

Table 1 G

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

	2003	2002	2001	2000	1999
UTILITY PLANT					
1 Total Utility Plant	\$5,802,866	\$5,528,563	\$5,260,812	\$5,022,737	\$4,776,565
2 Less Acc. Prov. For Depreciation & Amortization	1,608,618	1,483,498	1,374,395	1,261,123	1,170,495
3 Net Total Utility Plant	4,194,248	4,045,065	3,886,417	3,761,614	3,606,070
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	5,041	8,703	8,799	8,874	8,872
5 Less Acc. Prov. For Depreciation & Amortization	(1,307)	(4,804)	(4,807)	(6,287)	(5,584)
6 Investment in Associated Companies	3,015	3,151	2,818	2,509	2,134
7 Investment in Subsidiary Companies	47,022	37,300	32,044	26,421	46,808
8 Other Investments	7,874	8,775	9,817	10,003	7,558
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	2,252	1,672	13,989	13,802	12,940
12 Total Other Property and Investments	63,897	54,797	62,661	55,323	72,729
CURRENT AND ACCRUED ASSETS					
13 Cash	26,003	29,245	16,923	(7,217)	19,357
14 Special Deposits	8,779	9,326	9,833	9,719	9,808
15 Working Funds	477	498	760	768	715
16 Temporary Cash Investments	83	0	21,600		53,165
17 Notes Receivable	78	148	96	138	187
18 Accounts Receivable	424,937	384,151	305,293	500,156	352,729
19 Less Accum. Prov. For Uncollectible Accounts	(39,666)	(41,400)	(40,501)	(37,193)	(28,117)
20 Notes Receivable from Associated Companies					164,203
21 Accounts Receivable from Assoc. Companies	38,914	24,500	225,751	53,918	165,678
22 Materials and Supplies	24,890	24,075	24,277	24,330	21,876
23 Gas Stored Underground - Current	355,769	209,225	268,505	215,447	157,627
24 Liquefied Natural Gas in Storage	9,770	7,872	8,453	8,340	7,342
25 Prepayments	87,919	69,658	94,164	42,535	37,341
26 Interest and Dividends Receivable	287	751	2,478	470	205
27 Rents Receivable	10,296	6,410	32,124	25,428	22,958
28 Accrued Utility Revenue	306,666	280,164	253,147	368,906	233,766
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	1,255,201	1,004,624	1,222,902	1,205,744	1,218,841
DEFERRED DEBITS					
31 Unamort. Debt Expense	21,172	22,420	24,101	24,799	24,067
32 Extraordinary Property Losses				1	
33 Prelim. Survey and Investigation Charges	144	76	20	117	94
34 Clearing Accounts	(1,473)	(1,257)	(1,221)	(1,347)	(1,250)
35 Temporary Facilities				(3)	
36 Miscellaneous Deferred Debits	601,858	472,639	482,342	553,558	515,793
37 Deferred Losses from Disp. of Utility Plant				939	
38 Research and Development	(2,970)	(1,902)	(1,507)	(1,932)	(73)
39 Accumulated Deferred Income Taxes	(35,076)	63,763	161,198	184,556	160,217
40 Total Deferred Debits	583,656	555,739	664,934	760,688	698,849
41 Total Assets and Other Debits	\$6,097,002	\$5,660,225	\$5,836,914	\$5,783,369	\$5,596,489

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

	2003	2002	2001	2000	1999	
PROPRIETARY CAPITAL						
Common Stock Issued	\$68,550	\$68,400	\$82,703	\$82,703	\$82,703	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	1,056,348	1,002,331	1,029,351	1,029,351	1,154,351	5
Other Paid-in Capital	95,843	89,282	180,519	180,959	180,959	6
Installments Received on Capital Stock						7
Capital Stock Expense	(31)	(36)	(41)	(45)	(50)	8
Retained Earnings	940,473	929,641	951,470	718,098	671,929	9
Unapp. Undistributed Subsidiary Earnings	60,602	53,384	48,079	42,160	36,172	10
Reaquired Capital Stock	(10,174)	(12,103)	(103,261)	(103,261)	(103,261)	11
Total Proprietary Capital	2,211,612	2,130,898	2,188,819	1,949,964	2,022,802	12
LONG-TERM DEBT						
Bonds	1,181,093	1,180,988	1,182,459	1,057,900	657,900	13
Reaquired Bonds						14
Advances from Associated Companies	344,214	424,904	444,962	474,962	821,904	15
Other Long-Term Debt	7,086	5,786	8,008	8,072	8,105	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit	(917)	(990)	(1,070)	(1,150)	(1,229)	18
Total Long-Term Debt	1,531,476	1,610,688	1,634,360	1,539,785	1,486,679	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable	14,934	10,600	13,874	14,720	7,818	20
Accounts Payable	287,920	227,358	187,629	354,056	224,791	21
Notes Payable to Associated Companies	608,830	314,747	219,107	236,000	169,200	22
Accounts Payable to Associated Companies	55,960	175,957	429,454	487,209	655,031	23
Customer Deposits	46,475	42,952	38,627	35,817	34,051	24
Taxes Accrued	29,641	21,227	23,978	33,075	30,697	25
Interest Accrued	25,444	24,184	29,214	22,283	9,193	26
Dividends Declared	9,373	9,121	8,852	8,851	9,286	27
Matured Long-Term Debt	0	0	5	5	5	28
Matured Interest	0	0	15	15	15	29
Tax Collections Payable	(4,374)	1,783	2,422	8,296	2,341	30
Misc. Current and Accrued Liabilities	167,897	117,601	127,837	174,086	129,345	31
Total Current and Accrued Liabilities	1,242,101	945,529	1,081,015	1,374,413	1,271,773	32
DEFERRED CREDITS						
Customer Advances for Construction	1,814	1,772	1,883	1,889	1,943	33
Other Deferred Credits	158,659	141,489	131,296	199,152	134,748	34
Accumulated Deferred Inv. Tax Credits	21,095	22,699	24,327	25,587	27,432	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	684,041	616,142	568,758	516,928	482,055	37
Total Deferred Credits	865,609	782,102	726,265	743,555	646,177	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve	1,144	8,992	10,370	26,188	22,324	40
Pension and Benefits Reserve	5,373	22,771	23,932	26,625	21,430	41
Miscellaneous Operating Reserves	239,686	159,244	172,153	122,839	125,304	42
Total Operating Reserves	246,203	191,007	206,455	175,652	169,057	43
Total Liabilities and Other Credits	\$6,097,002	\$5,660,225	\$5,836,914	\$5,783,369	\$5,596,489	44

Table 3 G

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

	2003	2002	2001	2000	1999
GAS OPERATING INCOME					
1 Operating Revenues	\$3,993,427	\$3,086,892	\$3,464,688	\$3,268,353	\$2,610,824
Operating Expenses:					
2 Operation Expense	2,917,502	2,055,997	2,425,992	2,297,980	1,656,558
3 Maintenance Expense	85,365	76,919	77,106	75,802	79,300
4 Depreciation Expense	146,897	141,447	132,511	129,556	122,131
5 Amort. and Depletion of Utility Plant	13,508	12,100	10,478	8,408	5,648
6 Amort. of Utility Plant Acq. Adj.	9,896	8,896	(20,807)	9,896	9,896
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	38,642	29,896	7,499	11,250	1,537
9 Other Expenses	0	18,844	3,730	5,649	
10 Taxes Other than Income Taxes	264,164	273,663	292,254	301,063	300,208
11 Income Taxes	151,651	131,551	152,915	119,291	114,634
12 Gains from Disposition of Util. Plant				(5)	(5)
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	3,627,624	2,749,313	3,081,678	2,958,899	2,289,916
15 Net Operating Revenues	365,803	337,579	383,010	309,454	320,908
16 Other Gas Utility Operating Income					
17 Total Gas Utility Operating Income	365,803	337,579	383,010	309,454	320,908
18 Other Utility Operating Income	0	0	399		
19 Total Utility Operating Income	\$365,803	\$337,579	\$383,410	\$309,454	\$320,908

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

	2003	2002	2001	2000	1999	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work	\$56	(\$310)	(\$219)	(\$246)	(\$281)	1
Income from Nonutility Operations	2	12		104	(352)	2
Nonoperating Rental Income	(30)	390	1,897	(461)	(340)	3
Equity in Earnings of Subsidiary Companies	7,259	5,582	5,919	5,989	20,267	4
Interest and Dividend Income	47	4,270	5,091	8,851	5,311	5
Allowance for Funds Used During Construction	2,247	6,542	3,620	3,012	2,412	6
Miscellaneous Nonoperating Income	3,259	7,045	8,179	5,234	3,845	7
Gain on Disposition of Property	13,687	1,751	1,191	9	43	8
Total Other Income	26,526	25,283	25,677	22,492	30,905	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property	11	0	35			10
Miscellaneous Amortization	7	7	24	24	5	11
Miscellaneous Income Deductions	14,858	5,456	8,384	9,243	3,272	12
Total Other Income Deductions	14,876	5,463	8,443	9,267	3,278	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	766	(8,392)	1,163	841	761	14
Income Taxes	(4,006)	(4,127)	(4,281)	(5,160)	(2,711)	15
Total Taxes-Other Inc. & Deductions	(3,241)	(12,519)	(3,118)	(4,319)	(1,950)	16
Net Other Income and Deductions	14,891	32,339	20,352	17,544	29,577	17
INTEREST CHARGES						
Interest on Long-term Debt	76,177	74,758	76,084	67,002	36,892	18
Amortization of Debt Discount and Expense	3,241	3,273	3,248	3,129	2,888	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	40,127	42,016	44,460	45,997	72,265	21
Other Interest Expense	5,482	6,121	5,128	11,780	5,786	22
Total Interest Charges	125,026	126,168	128,921	127,908	117,832	23
Income Before Extraordinary Items	255,667	243,750	274,841	199,090	232,653	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$255,667	\$243,750	\$274,841	\$199,090	\$232,653	29
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP) *	\$929,641	\$951,470	\$718,098	\$672,280	\$720,298	30
Balance Transferred from Income	248,408	238,169	268,923	193,102	212,386	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	237,088	258,844	35,428	147,306	247,607	34
Adjustments to Retained Earnings	(488)	(1,154)	(123)	22	(13,149)	35
Net Change	10,833	(21,829)	233,372	45,817	(48,369)	36
Unappropriated Retained Earnings (EOP)	940,473	929,641	951,470	718,098	671,929	37
Appropriated Retained Earnings (EOP)	0	0	0	0	0	38
Total Retained Earnings	940,473	929,641	\$951,470	\$718,098	\$671,929	39

Notes:

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

Table 5 G

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

	2003	2002	2001	2000	1999
Cash Flows From Operating Activities					
1 Net Income	\$255,667	\$243,750	\$274,841	\$199,090	\$232,426
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	182,607	129,143	199,403	140,049	129,692
3 Deferred Taxes & ITCs	128,850	205,516	70,578	81	50,279
4 Receivables and Inventory	(170,926)	141,081	(168,712)	89,284	(107,282)
5 Payables and Accrued Expenses	(30,838)	(114,437)	(164,782)	16,322	212,449
6 Regulatory Assets (Net)	(16,833)	(11,578)	24,542	(33,020)	(28,992)
7 Capitalized AFUDC - Equity	(1,157)	(4,385)	(2,524)	(3,012)	(2,005)
8 Undistributed Earnings of Affiliates	132	(344)	(302)	(5,988)	(20,267)
9 Other Adjustments (See company detail for explanations of major items)	(8,559)	(42,491)	79,138	(107,718)	(6,523)
10	19,844	(14,124)	70,539	(35,241)	660
11	30,674	19,878	(104,181)	69,028	(24,239)
12 Net Cash From Operating Activities	<u>389,462</u>	<u>552,011</u>	<u>278,541</u>	<u>328,875</u>	<u>436,196</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(284,784)	(276,002)	(264,997)	(285,107)	(270,475)
14 Acquisition Of Other Non-Current Assets	(9,705)	28	(288)	(588)	(791)
15 Investments in & Advances to Affiliates	121,362	(4,972)	(5,319)	26,375	(3,080)
16 Contributions & Advances from Affiliates	-	-	-	98,230	0
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment	0	0	0	0	0
18 Investments In Affiliated Companies	(7,898)	13	(13)	0	0
19 Investment Securities	(257)	123	123	22	69
20 Other Current Assets & Liabilities	0	0	0	0	0
21 Other Cash Flows - Investing Activities	604	(3,028)	(1,122)	1,293	1,302
22	-	-	-	-	-
23	0	0	0	0	0
24 Net Cash From Investing Activities	<u>(180,678)</u>	<u>(283,837)</u>	<u>(271,617)</u>	<u>(159,775)</u>	<u>(272,975)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	22,168	(45,736)	95,867	(122,597)	(51,866)
26 Common Stock	0	2,327	0	0	(1,251)
27 Preferred Stock	0	0	0	0	0
28 Short-Term Debt	3,134	22,879	(21,751)	21,788	40,638
29 Dividends Paid	(236,688)	(258,824)	(35,428)	(147,741)	(123,443)
30 Other Cash Flows - Financing Activities	0	3,420	0	0	0
31	0	(1,746)	0	0	0
32	0	0	0	0	0
33 Net Cash From Financing Activities	<u>(211,385)</u>	<u>(277,681)</u>	<u>38,688</u>	<u>(248,550)</u>	<u>(135,921)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(2,601)	(9,508)	45,613	(79,451)	27,300
35 Cash & Cash Equivalents Beginning Of Year *	31,416	40,923	(4,690)	74,761	47,461
36 Cash & Cash Equivalents End Of Year	\$28,815	\$31,416	\$40,923	(\$4,690)	\$74,761

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

	2003	2002	2001	2000	1999	
SALES AND CUSTOMER DATA						
REVENUES (\$000s)						
Residential	\$2,566,903	\$1,935,441	\$2,265,516	\$2,159,826	\$1,832,884	1
Commercial	653,031	473,483	562,452	536,388	358,826	2
Industrial	141,986	128,535	71,003	80,895	57,831	3
Other Ultimate Customers	120,347	72,452	73,585	76,878	51,490	4
Total Revenues-Ultimate Customer	3,482,267	2,609,911	2,972,557	2,853,987	2,301,031	5
Sales for Resale	194,961	134,438	142,054	104,631	62,400	6
Total Revenues from Gas Sales	3,677,227	2,744,349	3,114,611	2,958,618	2,363,432	7
Transportation Sales	262,541	296,209	300,625	275,224	197,864	8
Other Gas Operating Revenues	58,443	46,334	49,452	34,512	49,529	9
Total Gas Operating Revenues	\$3,998,211	\$3,086,892	\$3,464,688	\$3,268,353	\$2,610,824	10
SALES (MCF)						
Residential	210,971,579	188,729,609	183,658,691	206,701,559	197,100,485	11
Commercial	68,942,475	66,795,167	66,039,068	54,830,912	53,976,131	12
Industrial	17,052,919	22,201,528	9,006,435	28,444,173	11,762,316	13
Other Ultimate Customers	13,895,211	12,388,595	10,245,346	10,728,616	10,684,718	14
Total Sales-Ultimate Customer	310,862,184	290,114,899	268,949,540	300,705,260	273,523,649	15
Sales for Resale	33,233,034	44,184,609	33,714,164	29,189,487	26,384,708	16
Transportation Sales	182,665,231	228,342,176	226,382,177	215,183,331	150,611,407	17
Other Gas Sales	0	0	18,627	0	0	18
Total Sales	526,760,450	562,641,684	529,064,508	545,078,078	450,519,765	19
AVG NUMBERS OF CUSTOMERS						
Residential	2,170,255	2,194,201	2,185,603	2,178,711	2,197,553	20
Commercial	113,138	113,105	104,982	101,598	105,875	21
Industrial	16,596	19,220	24,743	27,532	22,768	22
Other Customers	3,380	4,688	4,472	4,982	4,666	23
Total Ultimate Customers	2,303,369	2,331,214	2,319,800	2,312,823	2,330,862	24
Resales	16	17	16	19	28	25
Total Customers	2,303,385	2,331,231	2,319,816	2,312,842	2,330,890	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,183	\$882	\$1,037	\$991	\$834	27
Average MCF Consumption Per Customer	97.2	86.0	84.0	94.9	89.7	28
Average Revenue Per MCF Sold	\$12.17	\$10.26	\$12.34	\$10.45	\$9.30	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$5,772	\$4,186	\$5,358	\$5,280	\$3,389	30
Average MCF Consumption Per Customer	609.4	590.6	629.1	539.7	509.8	31
Average Revenue Per MCF Sold	\$9.47	\$7.09	\$8.52	\$9.78	\$6.65	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$8,556	\$6,688	\$2,870	\$2,938	\$2,540	33
Average MCF Consumption Per Customer	1,027.6	1,155.1	364.0	1,033.1	516.6	34
Average Revenue Per MCF Sold	\$8.33	\$5.79	\$7.88	\$2.84	\$4.92	35
OPERATION AND MAINTENANCE EXPENSES						
Steam	\$0	\$0	\$0	\$3	\$3	36
Manufactured Gas	0	0	0	127	147	37
Natural Gas - Production & Gathering	27	12	15	34	22	38
Purchased Gas	2,221,766	1,406,657	1,883,383	1,566,564	967,404	39
Other	609	15,691	(90,579)	22,701	18,592	40
Total Production Expense	2,222,403	1,422,359	1,792,819	1,589,429	986,168	41
Natural Gas Storage Expense	44,201	39,571	41,263	38,087	36,813	42
Transmission Expense	109,288	104,155	111,802	125,590	129,798	43
Distribution Expense	159,165	149,303	152,814	165,670	174,977	44
Customer Account Expense	143,388	109,297	107,835	155,713	146,028	45
Sales Expense	33,872	677	669	20,118	17,516	46
Administrative and General	290,645	307,717	295,897	266,371	230,154	47
Total O & M Expense	\$3,002,962	\$2,133,079	\$2,503,098	\$2,360,978	\$1,721,453	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)**

	2003	2002	2001	2000	1999
1 Total Revenues	\$3,998,211	\$3,086,892	\$3,464,688	\$3,268,353	\$2,610,824
2 Sales of Gas (MCF) *	344,095,219	334,299,508	302,663,703	329,894,747	299,908,358
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$2,374,036	\$1,565,999	\$1,945,883	\$1,753,106	\$1,152,779
4 Wages and Benefits	299,078	189,930	157,726	289,203	287,144
5 Other Operation & Maintenance Exp.	327,940	377,065	399,488	331,472	296,287
6 Depreciation & Amortization Expense	208,903	192,336	129,681	159,110	139,211
7 Income Taxes-Operating	151,651	131,551	152,915	119,291	114,634
8 Other Taxes-Operating	264,164	273,663	292,254	301,063	300,208
9 Capital Costs	372,439	356,348	386,741	315,108	320,562
10 Total	\$3,998,211	\$3,086,892	\$3,464,688	\$3,268,353	\$2,610,824
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	59.4	50.7	56.2	53.6	44.2
12 Wages and Benefits	7.5	6.2	4.6	8.8	11.0
13 Other Operation & Maintenance Exp.	8.2	12.2	11.5	10.1	11.3
14 Depreciation & Amortization Expense	5.2	6.2	3.7	4.9	5.3
15 Income Taxes-Operating	3.8	4.3	4.4	3.6	4.4
16 Other Taxes-Operating	6.6	8.9	8.4	9.2	11.5
17 Capital Costs	9.3	11.5	11.2	9.6	12.3
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	6.90	4.68	6.43	5.31	3.84
20 Wages and Benefits	0.87	0.57	0.52	0.88	0.96
21 Other Operation & Maintenance Exp.	0.95	1.13	1.32	1.00	0.99
22 Depreciation & Amortization Expense	0.61	0.58	0.43	0.48	0.46
23 Income Taxes-Operating	0.44	0.39	0.51	0.36	0.38
24 Other Taxes-Operating	0.77	0.82	0.97	0.91	1.00
25 Capital Costs	1.08	1.07	1.28	0.96	1.07
26 Total	11.62	9.23	11.45	9.91	8.71

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.	1,538,304	1,046,710	1,193,097	1,125,560	700,133
Liquidified Petro Gas	208	22	271	111	
Other Gas Supply	703,802	394,183	624,471	463,869	286,035
Gas Storage	43,993	39,547	40,992	37,976	36,668
Transmission Expense	109,288	104,155	111,802	125,590	129,798
Total Purchased Gas	857,292	537,907	777,536	627,546	452,501
-Total PG related to Sales for Resale PG - Ultimate Customers	857,292	537,907	777,536	627,546	452,501
<u>Wages and Benefits</u>					
Salaries	226,325	141,091	127,598	223,716	217,148
Pensions and Benefits	73,996	49,884	31,300	65,487	69,996
Total Wages and Benefits	300,321	190,975	158,899	289,203	287,144
<u>Other Expenses</u>					
Total O&M Expenses	3,002,866	2,132,994	2,503,098	2,373,782	1,735,858
-Total Purchased Gas	2,375,507	1,565,999	1,945,883	1,753,106	1,152,428
-Wages and Benefits	301,418	192,110	158,899	289,203	287,144
-Other Gains	0	0	0	(5)	(5)
+Other Losses	0	0	0	0	0
-Other Revenues	0	0	0	0	0
Other Expenses	325,941	374,885	398,316	331,477	296,292
<u>Depreciation and Amortization</u>					
Depreciation Exp	146,897	141,447	132,511	129,569	111,864
Amort & Depl of Utility Plant	11,594	10,819	9,865	8,350	5,635
Amort of Other Utility Plant	11,810	10,174	(20,194)	9,942	9,896
Amort of Property Losses	0	0	0	0	0
Amort of Conversion Expenses	38,602	29,896	7,499	11,250	
Total Depre and Amort	208,903	192,336	129,681	159,110	127,395
<u>Fuel and PP related to Sales for Resale</u>					
Total PG	2,375,507	1,565,999	1,945,883	1,772,161	1,152,779
divided by Total MCFs	344,095	334,300	302,664	334,314	300,239
Fuel Cost per MCF	6.904	4.684	6.429	5.301	3.840
times Sales for Resale MCFs	33,233.034	44,184.609	33,714.164	29,189.487	26,384.708
Sales for Resale PG	235,313.456	206,071.982	217,920.411	154,562.148	103,224.005
<u>Transportation Volumes</u>					
	77,014	88,322	89,278	94,624	70,231

Table 8 G

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

	2003	2002	2001	2000	1999	
Intangible	\$118,137	\$117,649	\$100,379	\$82,587	\$69,383	1
Production	0	0	0	0		
Manufactured Gas	2,008	2,008	2,372	2,521	2,532	2
Natural Gas	20,442	20,476	20,380	20,299	20,303	3
Natural Gas Storage	0	0	0	0		
Underground Storage	0	0	0	0		4
Other Storage	116,285	114,882	94,149	93,804	97,818	5
Transmission	332,890	319,904	300,743	298,554	297,439	6
Distribution	4,880,255	4,624,793	4,301,771	4,138,757	3,921,851	7
General	285,263	280,501	270,233	268,985	262,558	8
Gas - Purchased or Sold	0	0	0	0		9
Experimental - Unclassified	0	0	0	0		10
Gas - Stored Underground, Non-current	0	858	858	858	858	11
Total Plant In Service	5,755,281	5,481,071	5,090,885	4,906,365	4,672,742	12
Plant Leased To Others	0	0	0	0		13
Plant Held For Future Use	460	460	460	460	460	14
Construction Work In Progress	57,528	46,074	168,944	115,389	103,363	15
Aquisition Adjustments	1,260	958	523	523		16
Total Plant	5,814,529	5,528,563	5,260,812	5,022,737	4,776,565	17
Accum. Prov. - Depr. & Amort.	1,608,616	1,483,498	1,374,395	1,261,123	1,170,495	18
Total Net Plant	\$4,205,914	\$4,045,065	\$3,886,417	\$3,761,614	\$3,606,070	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.01	1.06	1.13	0.88	0.96	20
Total Capitalization (\$000s)	\$4,377,026	\$4,066,933	\$4,056,160	\$3,740,469	\$3,686,499	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	35.0%	39.6%	40.3%	41.2%	40.3%	22
Preferred Stock					0.0%	23
Common Stock & Retained Earnings	50.8%	52.4%	54.0%	52.1%	54.9%	24
Short-Term Debt	14.3%	8.0%	5.7%	6.7%	4.8%	25
Pretax Coverage of Interest Expense	4.18	3.94	4.28	3.45	3.92	26
Com. Stock Dividends as a % of Earnings	-52.4%	106.2%	12.9%	74.0%	106.4%	27
Return on Common Equity	14.3%	11.3%	13.3%	10.0%	13.5%	28
Internal Cash Generated as a % of Cash Outflows for Construction	145.2%	200.0%	105.1%	115.4%	161.3%	29
Earnings per Share	\$0.00	\$4.73	\$5.33	\$3.86	\$4.51	30
Book Value per Share	\$0.01	\$41.34	\$42.47	\$37.83	\$39.24	31
Dividends per Share	(\$0.00)	\$5.02	\$0.69	\$2.86	\$4.80	32
Number of Employees	3,342	4,388	3,584	4,602	4,795	33

Data Field Below

Current Assets	1,255,200,895	1,004,624,495	1,222,902,388	1,205,744,324	1,218,841,252
Current Liabilities	1,242,101,257	945,529,395	1,081,014,644	1,374,413,491	1,271,773,009
Total Capitalization	4,377,026,241	4,066,933,023	4,056,160,281	3,740,468,917	3,686,499,435
Long-Term Debt	1,531,475,956	1,610,687,849	1,634,360,001	1,539,785,059	1,486,679,434
Preferred Stock	0	0	0	0	0
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,221,785,834	2,130,898,291	2,188,819,430	1,949,963,755	2,022,802,001
Short-Term Debt	623,764,451	325,346,884	232,980,850	250,720,103	177,018,000
Pretax Income	522,763,774	497,342,302	552,395,929	441,129,361	462,407,772
Interest Expense	125,015,926	126,167,948	128,920,575	127,908,255	117,832,141
Dividends Paid	(162,912,500)	258,843,750	35,427,675	147,306,228	247,606,709
Net Income (Excl. Preferred Stock Dividends)	311,082,813	243,750,479	274,841,349	199,090,251	232,653,104
Internal Cash	413,648,007	552,010,978	278,541,226	328,874,780	436,196,389
Cash Outflows for Construction	284,784,499	276,002,307	264,996,602	285,107,468	270,475,266
Shares Outstanding (Millions)*** Check (SOME COMPANIES IN HOLD AMTS VS. .004)	437,100.5081	51.5434	51.5434	51.5434	51.5434
Misc Deferred Debits	443,198,914	327,755,586	400,027,411	365,507,266	422,914,834
Number of Employees	3,342	4,388	3,584	4,602	4,795

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

	2003	2002	2001	2000	1999
UTILITY PLANT					
1 Total Utility Plant	\$2,426,503,240	\$ 2,315,330,678	\$ 2,230,272,297	\$ 2,151,837,465	\$ 2,056,408,355
2 Less Acc. Prov. For Depreciation & Amortization	792,794,838	725,301,686	668,549,630	605,177,582	563,864,300
3 Net Total Utility Plant	1,633,708,402	1,590,028,992	1,561,722,667	1,546,659,883	1,492,544,055
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies	46,991,792	37,274,728	32,015,873	26,399,524	46,784,988
8 Other Investments	6,791,211	7,318,515	8,277,399	8,592,205	7,504,597
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	53,783,003	44,593,243	40,293,271	34,991,729	54,289,585
CURRENT AND ACCRUED ASSETS					
13 Cash	5,096,898	11,657,365	8,986,686	(13,388,275)	16,628,170
14 Special Deposits	8,768,868	9,316,472	9,822,379	9,708,829	9,798,432
15 Working Funds	275,000	275,000	275,000	275,000	275,000
16 Temporary Cash Investments			21,600,000		53,164,992
17 Notes Receivable					
18 Accounts Receivable	132,931,741	128,581,665	104,132,411	167,500,017	70,653,936
19 Less Accum. Prov. For Uncollectible Accounts	(16,081,093)	(17,416,060)	(13,633,320)	(16,952,406)	(14,984,374)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	14,762,364	10,025,811	105,598,129	38,196,873	13,844,666
22 Materials and Supplies	9,674,672	10,259,134	8,948,337	11,957,513	12,306,023
23 Gas Stored Underground - Current	215,503,012	118,051,035	148,545,122	109,975,507	66,111,293
24 Liquefied Natural Gas in Storage	6,896,819	6,307,467	7,054,200	6,952,100	5,404,177
25 Prepayments	48,343,190	27,714,346	43,950,789	31,689,929	22,402,597
26 Interest and Dividends Receivable	13,170	13,069	1,986,043	10,956	96,272
27 Rents Receivable	404,202	375,141	(373,925)		(3,325)
28 Accrued Utility Revenue	166,078,868	157,263,531	128,468,766	196,407,472	128,234,168
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	592,667,711	462,423,976	575,360,618	542,333,515	383,932,027
DEFERRED DEBITS					
31 Unamort. Debt Expense	18,794,194	20,005,165	21,326,224	22,647,283	23,347,317
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges			38,113	38,113	18,716
34 Clearing Accounts			(440,667)		
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	248,864,245	168,476,444	229,814,203	190,046,197	211,125,052
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development	97,000	97,000	97,000		
39 Accumulated Deferred Income Taxes	29,116,733	59,429,646	34,854,599	55,360,551	30,762,489
40 Total Deferred Debits	296,872,172	248,008,256	285,689,472	268,092,144	265,253,574
41 Total Assets and Other Debits	\$2,577,031,288	\$2,345,054,466	\$2,463,066,028	\$2,392,077,271	\$2,196,019,241

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

	2003	2002	2001	2000	1999	
PROPRIETARY CAPITAL						
Common Stock Issued	\$1	\$1	\$16,882,114	\$16,882,114	\$16,882,114	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	472,627,081	468,747,082	495,767,051	495,767,051	495,767,051	5
Other Paid-in Capital			59,203,010	59,359,132	59,359,132	6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	330,625,078	417,037,124	521,687,287	374,733,081	369,830,699	9
Unapp. Undistributed Subsidiary Earnings	57,910,552	50,588,488	45,360,956	39,744,608	34,130,072	10
Required Capital Stock	(10,173,598)	(12,102,722)	(103,261,214)	(103,261,214)	(103,261,214)	11
Total Proprietary Capital	850,989,114	924,269,973	1,035,639,204	883,224,772	872,707,854	12
LONG-TERM DEBT						
Bonds	646,692,989	646,587,888	648,059,298	648,500,000	648,500,000	13
Requaired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit	(917,140)	(990,245)	(1,069,997)	(1,149,748)	(1,229,499)	18
Total Long-Term Debt	645,775,849	645,597,643	646,989,301	647,350,252	647,270,501	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable						20
Accounts Payable	111,209,803	91,828,572	74,866,724	145,373,583	102,338,390	21
Notes Payable to Associated Companies	277,365,475	37,811,181		98,230,000		22
Accounts Payable to Associated Companies	33,830,154	92,401,034	144,863,540	90,527,357	100,341,083	23
Customer Deposits	33,808,063	32,249,588	29,053,502	27,321,589	26,113,088	24
Taxes Accrued	26,363,469	13,963,721	3,504,814	23,164,701	22,419,984	25
Interest Accrued	8,380,146	6,972,116	11,962,182	8,791,533	9,102,410	26
Dividends Declared			2,368	2,368	2,368	27
Matured Long-Term Debt			4,920	4,920	4,920	28
Matured Interest			15,190	15,190	15,190	29
Tax Collections Payable	856,467	2,283,754	2,527,078	4,290,927	868,180	30
Misc. Current and Accrued Liabilities	72,158,598	37,313,429	49,761,662	68,027,040	39,973,584	31
Total Current and Accrued Liabilities	563,972,175	314,823,395	316,561,980	465,749,208	301,179,197	32
DEFERRED CREDITS						
Customer Advances for Construction			(64)			33
Other Deferred Credits	85,944,135	51,380,990	54,959,281	62,765,993	40,990,509	34
Accumulated Deferred Inv. Tax Credits	13,225,133	14,135,870	15,046,610	15,957,350	16,868,090	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	306,001,157	304,010,742	294,411,781	250,764,794	251,403,344	37
Total Deferred Credits	405,170,425	369,527,602	364,417,607	329,488,137	309,261,943	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve	253	8,775,129	9,924,817	21,576,169	16,985,435	40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves	111,123,472	82,060,725	89,533,119	44,688,733	48,614,311	42
Total Operating Reserves	111,123,725	90,835,854	99,457,936	66,264,902	65,599,746	43
Total Liabilities and Other Credits	\$2,577,031,288	\$2,345,054,466	\$2,463,066,028	\$2,392,077,271	\$2,196,019,241	44

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

	2003	2002	2001	2000	1999
GAS OPERATING INCOME					
1 Operating Revenues	\$1,699,688,030	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969	\$1,111,062,819
Operating Expense:					
2 Operation Expense	1,203,841,510	872,182,456	913,339,088	981,569,993	656,178,603
3 Maintenance Expense	49,501,265	46,897,834	48,252,769	46,959,402	50,993,275
4 Depreciation Expense	69,955,640	67,426,985	64,599,125	57,137,937	54,665,279
5 Amort. and Depletion of Utility Plant	11,580,995	10,806,250	9,852,637	8,349,668	5,635,425
6 Amort. of Utility Plant Acq. Adj.	9,895,992	8,895,992	(20,806,510)	9,895,992	9,895,992
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses					
9 Other Expenses		9,705,796		5,649,181	
10 Taxes Other than Income Taxes	131,580,290	135,667,813	142,158,422	151,064,388	140,163,625
11 Income Taxes	73,482,501	67,497,383	79,684,157	58,424,437	55,142,420
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	1,549,838,194	1,219,080,509	1,237,079,688	1,319,050,998	972,674,619
15 Net Operating Revenues	149,849,836	138,422,452	185,836,384	134,492,971	138,388,200
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	149,849,836	138,422,452	185,836,384	134,492,971	138,388,200
18 Other Utility Operating Income			399,129		
19 Total Utility Operating Income	\$149,849,836	\$138,422,452	\$186,235,513	\$134,492,971	\$138,388,200

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

	2003	2002	2001	2000	1999	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work			(\$7,500)	(\$246,424)	(\$231,362)	1
Income from Nonutility Operations	(39,286)	(99,029)		104,188	(351,620)	2
Nonoperating Rental Income				(162,445)	(104,849)	3
Equity in Earnings of Subsidiary Companies	7,322,064	5,227,532	5,616,348	5,614,536	20,039,895	4
Interest and Dividend Income	(946,124)	1,885,266	3,043,729	8,441,846	4,909,790	5
Allowance for Funds Used During Construction	1,164,941	2,157,934	1,095,734	1,015,192	1,281,492	6
Miscellaneous Nonoperating Income	(976,385)	(329)	50,211	(1,944)	(17,328)	7
Gain on Disposition of Property	(172,557)	586,226	733,863			8
Total Other Income	6,352,653	9,757,599	10,532,385	14,764,949	25,526,018	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	1,962,903	1,229,192	6,243,480	3,072,579	2,164,233	12
Total Other Income Deductions	1,962,903	1,229,192	6,243,480	3,072,579	2,164,233	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	13,474	(9,230,125)	383,335	57,610	(56,828)	14
Income Taxes	(2,467,130)	(2,677,418)	(2,898,026)	(1,263,120)	(2,114,280)	15
Total Taxes-Other Inc. & Deductions	(2,453,656)	(11,907,543)	(2,514,691)	(1,205,510)	(2,171,108)	16
Net Other Income and Deductions	6,843,406	20,435,950	6,803,596	12,897,880	25,532,893	17
INTEREST CHARGES						
Interest on Long-term Debt	35,177,814	33,821,299	35,515,831	37,245,015	36,087,686	18
Amortization of Debt Discount and Expense	1,284,076	1,400,810	1,400,810	1,395,872	1,371,174	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	552,047	15,552	1,124,599			21
Other Interest Expense	(1,230,713)	(456,628)	2,427,316	2,233,038	(3,189,637)	22
Total Interest Charges	35,783,224	34,781,034	40,468,556	40,873,925	34,269,223	23
Income Before Extraordinary Items	120,910,018	124,077,369	152,570,554	106,516,926	129,651,870	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$120,910,018	\$124,077,369	\$152,570,554	\$106,516,926	\$129,651,870	29
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RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$417,037,131	\$521,687,295	\$374,733,089	\$369,830,699	\$482,948,722	30
Balance Transferred from Income	113,587,954	118,849,836	146,954,206	100,902,390	109,611,975	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	200,000,000	223,500,000		96,000,000	210,033,709	34
Adjustments to Retained Earnings					(12,696,289)	35
Net Change	(86,412,046)	(104,650,164)	146,954,206	4,902,390	(113,118,023)	36
Unappropriated Retained Earnings (EOP)	330,625,085	417,037,131	521,687,295	374,733,089	369,830,699	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$330,625,085	\$417,037,131	\$521,687,295	\$374,733,089	\$369,830,699	39

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

	2003	2002	2001	2000	1999
Cash Flows From Operating Activities					
1 Net Income	\$120,910,018	\$124,077,369	\$152,570,554	\$106,516,918	\$129,651,870
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	103,543,045	52,940,969	129,242,135	65,487,605	60,300,704
3 Deferred Taxes & ITCs	(4,379,239)	43,552,208	62,303,894	(37,922,604)	(1,596,632)
4 Receivables and Inventory	(74,491,225)	30,251,220	(187,988,480)	(119,044,410)	(22,668,565)
5 Payables and Accrued Expenses	(65,535,357)	61,337,758	(39,768,006)	65,131,511	105,329,901
6 Regulatory Assets (Net)	32,862,343	(5,736,225)	(6,710,978)		
7 Capitalized AFUDC - Equity				(1,015,192)	(873,931)
8 Undistributed Earnings of Affiliates				(5,614,536)	(20,039,895)
9 Other Adjustments	(1,334,967)	3,782,740	(3,319,086)	(68,173,304)	(1,677,633)
10	23,257,410	(8,292,713)	31,501,816	1,571,246	3,043,144
11					(18,384,513)
12 Net Cash From Operating Activities	<u>134,832,028</u>	<u>301,913,326</u>	<u>137,831,849</u>	<u>6,937,234</u>	<u>233,084,450</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(109,480,767)	(81,941,561)	(89,455,379)	(118,343,587)	(113,699,992)
14 Acquisition Of Other Non-Current Assets	(9,717,064)				
15 Investments in & Advances to Affiliates	180,983,414	(5,258,855)	(5,616,349)	26,000,000	(5,000,000)
16 Contributions & Advances from Affiliates				98,230,000	
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies	(4,736,553)				
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities				(5,084)	46,345
22					
23					
24 Net Cash From Investing Activities	<u>57,049,030</u>	<u>(87,200,416)</u>	<u>(95,071,728)</u>	<u>5,881,329</u>	<u>(118,653,647)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	1,558,475	(12,102,722)	1,214,840		79,751
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt		156,122			
29 Dividends Paid	(200,000,000)	(223,500,000)		(96,000,000)	(86,000,000)
30 Other Cash Flows - Financing Activities		3,196,086			
31		(1,391,718)			
32					
33 Net Cash From Financing Activities	<u>(198,441,525)</u>	<u>(233,642,232)</u>	<u>1,214,840</u>	<u>(96,000,000)</u>	<u>(85,920,249)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(6,560,467)	(18,929,322)	43,974,961	(83,181,437)	28,510,554
35 Cash & Cash Equivalents Beginning Of Year	11,932,364	30,861,686	(13,113,274)	70,068,163	41,557,609
36 Cash & Cash Equivalents End Of Year	\$5,371,897	\$11,932,364	\$30,861,686	(\$13,113,274)	\$70,068,163

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

	2003	2002	2001	2000	1999	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$1,138,987,723	\$896,607,367	\$960,323,294	\$991,107,186	\$848,849,118	1
Commercial	217,515,788	164,339,201	204,402,155	230,853,081	108,067,352	2
Industrial	87,555,443	78,407,034	18,684,169	24,094,220	18,640,618	3
Other Ultimate Customers	120,187,029	72,311,184	73,406,508	76,747,010	51,363,418	4
Total Revenues-Ultimate Customer	1,564,245,983	1,211,664,786	1,256,816,126	1,322,801,497	1,026,920,506	5
Sales for Resale	12,182,325	(28,236)	4,443,279	(1,519,673)	(1,550,349)	6
Total Revenues from Gas Sales	1,576,428,308	1,211,636,550	1,261,259,405	1,321,281,824	1,025,370,157	7
Transportation Sales	111,274,137	129,947,885	144,312,359	116,760,030	77,002,010	8
Other Gas Operating Revenues	18,400,753	15,918,526	17,344,308	15,502,115	8,690,652	9
Total Gas Operating Revenues	\$1,706,103,198	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969	\$1,111,062,819	10
SALES (MCF)						
Residential	90,284,232	81,080,704	76,524,037	89,800,675	85,397,876	11
Commercial	27,014,359	29,218,356	29,747,353	16,788,887	15,251,935	12
Industrial	10,873,943	13,940,220	2,100,878	19,331,581	10,622,179	13
Other Ultimate Customers	13,877,499	12,373,351	10,228,758	10,709,574	3,665,956	14
Total Sales-Ultimate Customer	142,050,033	136,612,631	118,601,026	136,630,717	114,537,947	15
Sales for Resale						16
Transportation Sales	62,576,041	73,683,405	75,515,506	70,347,047	54,397,472	17
Other Gas Sales						18
Total Sales	204,626,074	210,296,036	194,116,532	206,977,763	168,935,419	19
AVG NUMBER OF CUSTOMERS						
Residential	1,072,252	1,112,723	1,109,925	1,105,747	1,099,918	20
Commercial	26,838	28,477	22,087	18,786	22,665	21
Industrial	10,803	13,587	19,240	21,925	17,223	22
Other Customers	3,328	4,637	4,422	4,446	4,375	23
Total Ultimate Customers	1,113,221	1,159,424	1,155,674	1,150,904	1,144,181	24
Resales						25
Total Customers	1,113,221	1,159,424	1,155,674	1,150,904	1,144,181	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,062	\$806	\$865	\$896	\$772	27
Average MCF Consumption Per Customer	84.2	72.9	68.9	81.2	77.6	28
Average Revenue Per MCF Sold	\$12.62	\$11.06	\$12.55	\$11.04	\$9.94	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$8,105	\$5,771	\$9,254	\$12,289	\$4,768	30
Average MCF Consumption Per Customer	1,006.6	1,026.0	1,346.8	893.7	672.9	31
Average Revenue Per MCF Sold	\$8.05	\$5.62	\$6.87	\$13.75	\$7.09	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$8,105	\$5,771	\$971	\$1,099	\$1,082	33
Average MCF Consumption Per Customer	1,006.6	1,026.0	109.2	881.7	187.1	34
Average Revenue Per MCF Sold	\$8.05	\$5.62	\$8.89	\$1.25	\$5.79	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$943,968,756	\$641,849,160	\$707,288,914	\$716,335,135	\$416,864,845	39
Other	(1,778,657)	25,175	(1,062,482)	567,931	1,365,390	40
Total Production Expense	942,190,099	641,874,335	706,226,431	716,903,066	418,230,235	41
Natural Gas Storage Expense	4,571,055	2,446,373	4,149,485	4,684,101	3,966,616	42
Transmission Expense	3,309,901	1,129,070	527,452	312,857	703,111	43
Distribution Expense	79,523,442	77,747,644	81,946,763	87,418,228	90,868,947	44
Customer Account Expense	62,755,752	52,337,061	49,274,515	70,203,436	67,050,844	45
Sales Expense	15,160,410		14,687	11,353,142	10,024,402	46
Administrative and General	145,832,116	143,545,807	119,452,523	137,654,565	116,327,723	47
Total O & M Expense	\$1,253,342,775	\$919,080,290	\$961,591,857	\$1,028,529,395	\$707,171,878	48

Notes:

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

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

	2003	2002	2001	2000	1999
1 Total Revenues	\$1,706,103,198	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969	\$1,111,062,819
2 Sales of Gas (MCF) *	142,050,033	136,612,631	118,601,026	136,630,717	114,537,947
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$950,071,055	\$645,449,778	\$710,903,368	\$721,900,024	\$422,899,962
4 Wages and Benefits	170,555,733	60,900,334	35,630,277	156,058,922	145,476,142
5 Other Operation & Maintenance Exp.	132,715,987	212,730,179	215,058,212	150,570,449	138,795,774
6 Depreciation & Amortization Expense	91,432,628	87,129,226	53,645,252	75,383,597	70,196,696
7 Income Taxes-Operating	73,482,501	67,497,383	79,684,157	58,424,437	55,142,420
8 Other Taxes-Operating	131,580,290	135,667,813	142,158,422	151,064,388	140,163,625
9 Capital Costs	156,265,005	148,128,248	185,836,384	140,142,152	138,388,200
10 Total	\$1,706,103,198	\$1,357,502,961	\$1,422,916,072	\$1,453,543,969	\$1,111,062,819
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	55.7	47.5	50.0	49.7	38.1
12 Wages and Benefits	10.0	4.5	2.5	10.7	13.1
13 Other Operation & Maintenance Exp.	7.8	15.7	15.1	10.4	12.5
14 Depreciation & Amortization Expense	5.4	6.4	3.8	5.2	6.3
15 Income Taxes-Operating	4.3	5.0	5.6	4.0	5.0
16 Other Taxes-Operating	7.7	10.0	10.0	10.4	12.6
17 Capital Costs	9.2	10.9	13.1	9.6	12.5
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	6.69	4.72	5.99	5.28	3.69
20 Wages and Benefits	1.20	0.45	0.30	1.14	1.27
21 Other Operation & Maintenance Exp.	0.93	1.56	1.81	1.10	1.21
22 Depreciation & Amortization Expense	0.64	0.64	0.45	0.55	0.61
23 Income Taxes-Operating	0.52	0.49	0.67	0.43	0.48
24 Other Taxes-Operating	0.93	0.99	1.20	1.11	1.22
25 Capital Costs	1.10	1.08	1.57	1.03	1.21
26 Total	12.01	9.94	12.00	10.64	9.70

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.	942,190,099	641,874,335	706,226,431	716,903,066	418,230,235
Liquidified Petro Gas					
Other Gas Supply					
Gas Storage	4,571,055	2,446,373	4,149,485	4,684,101	3,966,616
Transmission Expense	3,309,901	1,129,070	527,452	312,857	703,111
Total Purchased Gas	950,071,055	645,449,778	710,903,368	721,900,024	422,899,962
-Total PG related to Sales for Resale					
PG - Ultimate Customers	950,071,055	645,449,778	710,903,368	721,900,024	422,899,962
<u>Wages and Benefits</u>					
Salaries	139,429,002	53,205,688	43,219,973	131,656,226	127,074,034
Pensions and Benefits	31,126,731	7,694,646	(7,589,696)	24,402,696	18,402,108
Total Wages and Benefits	170,555,733	60,900,334	35,630,277	156,058,922	145,476,142
<u>Other Expenses</u>					
Total O&M Expenses	1,253,342,775	919,080,290	961,591,857	1,028,529,395	707,171,878
-Total Purchased Gas	950,071,055	645,449,778	710,903,368	721,900,024	422,899,962
-Wages and Benefits	170,555,733	60,900,334	35,630,277	156,058,922	145,476,142
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	132,715,987	212,730,179	215,058,212	150,570,449	138,795,774
<u>Depreciation and Amortization</u>					
Depreciation Exp	69,955,640	67,426,985	64,599,125	57,137,937	54,665,279
Amort & Depl of Utility Plant	11,580,995	10,806,250	9,852,637	8,349,668	5,635,425
Amort of Other Utility Plant	9,895,992	8,895,992	(20,806,510)	9,895,992	9,895,992
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	91,432,628	87,129,226	53,645,252	75,383,597	70,196,696
<u>Fuel and PP related to Sales for Resale</u>					
Total PG	950,071,055	645,449,778	710,903,368	721,900,024	422,899,962
divided by Total MCFs	142,050,033	136,612,631	118,601,026	136,952,004	114,868,591
Fuel Cost per MCF	7	4.725	5.994	5.271	3.682
times Sales for Resale MCFs					
Sales for Resale PG					
<u>Transportation Volumes</u>					
	62,576,041	73,683,405	75,515,506	70,347,047	54,397,472

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

	2003	2002	2001	2000	1999	
Intangible	\$96,935,900.00	\$96,647,204	\$85,945,341	\$76,191,687	\$68,695,689	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage	75,631,947	75,256,356	73,371,115	73,019,247	72,493,399	5
Transmission	91,497,302	91,001,544	90,633,560	90,440,340	88,333,376	6
Distribution	1,973,655,629	1,854,279,474	1,751,455,166	1,685,591,558	1,603,590,401	7
General	182,409,561	179,780,207	175,052,885	177,279,359	174,452,460	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current		857,650	857,650	857,650	857,650	11
Total Plant In Service	2,420,130,340	2,297,822,435	2,177,315,717	2,103,379,841	2,008,422,975	12
Plant Leased To Others						13
Plant Held For Future Use	366,554	366,554	366,554	366,554	366,554	14
Construction Work In Progress	5,148,697	17,141,689	52,590,026	48,091,070	47,618,826	15
Acquisition Adjustments						16
Total Plant	2,425,645,591	2,315,330,678	2,230,272,297	2,151,837,465	2,056,408,355	17
Accum. Prov. - Depr. & Amort.	792,794,838	725,301,686	668,549,630	605,177,582	563,864,300	18
Total Net Plant	\$1,632,850,753	\$1,590,028,992	\$1,561,722,667	\$1,546,659,883	\$1,492,544,055	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	1.05	1.47	1.82	1.16	1.27	20
Total Capitalization	\$1,784,304,036	\$1,607,678,796	\$1,682,628,505	\$1,628,805,024	\$1,519,978,355	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	36.2%	40.2%	38.5%	39.7%	42.6%	22
Preferred Stock						23
Common Stock & Retained Earnings	48.3%	57.5%	61.5%	54.2%	57.4%	24
Short-Term Debt	15.5%	2.4%		6.0%		25
Pretax Coverage of Interest Expense	6.24	6.43	6.67	5.00	6.33	26
Com. Stock Dividends as a % of Earnings	-133.5%	180.1%		90.1%	162.0%	27
Return on Common Equity	16.8%	12.7%	15.9%	12.1%	14.2%	28
Internal Cash Generated as a % of Cash Outflows for Construction	125.3%	368.4%	154.1%	5.9%	205.0%	29
Earnings per Share	\$1.50	\$2.45	\$3.01	\$2.10	\$2.56	30
Book Value per Share	\$8.61	\$18.25	\$20.45	\$17.44	\$17.23	31
Dividends per Share	(\$2.00)	\$4.41		\$1.90	\$4.15	32
Number of Employees	1,405	2,117	1,631	2,596	2,607	33

Data Field Below

Current Assets	592,667,711	462,423,976	575,360,618	542,333,515	383,932,027
Current Liabilities	563,972,175	314,823,395	316,561,980	465,749,208	301,179,197
Total Capitalization	1,784,304,036	1,607,678,796	1,682,628,505	1,628,805,024	1,519,978,355
Long-Term Debt	645,775,849	645,597,643	646,989,301	647,350,252	647,270,501
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	861,162,712	924,269,973	1,035,639,204	883,224,772	872,707,854
Short-Term Debt	277,365,475	37,811,181		98,230,000	
Pretax Income	223,332,337	223,678,367	269,825,241	204,552,168	216,949,233
Interest Expense	35,783,224	34,781,034	40,468,556	40,873,925	34,269,223
Common Dividends Paid	(200,000,000)	223,500,000		96,000,000	210,033,709
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	149,849,836	124,077,369	152,570,554	106,516,926	129,651,870
Internal Cash	137,161,010	301,913,326	137,831,849	6,937,234	233,084,450
Cash Outflows for Construction	109,480,767	81,941,561	89,455,379	118,343,587	113,699,992
Shares Outstanding (Millions) Sch250251	100	50.6463	50.6463	50.6463	50.6463
Misc Deferred Debits	162,920,110	168,476,444	229,814,203	190,046,197	211,125,052
Number of Employees	1,405	2,117	1,631	2,596	2,607
Pre-Tax Income					
Total Utility Operating Income	149,849,836	138,422,452	186,235,513	134,492,971	138,388,200
+Income Taxes - Electric					
+Income Taxes - Gas	73,482,501	67,497,383	79,684,157	58,424,437	55,142,420
+Other Income	6,352,653	9,757,599	10,532,385	14,764,949	25,526,018
- Other Income Deductions	1,962,903	1,229,192	6,243,480	3,072,579	2,164,233
- Other Taxes	13,474	(9,230,125)	383,335	57,610	(56,828)
Pre-Tax Income	227,708,613	223,678,367	269,825,241	204,552,168	216,949,233

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

	2003	2002	2001	2000	1999
UTILITY PLANT					
1 Total Utility Plant	\$25,168,302	\$24,381,329	\$23,187,325	\$22,524,219	\$21,808,330
2 Less Acc. Prov. For Depreciation & Amortization	9,389,704	8,961,057	8,493,402	8,076,874	7,566,765
3 Net Total Utility Plant	15,778,598	15,420,272	14,693,923	14,447,345	14,241,565
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies	3,015,316	3,151,205	2,806,101	2,509,161	2,134,112
7 Investment in Subsidiary Companies					
8 Other Investments					
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	2,251,562	1,672,204	1,639,941	1,759,331	1,523,944
12 Total Other Property and Investments	5,266,878	4,823,409	4,446,042	4,268,492	3,658,056
CURRENT AND ACCRUED ASSETS					
13 Cash	92,102	385,950	396,944	32,927	149,801
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	1,162,390	1,736,917	992,399	2,331,194	1,352,122
19 Less Accum. Prov. For Uncollectible Accounts	-110,734	(113,622)	(93,990)	(103,618)	(98,425)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies		227,151	120,217	122,462	117,625
22 Materials and Supplies	231,862	212,870	251,940	203,136	191,414
23 Gas Stored Underground - Current	2,961,224	1,614,145	2,792,150	1,765,812	1,148,874
24 Liquefied Natural Gas in Storage					
25 Prepayments	464,340	435,715	343,191	371,454	310,067
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	4,809,434	4,507,376	4,811,101	4,731,617	3,179,728
DEFERRED DEBITS					
31 Unamort. Debt Expense	280,016	301,253	322,811	344,369	365,927
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	4,311,986	3,784,109	3,245,986	2,987,512	1,554,185
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes					
40 Total Deferred Debits	4,592,002	4,085,362	3,568,797	3,331,881	1,920,112
41 Total Assets and Other Debits	\$30,446,912	\$28,836,419	\$27,519,863	\$26,779,335	\$22,999,461

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

	2003	2002	2001	2000	1999	
PROPRIETARY CAPITAL						
Common Stock Issued	\$2,703,216	\$2,552,540	\$2,300,000	\$2,300,000	\$2,300,000	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	790,886	653,346	653,346	653,346	653,346	5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense	(30,935)	(35,753)	(40,571)	(45,388)	(50,206)	8
Retained Earnings	(2,369,192)	(1,683,264)	(735,328)	(350,868)	235,934	9
Unapp. Undistributed Subsidiary Earnings	2,663,172	2,771,585	2,703,722	2,406,782	2,031,734	10
Reacquired Capital Stock						11
Total Proprietary Capital	3,757,147	4,258,454	4,881,169	4,963,872	5,170,808	12
LONG-TERM DEBT						
Bonds	9,400,000	9,400,000	9,400,000	9,400,000	9,400,000	13
Reacquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	9,400,000	9,400,000	9,400,000	9,400,000	9,400,000	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable	7,924,476	7,175,000	8,240,000	6,910,000	4,060,000	20
Accounts Payable	2,321,373	2,386,410	1,775,199	2,404,947	1,255,108	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies						23
Customer Deposits	253,693	244,022	234,833	218,500	214,376	24
Taxes Accrued	158,168	(376,153)	(484,042)	(558,632)	(418,380)	25
Interest Accrued	120,926	139,697	126,279	202,820	101,305	26
Dividends Declared	1,098	149,499	149,499	148,499	148,498	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	50,903	41,913	108,777	97,283	36,487	30
Misc. Current and Accrued Liabilities	3,870,753	2,299,345	(613,919)	(679,253)	(359,420)	31
Total Current and Accrued Liabilities	14,701,390	12,059,733	9,536,626	8,744,164	5,037,974	32
DEFERRED CREDITS						
Customer Advances for Construction	88,805	92,871	101,448	100,009	104,845	33
Other Deferred Credits	1,065,764	943,868	897,672	992,448	879,295	34
Accumulated Deferred Inv. Tax Credits	1,195	1,849	2,503	6,080	12,194	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	1,432,611	2,079,644	2,700,445	2,572,763	2,394,345	37
Total Deferred Credits	2,588,375	3,118,232	3,702,068	3,671,300	3,390,679	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves						42
Total Operating Reserves						43
Total Liabilities and Other Credits	\$30,446,912	\$28,836,419	\$27,519,863	\$26,779,336	\$22,999,461	44

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

	2003	2002	2001	2000	1999
GAS OPERATING INCOME					
1 Operating Revenues	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827	\$16,062,219
Operating Expense:					
2 Operation Expense	17,721,268	14,846,239	18,627,844	15,270,263	12,539,136
3 Maintenance Expense	250,932	253,358	278,909	263,751	249,299
4 Depreciation Expense	493,399	486,980	489,675	478,644	444,307
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	1,332,909	1,257,145	1,375,151	1,550,711	1,555,401
11 Income Taxes	-121,771	93,443	162,524	2,813	101,381
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	19,676,737	16,937,165	20,934,103	17,566,182	14,889,524
15 Net Operating Revenues	1,034,190	1,086,698	1,199,428	1,110,645	1,172,695
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	1,034,190	1,086,698	1,199,428	1,110,645	1,172,695
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$1,034,190	\$1,086,698	\$1,199,428	\$1,110,645	\$1,172,695

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

	2003	2002	2001	2000	1999	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income						3
Equity in Earnings of Subsidiary Companies	(\$67,176)	\$345,104	\$296,940	\$375,049	\$227,489	4
Interest and Dividend Income	34,698	8,189	62,546	71,020	67,165	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income	791	600	766	952	550	7
Gain on Disposition of Property						8
Total Other Income	(31,687)	353,893	360,252	447,021	295,204	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization	6,695	6,695	6,695	6,695	5,131	11
Miscellaneous Income Deductions	(8,514)	(20,867)	(3,410)	(2,260)	(25,054)	12
Total Other Income Deductions	(1,820)	(14,172)	3,285	4,435	(19,923)	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	(654)	(654)	(3,578)	(6,114)	(6,114)	14
Income Taxes						15
Total Taxes-Other Inc. & Deductions	(654)	(654)	(3,578)	(6,114)	(6,114)	16
Net Other Income and Deductions	(29,213)	368,719	360,545	448,700	321,241	17
INTEREST CHARGES						
Interest on Long-term Debt	784,329	784,330	784,330	784,330	784,330	18
Amortization of Debt Discount and Expense	21,557	21,558	21,558	21,558	21,558	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	457,752	131,874	120,905	389,159	199,033	22
Total Interest Charges	1,263,638	937,762	926,793	1,195,047	1,004,921	23
Income Before Extraordinary Items	(258,661)	517,655	633,180	364,298	489,015	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	(\$258,661)	\$517,655	\$633,180	\$364,298	\$489,015	29
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	(\$1,683,265)	(\$735,329)	(\$350,869)	\$235,934	\$503,210	30
Balance Transferred from Income	(191,485)	172,551	336,240	(10,751)	261,526	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock			598,000	598,000	598,000	34
Adjustments to Retained Earnings	(494,441)	(1,120,487)	(122,700)	21,948	69,198	35
Net Change	(685,926)	(947,936)	(384,460)	(586,803)	(267,276)	36
Unappropriated Retained Earnings (EOP)	(2,369,191)	(1,683,265)	(735,329)	(350,869)	235,934	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	(\$2,369,191)	(\$1,683,265)	(\$735,329)	(\$350,869)	\$235,934	39

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

	2003	2002	2001	2000	1999
Cash Flows From Operating Activities					
1 Net Income	(\$258,661)	\$517,655	\$633,180	\$364,298	\$261,525
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	493,399	486,980	489,675	478,644	444,307
3 Deferred Taxes & ITCs	(114,582)	(583,836)	30,768	280,621	124,151
4 Receivables and Inventory	(590,130)	292,731	284,533	(1,668,763)	(253,318)
5 Payables and Accrued Expenses	1,892,181	3,588,107	(537,538)	856,190	(719,499)
6 Regulatory Assets (Net)	(397,143)	(516,565)	(236,916)	(1,411,769)	164,243
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates	135,889	(345,104)	(296,940)	(375,049)	(227,489)
9 Other Adjustments					
10					
11					
12 Net Cash From Operating Activities	<u>1,160,953</u>	<u>3,439,968</u>	<u>366,762</u>	<u>(1,475,828)</u>	<u>(206,080)</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(1,231,677)	(2,569,316)	(1,273,775)	(1,054,656)	(531,758)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates	(135,889)	345,104	296,940	375,049	227,489
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies					
19 Investment Securities	(257,351)	123,053	122,700	21,948	69,198
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(1,624,917)</u>	<u>(2,101,159)</u>	<u>(854,135)</u>	<u>(657,659)</u>	<u>(235,071)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt					
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	749,476	(1,065,000)	1,330,000	2,850,000	1,220,000
29 Dividends Paid		(252,540)	(598,000)	(598,000)	(598,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>749,476</u>	<u>(1,317,540)</u>	<u>732,000</u>	<u>2,252,000</u>	<u>622,000</u>
34 Net Increase/(Decrease) In Cash Equivalents	285,512	21,269	244,627	118,513	180,849
35 Cash & Cash Equivalents Beginning Of Year	2,066,404	2,045,135	1,800,508	1,681,995	1,501,146
36 Cash & Cash Equivalents End Of Year	\$2,351,916	\$2,066,404	\$2,045,135	\$1,800,508	\$1,681,995
(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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	2003	2002	2001	2000	1999	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$11,634,115	\$9,818,462	\$14,356,887	\$11,684,642	\$10,453,569	1
Commercial	2,507,302	2,210,664	2,524,889	1,899,428	1,574,862	2
Industrial	332,245	189,513	168,672	141,401	154,803	3
Other Ultimate Customers	159,769	140,905	178,931	131,202	126,667	4
Total Revenues-Ultimate Customer	14,633,431	12,359,544	17,229,379	13,856,673	12,309,901	5
Sales for Resale	2,515,289	2,318,205	2,197,216	2,220,384	1,386,745	6
Total Revenues from Gas Sales	17,148,720	14,677,749	19,426,595	16,077,057	13,696,646	7
Transportation Sales	3,351,093	3,154,811	2,549,554	2,454,800	2,161,478	8
Other Gas Operating Revenues	211,114	191,303	157,382	144,970	204,095	9
Total Gas Operating Revenues	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827	\$16,062,219	10
SALES (MCF)						
Residential	1,155,313	1,034,757	1,344,299	1,530,673	1,481,783	11
Commercial	267,710	239,259	258,185	266,157	241,617	12
Industrial	32,066	20,325	16,180	15,000	21,852	13
Other Ultimate Customers	17,712	15,244	16,588	19,042	18,762	14
Total Sales-Ultimate Customer	1,472,801	1,309,585	1,635,252	1,830,872	1,764,014	15
Sales for Resale	373,765	349,933	297,923	350,784	296,456	16
Transportation Sales	6,494,221	6,326,900	5,879,676	6,220,086	6,014,226	17
Other Gas Sales						18
Total Sales	8,340,787	7,986,418	7,812,851	8,401,742	8,074,696	19
AVG NUMBERS OF CUSTOMERS						
Residential	10,210	9,947	10,102	12,940	12,938	20
Commercial	823	807	793	858	897	21
Industrial	6	5	5	5	5	22
Other Customers	52	51	50	536	291	23
Total Ultimate Customers	11,091	10,810	10,950	14,339	14,131	24
Resales	1	1	1	1	1	25
Total Customers	11,092	10,811	10,951	14,340	14,132	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,139	\$987	\$1,421	\$903	\$808	27
Average MCF Consumption Per Customer	113.2	104.0	133.1	118.3	114.5	28
Average Revenue Per MCF Sold	\$10.07	\$9.49	\$10.68	\$7.63	\$7.05	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$3,047	\$2,739	\$3,184	\$2,214	\$1,756	30
Average MCF Consumption Per Customer	325.3	296.5	325.6	310.2	269.4	31
Average Revenue Per MCF Sold	\$9.37	\$9.24	\$9.78	\$7.14	\$6.52	32
INDUSTRIAL						
Average Annual Bill Per Customer	\$55,374	\$37,903	\$33,734	\$28,280	\$30,961	33
Average MCF Consumption Per Customer	5,344.3	4,065.0	3,236.0	3,000.0	4,370.5	34
Average Revenue Per MCF Sold	\$10.36	\$9.32	\$10.42	\$9.43	\$7.08	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$13,257,378	\$11,254,903	\$15,344,658	\$11,603,958	\$9,053,645	39
Other	289,993	239,643	(54,951)	129,186	77,622	40
Total Production Expense	13,547,371	11,494,546	15,289,707	11,733,144	9,131,267	41
Natural Gas Storage Expense						42
Transmission Expense	328,663	340,108	344,043	294,601	350,954	43
Distribution Expense	843,654	1,002,342	969,683	876,585	817,168	44
Customer Account Expense	496,308	491,925	544,072	483,763	452,608	45
Sales Expense	89,117	115,057	140,069	123,325	132,054	46
Administrative and General	2,667,087	1,655,618	1,619,179	2,022,596	1,904,386	47
Total O & M Expense	\$17,972,200	\$15,099,596	\$18,906,753	\$15,534,014	\$12,788,437	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,

	2003	2002	2001	2000	1999
1 Total Revenues	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827	\$16,062,219
2 Sales of Gas (MCF) *	1,846,566	1,659,518	1,933,175	2,181,656	2,060,470
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$13,586,041	\$11,834,654	\$15,633,750	\$12,027,745	\$9,482,221
4 Wages and Benefits	3,088,004	2,310,818	2,251,765	2,570,551	2,657,113
5 Other Operation & Maintenance Exp.	1,298,155	954,125	1,021,238	935,718	1,000,055
6 Depreciation & Amortization Expense	493,399	486,980	489,675	478,644	444,307
7 Income Taxes-Operating	(121,771)	93,443	162,524	2,813	101,381
8 Other Taxes-Operating	1,332,909	1,257,145	1,375,151	1,550,711	1,555,401
9 Capital Costs	1,034,190	1,086,698	1,199,428	1,110,645	821,741
10 Total	\$20,710,927	\$18,023,863	\$22,133,531	\$18,676,827	\$16,062,219
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	65.6	65.7	70.6	64.4	59.0
12 Wages and Benefits	14.9	12.8	10.2	13.8	16.5
13 Other Operation & Maintenance Exp.	6.3	5.3	4.6	5.0	6.2
14 Depreciation & Amortization Expense	2.4	2.7	2.2	2.6	2.8
15 Income Taxes-Operating	-0.6	0.5	0.7	0.0	0.6
16 Other Taxes-Operating	6.4	7.0	6.2	8.3	9.7
17 Capital Costs	5.0	6.0	5.4	5.9	5.1
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	7.36	7.13	8.09	5.51	4.60
20 Wages and Benefits	1.67	1.39	1.16	1.18	1.29
21 Other Operation & Maintenance Exp.	0.70	0.57	0.53	0.43	0.49
22 Depreciation & Amortization Expense	0.27	0.29	0.25	0.22	0.22
23 Income Taxes-Operating	-0.07	0.06	0.08	0.00	0.05
24 Other Taxes-Operating	0.72	0.76	0.71	0.71	0.75
25 Capital Costs	0.56	0.65	0.62	0.51	0.40
26 Total	11.22	10.86	11.45	8.56	7.80

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	13,257,378	11,494,546	15,289,707	11,733,144	9,131,267
Gas Storage					
Transmission Expense	328,663	340,108	344,043	294,601	350,954
Total Purchased Gas	13,586,041	11,834,654	15,633,750	12,027,745	9,482,221
-Total PG related to Sales for Resale					
PG - Ultimate Customers	13,586,041	11,834,654	15,633,750	12,027,745	9,482,221

Wages and Benefits

Salaries	1,975,761	2,017,961	1,936,032	1,741,441	1,821,183
Pensions and Benefits	1,112,243	292,857	315,733	829,110	835,930
Total Wages and Benefits	3,088,004	2,310,818	2,251,765	2,570,551	2,657,113

Other Expenses

Total O&M Expenses	17,972,200	15,099,597	18,906,753	15,534,014	12,788,435
-Total Purchased Gas	13,586,041	11,834,654	15,633,750	12,027,745	9,131,267
-Wages and Benefits	3,088,004	2,310,818	2,251,765	2,570,551	2,657,113
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	1,298,155	954,125	1,021,238	935,718	1,000,055

Depreciation and Amortization

Depreciation Exp	493,399	486,980	489,675	478,644	444,307
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	493,399	486,980	489,675	478,644	444,307

Fuel and PP related to Sales for Resale

Total PG	13,586,041	11,834,654	15,633,750	12,027,745	9,482,221
divided by Total MCFs	1,846,566	1,659,518	1,933,175	2,181,656	2,060,470
Fuel Cost per MCF	7	7	8	6	5
times Sales for Resale MCFs	373,765	349,933	297,923	350,784	296,456
Sales for Resale PG	2,749,962	2,495,505	2,409,329	1,933,916	1,364,280

Transportation Volumes

	6,494,221	6,326,900	5,879,676	6,220,086	6,014,226
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CORNING NATURAL GAS CORPORATION
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2003	2002	2001	2000	1999	
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	4,304,260	3,937,132	3,690,990	3,676,278	3,674,673	6
Distribution	13,624,811	12,944,147	12,354,628	11,738,062	11,238,197	7
General	7,009,922	7,079,540	6,972,021	6,826,329	6,661,208	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
Total Plant In Service	24,967,735	23,989,561	23,046,381	22,269,411	21,602,820	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	200,568	391,767	140,944	254,808	205,510	15
Acquisition Adjustments						16
Total Plant	25,168,303	24,381,328	23,187,325	22,524,219	21,808,330	17
Accum. Prov. - Depr. & Amort.	9,389,704	8,961,057	8,493,402	8,076,874	7,566,765	18
Total Net Plant	\$15,778,599	\$15,420,271	\$14,693,923	\$14,447,345	\$14,241,565	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.33	0.37	0.50	0.54	0.63	20
Total Capitalization	\$21,081,623	\$20,833,454	\$22,521,169	\$21,273,872	\$18,630,808	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	44.6%	45.1%	41.7%	44.2%	50.5%	22
Preferred Stock						23
Common Stock & Retained Earnings	17.8%	20.4%	21.7%	23.3%	27.8%	24
Short-Term Debt	37.6%	34.4%	36.6%	32.5%	21.8%	25
Pretax Coverage of Interest Expense	0.70	1.65	1.86	1.31	1.59	26
Com. Stock Dividends as a % of Earnings			94.4%	164.2%	122.3%	27
Return on Common Equity	-6.5%	11.3%	12.9%	7.2%	9.4%	28
Internal Cash Generated as a % of Cash Outflows for Construction	94.3%	133.9%	28.8%	-139.9%	-38.8%	29
Earnings per Share	(\$0.51)	\$1.13	\$1.38	\$0.79	\$1.06	30
Book Value per Share	\$7.40	\$9.26	\$10.61	\$10.79	\$11.24	31
Dividends per Share			\$1.30	\$1.30	\$1.30	32
Number of Employees	72	73	79	78	77	33

<u>Data Field Below</u>	2003	2002	2001	2000	1999
Current Assets	4,809,434	4,507,376	4,811,101	4,731,617	3,179,728
Current Liabilities	14,701,390	12,059,733	9,536,626	8,744,164	5,037,974
Total Capitalization	21,081,623	20,833,454	22,521,169	21,273,872	18,630,808
Long-Term Debt	9,400,000	9,400,000	9,400,000	9,400,000	9,400,000
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	3,757,147	4,258,454	4,881,169	4,963,872	5,170,808
Short-Term Debt	7,924,476	7,175,000	8,240,000	6,910,000	4,060,000
Pretax Income	883,206	1,548,860	1,722,497	1,562,158	1,595,317
Interest Expense	1,263,638	937,762	926,793	1,195,047	1,004,921
Common Dividends Paid			598,000	598,000	598,000
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	(258,661)	517,655	633,180	364,298	489,015
Internal Cash	1,160,953	3,439,968	366,762	(1,475,828)	(206,080)
Cash Outflows for Construction	1,231,677	2,569,316	1,273,775	1,054,656	531,758
Shares Outstanding (Millions) Sch250251	0.5080	0.4600	0.4600	0.4600	0.4600
Misc Deferred Debits Sch233	3,246,222	2,840,241	1,995,064	1,995,064	1,554,185
Number of Employees	51	72	79	78	77
<u>Pre-Tax Income</u>					
Total Utility Operating Income	1,034,190	1,086,698	1,199,428	1,110,645	1,172,695
+Income Taxes - Electric					
+Income Taxes - Gas	(121,771)	93,443	162,524	2,813	101,381
+Other Income	(31,687)	353,893	360,252	447,021	295,204
- Other Income Deductions	(1,820)	(14,172)	3,285	4,435	(19,923)
- Other Taxes	(654)	(654)	(3,578)	(6,114)	(6,114)
Pre-Tax Income	883,206	1,548,860	1,722,497	1,562,158	1,595,317

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

	2003	2002	2001	2000	1999
UTILITY PLANT					
1 Total Utility Plant	\$1,898,215,833	\$ 1,771,779,583	\$ 1,629,963,102	\$ 1,501,189,538	\$ 1,392,975,297
2 Less Acc. Prov. For Depreciation & Amortization	355,376,241	322,235,539	294,400,463	268,259,721	245,956,424
3 Net Total Utility Plant	1,542,839,592	1,449,544,044	1,335,562,639	1,232,929,817	1,147,018,873
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	1,243,800	4,803,026	4,803,026	4,803,026	4,803,026
5 Less Acc. Prov. For Depreciation & Amortization	(84,702)	(3,555,426)	(3,554,318)	(4,997,484)	(4,299,361)
6 Investment in Associated Companies			11,861		
7 Investment in Subsidiary Companies			1,297		
8 Other Investments	1,123,100	1,469,035	1,538,894	1,410,108	52,762
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	2,282,198	2,716,636	2,800,760	1,215,650	556,427
CURRENT AND ACCRUED ASSETS					
13 Cash	1,554,063	9,516,729			
14 Special Deposits	10,000	10,000	10,233	10,000	10,000
15 Working Funds			(40)	(40)	(40)
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	129,434,822	128,754,441	94,462,952	163,251,745	178,202,198
19 Less Accum. Prov. For Uncollectible Accounts	(8,222,432)	(7,920,147)	(9,951,060)	(8,191,993)	(5,309,614)
20 Notes Receivable from Associated Companies					164,203,310
21 Accounts Receivable from Assoc. Companies	10,941,773	7,780,548	110,477,050	9,372,363	146,594,374
22 Materials and Supplies	8,215,969	7,783,412	9,332,807	7,029,209	5,507,055
23 Gas Stored Underground - Current	100,342,183	47,516,423	70,886,205	84,986,807	70,802,765
24 Liquefied Natural Gas in Storage	2,873,205	1,564,216	1,398,812	1,387,639	1,938,029
25 Prepayments	28,603,195	31,262,699	39,388,692	428,587	1,434,765
26 Interest and Dividends Receivable					
27 Rents Receivable	9,891,680	6,035,342	32,498,378	25,427,662	22,961,524
28 Accrued Utility Revenue	78,423,518	64,172,446	69,896,039	80,409,857	53,132,363
29 Misc. Current and Accrued Assets			202		
30 Total Current and Accrued Assets	362,067,976	296,476,108	418,400,270	364,111,837	639,476,729
DEFERRED DEBITS					
31 Unamort. Debt Expense	2,098,277	2,113,693	2,451,506	1,807,084	353,800
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts			251,469		
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	228,451,363	193,970,252	187,718,489	206,806,294	179,948,812
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development		42,241	42,241	(92,997)	
39 Accumulated Deferred Income Taxes	(67,096,648)	1,549,269	122,631,720	124,791,844	125,497,356
40 Total Deferred Debits	163,452,992	197,675,455	313,095,424	333,312,225	305,799,968
41 Total Assets and Other Debits	\$2,070,642,758	\$1,946,412,243	\$2,069,859,094	\$1,931,569,529	\$2,092,851,997

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

	2003	2002	2001	2000	1999	
PROPRIETARY CAPITAL						
Common Stock Issued	\$1	\$1	\$1	\$1	\$1	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	582,861,727	532,861,727	532,861,727	532,861,727	657,861,726	5
Other Paid-in Capital	(25,756,513)	(32,317,668)	(283,991)			6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	225,118,318	146,545,285	77,950,182	17,163,483	(4,788,433)	9
Unapp. Undistributed Subsidiary Earnings						10
Reaquired Capital Stock						11
Total Proprietary Capital	782,223,533	647,089,345	610,527,919	550,025,210	653,073,294	12
LONG-TERM DEBT						
Bonds	525,000,000	525,000,000	525,000,000	400,000,000		13
Reaquired Bonds						14
Advances from Associated Companies	125,904,287	175,904,287	175,962,488	175,962,488	572,904,287	15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	650,904,287	700,904,287	700,962,488	575,962,488	572,904,287	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable						20
Accounts Payable	84,703,159	68,771,834	69,880,096	105,301,123	82,044,616	21
Notes Payable to Associated Companies	123,840,327	118,111,530	105,506,717	3,069,676		22
Accounts Payable to Associated Companies	3,297,576	68,511,825	268,897,264	380,501,101	539,325,818	23
Customer Deposits	4,233,001	3,730,336	4,222,605	4,027,156	3,925,345	24
Taxes Accrued	(2,654,357)	7,647,608	1,351,103	3,080,353	5,004,777	25
Interest Accrued	16,916,087	17,014,006	17,050,147	13,204,110	(79,910)	26
Dividends Declared						27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	(2,369,322)	(1,119,063)	1,220,005	1,565,827	1,024,329	30
Misc. Current and Accrued Liabilities	80,907,454	77,701,808	71,791,582	83,895,810	59,412,203	31
Total Current and Accrued Liabilities	308,873,925	360,369,884	539,919,519	594,645,156	690,657,178	32
DEFERRED CREDITS						
Customer Advances for Construction		(6,180)	67,130	67,130	65,954	33
Other Deferred Credits	21,932,879	34,658,197	15,559,795	29,869,404	20,890,758	34
Accumulated Deferred Inv. Tax Credits						35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	189,785,268	141,264,364	127,502,145	98,697,685	73,432,736	37
Total Deferred Credits	211,718,147	175,916,381	143,129,070	128,634,219	94,389,448	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve				4,176,355	5,153,351	40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves	116,922,866	62,132,347	75,320,098	78,126,101	76,674,439	42
Total Operating Reserves	116,922,866	62,132,347	75,320,098	82,302,456	81,827,790	43
Total Liabilities and Other Credits	\$2,070,642,758	\$1,946,412,243	\$2,069,859,094	\$1,931,569,529	\$2,092,851,997	44

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

	2003	2002	2001	2000	1999
GAS OPERATING INCOME					
1 Operating Revenues	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,635	\$640,704,316
Operating Expense:					
2 Operation Expense	696,551,598	492,442,227	586,903,032	534,022,400	395,545,846
3 Maintenance Expense	22,478,761	17,098,744	16,230,413	14,648,558	14,302,509
4 Depreciation Expense	37,086,241	34,736,266	29,604,394	34,720,850	31,267,084
5 Amort. and Depletion of Utility Plant	1,914,321	1,278,448	612,791	46,062	
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	38,601,622	29,896,041	7,498,929	11,249,887	1,536,999
9 Other Expenses					
10 Taxes Other than Income Taxes	77,502,670	85,614,234	91,203,731	92,684,396	83,635,669
11 Income Taxes	40,796,295	31,187,324	28,891,067	20,982,819	23,301,723
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	914,931,509	692,253,284	760,944,356	708,354,971	549,589,830
15 Net Operating Revenues	131,999,899	118,347,947	110,190,738	88,695,664	91,114,486
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	131,999,899	118,347,947	110,190,738	88,695,664	91,114,486
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$131,999,899	\$118,347,947	\$110,190,738	\$88,695,664	\$91,114,486

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

	2003	2002	2001	2000	1999	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work	\$214,153	(\$142,513)	(\$58,647)	\$132,358	\$42,109	1
Income from Nonutility Operations	41,092	111,177				2
Nonoperating Rental Income	(340,235)	(1,108)	1,443,166	(698,124)	(640,205)	3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income	(496,898)	430,871	26,604	(621,368)		5
Allowance for Funds Used During Construction	898,412	4,148,902	2,352,508	1,709,214	994,518	6
Miscellaneous Nonoperating Income	4,155,286	6,986,450	8,095,620	5,209,350	2,252,469	7
Gain on Disposition of Property	13,859,281	1,164,702	454,202		43,039	8
Total Other Income	18,331,091	12,698,483	12,313,453	5,731,430	2,691,930	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	12,240,048	3,712,070	1,813,748	5,663,570	1,031,925	12
Total Other Income Deductions	12,240,048	3,712,070	1,813,748	5,663,570	1,031,925	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	751,631	835,382	778,567	775,264	810,851	14
Income Taxes			(572,437)	(2,621,095)	(45,579)	15
Total Taxes-Other Inc. & Deductions	751,631	835,382	206,130	(1,845,831)	765,272	16
Net Other Income and Deductions	5,339,412	8,151,030	10,293,575	1,913,691	894,733	17
INTEREST CHARGES						
Interest on Long-term Debt	40,125,000	40,125,000	39,765,625	28,954,110		18
Amortization of Debt Discount and Expense	356,704	355,297	330,085	214,669		19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	16,556,905	18,339,050	18,388,268	20,086,808	47,261,163	21
Other Interest Expense	1,727,668	(915,473)	1,213,635	4,401,852	3,227,156	22
Total Interest Charges	58,766,277	57,903,874	59,697,613	53,657,439	50,488,319	23
Income Before Extraordinary Items	78,573,034	68,595,103	60,786,700	36,951,916	41,520,900	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$78,573,034	\$68,595,103	\$60,786,700	\$36,951,916	\$41,520,900	29
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$146,545,287	\$77,950,183	\$17,163,483	(\$4,788,433)	(\$45,787,900)	30
Balance Transferred from Income	78,573,034	68,595,103	60,786,700	36,951,916	41,520,900	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock				15,000,000		34
Adjustments to Retained Earnings					(521,433)	35
Net Change	78,573,034	68,595,103	60,786,700	21,951,916	40,999,467	36
Unappropriated Retained Earnings (EOP)	225,118,321	146,545,287	77,950,183	17,163,483	(4,788,433)	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$225,118,321	\$146,545,287	\$77,950,183	\$17,163,483	(\$4,788,433)	39

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

	2003	2002	2001	2000	1999
Cash Flows From Operating Activities					
1 Net Income	\$78,573,034	\$68,595,103	\$60,786,700	\$36,951,916	\$41,520,900
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	37,101,657	35,091,563	29,934,479	34,935,519	31,267,084
3 Deferred Taxes & ITCs	117,166,821	134,844,660	30,964,584	25,970,461	48,163,877
4 Receivables and Inventory	(59,104,026)	125,345,619	(17,087,161)	271,476,335	(92,696,182)
5 Payables and Accrued Expenses	(9,969,890)	(176,682,156)	(58,421,302)	(109,939,351)	111,296,574
6 Regulatory Assets (Net)	(44,415,483)	(4,848,284)	23,113,468	(15,151,048)	(25,936,337)
7 Capitalized AFUDC - Equity	(973,280)	(4,148,902)	(2,352,508)	(1,709,214)	(994,518)
8 Undistributed Earnings of Affiliates					
9 Other Adjustments					
10	302,285	(2,030,913)	1,759,067	2,882,379	(276,569)
11	58,985,555	3,518,747	(64,250,509)	6,088,454	(9,496,134)
12 Net Cash From Operating Activities	<u>177,666,673</u>	<u>179,685,437</u>	<u>4,446,818</u>	<u>251,505,451</u>	<u>102,848,695</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(122,982,662)	(137,597,720)	(129,345,118)	(114,665,463)	(101,169,101)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates	(59,485,452)	(58,201)			1,692,111
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies	(3,161,225)	13,158	(13,158)		
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(185,629,339)</u>	<u>(137,642,763)</u>	<u>(129,358,276)</u>	<u>(114,665,463)</u>	<u>(99,476,990)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt		(32,033,676)	124,716,009	(121,941,799)	(1,879,767)
26 Common Stock					(1,250,590)
27 Preferred Stock					
28 Short-Term Debt		(492,269)	195,449	101,811	(241,348)
29 Dividends Paid				(15,000,000)	
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities		<u>(32,525,945)</u>	<u>124,911,458</u>	<u>(136,839,988)</u>	<u>(3,371,705)</u>
34 Net Increase/(Decrease) In Cash Equivalents	(7,962,666)	9,516,729			
35 Cash & Cash Equivalents Beginning Of Year	9,516,729				
36 Cash & Cash Equivalents End Of Year	\$1,554,063	\$9,516,729			

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

	2003	2002	2001	2000	1999	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$580,329,130	\$436,046,461	\$489,090,228	\$477,372,452	\$379,242,985	1
Commercial	284,266,363	204,927,911	211,749,401	187,195,277	145,863,657	2
Industrial	30,187,578	21,737,182	22,434,852	19,833,342	15,454,255	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	894,783,071	662,711,554	723,274,481	684,401,071	540,560,897	5
Sales for Resale	64,446,567	48,579,098	61,977,539	42,347,099	31,832,893	6
Total Revenues from Gas Sales	959,229,638	711,290,652	785,252,020	726,748,170	572,393,790	7
Transportation Sales	58,738,557	74,073,438	63,055,297	47,716,359	31,928,831	8
Other Gas Operating Revenues	28,963,213	25,237,141	22,827,777	22,586,107	36,381,695	9
Total Gas Operating Revenues	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,636	\$640,704,316	10
SALES (MCF)						
Residential	43,511,421	35,194,071	36,577,449	41,701,872	37,281,901	11
Commercial	26,873,001	23,736,262	22,608,736	23,681,623	24,101,946	12
Industrial	2,853,770	2,517,760	2,395,396	2,509,068	2,553,601	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	73,238,192	61,448,093	61,581,581	67,892,563	63,937,448	15
Sales for Resale	14,213,497	20,975,826	19,912,065	15,584,861	13,634,736	16
Transportation Sales	43,342,663	76,822,441	73,101,026	56,993,755	14,237,880	17
Other Gas Sales						18
Total Sales	130,794,352	159,246,361	154,594,672	140,471,180	91,810,065	19
AVG NUMBER OF CUSTOMERS						
Residential	430,959	414,360	408,704	426,918	422,370	20
Commercial	44,277	42,809	41,636	42,735	41,819	21
Industrial	4,702	4,540	4,411	4,528	4,431	22
Other Customers						23
Total Ultimate Customers	479,938	461,709	454,751	474,181	468,620	24
Resales	1	2	3	6	12	25
Total Customers	479,939	461,711	454,754	474,187	468,632	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,347	\$1,052	\$1,197	\$1,118	\$898	27
Average MCF Consumption Per Customer	101.0	84.9	89.5	97.7	88.3	28
Average Revenue Per MCF Sold	\$13.34	\$12.39	\$13.37	\$11.45	\$10.17	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$6,420	\$4,787	\$5,086	\$4,380	\$3,488	30
Average MCF Consumption Per Customer	606.9	554.5	543.0	554.2	576.3	31
Average Revenue Per MCF Sold	\$10.58	\$8.63	\$9.37	\$7.90	\$6.05	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$6,420	\$4,788	\$5,086	\$4,380	\$3,488	33
Average MCF Consumption Per Customer	606.9	554.6	543.1	554.1	576.3	34
Average Revenue Per MCF Sold	\$10.58	\$8.63	\$9.37	\$7.90	\$6.05	35
OPERATION AND MAINTENANCE EXPENSES						
Steam				\$3,472	\$3,327	36
Manufactured Gas				126,952	147,110	37
Natural Gas - Production & Gathering	\$7,266.00			-		38
Purchased Gas	578,269,097	\$374,846,976	\$487,591,476	416,230,391	280,267,627	39
Other	(4,260,199)	9,894,972	(27,811,900)	(8,597,960)	1,484,707	40
Total Production Expense	574,016,164	384,741,948	459,779,575	407,762,855	281,902,770	41
Natural Gas Storage Expense	2,298,762	1,105,880	2,299,408	1,781,008	1,914,582	42
Transmission Expense	7,014,098	5,536,163	4,651,645	7,382,505	6,493,073	43
Distribution Expense	32,399,708	25,718,149	23,977,945	29,046,734	35,390,585	44
Customer Account Expense	25,205,779	1,962,981	5,740,737	33,234,561	27,720,919	45
Sales Expense	18,009,176			8,096,974	6,918,857	46
Administrative and General	60,086,672	90,475,850	106,684,133	48,562,739	35,102,985	47
Total O & M Expense	\$719,030,359	\$509,540,971	\$603,133,444	\$535,867,376	\$395,443,772	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,**

	2003	2002	2001	2000	1999
1 Total Revenues	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,636	\$640,704,316
2 Sales of Gas (MCF) *	87,451,689	82,423,919	81,493,646	83,477,424	77,572,185
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$583,329,024	\$391,383,991	\$466,730,629	\$416,926,368	\$290,310,425
4 Wages and Benefits	20,016,688	25,480,006	23,825,794	20,975,399	29,246,712
5 Other Operation & Maintenance Exp.	115,684,647	92,676,974	112,577,022	110,769,191	90,291,218
6 Depreciation & Amortization Expense	77,602,185	65,910,755	37,716,113	46,016,798	32,804,083
7 Income Taxes-Operating	40,796,295	31,187,324	28,891,067	20,982,819	23,301,723
8 Other Taxes-Operating	77,502,670	85,614,234	91,203,731	92,684,396	83,635,669
9 Capital Costs	131,999,899	118,347,947	110,190,738	88,695,665	91,114,486
10 Total	\$1,046,931,408	\$810,601,231	\$871,135,094	\$797,050,636	\$640,704,316
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	55.7	48.3	53.6	52.3	45.3
12 Wages and Benefits	1.9	3.1	2.7	2.6	4.6
13 Other Operation & Maintenance Exp.	11.0	11.4	12.9	13.9	14.1
14 Depreciation & Amortization Expense	7.4	8.1	4.3	5.8	5.1
15 Income Taxes-Operating	3.9	3.8	3.3	2.6	3.6
16 Other Taxes-Operating	7.4	10.6	10.5	11.6	13.1
17 Capital Costs	12.6	14.6	12.6	11.1	14.2
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	6.67	4.75	5.73	4.99	3.74
20 Wages and Benefits	0.23	0.31	0.29	0.25	0.38
21 Other Operation & Maintenance Exp.	1.32	1.12	1.38	1.33	1.16
22 Depreciation & Amortization Expense	0.89	0.80	0.46	0.55	0.42
23 Income Taxes-Operating	0.47	0.38	0.35	0.25	0.30
24 Other Taxes-Operating	0.89	1.04	1.12	1.11	1.08
25 Capital Costs	1.51	1.44	1.35	1.06	1.17
26 Total	11.97	9.83	10.69	9.55	8.26

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.	574,016,164	384,741,948	459,779,575	407,762,855	281,902,770
Liquidified Petro Gas	208,432	21,870	270,539	111,021	144,961
Other Gas Supply					
Gas Storage	2,090,330	1,084,010	2,028,870	1,669,988	1,769,622
Transmission Expense	7,014,098	5,536,163	4,651,645	7,382,505	6,493,073
Total Purchased Gas	583,329,024	391,383,991	466,730,629	416,926,368	290,310,425
-Total PG related to Sales for Resale PG - Ultimate Customers	583,329,024	391,383,991	466,730,629	416,926,368	290,310,425

Wages and Benefits

Salaries	16,932,052	16,932,052	12,403,066	16,932,052	16,932,052
Pensions and Benefits	3,084,636	8,547,954	11,422,728	4,043,347	12,314,660
Total Wages and Benefits	20,016,688	25,480,006	23,825,794	20,975,399	29,246,712

Other Expenses

Total O&M Expenses	719,030,359	509,540,971	603,133,445	548,670,958	409,848,355
-Total Purchased Gas	583,329,024	391,383,991	466,730,629	416,926,368	290,310,425
-Wages and Benefits	20,016,688	25,480,006	23,825,794	20,975,399	29,246,712
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	115,684,647	92,676,974	112,577,022	110,769,191	90,291,218

Depreciation and Amortization

Depreciation Exp	37,086,241	34,736,266	29,604,394	34,720,850	31,267,084
Amort & Depl of Utility Plant					
Amort of Other Utility Plant	1,914,321	1,278,448	612,791	46,062	
Amort of Property Losses					
Amort of Conversion Expenses	38,601,622	29,896,041	7,498,929	11,249,887	1,536,999
Total Depre and Amort	77,602,185	65,910,755	37,716,113	46,016,798	32,804,083

Fuel and PP related to Sales for Resale

Total PG	583,329,024	391,383,991	466,730,629	416,926,368	290,310,425
divided by Total MCFs	87,451,689	82,423,919	81,493,646	83,477,424	77,572,185
Fuel Cost per MCF	7	4.748	5.727	4.994	3.742
times Sales for Resale MCFs	14,213,497	20,975,826	19,912,065	15,584,861	13,634,736
Sales for Resale PG	94,808,293	99,602,185	114,040,430	77,838,287	51,027,390

Transportation Volumes

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

	2003	2002	2001	2000	1999	
Intangible	\$13,463,521	\$13,357,988	\$6,790,228	\$1,934,589		1
Production						
Manufactured Gas	2,008,123	2,008,123	2,371,511	2,521,275	\$2,532,389	2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage	40,652,946	39,626,013	20,777,834	20,784,988	25,325,016	5
Transmission	189,653,112	179,527,410	161,591,446	160,213,700	161,345,644	6
Distribution	1,580,968,035	1,488,718,345	1,304,649,769	1,234,453,667	1,135,343,003	7
General	37,223,467	34,426,497	29,104,659	24,866,630	21,662,088	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
Total Plant In Service	1,863,969,203	1,757,664,376	1,525,285,447	1,444,774,849	1,346,208,140	12
Plant Leased To Others						13
Plant Held For Future Use	93,519	93,519	93,519	93,519	93,519	14
Construction Work In Progress	46,673,638	14,021,688	104,584,136	56,321,170	46,673,638	15
Acquisition Adjustments						16
Total Plant	1,910,736,360	1,771,779,583	1,629,963,102	1,501,189,538	1,392,975,297	17
Accum. Prov. - Depr. & Amort.	355,373,595	322,235,539	294,400,463	268,259,721	245,956,424	18
Total Net Plant	\$1,555,362,765	\$1,449,544,044	\$1,335,562,639	\$1,232,929,817	\$1,147,018,873	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.20	0.25	0.38	0.53	0.56	20
Total Capitalization	\$650,904,287	\$700,904,287	\$700,962,488	\$575,962,488	\$572,904,287	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	41.8%	47.8%	49.5%	51.0%	46.7%	22
Preferred Stock						23
Common Stock & Retained Earnings	50.2%	44.1%	43.1%	48.7%	53.3%	24
Short-Term Debt	8.0%	8.1%	7.4%	0.3%		25
Pretax Coverage of Interest Expense	3.03	2.72	2.49	2.03	2.28	26
Com. Stock Dividends as a % of Earnings				40.6%		27
Return on Common Equity	11.0%	10.9%	10.5%	6.1%	6.8%	28
Internal Cash Generated as a % of Cash Outflows for Construction	69.2%	76.6%	2908.7%	45.6%	98.4%	29
Earnings per Share	\$785,730.34	\$685,951.03	\$607,867.00	\$369,519.16	\$415,209.00	30
Book Value per Share	\$7,822,235.33	\$6,470,893.45	\$6,105,279.19	\$5,500,252.10	\$6,530,732.94	31
Dividends per Share				\$150,000.00		32
Number of Employees	671	941	606	557	625	33

Data Field Below

Current Assets	362,067,976	296,476,108	418,400,270	364,111,837	639,476,729
Current Liabilities	308,873,925	360,369,884	539,919,519	594,645,156	690,657,178
Total Capitalization	1,556,968,147	1,466,105,161	1,416,997,124	1,129,057,374	1,225,977,581
Long-Term Debt	650,904,287	700,904,287	700,962,488	575,962,488	572,904,287
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	782,223,533	647,089,345	610,527,919	550,025,210	653,073,294
Short-Term Debt	123,840,327	118,111,530	105,506,717	3,069,676	
Pretax Income	178,135,606	157,686,301	148,802,943	108,971,079	115,265,363
Interest Expense	58,766,277	57,903,874	59,697,613	53,657,439	50,488,319
Common Dividends Paid				15,000,000	
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	78,573,034	68,595,103	60,786,700	36,951,916	41,520,900
Internal Cash	177,666,673	179,685,437	4,446,818	251,505,451	102,848,695
Cash Outflows for Construction	122,982,662	137,597,720	129,345,118	114,665,463	101,169,101
Shares Outstanding (Millions) Sch250251	0.0001	0.0001	0.0001	0.0001	0.0001
Misc Deferred Debits	206,518,484	159,312,055	172,158,694	176,936,890	159,058,054
Number of Employees Sch 7277	671	941	606	557	625
Pre-Tax Income					
Total Utility Operating Income	131,999,899	118,347,947	110,190,738	88,695,664	91,114,486
+Income Taxes - Electric					
+Income Taxes - Gas	40,796,295	31,187,324	28,891,067	20,982,819	23,301,723
+Other Income	18,331,091	12,698,483	12,313,453	5,731,430	2,691,930
- Other Income Deductions	12,240,048	3,712,070	1,813,748	5,663,570	1,031,925
- Other Taxes	751,631	835,382	206,130	(1,845,831)	765,272
Pre-Tax Income	\$178,135,606	\$157,686,301	\$149,375,380	\$111,592,174	\$115,310,942

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

	2003	2002	2001	2000	1999
UTILITY PLANT					
1 Total Utility Plant	\$1,407,593,692	\$1,372,954,028	\$1,334,194,526	\$1,304,569,433	\$ 1,266,541,369
2 Less Acc. Prov. For Depreciation & Amortization	432,182,369	409,309,440	386,263,248	363,954,399	339,620,207
3 Net Total Utility Plant	975,411,323	963,644,588	947,931,278	940,615,034	926,921,162
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	80,137	80,137	80,137	80,137	82,344
5 Less Acc. Prov. For Depreciation & Amortization	-9,744	(9,744)	(9,744)	(9,744)	(2,207)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments	1,088	1,088	1,088	1,088	1,088
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds			12,349,264	12,042,780	11,416,518
12 Total Other Property and Investments	71,481	71,481	12,420,745	12,114,261	11,497,743
CURRENT AND ACCRUED ASSETS					
13 Cash	18,957,075	7,565,174	7,922,552	6,169,329	2,663,838
14 Special Deposits					
15 Working Funds	191,200	211,400	471,609	484,150	431,050
16 Temporary Cash Investments	82,573				
17 Notes Receivable	77,617	147,716	96,277	137,680	187,028
18 Accounts Receivable	156,715,151	121,867,032	102,038,110	161,022,193	99,067,201
19 Less Accum. Prov. For Uncollectible Accounts	-15,106,501	(15,807,393)	(16,690,086)	(11,857,953)	(7,644,170)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	13,187,148	6,466,796	9,555,274	6,226,536	5,121,590
22 Materials and Supplies	6,403,305	5,439,618	5,329,015	4,703,710	3,527,120
23 Gas Stored Underground - Current	31,826,524	39,100,499	41,859,400	15,511,921	17,253,528
24 Liquefied Natural Gas in Storage					
25 Prepayments	10,016,642	9,825,306	9,898,672	9,497,681	12,823,201
26 Interest and Dividends Receivable	273,413	738,276	492,211	459,429	108,392
27 Rents Receivable					
28 Accrued Utility Revenue	62,135,320	58,651,249	54,759,744	92,066,194	52,399,590
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	284,759,467	234,205,673	215,732,778	284,420,870	185,938,368
DEFERRED DEBITS					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges	143,959	76,423	(18,459)	79,007	75,243
34 Clearing Accounts	-1,482,559	(1,265,887)	(1,030,814)	(1,347,122)	(1,248,807)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	115,092,976	104,053,237	60,457,367	149,937,431	121,092,123
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development	-3,066,981	(2,041,161)	(1,645,829)	(1,839,260)	(72,775)
39 Accumulated Deferred Income Taxes	31,005	31,005	31,005	31,005	31,005
40 Total Deferred Debits	110,718,400	100,853,617	57,793,270	146,861,061	119,876,789
41 Total Assets and Other Debits	\$1,370,960,671	\$1,298,775,359	\$1,233,878,071	\$1,384,011,226	\$1,244,234,062

Notes:

* Includes Pennsylvania operations.

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

	2003	2002	2001	2000	1999	
PROPRIETARY CAPITAL						
Common Stock Issued	\$59,170,600	\$59,170,600	\$59,170,600	\$59,170,600	\$59,170,600	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	68,500	68,500	68,500	68,500	68,500	5
Other Paid-in Capital	121,599,684	121,599,684	121,599,684	121,599,684	121,599,684	6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	376,155,976	356,843,952	342,852,240	317,192,031	297,795,817	9
Unapp. Undistributed Subsidiary Earnings						10
Reaquired Capital Stock						11
Total Proprietary Capital	556,994,760	537,682,736	523,691,024	498,030,815	478,634,601	12
LONG-TERM DEBT						
Bonds						13
Reaquired Bonds						14
Advances from Associated Companies	218,310,000	249,000,000	269,000,000	299,000,000	249,000,000	15
Other Long-Term Debt	85,820	133,144	205,675	245,671	878,458	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	218,395,820	249,133,144	269,205,675	299,245,671	249,878,458	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable						20
Accounts Payable	86,748,272	62,096,250	38,841,441	97,497,766	37,174,578	21
Notes Payable to Associated Companies	207,400,000	158,600,000	113,600,000	134,700,000	169,200,000	22
Accounts Payable to Associated Companies	18,116,782	14,750,021	15,651,963	16,078,462	15,354,873	23
Customer Deposits	7,992,111	6,579,757	4,980,395	4,108,432	3,652,445	24
Taxes Accrued	5,639,919	143,413	20,306,179	7,191,804	3,252,443	25
Interest Accrued	15,858	51,192	32,622	18,582	44,385	26
Dividends Declared	9,100,000	8,700,000	8,700,000	8,700,000	8,700,000	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	-2,912,361	576,003	(1,468,407)	2,304,798	411,762	30
Misc. Current and Accrued Liabilities	7,688,563	(2,185,289)	4,676,132	21,027,287	29,001,680	31
Total Current and Accrued Liabilities	339,789,144	249,311,347	205,320,325	291,627,131	266,792,166	32
DEFERRED CREDITS						
Customer Advances for Construction	1,628,962	1,589,851	1,595,647	1,612,988	1,651,449	33
Other Deferred Credits	45,123,284	49,201,016	53,821,178	97,253,446	63,716,296	34
Accumulated Deferred Inv. Tax Credits	7,788,619	8,467,063	9,146,690	9,475,889	10,415,088	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	183,171,120	165,425,426	139,499,964	159,812,143	151,641,354	37
Total Deferred Credits	237,711,985	224,683,356	204,063,479	268,154,466	227,424,187	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve	1,018,600	91,680	320,223	310,517	60,299	40
Pension and Benefits Reserve	5,442,355	22,848,254	24,000,345	26,642,626	21,444,351	41
Miscellaneous Operating Reserves	11,608,007	15,024,842	7,277,000			42
Total Operating Reserves	18,068,962	37,964,776	31,597,568	26,953,143	21,504,650	43
Total Liabilities and Other Credits	\$1,370,960,671	\$1,298,775,359	\$1,233,878,071	\$1,384,011,226	\$1,244,234,062	44

* Includes Pennsylvania operations.

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

	2003	2002	2001	2000	1999
GAS OPERATING INCOME					
1 Operating Revenues	\$1,193,388,843	\$870,185,251	\$1,112,078,458	\$967,410,856	\$818,420,772
Operating Expense:					
2 Operation Expense	972,026,366	651,832,364	875,387,167	741,653,839	573,333,845
3 Maintenance Expense	12,846,601	12,421,417	12,078,471	13,696,585	13,511,350
4 Depreciation Expense	38,160,193	37,619,944	36,651,706	36,051,814	34,501,423
5 Amort. and Depletion of Utility Plant					
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses					
9 Other Expenses		9,138,000	3,610,000		
10 Taxes Other than Income Taxes	51,673,098	49,113,201	55,596,527	53,257,143	72,395,478
11 Income Taxes	36,919,533	32,086,550	43,734,771	39,282,882	35,679,385
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	1,111,625,791	792,211,476	1,027,058,642	883,942,263	729,421,481
15 Net Operating Revenues	81,763,052	77,973,775	85,019,816	83,468,593	88,999,291
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	81,763,052	77,973,775	85,019,816	83,468,593	88,999,291
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$81,763,052	\$77,973,775	\$85,019,816	\$83,468,593	\$88,999,291

* Includes Pennsylvania operations.

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

	2003	2002	2001	2000	1999	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work	(\$158,018.00)	(\$167,059)	(\$152,912)	(\$132,078)	(\$92,092)	1
Income from Nonutility Operations						2
Nonoperating Rental Income	3,350	3,550	4,000	2,975	2,600	3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income	1,233,817	1,769,021	1,786,564	836,867	212,248	5
Allowance for Funds Used During Construction	183,265	235,632	171,532	287,926	136,172	6
Miscellaneous Nonoperating Income	79,303	58,372	32,013	25,143	1,609,467	7
Gain on Disposition of Property						8
Total Other Income	1,341,717	1,899,516	1,841,197	1,020,833	1,868,395	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property	10,892		35,082			10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	649,271	525,055	313,092	477,284	101,129	12
Total Other Income Deductions	660,163	525,055	348,174	477,284	101,129	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes					2,048	14
Income Taxes	(1,664,990)	(1,597,202)	(982,090)	(1,391,512)	(672,424)	15
Total Taxes-Other Inc. & Deductions	(1,664,990)	(1,597,202)	(982,090)	(1,391,512)	(670,376)	16
Net Other Income and Deductions	2,346,544	2,971,663	2,475,113	1,935,061	2,437,642	17
INTEREST CHARGES						
Interest on Long-term Debt						18
Amortization of Debt Discount and Expense	1,578,445	1,495,443	1,495,443	1,495,443	1,495,443	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	23,017,572	23,661,375	24,946,963	25,909,716	25,002,486	21
Other Interest Expense	4,201,555	6,996,908	592,314	3,802,281	4,989,709	22
Total Interest Charges	28,797,572	32,153,726	27,034,720	31,207,440	31,487,638	23
Income Before Extraordinary Items	55,312,024	48,791,712	60,460,209	54,196,214	59,949,295	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$55,312,024	\$48,791,712	\$60,460,209	\$54,196,214	\$59,949,295	29
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$356,843,953	\$342,852,240	\$317,192,031	\$297,795,817	\$272,646,523	30
Balance Transferred from Income	55,312,024	48,791,712	60,460,209	54,196,214	59,949,295	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	36,000,000	34,799,999	34,800,000	34,800,000	34,800,000	34
Adjustments to Retained Earnings						35
Net Change	19,312,024	13,991,713	25,660,209	19,396,214	25,149,295	36
Unappropriated Retained Earnings (EOP)	376,155,977	356,843,953	342,852,240	317,192,031	297,795,818	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$376,155,977	\$356,843,953	\$342,852,240	\$317,192,031	\$297,795,818	39

* Includes Pennsylvania operations.

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

	2003	2002	2001	2000	1999
Cash Flows From Operating Activities					
1 Net Income	\$55,312,024	\$48,791,712	\$60,460,209	\$54,196,214	\$59,949,295
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	39,738,638	39,115,387	38,147,149	37,547,257	35,996,867
3 Deferred Taxes & ITCs	16,719,862	28,171,202	(20,577,117)	10,352,014	3,667,861
4 Receivables and Inventory	(35,124,908)	(15,261,828)	33,634,506	(58,967,009)	9,199,301
5 Payables and Accrued Expenses	40,721,651	(3,459,656)	(64,259,930)	58,421,000	(4,150,457)
6 Regulatory Assets (Net)	(4,882,490)	(440,940)	8,205,009	(16,456,881)	(3,220,399)
7 Capitalized AFUDC - Equity	(183,265)	(235,632)	(171,532)	(287,926)	(136,172)
8 Undistributed Earnings of Affiliates					
9 Other: Unrecovered Purchased Gas	(4,985,635)	(47,759,381)	82,814,251	(37,516,942)	(4,371,150)
10 Other: Unbilled Revenues	(3,484,071)	(3,891,505)	37,306,450	(39,666,604)	(2,544,611)
11 Other: Other Assets and Liabilities (Net)	(25,696,431)	17,816,265	(42,644,933)	64,653,398	4,055,859
12 Net Cash From Operating Activities	<u>78,135,375</u>	<u>62,845,624</u>	<u>132,914,062</u>	<u>72,274,521</u>	<u>98,446,394</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(49,748,106)	(53,105,476)	(43,804,572)	(49,464,772)	(53,875,475)
14 Acquisition Of Other Non-Current Assets			(306,484)	(616,518)	(834,364)
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	604,329	(485,204)	(1,122,328)	1,298,147	1,255,748
22					
23					
24 Net Cash From Investing Activities	<u>(49,143,777)</u>	<u>(53,590,680)</u>	<u>(45,233,384)</u>	<u>(48,783,143)</u>	<u>(53,454,091)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	19,262,676	(72,531)	(30,039,996)	(632,787)	(50,045,584)
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	(1,200,000)	25,000,000	(21,100,000)	15,500,000	38,084,350
29 Dividends Paid	(35,600,000)	(34,800,000)	(34,800,000)	(34,800,000)	(34,800,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(17,537,324)</u>	<u>(9,872,531)</u>	<u>(85,939,996)</u>	<u>(19,932,787)</u>	<u>(46,761,234)</u>
34 Net Increase/(Decrease) In Cash Equivalents	11,454,274	(617,587)	1,740,682	3,558,591	(1,768,931)
35 Cash & Cash Equivalents Beginning Of Year	7,776,574	8,394,161	6,653,479	3,094,888	4,863,819
36 Cash & Cash Equivalents End Of Year	\$19,230,848	\$7,776,574	\$8,394,161	\$6,653,479	\$3,094,888

Notes:

* Includes Pennsylvania operations.

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

	2003	2002	2001	2000	1999	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$820,230,316.44	\$581,493,726	\$787,328,107	\$667,532,616	\$585,584,651	1
Commercial	140,402,194	95,808,631	136,440,890	110,573,793	99,462,933	2
Industrial	20,723,853	22,000,140	20,871,330	28,456,321	16,988,138	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	981,356,364	699,302,497	944,640,327	806,562,730	702,035,722	5
Sales for Resale	115,816,391	83,569,238	73,436,003	61,582,904	30,731,158	6
Total Revenues from Gas Sales	1,097,172,755	782,871,735	1,018,076,330	868,145,634	732,766,880	7
Transportation Sales	84,178,609	83,284,746	87,018,907	104,270,576	82,450,878	8
Other Gas Operating Revenues	10,532,637	4,028,771	6,983,222	(5,005,354)	3,203,014	9
Total Gas Operating Revenues	\$1,191,884,001	\$870,185,251	\$1,112,078,458	\$967,410,856	\$818,420,772	10
SALES (MCF)						
Residential	74,003,203	69,605,775	67,441,544	71,730,577	71,317,560	11
Commercial	13,681,287	12,527,311	12,497,360	13,085,380	13,595,959	12
Industrial	2,822,683	4,326,148	3,113,013	4,964,251	4,279,886	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	90,507,173	86,459,234	83,051,917	89,780,208	89,193,405	15
Sales for Resale	18,645,772	22,858,850	13,504,176	13,253,842	12,453,516	16
Transportation Sales	62,308,583	63,197,470	64,003,162	72,568,868	66,142,094	17
Other Gas Sales						18
Total Sales	171,461,528	172,515,554	160,559,255	175,602,918	167,789,015	19
AVG NUMBERS OF CUSTOMERS						
Residential	641,830	642,263	642,069	618,538	649,208	20
Commercial	39,426	39,262	38,736	37,515	38,950	21
Industrial	1,078	1,078	1,077	1,063	1,097	22
Other Customers						23
Total Ultimate Customers	682,334	682,603	681,882	657,116	689,255	24
Resales	14	14	12	12	15	25
Total Customers	682,348	682,617	681,894	657,128	689,270	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,278	\$905	\$1,226	\$1,079	\$902	27
Average MCF Consumption Per Customer	115.3	108.4	105.0	116.0	109.9	28
Average Revenue Per MCF Sold	\$11.08	\$8.35	\$11.67	\$9.31	\$8.21	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$3,561	\$2,440	\$3,522	\$2,947	\$2,554	30
Average MCF Consumption Per Customer	347.0	319.1	322.6	348.8	349.1	31
Average Revenue Per MCF Sold	\$10.26	\$7.65	\$10.92	\$8.45	\$7.32	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$19,232	\$20,410	\$19,372	\$26,770	\$15,486	33
Average MCF Consumption Per Customer	2,619.5	4,013.4	2,889.3	4,670.0	3,901.4	34
Average Revenue Per MCF Sold	\$7.34	\$5.09	\$6.70	\$5.73	\$3.97	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering	\$20,188.51	\$11,558	\$14,799	\$34,272	\$21,637	38
Purchased Gas	660,916,954	359,234,054	645,765,284	401,810,527	246,399,603	39
Other	9,614,895	4,909,272	-61,348,187	30,342,372	15,295,932	40
Total Production Expense	670,552,037	364,154,885	584,431,896	432,187,171	261,717,172	41
Natural Gas Storage Expense	37,331,482	36,016,671	34,813,818	31,622,054	30,931,308	42
Transmission Expense	98,635,366	97,150,103	106,278,729	117,600,371	122,250,438	43
Distribution Expense	44,641,023	43,360,981	44,379,983	46,775,825	46,433,386	44
Customer Account Expense	54,026,556	53,733,839	51,518,188	51,005,736	50,220,914	45
Sales Expense	490,872	434,459	407,929	444,618	362,517	46
Administrative and General	79,291,170	69,487,316	65,635,095	75,714,647	74,929,460	47
Total O & M Expense	\$984,968,506	\$664,338,253	\$887,465,638	\$755,350,423	\$586,845,195	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	\$1,191,884,001	\$870,185,251	\$1,112,078,458	\$967,410,856	\$818,420,772
2	Sales of Gas (MCF) **	109,152,945	109,318,084	96,556,093	103,034,050	101,646,921

DOLLAR AMOUNTS

3	Purchased Gas & Other Supply Exp.	\$806,423,347	\$497,237,187	\$725,524,444	\$581,409,597	\$414,898,918
4	Wages and Benefits	104,286,414	100,055,316	94,948,987	106,531,794	106,968,740
5	Other Operation & Maintenance Exp.	74,163,206	66,961,279	66,992,207	67,409,033	64,977,537
6	Depreciation & Amortization Expense	38,160,193	37,619,944	36,651,706	36,051,814	34,501,423
7	Income Taxes-Operating	36,919,533	32,086,550	43,734,771	39,282,882	35,679,385
8	Other Taxes-Operating	51,673,098	49,113,201	55,596,527	53,257,143	72,395,478
9	Capital Costs	80,258,210	87,111,775	88,629,816	83,468,593	88,999,291
10	Total	\$1,191,884,001	\$870,185,251	\$1,112,078,458	\$967,410,856	\$818,420,772

PERCENT OF REVENUES

11	Purchased Gas & Other Supply Exp.	67.7	57.1	65.2	60.1	50.7
12	Wages and Benefits	8.7	11.5	8.5	11.0	13.1
13	Other Operation & Maintenance Exp.	6.2	7.7	6.0	7.0	7.9
14	Depreciation & Amortization Expense	3.2	4.3	3.3	3.7	4.2
15	Income Taxes-Operating	3.1	3.7	3.9	4.1	4.4
16	Other Taxes-Operating	4.3	5.6	5.0	5.5	8.8
17	Capital Costs	6.7	10.0	8.0	8.6	10.9
18	Total	100.0	100.0	100.0	100.0	100.0

DOLLARS PER MCF

19	Purchased Gas & Other Supply Exp.	7.39	4.55	7.51	5.64	4.08
20	Wages and Benefits	0.96	0.92	0.98	1.03	1.05
21	Other Operation & Maintenance Exp.	0.68	0.61	0.69	0.65	0.64
22	Depreciation & Amortization Expense	0.35	0.34	0.38	0.35	0.34
23	Income Taxes-Operating	0.34	0.29	0.45	0.38	0.35
24	Other Taxes-Operating	0.47	0.45	0.58	0.52	0.71
25	Capital Costs	0.74	0.80	0.92	0.81	0.88
26	Total	10.92	7.96	11.52	9.39	8.05

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

	2003	2002	2001	2000	1999
Purchased Gas and Other Supply Exp.					
Other Gas Supply	670,456,498	364,070,412	584,431,897	432,187,172	261,717,172
Natural Gas Storage	37,331,482	36,016,671	34,813,818	31,622,054	30,931,308
Transmission Expense	98,635,366	97,150,103	106,278,729	117,600,371	122,250,438
Total Purchased Gas	806,423,347	497,237,187	725,524,444	581,409,597	414,898,918
-Total PG related to Sales for Resale PG - Ultimate Customers	806,423,347	497,237,187	725,524,444	581,409,597	414,898,918
<u>Wages and Benefits</u>					
Salaries	66,758,248	67,770,969	67,770,969	71,214,418	69,289,635
Pensions and Benefits	37,528,166	32,284,347	27,178,018	35,317,376	37,679,105
Total Wages and Benefits	104,286,414	100,055,316	94,948,987	106,531,794	106,968,740
<u>Other Expenses</u>					
Total O&M Expenses	984,872,967	664,253,781	887,465,638	755,350,424	586,845,195
-Total Purchased Gas	806,423,347	497,237,187	725,524,444	581,409,597	414,898,918
-Wages and Benefits	104,286,414	100,055,316	94,948,987	106,531,794	106,968,740
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	74,163,206	66,961,279	66,992,207	67,409,033	64,977,537
<u>Depreciation and Amortization</u>					
Depreciation Exp	38,160,193	37,619,944	36,651,706	36,051,814	24,222,539
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	38,160,193	37,619,944	36,651,706	36,051,814	24,222,539
<u>Fuel and PP related to Sales for Resale</u>					
Total PG	806,423,347	497,237,187	725,524,444	581,409,597	414,898,918
divided by Total MCFs	109,152,945	109,318,084	96,556,093	103,034,050	101,646,921
Fuel Cost per MCF	7	4.549	7.514	5.643	4.082
times Sales for Resale MCFs	18,645,772	22,858,850	13,504,176	13,253,842	12,453,516
Sales for Resale PG	137,755,201	103,974,291	101,470,653	74,789,945	50,832,335
<u>Transportation Volumes</u>	N/A	N/A	N/A	N/A	N/A

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

	2003	2002	2001	2000	1999	
Intangible Production	\$7,264,761	\$7,257,649	\$7,257,649	\$4,094,607	\$327,503	1
Manufactured Gas						2
Natural Gas	20,441,993	20,475,530	20,379,945	20,298,987	20,302,563	3
Natural Gas Storage						4
Underground Storage						5
Other Storage						6
Transmission	47,435,744	45,438,285	44,827,059	44,223,759	44,085,574	7
Distribution	1,274,674,311	1,232,023,965	1,196,417,430	1,171,246,380	1,138,954,466	8
General	52,458,605	53,332,078	53,276,183	54,194,162	54,068,811	9
Gas - Purchased or Sold						10
Experimental - Unclassified						11
Gas - Underground, Non-current						12
Total Plant In Service	1,402,275,414	1,358,527,507	1,322,158,266	1,294,057,895	1,257,738,917	13
Plant Leased To Others						14
Plant Held For Future Use						15
Construction Work In Progress	5,318,278	14,426,521	12,036,260	10,511,538	8,802,452	16
Acquisition Adjustments						17
Total Plant	1,407,593,692	1,372,954,028	1,334,194,526	1,304,569,433	1,266,541,369	18
Accum. Prov. - Depr. & Amort.	432,182,369	409,309,440	386,263,248	363,954,399	339,620,207	19
Total Net Plant	\$975,411,323	\$963,644,588	\$947,931,278	\$940,615,034	\$926,921,162	20

SELECTED RATIOS AND STATISTICS

Current Assets / Current Liabilities	0.84	0.94	1.05	0.98	0.70	21
Total Capitalization	\$982,790,580	\$945,415,880	\$906,496,699	\$931,976,486	\$897,713,059	22
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	22.2%	26.4%	29.7%	32.1%	27.8%	23
Preferred Stock	-100.0%					24
Common Stock & Retained Earnings	56.7%	56.9%	57.8%	53.4%	53.3%	25
Short-Term Debt	21.1%	16.8%	12.5%	14.5%	18.8%	26
Pretax Coverage of Interest Expense	4.12	3.47	4.82	3.95	4.02	27
Com. Stock Dividends as a % of Earnings	44.0%	71.3%	57.6%	64.2%	58.0%	28
Return on Common Equity	14.9%	9.2%	11.8%	11.1%	12.9%	29
Internal Cash Generated as a % of Cash Outflows for Construction	201.0%	118.3%	303.4%	146.1%	182.7%	30
Earnings per Share	\$0.04	\$24,395.86	\$30,230.10	\$27,098.11	\$29,974.65	31
Book Value per Share	\$0.28	\$268,841.37	\$261,845.51	\$249,015.41	\$239,317.30	32
Dividends per Share	\$0.02	\$17,400.00	\$17,400.00	\$17,400.00	\$17,400.00	33
Number of Employees	1,162	1,205	1,214	1,316	1,439	34

Notes:

* Includes Pennsylvania operations.

<u>Data Field Below</u>	2003	2002	2001	2000	1999
Current Assets	\$284,759,467.00	234,205,673	215,732,778	284,420,870	185,938,368
Current Liabilities	339,789,144	249,311,347	205,320,325	291,627,131	266,792,166
Total Capitalization	982,790,580	945,415,880	906,496,699	931,976,486	897,713,059
Long-Term Debt	218,395,820	249,133,144	269,205,675	299,245,671	249,878,458
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	556,994,760	537,682,736	523,691,024	498,030,815	478,634,601
Short-Term Debt	207,400,000	158,600,000	113,600,000	134,700,000	169,200,000
Pretax Income	118,682,585	111,434,786	130,247,610	123,295,024	126,443,894
Interest Expense	28,797,572	32,153,726	27,034,720	31,207,440	31,487,638
Dividends Paid	36,000,000	34,800,000	34,800,000	34,800,000	34,800,000
Net Income (Excl. Preferred Stock Dividends)	81,763,052	48,791,712	60,460,209	54,196,214	59,949,295
Internal Cash	99,992,812	62,845,624	132,914,062	72,274,521	98,446,394
Cash Outflows for Construction	49,748,106	53,105,476	43,804,572	49,464,772	53,875,475
Shares Outstanding (Millions) Sch250251	2,000	0.0020	0.0020	0.0020	0.0020
Misc Deferred Debits	69,969,692	76,423	(18,459)	79,007	57,375,827
Number of Employees	1,162	1,205	1,214	1,316	1,439
Pre-Tax Income					
Total Utility Operating Income	81,763,052	77,973,775	85,019,816	83,468,593	88,999,291
+Income Taxes - Electric					
+Income Taxes - Gas	36,919,533	32,086,550	43,734,771	39,282,882	35,679,385
+Other Income	1,341,717	1,899,516	1,841,197	1,020,833	1,868,395
- Other Income Deductions	660,163	525,055	348,174	477,284	101,129
- Other Taxes	(1,664,990)	(1,597,202)	(982,090)	(1,391,512)	(670,376)
Pre-Tax Income	121,029,129	113,031,988	131,229,700	124,686,536	127,116,318

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

	2003	2002	2001	2000	1999
UTILITY PLANT					
1 Total Utility Plant	\$41,432,444	\$40,615,131	\$40,200,199	\$39,860,927	\$38,831,960
2 Less Acc. Prov. For Depreciation & Amortization	17,637,158	16,558,807	15,492,689	14,543,560	13,487,375
3 Net Total Utility Plant	23,795,286	24,056,324	24,707,510	25,317,367	25,344,585
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property	3,717,126	3,819,379	3,915,856	3,990,985	3,986,845
5 Less Acc. Prov. For Depreciation & Amortization	(1,212,099)	(1,239,328)	(1,242,557)	(1,279,453)	(1,282,650)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies	30,002	25,619	26,667	21,398	23,055
8 Other Investments	(41,351)	(\$13,759.00)			
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	2,493,678	2,591,911	2,699,966	2,732,930	2,727,250
CURRENT AND ACCRUED ASSETS					
13 Cash	303,019	120,251	(383,264)	(30,848)	(84,965)
14 Special Deposits					
15 Working Funds	2,911	3,226	5,473	397	703
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	4,290,763	2,795,433	3,544,225	5,734,861	3,453,699
19 Less Accum. Prov. For Uncollectible Accounts	(130,500)	(130,500)	(130,500)	(80,500)	(80,500)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	23,134				
22 Materials and Supplies	363,734	380,233	414,553	428,934	344,094
23 Gas Stored Underground - Current	5,136,230	2,942,999	4,421,702	3,206,722	2,310,623
24 Liquefied Natural Gas in Storage					
25 Prepayments	491,237	415,349	398,124	392,223	370,746
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	10,480,528	6,526,991	8,270,313	9,651,789	6,314,400
DEFERRED DEBITS					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts	9,950	8,883	(534)	(245)	(936)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	5,071,218	2,444,139	1,024,731	3,780,856	2,073,190
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes	2,866,858	2,747,743	3,648,876	4,340,722	3,926,053
40 Total Deferred Debits	7,948,026	5,200,765	4,673,073	8,121,333	5,998,307
41 Total Assets and Other Debits	\$44,717,518	\$38,375,991	\$40,350,862	\$45,823,419	\$40,384,542

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

	2003	2002	2001	2000	1999	
PROPRIETARY CAPITAL						
Common Stock Issued	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock						5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	11,024,498	10,938,054	10,050,372	9,053,803	8,855,323	9
Unapp. Undistributed Subsidiary Earnings	28,002	23,619	14,358	9,089	10,121	10
Reaquired Capital Stock						11
Total Proprietary Capital	15,402,500	15,311,673	14,414,730	13,412,892	13,215,444	12
LONG-TERM DEBT						
Bonds						13
Reaquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt	7,000,000	5,652,775	7,179,937	7,204,048	7,226,188	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	7,000,000	5,652,775	7,179,937	7,204,048	7,226,188	19
CURRENT AND ACCRUED LIABILITIES						
Notes Payable	7,010,000	3,425,000	4,145,000	6,130,000	3,758,000	20
Accounts Payable	2,937,604	2,275,093	2,263,560	3,469,397	1,978,240	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies	78,835	59,707	41,020	102,516	9,631	23
Customer Deposits	185,327	146,287	135,309	141,650	145,582	24
Taxes Accrued	184,581	(128,128)	(358,078)	210,394	437,835	25
Interest Accrued	11,320	6,728	24,568	47,096	24,887	26
Dividends Declared	271,875	271,875			435,000	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable						30
Misc. Current and Accrued Liabilities	3,271,794	2,471,764	2,221,618	1,814,875	1,317,319	31
Total Current and Accrued Liabilities	13,951,336	8,528,326	8,472,997	11,915,928	8,106,494	32
DEFERRED CREDITS						
Customer Advances for Construction	96,370	95,805	119,006	108,462	120,472	33
Other Deferred Credits	4,532,437	5,264,257	5,978,784	8,362,710	8,271,474	34
Accumulated Deferred Inv. Tax Credits	80,471	94,473	108,475	122,477	136,479	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	3,567,039	3,354,226	3,997,545	4,565,194	3,182,745	37
Total Deferred Credits	8,276,317	8,808,761	10,203,810	13,158,843	11,711,170	38
OPERATING RESERVES						
Property Insurance Reserve						39
Injuries and Damage Reserve	125,000	125,000	125,000	125,000	125,000	40
Pension and Benefits Reserve	(69,756)	(76,931)	(68,573)	(17,189)	(14,754)	41
Miscellaneous Operating Reserves	32,121	26,387	22,961	23,897	15,000	42
Total Operating Reserves	87,365	74,456	79,388	131,708	125,246	43
Total Liabilities and Other Credits	\$44,717,518	\$38,375,991	\$40,350,862	\$45,823,419	\$40,384,542	44

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

	2003	2002	2001	2000	1999
GAS OPERATING INCOME					
1 Operating Revenues	\$29,821,075	\$28,324,512	\$34,486,181	\$30,110,609	\$24,573,923
Operating Expense:					
2 Operation Expense	24,857,676	23,063,790	29,144,307	24,269,760	18,960,598
3 Maintenance Expense	236,363	218,606	228,707	207,072	243,616
4 Depreciation Expense	1,114,565	1,103,333	1,081,265	1,102,438	1,252,550
5 Amort. and Depletion of Utility Plant	12,865	12,640	12,396	12,399	12,272
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	1,926,360	1,880,942	2,339,711	2,353,530	2,458,021
11 Income Taxes	574,916	626,951	442,077	591,031	409,050
12 Gains from Disposition of Util. Plant				(4,720)	(4,740)
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	28,722,745	26,906,262	33,248,463	28,540,950	23,340,847
15 Net Operating Revenues	1,098,330	1,418,250	1,237,718	1,569,659	1,233,076
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	1,098,330	1,418,250	1,237,718	1,569,659	1,233,076
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$1,098,330	\$1,418,250	\$1,237,718	\$1,569,659	\$1,233,076

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

	2003	2002	2001	2000	1999	
OTHER INCOME						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income	\$306,610	\$387,485	\$449,489	\$396,854	\$402,198	3
Equity in Earnings of Subsidiary Companies	4,383	9,262	5,269	(1,032)	(688)	4
Interest and Dividend Income	221,548	176,357	171,577	122,587	121,519	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income			739			7
Gain on Disposition of Property						8
Total Other Income	532,541	573,104	627,074	518,409	523,029	9
OTHER INCOME DEDUCTIONS						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	13,827	10,875	16,305	31,006	168	12
Total Other Income Deductions	13,827	10,875	16,305	31,006	168	13
TAXES-OTHER INCOME AND DEDUCTIONS						
Taxes Other than Income Taxes	1,444	3,050	4,404	14,385	11,022	14
Income Taxes	125,630	147,547	178,030	119,172	120,851	15
Total Taxes-Other Inc. & Deductions	127,074	150,597	182,434	133,557	131,873	16
Net Other Income and Deductions	391,640	411,632	428,335	353,846	390,988	17
INTEREST CHARGES						
Interest on Long-term Debt	3,018	12,963	16,549	18,522	20,332	18
Amortization of Debt Discount and Expense						19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company					1,722	21
Other Interest Expense	315,033	362,467	647,666	837,535	559,986	22
Total Interest Charges	318,051	375,430	664,215	856,057	582,040	23
Income Before Extraordinary Items	1,171,919	1,454,452	1,001,838	1,067,448	1,042,024	24
EXTRAORDINARY ITEMS						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
Net Income	\$1,171,919	\$1,454,452	\$1,001,838	\$1,067,448	\$1,042,024	29
<hr/>						
RETAINED EARNINGS						
Unappropriated Retained Earnings (BOP)	\$10,938,053	\$10,050,372	\$9,053,803	\$8,855,323	\$9,987,611	30
Balance Transferred from Income	1,167,536	1,445,190	996,569	1,068,480	1,042,712	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	1,087,500	543,750		870,000	2,175,000	34
Adjustments to Retained Earnings	6,408	(13,759)				35
Net Change	86,444	887,681	996,569	198,480	(1,132,288)	36
Unappropriated Retained Earnings (EOP)	11,024,497	10,938,053	10,050,372	9,053,803	8,855,323	37
Appropriated Retained Earnings (EOP)						38
Total Retained Earnings	\$11,024,497	\$10,938,053	\$10,050,372	\$9,053,803	\$8,855,323	39

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

	2003	2002	2001	2000	1999
Cash Flows From Operating Activities					
1 Net Income	\$1,171,919.00	\$1,454,452	\$1,001,838	\$1,067,448	\$1,042,024
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,505,740	1,498,372	1,490,816	1,512,586	1,682,604
3 Deferred Taxes & ITCs	(618,124)	(470,715)	(2,273,731)	1,045,014	(80,528)
4 Receivables and Inventory	(1,501,965)	783,112	2,255,017	(2,366,002)	(863,713)
5 Payables and Accrued Expenses	1,838,010	503,454	(1,457,931)	1,872,434	692,048
6 Regulatory Assets (Net)					
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates	(4,383)	1,048	(5,269)	1,657	482
9 Other Adjustments	(2,193,231)	1,478,703	(1,214,980)	(896,099)	(474,077)
10	(75,888)	(17,225)	(5,901)	(21,477)	437,806
11	(2,614,672)	(1,456,958)	2,714,638	(1,713,905)	(413,716)
12 Net Cash From Operating Activities	<u>(2,492,594)</u>	<u>3,774,243</u>	<u>2,504,497</u>	<u>501,656</u>	<u>2,022,930</u>
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(1,182,135)	(782,306)	(861,489)	(1,521,635)	(1,198,940)
14 Acquisition Of Other Non-Current Assets	12,457	28,368	18,763	28,930	43,555
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					
22					
23					
24 Net Cash From Investing Activities	<u>(1,169,678)</u>	<u>(753,938)</u>	<u>(842,726)</u>	<u>(1,492,705)</u>	<u>(1,155,385)</u>
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	1,347,225	(1,527,162)	(24,111)	(22,140)	(20,482)
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	3,585,000	(720,000)	(1,985,000)	2,372,000	1,575,000
29 Dividends Paid	(1,087,500)	(271,875)		(1,305,000)	(2,044,500)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>3,844,725</u>	<u>(2,519,037)</u>	<u>(2,009,111)</u>	<u>1,044,860</u>	<u>(489,982)</u>
34 Net Increase/(Decrease) In Cash Equivalents	182,453	501,268	(347,340)	53,811	377,563
35 Cash & Cash Equivalents Beginning Of Year	123,477	(377,791)	(30,451)	(84,262)	(461,825)
36 Cash & Cash Equivalents End Of Year	\$305,930	\$123,477	(\$377,791)	(\$30,451)	(\$84,262)

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

	2003	2002	2001	2000	1999	
SALES AND CUSTOMER DATA						
REVENUES						
Residential	\$14,380,524	\$10,406,269	\$13,247,284	\$11,203,149	\$8,753,936	1
Commercial	7,107,910	5,110,839	6,676,865	5,331,480	3,857,340	2
Industrial	3,186,633	6,200,839	8,844,473	8,369,934	6,592,840	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	24,675,067	21,717,947	28,768,622	24,904,563	19,204,116	5
Sales for Resale						6
Total Revenues from Gas Sales	24,675,067	21,717,947	28,768,622	24,904,563	19,204,116	7
Transportation Sales	4,906,373	5,661,265	3,597,119	3,934,782	4,320,386	8
Other Gas Operating Revenues	239,635	945,300	2,120,441	1,271,265	1,049,412	9
Total Gas Operating Revenues	\$29,821,075	\$28,324,512	\$34,486,182	\$30,110,609	\$24,573,914	10
SALES (MCF)						
Residential	1,870,814	1,677,805	1,641,411	1,801,833	1,621,364	11
Commercial	972,651	900,112	841,726	908,196	784,674	12
Industrial	470,457	1,397,075	1,380,968	1,624,274	1,684,797	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	3,313,922	3,974,992	3,864,105	4,334,303	4,090,835	15
Sales for Resale						16
Transportation Sales	7,890,839	8,252,810	7,790,608	9,028,564	9,819,735	17
Other Gas Sales						18
Total Sales	11,204,761	12,227,802	11,654,713	13,362,867	13,910,570	19
AVG NUMBERS OF CUSTOMERS						
Residential	13,686	13,622	13,550	13,346	13,119	20
Commercial	1,622	1,612	1,591	1,567	1,544	21
Industrial	7	10	10	11	12	22
Other Customers						23
Total Ultimate Customers	15,315	15,244	15,151	14,924	14,675	24
Resales						25
Total Customers	15,315	15,244	15,151	14,924	14,675	26
OPERATING REVENUES RELATIONSHIP						
RESIDENTIAL SALES						
Average Annual Bill Per Customer	\$1,051	\$764	\$978	\$839	\$667	27
Average MCF Consumption Per Customer	136.7	123.2	121.1	135.0	123.6	28
Average Revenue Per MCF Sold	\$7.69	\$6.20	\$8.07	\$6.22	\$5.40	29
COMMERCIAL SALES						
Average Annual Bill Per Customer	\$4,382	\$3,170	\$4,197	\$3,402	\$2,498	30
Average MCF Consumption Per Customer	599.7	558.4	529.1	579.6	508.2	31
Average Revenue Per MCF Sold	\$7.31	\$5.68	\$7.93	\$5.87	\$4.92	32
INDUSTRIAL SALES						
Average Annual Bill Per Customer	\$455,233	\$620,084	\$884,447	\$760,903	\$549,403	33
Average MCF Consumption Per Customer	67,208.1	139,707.5	138,096.8	147,661.3	140,399.8	34
Average Revenue Per MCF Sold	\$6.77	\$4.44	\$6.40	\$5.15	\$3.91	35
OPERATION AND MAINTENANCE EXPENSES						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	23,749,875	18,531,993	25,380,751	19,948,463	14,818,237	39
Other	(3,661,330)	86,065	(631,298)		368,746	40
Total Production Expense	20,088,545	18,618,058	24,749,452	19,948,463	15,186,984	41
Natural Gas Storage Expense						42
Transmission Expense						43
Distribution Expense	1,506,081	1,343,623	1,439,154	1,448,949	1,467,298	44
Customer Account Expense	714,704	705,962	663,999	706,676	582,399	45
Sales Expense	122,583	127,039	106,003	97,852	77,883	46
Administrative and General	2,662,127	2,487,717	2,414,406	2,274,892	1,889,649	47
Total O & M Expense	\$25,094,040	\$23,282,399	\$29,373,014	\$24,476,832	\$19,204,213	48
Notes:						

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

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

	2003	2002	2001	2000	1999
1 Total Revenues	\$29,821,075	\$28,324,512	\$34,486,182	\$30,110,609	\$24,573,914
2 Sales of Gas (MCF) *	3,313,922	3,974,992	3,864,105	4,334,303	4,090,835
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$18,618,057	\$18,618,058	\$24,749,452	\$19,948,463	\$15,186,984
4 Wages and Benefits	1,044,965	1,044,965	987,671	2,967,248	2,794,827
5 Other Operation & Maintenance Exp.	3,619,376	3,619,376	3,635,891	1,561,121	1,222,404
6 Depreciation & Amortization Expense	1,127,430	1,115,973	1,093,661	1,114,837	1,264,822
7 Income Taxes-Operating	574,916	626,951	442,077	591,031	409,050
8 Other Taxes-Operating	1,926,360	1,880,942	2,339,711	2,353,530	2,458,021
9 Capital Costs	2,909,971	1,418,247	1,237,719	1,574,379	1,237,807
10 Total	\$29,821,075	\$28,324,512	\$34,486,182	\$30,110,609	\$24,573,914
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	62.4	65.7	71.8	66.3	61.8
12 Wages and Benefits	3.5	3.7	2.9	9.9	11.4
13 Other Operation & Maintenance Exp.	12.1	12.8	10.5	5.2	5.0
14 Depreciation & Amortization Expense	3.8	3.9	3.2	3.7	5.1
15 Income Taxes-Operating	1.9	2.2	1.3	2.0	1.7
16 Other Taxes-Operating	6.5	6.6	6.8	7.8	10.0
17 Capital Costs	9.8	5.0	3.6	5.2	5.0
18 Total	100.0	100.0	100.0	100.0	100.0
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	5.62	4.68	6.40	4.60	3.71
20 Wages and Benefits	0.32	0.26	0.26	0.68	0.68
21 Other Operation & Maintenance Exp.	1.09	0.91	0.94	0.36	0.30
22 Depreciation & Amortization Expense	0.34	0.28	0.28	0.26	0.31
23 Income Taxes-Operating	0.17	0.16	0.11	0.14	0.10
24 Other Taxes-Operating	0.58	0.47	0.61	0.54	0.60
25 Capital Costs	0.88	0.36	0.32	0.36	0.30
26 Total	9.00	7.13	8.92	6.95	6.01

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	\$20,088,545	\$18,618,058	\$24,749,452	19,948,463	15,186,984
Total Purchased Gas	20,088,545	18,618,058	24,749,452	19,948,463	15,186,984
-Total PG related to Sales for Resale					
PG - Ultimate Customers	20,088,545	18,618,058	24,749,452	19,948,463	15,186,984

Wages and Benefits

Salaries	2,240,979	2,180,171	2,160,325	2,064,230	2,030,738
Pensions and Benefits	1,143,722	1,044,965		903,018	764,089
Total Wages and Benefits	3,384,701	3,225,136	2,160,325	2,967,248	2,794,827

Other Expenses

Total O&M Expenses	25,094,040	23,282,399	29,373,014	24,476,832	19,204,214
-Total Purchased Gas	20,088,545	18,618,058	24,749,452	19,948,463	15,186,984
-Wages and Benefits	3,384,701	3,225,136	2,160,325	2,967,248	2,794,827
-Other Gains				(4,740)	(4,740)
+Other Losses					
-Other Revenues					
Other Expenses	1,620,794	1,439,205	2,463,237	1,561,121	1,222,404

Depreciation and Amortization

Depreciation Exp	1,114,565	1,103,333	1,081,265	1,114,837	1,264,822
Amort & Depl of Utility Plant	12,865	12,640	12,396		
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	1,127,430	1,115,973	1,093,661	1,114,837	1,264,822

Fuel and PP related to Sales for Resale

Total PG	20,088,545	18,618,058	24,749,452	19,948,463	15,186,984
divided by Total MCFs	3,313,922	3,974,992	3,864,105	4,334,303	4,090,835
Fuel Cost per MCF	6.062	4.684	6.405	4.602	3.712
times Sales for Resale MCFs					
Sales for Resale PG					

Transportation Volumes

	7,890,839	8,252,810	7,790,608	9,028,564	9,819,735
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ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2003	2002	2001	2000	1999	
Intangible	\$411,297	\$343,354	\$343,354	\$331,237	\$331,237	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission						6
Distribution	34,686,550	34,300,944	33,939,811	33,503,532	32,724,663	7
General	6,161,707	5,882,303	5,826,967	5,818,364	5,713,605	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
Total Plant In Service	41,259,554	40,526,600	40,110,132	39,653,133	38,769,505	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	172,890	88,530	90,064	207,791	62,454	15
Acquisition Adjustments						16
Total Plant	41,432,444	40,615,130	40,200,196	39,860,924	38,831,959	17
Accum. Prov. - Depr. & Amort.	17,637,158	16,558,807	15,492,689	14,543,560	13,487,375	18
Total Net Plant	\$23,795,286	\$24,056,323	\$24,707,507	\$25,317,364	\$25,344,584	19
SELECTED RATIOS AND STATISTICS						
Current Assets / Current Liabilities	0.75	0.77	0.98	0.81	0.78	20
Total Capitalization	\$29,412,500	\$24,389,448	\$25,739,667	\$26,746,940	\$24,199,632	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	23.8%	23.2%	27.9%	26.9%	29.9%	22
Preferred Stock	-100.0%					23
Common Stock & Retained Earnings	52.4%	62.8%	56.0%	50.1%	54.6%	24
Short-Term Debt	23.8%	14.0%	16.1%	22.9%	15.5%	25
Pretax Coverage of Interest Expense	5.26	6.94	3.44	3.08	3.70	26
Com. Stock Dividends as a % of Earnings	99.0%	37.4%		81.5%	208.7%	27
Return on Common Equity	7.2%	9.8%	7.2%	8.0%	7.6%	28
Internal Cash Generated as a % of Cash Outflows for Construction	-210.9%	482.5%	290.7%	33.0%	168.7%	29
Earnings per Share	\$0.00	\$3.34	\$2.30	\$2.45	\$2.40	30
Book Value per Share	\$0.00	\$35.20	\$33.14	\$30.83	\$30.38	31
Dividends per Share	\$0.00	\$1.25		\$2.00	\$5.00	32
Number of Employees	49	49	50	51	47	33

Data Field Below

Current Assets	10,480,528	6,526,991	8,270,313	9,651,789	6,314,400
Current Liabilities	13,951,336	8,528,326	8,472,997	11,915,928	8,106,494
Total Capitalization	29,412,500	24,389,448	25,739,667	26,746,940	24,199,632
Long-Term Debt	7,000,000	5,652,775	7,179,937	7,204,048	7,226,188
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	15,402,500	15,311,673	14,414,730	13,412,892	13,215,444
Short-Term Debt	7,010,000	3,425,000	4,145,000	6,130,000	3,758,000
Pretax Income	1,673,246	2,604,380	2,286,160	2,633,708	2,153,965
Interest Expense	318,051	375,430	664,215	856,057	582,040
Dividends Paid	1,087,500	543,750		870,000	2,175,000
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	1,098,330	1,454,452	1,001,838	1,067,448	1,042,024
Internal Cash	(2,492,594)	3,774,243	2,504,497	501,656	2,022,930
Cash Outflows for Construction	1,182,135	782,306	861,489	1,521,635	1,198,940
Shares Outstanding (Millions) Sch250251	435,000	0.4350	0.4350	0.4350	0.4350
Misc Deferred Debits	538,781	(2,820,118)	(4,954,053)	(4,581,854)	(6,198,284)
Number of Employees	49	49	50	51	47
<u>Pre-Tax Income</u>					
Total Utility Operating Income		\$1,418,250	\$1,237,718	\$1,569,659	\$1,233,076
+Income Taxes - Electric					
+Income Taxes - Gas		626,951	442,077	591,031	409,050
+Other Income		573,104	627,074	518,409	523,029
- Other Income Deductions		10,875	16,305	31,006	168
- Other Taxes		3,050	4,404	14,385	11,022
Pre-Tax Income		2,604,380	2,286,160	2,633,708	2,153,965

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

	2003	2002	2001	2000	1999
UTILITY PLANT					
1 Total Utility Plant	\$3,952,761	\$3,502,182	\$2,994,453	\$2,755,787	
2 Less Acc. Prov. For Depreciation & Amortization	1,237,926	1,131,748	1,195,384	1,111,000	
3 Net Total Utility Plant	2,714,835	2,370,434	1,799,069	1,644,787	
OTHER PROPERTY AND INVESTMENTS					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments					
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments					
CURRENT AND ACCRUED ASSETS					
13 Cash					
14 Special Deposits					
15 Working Funds					
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	402,530	415,072	122,453	316,138	
19 Less Accum. Prov. For Uncollectible Accounts	(14,743)	(12,545)	(2,069)	(6,126)	
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies					
22 Materials and Supplies				7,224	
23 Gas Stored Underground - Current					
24 Liquefied Natural Gas in Storage					
25 Prepayments		5,080	184,729	155,425	
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue	27,992	76,764	22,195	22,035	
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	415,779	484,371	327,308	494,696	
DEFERRED DEBITS					
31 Unamort. Debt Expense			682		
32 Extraordinary Property Losses				1,279	
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities				(3,437)	
36 Miscellaneous Deferred Debits	66,360	(89,045)	81,305		
37 Deferred Losses from Disp. of Utility Plant				939,488	
38 Research and Development					
39 Accumulated Deferred Income Taxes	5,742	4,886	31,800	31,800	
40 Total Deferred Debits	72,102	(84,159)	113,787	969,130	
41 Total Assets and Other Debits	\$3,202,716	\$2,770,646	\$2,240,164	\$3,108,613	

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

	2003	2002	2001	2000	1999
PROPRIETARY CAPITAL					
Common Stock Issued	\$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	(81,410)	(40,481)	(334,615)	306,194	9
Unapp. Undistributed Subsidiary Earnings					10
Reaquired Capital Stock					11
Total Proprietary Capital	2,245,182	2,286,111	(334,615)	306,194	12
LONG-TERM DEBT					
Bonds					13
Reaquired Bonds					14
Advances from Associated Companies					15
Other Long-Term Debt			622,600	622,600	16
Unamortized Premium on LT Debt					17
Unamortized Discount on LT Debt-Debit					18
Total Long-Term Debt			622,600	622,600	19
CURRENT AND ACCRUED LIABILITIES					
Notes Payable			1,489,133	1,680,427	20
Accounts Payable			2,265	9,273	21
Notes Payable to Associated Companies	224,173	224,173			22
Accounts Payable to Associated Companies	637,062	233,968			23
Customer Deposits	2,456	2,048	395		24
Taxes Accrued	(50,404)	(23,478)	(341,569)	(13,219)	25
Interest Accrued			18,472	18,457	26
Dividends Declared					27
Matured Long-Term Debt					28
Matured Interest					29
Tax Collections Payable			34,503	36,965	30
Misc. Current and Accrued Liabilities					31
Total Current and Accrued Liabilities	813,287	436,711	1,203,197	1,731,904	32
DEFERRED CREDITS					
Customer Advances for Construction					33
Other Deferred Credits	60,735	40,414	79,379	(92,474)	34
Accumulated Deferred Inv. Tax Credits			23,064	25,092	35
Deferred Gains-Disposition of Utility Plant					36
Accumulated Deferred Income Taxes	83,512	7,410	646,539	515,298	37
Total Deferred Credits	144,247	47,824	748,982	447,916	38
OPERATING RESERVES					
Property Insurance Reserve					39
Injuries and Damage Reserve					40
Pension and Benefits Reserve					41
Miscellaneous Operating Reserves					42
Total Operating Reserves					43
Total Liabilities and Other Credits	\$3,202,716	\$2,770,646	\$2,240,165	\$3,108,613	44

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

	2003	2002	2001	2000	1999
GAS OPERATING INCOME					
1 Operating Revenues	\$2,886,218	\$2,254,290	\$1,938,961	\$1,560,590	
Operating Expense:					
2 Operation Expense	2,503,083	1,630,021	2,590,076	1,193,372	
3 Maintenance Expense	50,764	28,812	37,122	26,720	
4 Depreciation Expense	86,844	73,594	84,515	64,496	
5 Amort. and Depletion of Utility Plant		2,712			
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	40,056				
9 Other Expenses			120,336		
10 Taxes Other than Income Taxes	148,678	129,544	(419,420)	152,379	
11 Income Taxes	(428)	59,297		6,859	
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	2,828,997	1,923,980	2,412,629	1,443,826	
15 Net Operating Revenues	57,221	330,310	(473,668)	116,763	
16 Other Utility Operating Income					
17 Total Gas Utility Operating Income	57,221	330,310	(473,668)	116,763	
18 Other Utility Operating Income					
19 Total Utility Operating Income	\$57,221	\$330,310	(\$473,668)	\$116,763	

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

	2003	2002	2001	2000	1999
OTHER INCOME					
Income - Merch. Jobbing & Contract Work					1
Income from Nonutility Operations					2
Nonoperating Rental Income					3
Equity in Earnings of Subsidiary Companies					4
Interest and Dividend Income					5
Allowance for Funds Used During Construction					6
Miscellaneous Nonoperating Income					7
Gain on Disposition of Property			\$2,998	\$9,451	8
Total Other Income			2,998	9,451	9
OTHER INCOME DEDUCTIONS					
Loss on Disposition of Property					10
Miscellaneous Amortization			17,472	17,472	11
Miscellaneous Income Deductions	\$459.00		380	378	12
Total Other Income Deductions	459		17,852	17,850	13
TAXES-OTHER INCOME AND DEDUCTIONS					
Taxes Other than Income Taxes					14
Income Taxes			(6,068)	(3,431)	15
Total Taxes-Other Inc. & Deductions			(6,068)	(3,431)	16
Net Other Income and Deductions	(459)		(8,786)	(4,968)	17
INTEREST CHARGES					
Interest on Long-term Debt	87,164	14,672	1,593		18
Amortization of Debt Discount and Expense			597	1,887	19
Amortization of Premium on Debt-Credit					20
Interest on Debt to Associated Company					21
Other Interest Expense	10,527	1,450	126,488	116,459	22
Total Interest Charges	97,691	16,122	128,678	118,347	23
Income Before Extraordinary Items	(40,929)	314,188	(611,132)	(6,551)	24
EXTRAORDINARY ITEMS					
Extraordinary Income					25
Extraordinary Deductions					26
Income Taxes, Extraordinary Items					27
Net Extraordinary Items					28
Net Income	(\$40,929)	\$314,188	(\$611,132)	(\$6,551)	29
<hr/>					
RETAINED EARNINGS					
Unappropriated Retained Earnings (BOP)	(\$40,481)	(\$334,614)	\$306,193	\$350,972	30
Balance Transferred from Income	(40,929)	314,188	(611,132)	(6,551)	31
Appropriated Retained Earnings					32
Dividends Declared-Preferred Stock					33
Dividends Declared-Common Stock			29,675	38,228	34
Adjustments to Retained Earnings 1		(20,055)			35
Net Change	(40,929)	294,133	(640,807)	(44,779)	36
Unappropriated Retained Earnings (EOP)	(81,410)	(40,481)	(334,614)	306,193	37
Appropriated Retained Earnings (EOP)					38
Total Retained Earnings	(\$81,410)	(\$40,481)	(\$334,614)	\$306,193	39

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

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

	2003	2002	2001	2000	1999
Cash Flows From Operating Activities					
1 Net Income	(\$40,929)	\$314,188	(\$611,134)	(\$6,551)	
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	224,844	9,793	99,146	87,290	
3 Deferred Taxes & ITCs	75,246	2,524	129,212	355,493	
4 Receivables and Inventory	(114,235)	(329,374)	189,628	(146,303)	
5 Payables and Accrued Expenses	214,955	275,828	(337,410)	(19,449)	
6 Regulatory Assets (Net)		(35,920)	171,853		
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates					
9 Other Adjustments	(45,324)	6,956	858,183	(1,132,076)	
10	(155,405)	108,385	(22,240)	(6,658)	
11					
12 Net Cash From Operating Activities	<u>159,152</u>	<u>352,380</u>	<u>477,238</u>	<u>(868,254)</u>	
Cash Flows From Investing Activities					
13 Cash Outflows For Construction	(159,152)	(5,928)	(256,269)	(57,355)	
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates					
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies					
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities		(2,542,548)			
22					
23					
24 Net Cash From Investing Activities	<u>(159,152)</u>	<u>(2,548,476)</u>	<u>(256,269)</u>	<u>(57,355)</u>	
Cash Flows From Financing Activities					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt					
26 Common Stock		2,326,592			
27 Preferred Stock					
28 Short-Term Debt			(191,294)	963,836	
29 Dividends Paid			(29,675)	(38,228)	
30 Other Cash Flows - Financing Activities		224,173			
31		(354,669)			
32					
33 Net Cash From Financing Activities		<u>2,196,096</u>	<u>(220,969)</u>	<u>925,609</u>	
34 Net Increase/(Decrease) In Cash Equivalents				(0)	
35 Cash & Cash Equivalents Beginning Of Year	(0)	(0)	(0)		
36 Cash & Cash Equivalents End Of Year	(\$0)	(\$0)	(\$0)	(\$0)	

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

	2003	2002	2001	2000	1999
SALES AND CUSTOMER DATA					
REVENUES					
Residential	\$1,341,540	\$1,068,792	\$1,170,355	\$926,170	1
Commercial	1,231,185	1,085,995	657,521	534,463	2
Industrial					3
Other Ultimate Customers					4
Total Revenues-Ultimate Customer	2,572,725	2,154,787	1,827,876	1,460,633	5
Sales for Resale					6
Total Revenues from Gas Sales	2,572,725	2,154,787	1,827,876	1,460,633	7
Transportation Sales	92,405	86,512	92,199	86,988	8
Other Gas Operating Revenues	95,646	12,991	18,887	12,969	9
Total Gas Operating Revenues	\$2,760,776	\$2,254,290	\$1,938,962	\$1,560,590	10
SALES (MCF)					
Residential	146,596	136,497	129,951	135,929	11
Commercial	133,467	173,867	85,708	100,669	12
Industrial					13
Other Ultimate Customers					14
Total Sales-Ultimate Customer	280,063	310,364	215,659	236,597	15
Sales for Resale					16
Transportation Sales	52,885	59,149	92,199	25,011	17
Other Gas Sales			18,627		18
Total Sales	332,948	369,513	326,485	261,608	19
AVG NUMBERS OF CUSTOMERS					
Residential	1,318	1,286	1,253	1,222	20
Commercial	152	138	139	137	21
Industrial					22
Other Customers					23
Total Ultimate Customers	1,470	1,424	1,392	1,359	24
Resales					25
Total Customers	1,470	1,424	1,392	1,359	26
OPERATING REVENUES RELATIONSHIP					
RESIDENTIAL SALES					
Average Annual Bill Per Customer	\$1,018	\$831	\$934	\$758	27
Average MCF Consumption Per Customer	111.2	106.1	103.7	111.2	28
Average Revenue Per MCF Sold	\$9.15	\$7.83	\$9.01	\$6.81	29
COMMERCIAL SALES					
Average Annual Bill Per Customer	\$8,100	\$7,870	\$4,730	\$3,901	30
Average MCF Consumption Per Customer	878.1	1,259.9	616.6	734.8	31
Average Revenue Per MCF Sold	\$9.22	\$6.25	\$7.67	\$5.31	32
INDUSTRIAL SALES					
Average Annual Bill Per Customer	N/A	N/A	N/A	N/A	33
Average MCF Consumption Per Customer	N/A	N/A	N/A	N/A	34
Average Revenue Per MCF Sold	N/A	N/A	N/A	N/A	35
OPERATION AND MAINTENANCE EXPENSES					
Steam					36
Manufactured Gas					37
Natural Gas - Production & Gathering					38
Purchased Gas	\$1,604,271	\$939,552	\$2,012,190	\$635,150	39
Other	404,546	535,845	329,348	259,144	40
Total Production Expense	2,008,817	1,475,397	2,341,538	894,294	41
Natural Gas Storage Expense		1,755			42
Transmission Expense					43
Distribution Expense	250,891	130,309	100,481	103,886	44
Customer Account Expense	188,602	65,251	93,922	78,438	45
Sales Expense				1,595	46
Administrative and General	105,537	64,287	91,257	141,879	47
Total O & M Expense	\$2,553,847	\$1,736,999	\$2,627,198	\$1,220,092	48
Notes:					

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

VALLEY ENERGY
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31,

	2003	2002	2001	2000	1999
1 Total Revenues	\$2,760,776	\$2,254,290	\$1,938,962	\$1,560,590	
2 Sales of Gas (MCF) *	280,063	310,364	215,659	236,597	
DOLLAR AMOUNTS					
3 Purchased Gas & Other Supply Exp.	\$2,008,817	\$1,475,397	\$2,341,538	\$894,294	
4 Wages and Benefits	86,348	138,807	81,773	99,347	
5 Other Operation & Maintenance Exp.	458,682	122,795	203,888	226,451	
6 Depreciation & Amortization Expense	86,844	73,594	84,515	64,496	
7 Income Taxes-Operating	(428)	59,297		6,859	
8 Other Taxes-Operating	148,678	129,544	(419,420)	152,379	
9 Capital Costs	(28,165)	254,856	(353,332)	116,764	
10 Total	\$2,760,776	\$2,254,290	\$1,938,962	\$1,560,590	
PERCENT OF REVENUES					
11 Purchased Gas & Other Supply Exp.	72.8	65.4	120.8	57.3	
12 Wages and Benefits	3.1	6.2	4.2	6.4	
13 Other Operation & Maintenance Exp.	16.6	5.4	10.5	14.5	
14 Depreciation & Amortization Expense	3.1	3.3	4.4	4.1	
15 Income Taxes-Operating	0.0	2.6		0.4	
16 Other Taxes-Operating	5.4	5.7	-21.6	9.8	
17 Capital Costs	-1.0	11.3	-18.2	7.5	
18 Total	100.0	100.0	100.0	100.0	
DOLLARS PER MCF					
19 Purchased Gas & Other Supply Exp.	7.17	4.75	10.86	3.78	
20 Wages and Benefits	0.31	0.45	0.38	0.42	
21 Other Operation & Maintenance Exp.	1.64	0.40	0.95	0.96	
22 Depreciation & Amortization Expense	0.31	0.24	0.39	0.27	
23 Income Taxes-Operating	0.00	0.19		0.03	
24 Other Taxes-Operating	0.53	0.42	-1.94	0.64	
25 Capital Costs	-0.10	0.82	-1.64	0.49	
26 Total	9.86	7.26	8.99	6.60	

Notes:

* Includes Sales for Resale

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

Data Field Below

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

NUI WAVERLY GAS
COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS
FOR THE YEAR ENDED DECEMBER 31,

	2003	2002	2001	2000	1999
Intangible	\$32,718	\$13,975	\$13,975	\$6,084	1
Production					
Manufactured Gas					2
Natural Gas					3
Natural Gas Storage					
Underground Storage					4
Other Storage					5
Transmission					6
Distribution	2,645,879	2,526,575	2,954,673	2,223,478	7
General					8
Gas - Purchased or Sold					9
Experimental - Unclassified					10
Gas - Underground, Non-current					11
Total Plant In Service	2,678,597	2,540,550	2,968,648	2,229,562	12
Plant Leased To Others					13
Plant Held For Future Use					14
Construction Work In Progress	14,135	3,716	(497,542)	2,878	15
Acquisition Adjustments	1,260,029	957,916	523,347	523,347	16
Total Plant	3,952,761	3,502,182	2,994,453	2,755,787	17
Accum. Prov. - Depr. & Amort.	1,237,926	1,131,748	1,195,384	1,111,000	18
Total Net Plant	\$2,714,835	\$2,370,434	\$1,799,069	\$1,644,787	19
SELECTED RATIOS AND STATISTICS					
Current Assets / Current Liabilities	0.51	1.11	0.27	0.29	20
Total Capitalization	\$2,469,355	\$2,510,284	\$1,777,118	\$2,609,221	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>					
Long-Term Debt			35.0%	23.9%	22
Preferred Stock					23
Common Stock & Retained Earnings	90.9%	91.1%	-18.8%	11.7%	24
Short-Term Debt	9.1%	8.9%	83.8%	64.4%	25
Pretax Coverage of Interest Expense	0.65	24.17	-3.80	0.97	26
Com. Stock Dividends as a % of Earnings			-4.9%	-583.5%	27
Return on Common Equity	NMF	NMF	NMF	-2.1%	28
Internal Cash Generated as a % of Cash Outflows for Construction	100.0%	5944.3%	186.2%	-1513.8%	29
Earnings per Share	N/A	N/A	N/A	N/A	30
Book Value per Share	N/A	N/A	N/A	N/A	31
Dividends per Share	N/A	N/A	N/A	N/A	32
Number of Employees	4	4	4	4	33

Data Field Below

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