<b>\$44,717,518</b>	<b>\$38,375,991</b>

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

	2006	2005	2004	2003	2002	
<b>PROPRIETARY CAPITAL</b>						
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	8,161,626	8,270,080	10,047,707	11,024,498	10,938,054	9
Unapp. Undistributed Subsidiary Earnings	27,884	25,880	23,915	28,002	23,619	10
Reaquired Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	12,539,510	12,645,960	14,421,622	15,402,500	15,311,673	12
<b>LONG-TERM DEBT</b>						
Bonds						13
Reaquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt	7,000,000	7,000,000	7,000,000	7,000,000	5,652,775	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	7,000,000	7,000,000	7,000,000	7,000,000	5,652,775	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable	9,585,000	8,265,000	6,105,000	7,010,000	3,425,000	20
Accounts Payable	3,739,424	4,967,716	4,692,914	2,937,604	2,275,093	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies	70,711	101,126	84,143	78,835	59,707	23
Customer Deposits	250,901	290,347	252,007	185,327	146,287	24
Taxes Accrued	(415,882)	(167,385)	254,636	184,581	(128,128)	25
Interest Accrued	74,592	42,229	21,985	11,320	6,728	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	7,678,854	5,751,590	4,336,387	3,271,794	2,471,764	31
Total Current and Accrued Liabilities	20,983,600	19,250,623	16,225,572	13,951,336	8,528,326	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	46,851	64,041	81,651	96,370	95,805	33
Other Deferred Credits	2,277,617	3,066,775	3,792,286	4,532,437	5,264,257	34
Accumulated Deferred Inv. Tax Credits	28,377	36,633	66,469	80,471	94,473	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	4,759,953	3,839,056	3,761,162	3,567,039	3,354,226	37
Total Deferred Credits	7,112,798	7,006,505	7,701,568	8,276,317	8,808,761	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve	(61,750)	(65,000)	(65,000)	125,000	125,000	40
Pension and Benefits Reserve	7,032	43,554	(52,465)	(69,756)	(76,931)	41
Miscellaneous Operating Reserves	54,495	43,859	45,793	32,121	26,387	42
Total Operating Reserves	(223)	22,413	(71,672)	87,365	74,456	43
<b>Total Liabilities and Other Credits</b>	<b>\$47,635,685</b>	<b>\$45,925,501</b>	<b>\$45,277,090</b>	<b>\$44,717,518</b>	<b>\$38,375,991</b>	<b>44</b>

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

	2006	2005	2004	2003	2002
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$44,235,539	\$47,844,708	\$42,697,550	\$29,821,075	\$28,324,512
Operating Expense:					
2 Operation Expense	39,025,346	43,232,993	37,615,793	24,857,676	23,063,790
3 Maintenance Expense	273,354	241,834	248,592	236,363	218,606
4 Depreciation Expense	1,172,336	1,170,685	1,138,377	1,114,565	1,103,333
5 Amort. and Depletion of Utility Plant	13,996	13,997	13,996	12,865	12,640
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	1,909,633	1,831,427	2,056,925	1,926,360	1,880,942
11 Income Taxes	426,586	344,886	470,822	574,916	626,951
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	42,821,251	46,835,822	41,544,505	28,722,745	26,906,262
15 Net Operating Revenues	1,414,288	1,008,886	1,153,045	1,098,330	1,418,250
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	1,414,288	1,008,886	1,153,045	1,098,330	1,418,250
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$1,414,288	\$1,008,886	\$1,153,045	\$1,098,330	\$1,418,250

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

	2006	2005	2004	2003	2002	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income			\$231,419	\$306,610	\$387,485	3
Equity in Earnings of Subsidiary Companies	2,004	\$1,964	(4,087)	4,383	9,262	4
Interest and Dividend Income	372,031	277,942	203,545	221,548	176,357	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income		3,938				7
Gain on Disposition of Property						8
Total Other Income	374,035	283,844	430,877	532,541	573,104	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	8,000	8,188	19,149	13,827	10,875	12
Total Other Income Deductions	8,000	8,188	19,149	13,827	10,875	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes			635	1,444	3,050	14
Income Taxes			102,245	125,630	147,547	15
Total Taxes-Other Inc. & Deductions			102,880	127,074	150,597	16
Net Other Income and Deductions	366,035	275,656	308,848	391,640	411,632	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt				3,018	12,963	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	1,102,812	591,435	367,667	315,033	362,467	22
Total Interest Charges	1,102,812	591,435	367,667	318,051	375,430	23
Income Before Extraordinary Items	677,511	693,107	1,094,226	1,171,919	1,454,452	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	<b>\$677,511</b>	<b>\$693,107</b>	<b>\$1,094,226</b>	<b>\$1,171,919</b>	<b>\$1,454,452</b>	<b>29</b>
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	\$8,270,080	\$10,047,707	\$11,024,497	\$10,938,053	\$10,050,372	30
Balance Transferred from Income	675,507	691,143	1,098,313	1,167,536	1,445,190	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock			1,707,375	1,087,500	543,750	34
Adjustments to Retained Earnings	(783,961)	(2,468,770)	(367,728)	6,408	(13,759)	35
Net Change	(108,454)	(1,777,627)	(976,790)	86,444	887,681	36
Unappropriated Retained Earnings (EOP)	8,161,626	8,270,080	10,047,707	11,024,497	10,938,053	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	<b>\$8,161,626</b>	<b>\$8,270,080</b>	<b>\$10,047,707</b>	<b>\$11,024,497</b>	<b>\$10,938,053</b>	<b>39</b>

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

	2006	2005	2004	2003	2002
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$677,511.00	\$693,107	\$1,094,226	\$1,171,919	\$1,454,452
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,281,951	1,296,196	1,520,850	1,505,740	1,498,372
3 Deferred Taxes & ITCs	(817,708)	(759,066)	(448,686)	(618,124)	(470,715)
4 Receivables and Inventory	805,628	(821,166)	(101,381)	(1,501,965)	783,112
5 Payables and Accrued Expenses	412,977	865,051	3,179,236	1,838,010	503,454
6 Regulatory Assets (Net)					
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates	(2,004)	(1,965)	4,087	(4,383)	1,048
9 Other Adjustments	265,606	(1,104,522)	(769,326)	(2,193,231)	1,478,703
10	(195,698)	57,776	(117,856)	(75,888)	(17,225)
11	(1,968,407)	(2,218,347)	(362,542)	(2,614,672)	(1,456,958)
12 Net Cash From Operating Activities	<u>459,856</u>	<u>(1,992,936)</u>	<u>3,998,608</u>	<u>(2,492,594)</u>	<u>3,774,243</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(1,658,529)	1,349,673	(910,062)	(1,182,135)	(782,306)
14 Acquisition Of Other Non-Current Assets	(53,604)	33,225	(25,456)	12,457	28,368
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		(1,700,322)	(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>(1,712,133)</u>	<u>(317,424)</u>	<u>(1,518,519)</u>	<u>(1,169,678)</u>	<u>(753,938)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt				1,347,225	(1,527,162)
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	1,320,000	2,160,000	(905,000)	3,585,000	(720,000)
29 Dividends Paid			(1,707,375)	(1,087,500)	(271,875)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>1,320,000</u>	<u>2,160,000</u>	<u>(2,612,375)</u>	<u>3,844,725</u>	<u>(2,519,037)</u>
34 Net Increase/(Decrease) In Cash Equivalents	67,723	(150,360)	(132,286)	182,453	501,268
35 Cash & Cash Equivalents Beginning Of Year	23,285	173,644	305,930	123,477	(377,791)
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$91,008</b>	<b>\$23,284</b>	<b>\$173,644</b>	<b>\$305,930</b>	<b>\$123,477</b>

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

	2006	2005	2004	2003	2002	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$18,960,336	\$18,807,429	\$17,070,676	\$14,380,524	\$10,406,269	1
Commercial	9,714,193	9,529,494	8,421,200	7,107,910	5,110,839	2
Industrial	5,989,842	11,263,679	9,624,657	3,186,633	6,200,839	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	34,664,371	39,600,601	35,116,533	24,675,067	21,717,947	5
Sales for Resale						6
Total Revenues from Gas Sales	34,664,371	39,600,601	35,116,533	24,675,067	21,717,947	7
Transportation Sales	6,037,951	4,558,919	5,147,986	4,906,373	5,661,265	8
Other Gas Operating Revenues	3,533,218	3,685,187	2,433,031	239,635	945,300	9
Total Gas Operating Revenues	\$44,235,540	\$47,844,707	\$42,697,550	\$29,821,075	\$28,324,512	10
<b>SALES (MCF)</b>						
Residential	1,542,468	1,706,413	1,810,525	1,870,814	1,677,805	11
Commercial	849,344	913,040	968,172	972,651	900,112	12
Industrial	429,753	1,101,169	1,230,752	470,457	1,397,075	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	2,821,565	3,720,622	4,009,449	3,313,922	3,974,992	15
Sales for Resale						16
Transportation Sales	6,353,713	6,320,162	6,856,447	7,890,839	8,252,810	17
Other Gas Sales						18
Total Sales	9,175,278	10,040,784	10,865,895	11,204,761	12,227,802	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	13,743	13,746	13,725	13,686	13,622	20
Commercial	1,625	1,619	1,630	1,622	1,612	21
Industrial	8	8	8	7	10	22
Other Customers						23
Total Ultimate Customers	15,376	15,373	15,363	15,315	15,244	24
Resales						25
Total Customers	15,376	15,373	15,363	15,315	15,244	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,380	\$1,368	\$1,244	\$1,051	\$764	27
Average MCF Consumption Per Customer	112.2	124.1	131.9	136.7	123.2	28
Average Revenue Per MCF Sold	\$12.29	\$11.02	\$9.43	\$7.69	\$6.20	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$5,978	\$5,886	\$5,166	\$4,382	\$3,170	30
Average MCF Consumption Per Customer	522.7	564.0	594.0	599.7	558.4	31
Average Revenue Per MCF Sold	\$11.44	\$10.44	\$8.70	\$7.31	\$5.68	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$748,730	\$1,407,960	\$1,203,082	\$455,233	\$620,084	33
Average MCF Consumption Per Customer	53,719.1	137,646.1	153,844.0	67,208.1	139,707.5	34
Average Revenue Per MCF Sold	\$13.94	\$10.23	\$7.82	\$6.77	\$4.44	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$35,109,457.85	\$39,777,343.22	\$32,188,197	\$23,749,875	\$18,531,993	39
Other	(950,112)	(1,872,724)	271,940	(3,661,330)	86,065	40
Total Production Expense	34,159,346	37,904,619	32,460,137	20,088,545	18,618,058	41
Natural Gas Storage Expense						42
Transmission Expense						43
Distribution Expense	1,656,269	1,635,855	1,671,761	1,506,081	1,343,623	44
Customer Account Expense	530,358	1,027,913	822,950	714,704	705,962	45
Sales Expense	72,988	71,654	122,317	122,583	127,039	46
Administrative and General	2,879,738	2,834,787	2,787,220	2,662,127	2,487,717	47
Total O & M Expense	\$39,298,700	\$43,474,827	\$37,864,385	\$25,094,040	\$23,282,399	48
<b>Notes:</b>						

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,**

	2006	2005	2004	2003	2002
1 Total Revenues	\$44,235,540	\$47,844,707	\$42,697,550	\$29,821,075	\$28,324,512
2 Sales of Gas (MCF) *	2,821,565	3,720,622	4,009,449	3,313,922	3,974,992
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$34,159,346	\$37,904,619	\$32,460,137	\$20,088,545	\$18,618,058
4 Wages and Benefits	3,894,958	3,888,861	4,166,205	3,384,701	3,225,136
5 Other Operation & Maintenance Exp.	1,244,396	1,681,348	1,238,043	1,620,794	1,439,205
6 Depreciation & Amortization Expense	1,186,332	1,184,682	1,152,373	1,127,430	1,115,973
7 Income Taxes-Operating	426,586	344,886	470,822	574,916	626,951
8 Other Taxes-Operating	1,909,633	1,831,427	2,056,925	1,926,360	1,880,942
9 Capital Costs	1,414,289	1,008,885	1,153,045	1,098,329	1,418,247
10 Total	\$44,235,540	\$47,844,707	\$42,697,550	\$29,821,075	\$28,324,512
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	77.2	79.2	76.0	67.4	65.7
12 Wages and Benefits	8.8	8.1	9.8	11.4	11.4
13 Other Operation & Maintenance Exp.	2.8	3.5	2.9	5.4	5.1
14 Depreciation & Amortization Expense	2.7	2.5	2.7	3.8	3.9
15 Income Taxes-Operating	1.0	0.7	1.1	1.9	2.2
16 Other Taxes-Operating	4.3	3.8	4.8	6.5	6.6
17 Capital Costs	3.2	2.1	2.7	3.7	5.0
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	12.11	10.19	8.10	6.06	4.68
20 Wages and Benefits	1.38	1.05	1.04	1.02	0.81
21 Other Operation & Maintenance Exp.	0.44	0.45	0.31	0.49	0.36
22 Depreciation & Amortization Expense	0.42	0.32	0.29	0.34	0.28
23 Income Taxes-Operating	0.15	0.09	0.12	0.17	0.16
24 Other Taxes-Operating	0.68	0.49	0.51	0.58	0.47
25 Capital Costs	0.50	0.27	0.29	0.33	0.36
26 Total	15.68	12.86	10.65	9.00	7.13

**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	\$34,159,346	\$37,904,619	\$32,460,137	\$20,088,545	\$18,618,058
Total Purchased Gas	34,159,346	37,904,619	32,460,137	20,088,545	18,618,058
-Total PG related to Sales for Resale					
PG - Ultimate Customers	34,159,346	37,904,619	32,460,137	20,088,545	18,618,058

**Wages and Benefits**

Salaries	2,769,308	2,706,869	2,993,521	2,240,979	2,180,171
Pensions and Benefits	1,125,650	1,181,992	1,172,684	1,143,722	1,044,965
Total Wages and Benefits	3,894,958	3,888,861	4,166,205	3,384,701	3,225,136

**Other Expenses**

Total O&M Expenses	39,298,700	43,474,827	37,864,385	25,094,040	23,282,399
-Total Purchased Gas	34,159,346	37,904,619	32,460,137	20,088,545	18,618,058
-Wages and Benefits	3,894,958	3,888,861	4,166,205	3,384,701	3,225,136
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	1,244,396	1,681,348	1,238,043	1,620,794	1,439,205

**Depreciation and Amortization**

Depreciation Exp	1,172,336	1,170,685	1,138,377	1,114,565	1,103,333
Amort & Depl of Utility Plant	13,996	13,997	13,996	12,865	12,640
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	1,186,332	1,184,682	1,152,373	1,127,430	1,115,973

**Fuel and PP related to Sales for Resale**

Total PG	34,159,346	37,904,619	32,460,137	20,088,545	18,618,058
divided by Total MCFs	2,821,565	3,720,622	4,009,449	3,313,922	3,974,992
Fuel Cost per MCF	12.107	10.188	8.096	6.062	4.684
times Sales for Resale MCFs					
Sales for Resale PG					

**Transportation Volumes**

	6,353,713	6,320,162	6,856,447	7,890,839	8,252,810
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**ST. LAWRENCE GAS COMPANY, INC.**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2006	2005	2004	2003	2002	
Intangible	\$411,297	\$411,297	\$411,297	\$411,297	\$343,354	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission						6
Distribution	36,087,909	35,615,514	35,026,695	34,686,550	34,300,944	7
General	6,744,579	5,961,079	6,200,593	6,161,707	5,882,303	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
<b>Total Plant In Service</b>	43,243,785	41,987,890	41,638,585	41,259,554	40,526,600	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	409,713	466,149	224,594	172,890	88,530	15
Acquisition Adjustments						16
<b>Total Plant</b>	43,653,498	42,454,039	41,863,179	41,432,444	40,615,130	17
Accum. Prov. - Depr. & Amort.	20,187,428	19,418,152	18,576,616	17,637,158	16,558,807	18
<b>Total Net Plant</b>	\$23,466,070	\$23,035,887	\$23,286,563	\$23,795,286	\$24,056,323	19
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.58	0.68	0.70	0.75	0.77	20
Total Capitalization	\$29,124,510	\$27,910,960	\$27,526,622	\$29,412,500	\$24,389,448	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	24.0%	25.1%	25.4%	23.8%	23.2%	22
Preferred Stock						23
Common Stock & Retained Earnings	43.1%	45.3%	52.4%	52.4%	62.8%	24
Short-Term Debt	32.9%	29.6%	22.2%	23.8%	14.0%	25
Pretax Coverage of Interest Expense	1.67	2.29	4.42	5.26	6.94	26
Com. Stock Dividends as a % of Earnings			148.1%	99.0%	37.4%	27
Return on Common Equity	11.3%	7.4%	7.8%	7.1%	9.7%	28
Internal Cash Generated as a % of Cash Outflows for Construction	27.7%	147.7%	439.4%	-210.9%	482.5%	29
Earnings per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$3.34	30
Book Value per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$35.20	31
Dividends per Share			\$0.00	\$0.00	\$1.25	32
Number of Employees	41	41	44	49	49	33

**Data Field Below**

Current Assets	\$12,246,542.00	\$13,054,358	\$11,336,805	\$10,480,528	\$6,526,991
Current Liabilities	20,983,600	19,250,623	16,225,572	13,951,336	8,528,326
Total Capitalization	29,124,510	27,910,960	27,526,622	29,412,500	24,389,448
Long-Term Debt	7,000,000	7,000,000	7,000,000	7,000,000	5,652,775
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	12,539,510	12,645,960	14,421,622	15,402,500	15,311,673
Short-Term Debt	9,585,000	8,265,000	6,105,000	7,010,000	3,425,000
Pretax Income	1,840,874	1,353,772	1,623,867	1,673,246	2,604,380
Interest Expense	1,102,812	591,435	367,667	318,051	375,430
Dividends Paid	-		1,707,375	1,087,500	543,750
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	1,414,288	1,008,886	1,153,045	1,098,330	1,454,452
Internal Cash	459,856	(1,992,936)	3,998,608	(2,492,594)	3,774,243
Cash Outflows for Construction	1,658,529	(1,349,673)	910,062	1,182,135	782,306
Shares Outstanding (Millions) Sch250251	435,000	435,000	435,000	435,000	0.4350
Misc Deferred Debits	7,202,382	4,488,876	1,471,266	538,781	(2,820,118)
Number of Employees	41	41	44	49	49
<u>Pre-Tax Income</u>					
Total Utility Operating Income	\$1,414,288.00	\$1,008,886	\$1,153,045	\$1,098,330	\$1,418,250
+Income Taxes - Electric					
+Income Taxes - Gas	\$426,586.00	344,886	470,822	574,916	626,951
+Other Income	374,035	283,844	430,877	532,541	573,104
- Other Income Deductions	8,000	8,188	19,149	13,827	10,875
- Other Taxes			635	1,444	3,050
Pre-Tax Income	2,206,909	1,629,428	2,034,960	2,190,516	2,604,380

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

	2006	2005	2004	2003	2002
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$4,121,065	\$4,060,049	\$4,020,961	\$3,952,761	\$3,502,182
2 Less Acc. Prov. For Depreciation & Amortization	1,565,911	1,465,222	1,351,275	1,237,926	1,131,748
3 Net Total Utility Plant	2,555,154	2,594,827	2,669,686	2,714,835	2,370,434
<b>OTHER PROPERTY AND INVESTMENTS</b>					
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					
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash					
14 Special Deposits					
15 Working Funds					
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	292,230	493,249	429,903	402,530	415,072
19 Less Accum. Prov. For Uncollectible Accounts	(22,936)	(48,436)	(16,955)	(14,743)	(12,545)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies					
22 Materials and Supplies					
23 Gas Stored Underground - Current					
24 Liquefied Natural Gas in Storage					
25 Prepayments					5,080
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue	14,026	31,347	18,050	27,992	76,764
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	283,320	476,160	430,998	415,779	484,371
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	166,215	370,506	(235,720)	66,360	(89,045)
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development		44,916			
39 Accumulated Deferred Income Taxes	(103,061)	(68,009)	(68,009)	5,742	4,886
40 Total Deferred Debits	63,154	347,413	(303,729)	72,102	(84,159)
41 <b>Total Assets and Other Debits</b>	<b>\$2,901,628</b>	<b>\$3,418,400</b>	<b>\$2,796,955</b>	<b>\$3,202,716</b>	<b>\$2,770,646</b>

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

	2006	2005	2004	2003	2002	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$2,326,592	\$2,326,592	\$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	(313,989)	(193,923)	(299,749)	(81,410)	(40,481)	9
Unapp. Undistributed Subsidiary Earnings						10
Required Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	2,012,603	2,132,669	2,026,843	2,245,182	2,286,111	12
<b>LONG-TERM DEBT</b>						
Bonds						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						18
Total Long-Term Debt						19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable						20
Accounts Payable						21
Notes Payable to Associated Companies			148,345	224,173	224,173	22
Accounts Payable to Associated Companies	754,499	1,342,390	729,305	637,062	233,968	23
Customer Deposits	17,684	18,490	3,877	2,456	2,048	24
Taxes Accrued	(43,496)	(260,403)	(319,510)	(50,404)	(23,478)	25
Interest Accrued						26
Dividends Declared						27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable						30
Misc. Current and Accrued Liabilities						31
Total Current and Accrued Liabilities	728,687	1,100,477	562,017	813,287	436,711	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction						33
Other Deferred Credits	76,826	101,742	124,583	60,735	40,414	34
Accumulated Deferred Inv. Tax Credits						35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	83,512	83,512	83,512	83,512	7,410	37
Total Deferred Credits	160,338	185,254	208,095	144,247	47,824	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves						42
Total Operating Reserves						43
<b>Total Liabilities and Other Credits</b>	<b>\$2,901,628</b>	<b>\$3,418,400</b>	<b>\$2,796,955</b>	<b>\$3,202,716</b>	<b>\$2,770,646</b>	<b>44</b>

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

	2006	2005	2004	2003	2002
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$2,484,805	\$3,482,527	\$2,410,697	\$2,886,218	\$2,254,290
Operating Expense:					
2 Operation Expense	2,233,765	2,848,396	2,313,836	2,503,083	1,630,021
3 Maintenance Expense	55,887	59,293	64,225	50,764	28,812
4 Depreciation Expense	92,359	90,892	88,710	86,844	73,594
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	40,056	40,056	
9 Other Expenses	111,424				
10 Taxes Other than Income Taxes	(116,031)	103,492	95,719	148,678	129,544
11 Income Taxes		51,149	(98,721)	(428)	59,297
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	2,417,460	3,193,278	2,503,825	2,828,997	1,923,980
15 Net Operating Revenues	67,345	289,249	(93,128)	57,221	330,310
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	67,345	289,249	(93,128)	57,221	330,310
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$67,345	\$289,249	(\$93,128)	\$57,221	\$330,310

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

	2006	2005	2004	2003	2002	
<b>OTHER INCOME</b>						
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	\$397.00	\$4,410.00				5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income	\$286.00	\$482.00				7
Gain on Disposition of Property						8
Total Other Income	683	4,892				9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	\$757.00	\$3,325	\$184	\$459		12
Total Other Income Deductions	757	3,325	184	459		13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes						14
Income Taxes						15
Total Taxes-Other Inc. & Deductions						16
Net Other Income and Deductions	(74)	1,567	(184)	(459)		17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	\$161,982.00	\$161,397.00	101,192	87,164	14,672	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	\$25,356.00	\$23,594.00	23,835	10,527	1,450	22
Total Interest Charges	187,338	184,991	125,027	97,691	16,122	23
Income Before Extraordinary Items	(120,067)	105,825	(218,339)	(40,929)	314,188	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	(\$120,067)	\$105,825	(\$218,339)	(\$40,929)	\$314,188	29
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	(\$193,923)	(\$299,748)	(\$81,409)	(\$40,480)	(\$334,614)	30
Balance Transferred from Income			(218,339)	(40,929)	314,188	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock						34
Adjustments to Retained Earnings 1	(\$120,067.00)	105,825			(20,055)	35
Net Change	(120,067)	105,825	(218,339)	(40,929)	294,133	36
Unappropriated Retained Earnings (EOP)	(313,990)	(193,923)	(299,749)	(81,409)	(40,480)	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	(\$313,990)	(\$193,923)	(\$299,749)	(\$81,409)	(\$40,480)	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,**

	2006	2005	2004	2003	2002
<b>Cash Flows From Operating Activities</b>					
1 Net Income	(\$120,067)	\$105,825	(\$218,339)	(\$40,929)	\$314,188
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	123,101	120,730	182,329	224,844	9,793
3 Deferred Taxes & ITCs	25,380	288,345	(204,922)	75,246	2,524
4 Receivables and Inventory	134,470	(45,162)	(78,416)	(114,235)	(329,374)
5 Payables and Accrued Expenses	238,207	(661,225)	157,512	214,955	275,828
6 Regulatory Assets (Net)	(13,917)	(12,756)	(55,000)		(35,920)
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates					
9 Other Adjustments			9,568	(45,324)	6,956
10	(20,409)	17,749	357,079	(155,405)	108,385
11	\$57,564.00	14,613			
12 Net Cash From Operating Activities	<u>424,329</u>	<u>(171,881)</u>	<u>149,811</u>	<u>159,152</u>	<u>352,380</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(83,428)	(45,870)	(73,983)	(159,152)	(5,928)
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	(340,901)	366,096			
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>(424,329)</u>	<u>320,226</u>	<u>(73,983)</u>	<u>(159,152)</u>	<u>(2,548,476)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt			(75,828)		
26 Common Stock					2,326,592
27 Preferred Stock					
28 Short-Term Debt					
29 Dividends Paid					
30 Other Cash Flows - Financing Activities		(148,345)			224,173
31					(354,669)
32					
33 Net Cash From Financing Activities		<u>(148,345)</u>	<u>(75,828)</u>		<u>2,196,096</u>
34 Net Increase/(Decrease) In Cash Equivalents			(0)		
35 Cash & Cash Equivalents Beginning Of Year	(0)	(0)	(0)	(0)	(0)
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>(\$0)</b>

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

	2006	2005	2004	2003	2002	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$1,414,858	\$1,589,745	\$1,284,816	\$1,341,540	\$1,068,792	1
Commercial	1,254,502	1,472,585	1,207,545	1,231,185	1,085,995	2
Industrial						3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	2,669,360	3,062,330	2,492,361	2,572,725	2,154,787	5
Sales for Resale						6
Total Revenues from Gas Sales	2,669,360	3,062,330	2,492,361	2,572,725	2,154,787	7
Transportation Sales	121,455	120,469	92,641	92,405	86,512	8
Other Gas Operating Revenues	(306,010)	299,728	(174,305)	95,646	12,991	9
Total Gas Operating Revenues	\$2,484,805	\$3,482,527	\$2,410,697	\$2,760,776	\$2,254,290	10
<b>SALES (MCF)</b>						
Residential	116,187	128,946	138,896	146,596	136,497	11
Commercial	120,740	134,663	146,858	133,467	173,867	12
Industrial						13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	236,927	263,609	285,754	280,063	310,364	15
Sales for Resale						16
Transportation Sales	64,226	64,461	54,314	52,885	59,149	17
Other Gas Sales						18
Total Sales	301,153	328,071	340,068	332,948	369,513	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	1,363	1,379	1,343	1,318	1,286	20
Commercial	179	194	179	152	138	21
Industrial						22
Other Customers						23
Total Ultimate Customers	1,542	1,573	1,522	1,470	1,424	24
Resales						25
Total Customers	1,542	1,573	1,522	1,470	1,424	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,038	\$1,153	\$957	\$1,018	\$831	27
Average MCF Consumption Per Customer	85.2	93.5	103.4	111.2	106.1	28
Average Revenue Per MCF Sold	\$12.18	\$12.33	\$9.25	\$9.15	\$7.83	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$7,008	\$7,591	\$6,746	\$8,100	\$7,870	30
Average MCF Consumption Per Customer	674.5	694.1	820.4	878.1	1,259.9	31
Average Revenue Per MCF Sold	\$10.39	\$10.94	\$8.22	\$9.22	\$6.25	32
<b>INDUSTRIAL SALES</b>						
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
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$1,005,651	\$1,477,680	\$1,116,791	\$1,604,271	\$939,552	39
Other	886,370	947,584	685,453	404,546	535,845	40
Total Production Expense	1,892,021	2,425,264	1,802,244	2,008,817	1,475,397	41
Natural Gas Storage Expense	25,946	20,921			1,755	42
Transmission Expense						43
Distribution Expense	199,833	218,212	251,549	250,891	130,309	44
Customer Account Expense	75,346	136,023	138,581	188,602	65,251	45
Sales Expense						46
Administrative and General	96,506	107,269	166,642	105,537	64,287	47
Total O & M Expense	\$2,289,652	\$2,907,689	\$2,359,016	\$2,553,847	\$1,736,999	48
<b>Notes:</b>						

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,**

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
1 Total Revenues	\$2,484,805	\$3,482,527	\$2,410,697	\$2,760,776	\$2,254,290
2 Sales of Gas (MCF) *	236,927	263,609	285,754	280,063	310,364
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$87,571	\$2,425,264	\$1,802,244	\$2,008,817	\$1,475,397
4 Wages and Benefits	95,783	113,300	95,437	86,348	138,807
5 Other Operation & Maintenance Exp.	2,106,298	369,125	461,335	458,682	122,795
6 Depreciation & Amortization Expense	132,415	130,948	128,766	126,900	73,594
7 Income Taxes-Operating	(116,031)	51,149	(98,721)	(428)	59,297
8 Other Taxes-Operating	111,424	103,492	95,719	148,678	129,544
9 Capital Costs	67,345	289,249	(74,083)	(68,221)	254,856
10 Total	\$2,484,805	\$3,482,527	\$2,410,697	\$2,760,776	\$2,254,290
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	3.5	69.6	74.8	72.8	65.4
12 Wages and Benefits	3.9	3.3	4.0	3.1	6.2
13 Other Operation & Maintenance Exp.	84.8	10.6	19.1	16.6	5.4
14 Depreciation & Amortization Expense	5.3	3.8	5.3	4.6	3.3
15 Income Taxes-Operating	-4.7	1.5	-4.1	0.0	2.6
16 Other Taxes-Operating	4.5	3.0	4.0	5.4	5.7
17 Capital Costs	2.7	8.3	-3.1	-2.5	11.3
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	0.37	9.20	6.31	7.17	4.75
20 Wages and Benefits	0.40	0.43	0.33	0.31	0.45
21 Other Operation & Maintenance Exp.	8.89	1.40	1.61	1.64	0.40
22 Depreciation & Amortization Expense	0.56	0.50	0.45	0.45	0.24
23 Income Taxes-Operating	-0.49	0.19	-0.35	0.00	0.19
24 Other Taxes-Operating	0.47	0.39	0.33	0.53	0.42
25 Capital Costs	0.28	1.10	-0.26	-0.24	0.82
26 Total	10.49	13.21	8.44	9.86	7.26

**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.	87,571	2,425,264	1,802,244	2,008,817	1,475,397
Liquidified Petro Gas					
Other Gas Supply					

Total Purchased Gas	87,571	2,425,264	1,802,244	2,008,817	1,475,397
-Total PG related to Sales for Resale					
PG - Ultimate Customers	87,571	2,425,264	1,802,244	2,008,817	1,475,397

**Wages and Benefits**

Salaries	95,166	101,927	93,092	85,981	119,487
Pensions and Benefits	617	11,373	2,345	367	19,320
Total Wages and Benefits	95,783	113,300	95,437	86,348	138,807

**Other Expenses**

Total O&M Expenses	2,289,652	2,907,689	2,359,016	2,553,847	1,736,999
-Total Purchased Gas	87,571	2,425,264	1,802,244	2,008,817	1,475,397
-Wages and Benefits	95,783	113,300	95,437	86,348	138,807
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,106,298	369,125	461,335	458,682	122,795

**Depreciation and Amortization**

Depreciation Exp	132,415	90,892	88,710	86,844	73,594
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses	40,056	40,056	40,056	40,056	
Total Depre and Amort	172,471	130,948	128,766	126,900	73,594

**Fuel and PP related to Sales for Resale**

Total PG	1,892,021	2,425,264	1,802,244	2,008,817	1,475,397
divided by Total MCFs	236,927	263,609	285,754	280,063	310,364
Fuel Cost per MCF	7.986	9.200	6.307	7.173	4.754
times Sales for Resale MCFs					
Sales for Resale PG					

<u>Transportation Volumes</u>	64226.21	64,461	54,314	52,885	59,149
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**Data Field Below**

Current Assets	283,320	476,160	430,998	415,779	484,371
Current Liabilities	728,687	1,100,477	562,017	813,287	436,711
Total Capitalization	2,012,603	2,132,669	2,175,188	2,469,355	2,510,284
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,012,603	2,132,669	2,026,843	2,245,182	2,286,111
Short-Term Debt			148,345	224,173	224,173
Pretax Income	(48,686)	341,965	(191,849)	56,793	389,607
Interest Expense	161,982	161,397	101,192	87,164	16,122
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	67,345	105,825	(93,128)	57,221	314,188
Internal Cash	424,329	(171,881)	149,811	159,152	352,380
Cash Outflows for Construction	83,428	45,870	73,983	159,152	5,928
Shares Outstanding (Millions) Sch250251					
Misc Deferred Debits	89,389	268,764	(360,303)	5,625	(129,459)
Number of Employees	4	4	4	4	4
<b><u>Pre-Tax Income</u></b>					
Total Utility Operating Income	\$67,345.00	\$289,249.00	(\$93,128)		
+Income Taxes - Electric					
+Income Taxes - Gas	(\$116,031.00)	\$51,149.00	(\$98,721)		
+Other Income	\$683.00	\$4,892.00			
- Other Income Deductions	\$757.00	\$3,325.00			
- Other Taxes					
Pre-Tax Income	(\$48,760.00)	\$341,965.00	(\$191,849)		