

Table 1 G

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$6,890,135	\$6,599,180	\$6,339,989	\$6,063,063	\$5,802,866
2 Less Acc. Prov. For Depreciation & Amortization	2,026,841	1,884,541	1,798,136	1,699,102	1,608,618
3 Net Total Utility Plant	4,863,294	4,714,639	4,541,853	4,363,961	4,194,248
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property	1,401	1,763	1,696	4,955	5,041
5 Less Acc. Prov. For Depreciation & Amortization	(20)	(19)	(18)	(1,289)	(1,307)
6 Investment in Associated Companies	1,824	1,749	2,366	3,505	3,015
7 Investment in Subsidiary Companies	52,702	48,216	49,788	47,826	47,022
8 Other Investments	(58)	(1,181)	1,993	5,052	7,874
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	46,723	2,918	2,889	2,594	2,252
12 Total Other Property and Investments	102,570	53,446	58,713	62,642	63,897
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	19,077	20,244	41,080	3,810	26,003
14 Special Deposits	0	911	5,965	0	8,779
15 Working Funds	167	360	161	175	477
16 Temporary Cash Investments	175,509	31,467	40	83	83
17 Notes Receivable	793	901	870	316	78
18 Accounts Receivable	532,535	442,006	656,161	467,412	424,937
19 Less Accum. Prov. For Uncollectible Accounts	(57,858)	(56,820)	(65,098)	(39,846)	(39,666)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	705,438	109,422	80,434	24,607	38,914
22 Materials and Supplies	22,852	22,779	23,908	24,713	24,890
23 Gas Stored Underground - Current	532,766	580,447	582,083	369,338	355,769
24 Liquefied Natural Gas in Storage	13,146	13,487	14,095	11,918	9,770
25 Prepayments	103,586	106,089	88,189	102,089	87,919
26 Interest and Dividends Receivable	362	378	105	(26)	287
27 Rents Receivable	10,928	16,188	11,205	10,498	10,296
28 Accrued Utility Revenue	410,146	329,885	473,758	415,883	306,666
29 Misc. Current and Accrued Assets	1,187	2,614	82,319		
30 Total Current and Accrued Assets	2,470,634	1,620,356	1,995,276	1,390,972	1,255,201
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense	20,949	23,224	21,863	19,431	21,172
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges	(182)	(366)	68	58	144
34 Clearing Accounts	(795)	(251)	(624)	(1,676)	(1,473)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	1,475,658	1,045,119	627,311	505,925	601,858
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development	1,388	(434)	(4,427)	(3,488)	(2,970)
39 Accumulated Deferred Income Taxes	111,422	48,518	50,900	(67,602)	(35,076)
40 Total Deferred Debits	1,608,440	1,115,811	695,090	452,649	583,656
41 <b>Total Assets and Other Debits</b>	<b>\$9,044,939</b>	<b>\$7,504,253</b>	<b>\$7,290,932</b>	<b>\$6,270,223</b>	<b>\$6,097,002</b>

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

	2007	2006	2005	2004	2003	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$69,895	\$68,382	\$68,382	\$68,382	\$68,550	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	1,059,715	1,056,517	1,056,517	1,056,517	1,056,348	5
Other Paid-in Capital	(5,912)	122,968	122,015	121,600	95,843	6
Installments Received on Capital Stock						7
Capital Stock Expense	(12)	(16)	(21)	(26)	(31)	8
Retained Earnings	1,649,847	1,400,199	1,254,749	1,065,236	940,473	9
Unapp. Undistributed Subsidiary Earnings	65,853	62,554	63,598	56,725	60,602	10
Reaquired Capital Stock	(324)	(60,664)	(47,605)	(42,125)	(10,174)	11
Accumulated Other Comprehensive Income	25	0				
Total Proprietary Capital	2,839,087	2,649,939	2,517,635	2,326,308	2,211,612	12
<b>LONG-TERM DEBT</b>						
Bonds	1,547,754	1,672,948	1,173,233	1,173,163	1,181,093	13
Reaquired Bonds						14
Advances from Associated Companies	189,000	258,310	218,310	218,310	344,214	15
Other Long-Term Debt	7,982	8,362	8,742	7,000	7,086	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit	0	0	(758)	(837)	(917)	18
Total Long-Term Debt	1,744,735	1,939,620	1,399,527	1,397,636	1,531,476	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable	138,195	17,706	14,386	14,081	14,934	20
Accounts Payable	217,925	292,711	469,062	347,248	287,920	21
Notes Payable to Associated Companies	410,809	339,108	993,140	774,107	608,830	22
Accounts Payable to Associated Companies	1,396,925	603,515	212,364	53,849	55,960	23
Customer Deposits	50,978	41,799	47,087	50,928	46,475	24
Taxes Accrued	13,078	(4,448)	22,811	38,126	29,641	25
Interest Accrued	27,660	28,862	25,421	20,905	25,444	26
Dividends Declared	10,079	25,767	9,100	9,579	9,373	27
Matured Long-Term Debt	0	0				28
Matured Interest	0	0				29
Tax Collections Payable	3,469	(254)	6,832	2,078	(4,374)	30
Misc. Current and Accrued Liabilities	110,085	97,022	137,241	128,616	167,897	31
Total Current and Accrued Liabilities	2,379,202	1,441,788	1,937,445	1,439,516	1,242,101	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	8,372	865	674	629	1,814	33
Other Deferred Credits	425,638	226,511	241,026	148,100	158,659	34
Accumulated Deferred Inv. Tax Credits	14,677	16,275	18,273	19,492	21,095	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	948,659	921,213	832,183	731,835	684,041	37
Total Deferred Credits	1,397,347	1,164,863	1,092,156	900,056	865,609	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve	5,410	4,788	3,811	867	1,144	40
Pension and Benefits Reserve	36,717	(23,565)	(16,443)	(14,529)	5,373	41
Miscellaneous Operating Reserves	642,440	326,819	356,802	220,369	239,686	42
Total Operating Reserves	684,567	308,042	344,170	206,708	246,203	43
<b>Total Liabilities and Other Credits</b>	<b>\$9,044,939</b>	<b>\$7,504,253</b>	<b>\$7,290,932</b>	<b>\$6,270,223</b>	<b>\$6,097,002</b>	<b>44</b>

Table 3 G

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

	2007	2006	2005	2004	2003
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$5,040,496	\$4,646,996	\$4,975,521	\$4,092,409	\$3,993,427
Operating Expenses:					
2 Operation Expense	3,830,153	3,586,699	3,927,439	3,043,051	2,917,502
3 Maintenance Expense	101,739	99,588	101,328	93,423	85,365
4 Depreciation Expense	156,403	140,671	153,672	153,215	146,897
5 Amort. and Depletion of Utility Plant	9,493	12,292	14,264	15,140	13,508
6 Amort. of Utility Plant Acq. Adj.	9,896	9,896	9,896	9,896	9,896
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	43,887	32,018	34,034	38,150	38,642
9 Other Expenses	50,381	115,718	65,857	0	
10 Taxes Other than Income Taxes	241,272	189,588	219,387	230,958	264,164
11 Income Taxes	205,288	148,859	132,685	143,576	151,651
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	4,648,512	4,335,329	4,658,562	3,727,410	3,627,624
15 Net Operating Revenues	391,984	311,667	316,959	364,999	365,803
16 Other Gas Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	391,984	311,667	316,959	364,999	365,803
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$391,984	\$311,667	\$316,959	\$364,999	\$365,803

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

	2007	2006	2005	2004	2003	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work	\$487	\$515	\$159	\$89	\$56	1
Income from Nonutility Operations	(61)	209	48	(248)	2	2
Nonoperating Rental Income	3	169	(495)	234	(30)	3
Equity in Earnings of Subsidiary Companies	9,679	5,766	6,873	6,857	7,259	4
Interest and Dividend Income	18,645	12,032	3,956	1,648	47	5
Allowance for Funds Used During Construction	2,930	841	1,756	1,242	2,247	6
Miscellaneous Nonoperating Income	(969)	593	2,743	519	3,259	7
Gain on Disposition of Property	65	61	119	(60)	13,687	8
Total Other Income	30,781	20,187	15,159	10,281	26,526	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property	-	-			11	10
Miscellaneous Amortization	(147)	160	7	7	7	11
Miscellaneous Income Deductions	1,202	3,143	6,138	4,300	14,858	12
Total Other Income Deductions	1,055	3,303	6,144	4,307	14,876	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes	383	414	263	(11)	766	14
Income Taxes	(2,071)	(1,011)	(1,842)	(2,362)	(4,006)	15
Total Taxes-Other Inc. & Deductions	(1,688)	(597)	(1,579)	(2,373)	(3,241)	16
Net Other Income and Deductions	31,414	17,481	10,594	8,347	14,891	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	102,008	75,171	76,176	75,391	76,177	18
Amortization of Debt Discount and Expense	2,768	2,501	2,235	2,333	3,241	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	37,924	54,625	37,628	34,170	40,127	21
Other Interest Expense	5,938	8,618	18,401	9,535	5,482	22
Total Interest Charges	148,638	140,915	134,440	121,429	125,026	23
Income Before Extraordinary Items	274,760	188,233	193,113	251,917	255,667	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	<b>\$274,760</b>	<b>\$188,233</b>	<b>\$193,113</b>	<b>\$251,917</b>	<b>\$255,667</b>	<b>29</b>
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP) *	\$1,400,199	\$1,254,749	\$1,065,236	\$940,473	\$929,641	30
Balance Transferred from Income	265,081	182,467	186,240	245,060	248,408	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	57,926	111,022	41,250	131,107	237,088	34
Adjustments to Retained Earnings	6,807	7,215	(2,863)	10,810	(488)	35
Net Change	249,692	145,449	189,513	124,763	10,833	36
Unappropriated Retained Earnings (EOP)	1,649,891	1,400,199	1,254,749	1,065,236	940,473	37
Appropriated Retained Earnings (EOP)	-	-				38
<b>Total Retained Earnings</b>	<b>\$1,649,891</b>	<b>\$1,400,199</b>	<b>\$1,254,749</b>	<b>\$1,065,236</b>	<b>\$940,473</b>	<b>39</b>

**Notes:**

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

Table 5 G

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$310,265	\$254,902	\$240,605	\$251,917	\$255,667
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	185,377	164,776	128,891	183,608	182,607
3 Deferred Taxes & ITCs	(75,927)	195,612	(74,639)	9,138	128,850
4 Receivables and Inventory	(55,686)	23,668	(238,670)	17,749	(170,926)
5 Payables and Accrued Expenses	(341,336)	(221,342)	(15,742)	56,626	(30,838)
6 Regulatory Assets (Net)	7,493	(240,850)	41,953	19,869	(16,833)
7 Capitalized AFUDC - Equity	(2,930)	(1,937)	(1,756)	(1,226)	(1,157)
8 Undistributed Earnings of Affiliates	(1)	614	637	425	132
9 Other Adjustments (See company detail for explanations of major items)	(3,895)	21,937	(24,377)	23,506	(8,559)
10	246,719	(20,967)	42,888	(95,376)	19,844
11	253,500	(26,838)	822	(64,934)	30,674
12 Net Cash From Operating Activities	<u>523,579</u>	<u>149,575</u>	<u>100,611</u>	<u>401,301</u>	<u>389,462</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(324,459)	(317,470)	(336,213)	(332,320)	(284,784)
14 Acquisition Of Other Non-Current Assets	17	(54)	33	(26)	(9,705)
15 Investments in & Advances to Affiliates	352,998	58,519	(40,144)	(21,807)	121,362
16 Contributions & Advances from Affiliates	216,084	(303,240)	293,692	95,972	-
Net Proceeds - Sale Or Disposition Of:	-	-	-	-	-
17 Property, Plant & Equipment	-	-	-	-	-
18 Investments In Affiliated Companies	(403,165)	4,794	(12,872)	8,693	(7,898)
19 Investment Securities	729	-	-	-	(257)
20 Other Current Assets & Liabilities	(2,347)	-	-	15	-
21 Other Cash Flows - Investing Activities	308	1,066	(488)	(302)	604
22	-	-	-	-	-
23	-	-	-	-	-
24 Net Cash From Investing Activities	<u>(159,834)</u>	<u>(556,386)</u>	<u>(95,992)</u>	<u>(249,776)</u>	<u>(180,678)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(117,177)	477,032	73,981	(42,512)	22,168
26 Common Stock	4,711	-	-	(93,000)	-
27 Preferred Stock	-	-	-	-	-
28 Short-Term Debt	(4,305)	3,320	306	(854)	3,134
29 Dividends Paid	(73,614)	(94,355)	(41,250)	(38,107)	(236,688)
30 Other Cash Flows - Financing Activities	-	-	(148)	796	-
31	-	-	-	-	-
32	-	-	-	-	-
33 Net Cash From Financing Activities	<u>(190,385)</u>	<u>385,997</u>	<u>32,888</u>	<u>(173,677)</u>	<u>(211,385)</u>
34 Net Increase/(Decrease) In Cash Equivalents	173,360	(20,813)	37,507	(22,152)	(2,601)
35 Cash & Cash Equivalents Beginning Of Year *	23,356	44,170	6,663	28,815	31,416
36 Cash & Cash Equivalents End Of Year	\$196,716	\$23,356	\$44,170	\$6,663	\$28,815

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES (\$000s)</b>						
Residential	\$3,076,364	\$2,760,031	\$3,065,375	\$2,630,558	\$2,566,903	1
Commercial	745,412	697,629	733,216	691,486	653,031	2
Industrial	95,920	83,732	148,425	153,173	141,986	3
Other Ultimate Customers	130,218	153,367	174,595	122,630	120,347	4
Total Revenues-Ultimate Customer	4,047,913	3,694,759	4,121,610	3,597,848	3,482,267	5
Sales for Resale	611,993	620,690	537,673	197,479	194,961	6
Total Revenues from Gas Sales	4,659,906	4,315,450	4,659,283	3,795,326	3,677,227	7
Transportation Sales	321,432	275,532	267,175	255,419	262,541	8
Other Gas Operating Revenues	62,184	59,314	55,477	48,077	58,443	9
Total Gas Operating Revenues	\$5,043,521	\$4,650,296	\$4,981,936	\$4,098,823	\$3,998,211	10
<b>SALES (MCF)</b>						
Residential	195,227,676	171,201,247	198,858,494	203,853,559	210,971,579	11
Commercial	54,740,489	50,326,381	53,915,530	67,671,887	68,942,475	12
Industrial	7,227,489	6,592,507	11,431,172	16,827,115	17,052,919	13
Other Ultimate Customers	10,128,855	12,165,682	14,022,091	12,967,787	13,895,211	14
Total Sales-Ultimate Customer	267,324,510	240,285,817	278,227,287	301,320,348	310,862,184	15
Sales for Resale	69,570,540	75,435,767	62,822,944	27,203,885	33,233,034	16
Transportation Sales	217,486,822	209,229,586	177,982,412	174,119,809	182,665,231	17
Other Gas Sales						18
Total Sales	554,381,872	524,951,170	519,032,643	502,644,042	526,760,450	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	2,134,779	2,168,203	2,160,471	2,146,130	2,170,255	20
Commercial	114,985	120,259	112,458	111,302	113,138	21
Industrial	8,689	8,575	16,114	15,855	16,596	22
Other Customers	2,626	2,968	2,437	2,437	3,380	23
Total Ultimate Customers	2,261,079	2,300,005	2,291,480	2,275,724	2,303,369	24
Resales	30	30	21	14	16	25
Total Customers	2,261,109	2,300,035	2,291,501	2,275,738	2,303,385	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,441	\$1,273	\$1,419	\$1,226	\$1,183	27
Average MCF Consumption Per Customer	91.5	79.0	92.0	95.0	97.2	28
Average Revenue Per MCF Sold	\$15.76	\$16.12	\$15.41	\$12.90	\$12.17	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$6,483	\$5,801	\$6,520	\$6,213	\$5,772	30
Average MCF Consumption Per Customer	476.1	418.5	479.4	608.0	609.4	31
Average Revenue Per MCF Sold	\$13.62	\$13.86	\$13.60	\$10.22	\$9.47	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$11,039	\$9,765	\$9,211	\$9,661	\$8,556	33
Average MCF Consumption Per Customer	831.8	768.8	709.4	1,061.3	1,027.6	34
Average Revenue Per MCF Sold	\$13.27	\$12.70	\$12.98	\$9.10	\$8.33	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering	\$17	\$17	\$99	\$14	\$27	38
Purchased Gas	3,138,209	2,917,199	3,188,302	2,335,276	2,221,766	39
Other	15,240	(12,432)	7,142	22,324	609	40
Total Production Expense	3,153,466	2,904,784	3,195,543	2,357,613	2,222,403	41
Natural Gas Storage Expense	43,018	41,206	42,872	41,838	44,201	42
Transmission Expense	136,823	103,145	106,163	104,515	109,288	43
Distribution Expense	171,123	175,153	176,006	164,358	159,165	44
Customer Account Expense	152,482	166,821	203,471	154,703	143,388	45
Sales Expense	68,449	22,414	22,330	27,533	33,872	46
Administrative and General	262,655	272,926	280,206	286,011	290,645	47
Total O & M Expense	\$3,988,016	\$3,686,447	\$4,026,591	\$3,136,572	\$3,002,962	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)**

	2007	2006	2005	2004	2003
1 Total Revenues	\$5,043,521	\$4,650,296	\$4,981,936	\$4,098,823	\$3,998,211
2 Sales of Gas (MCF) *	336,895,050	315,721,584	341,050,231	328,524,233	344,095,219
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$3,274,789	\$3,047,301	\$3,346,468	\$2,503,452	\$2,375,507
4 Wages and Benefits	229,966	236,934	248,546	312,816	301,418
5 Other Operation & Maintenance Exp.	408,477	402,052	433,753	320,188	325,941
6 Depreciation & Amortization Expense	219,679	194,877	211,866	216,400	208,943
7 Income Taxes-Operating	205,190	148,743	132,685	143,576	151,651
8 Other Taxes-Operating	256,255	232,177	237,094	230,958	264,164
9 Capital Costs	449,164	388,212	371,524	371,432	370,587
10 Total	\$5,043,521	\$4,650,296	\$4,981,936	\$4,098,823	\$3,998,211
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	64.9	65.5	67.2	61.1	59.4
12 Wages and Benefits	4.6	5.1	5.0	7.6	7.5
13 Other Operation & Maintenance Exp.	8.1	8.6	8.7	7.8	8.2
14 Depreciation & Amortization Expense	4.4	4.2	4.3	5.3	5.2
15 Income Taxes-Operating	4.1	3.2	2.7	3.5	3.8
16 Other Taxes-Operating	5.1	5.0	4.8	5.6	6.6
17 Capital Costs	8.9	8.3	7.5	9.1	9.3
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	9.72	9.65	9.81	7.62	6.90
20 Wages and Benefits	0.68	0.75	0.73	0.95	0.88
21 Other Operation & Maintenance Exp.	1.21	1.27	1.27	0.97	0.95
22 Depreciation & Amortization Expense	0.65	0.62	0.62	0.66	0.61
23 Income Taxes-Operating	0.61	0.47	0.39	0.44	0.44
24 Other Taxes-Operating	0.76	0.74	0.70	0.70	0.77
25 Capital Costs	1.33	1.23	1.09	1.13	1.08
26 Total	14.97	14.73	14.61	12.48	11.62

**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.	2,501,267	2,257,038	2,463,766	1,697,292	1,538,304
Liquidified Petro Gas	332	396	324	186	208
Other Gas Supply	685,339	679,701	771,256	692,267	703,802
Gas Storage	39,237	41,180	42,851	41,652	43,993
Transmission Expense	100,786	103,145	106,175	104,515	109,288
Total Purchased Gas	825,694	824,422	920,606	838,620	857,292
-Total PG related to Sales for Resale PG - Ultimate Customers	825,694	824,422	920,606	838,620	857,292
<b><u>Wages and Benefits</u></b>					
Salaries	174,075	173,798	175,947	240,924	226,325
Pensions and Benefits	58,403	61,493	71,074	70,071	73,996
Total Wages and Benefits	232,478	235,290	247,021	310,995	300,321
<b><u>Other Expenses</u></b>					
Total O&M Expenses	3,931,892	3,686,287	4,028,767	3,136,455	3,002,866
-Total Purchased Gas	3,291,566	3,047,301	3,346,468	2,503,452	2,375,507
-Wages and Benefits	233,214	236,934	248,546	312,816	301,418
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	407,112	402,052	433,753	320,188	325,941
<b><u>Depreciation and Amortization</u></b>					
Depreciation Exp	156,403	140,711	153,672	153,215	146,897
Amort & Depl of Utility Plant	6,640	9,523	11,651	12,894	11,594
Amort of Other Utility Plant	12,749	12,665	12,509	12,142	11,810
Amort of Property Losses					
Amort of Conversion Expenses	43,887	32,018	34,034	38,150	38,642
Total Depre and Amort	219,679	194,917	211,866	216,400	208,943
<b><u>Fuel and PP related to Sales for Resale</u></b>					
Total PG	3,293,503	3,049,105	3,346,468	2,503,452	2,375,507
divided by Total MCFs	336,895	315,722	341,050	328,524	344,095
Fuel Cost per MCF	9.776	9.658	9.812	7.620	6.904
times Sales for Resale MCFs	29,059.539	30,011.622	33,226.717	27,203.885	33,233.034
Sales for Resale PG	278,072.440	281,776.990	308,153.390	213,001.341	235,313.456
<b><u>Transportation Volumes</u></b>					
	86,169	73,336	80,561	75,604	77,014

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

	2007	2006	2005	2004	2003	
Intangible	\$141,712	\$138,631	\$134,592	\$123,410	\$118,137	1
Production	-	-				
Manufactured Gas	2,380	2,380	2,380	2,380	2,008	2
Natural Gas	18,094	20,384	20,207	20,413	20,442	3
Natural Gas Storage	-	-				
Underground Storage	-	48	48	-	-	4
Other Storage	174,933	123,571	123,895	122,554	116,285	5
Transmission	369,866	366,809	346,707	348,785	332,890	6
Distribution	5,790,361	5,582,073	5,343,935	5,143,917	4,880,255	7
General	284,045	262,609	273,268	260,765	285,263	8
Gas - Purchased or Sold	0	-				9
Experimental - Unclassified	0	-				10
Gas - Stored Underground, Non-current	858	858	858	858	-	11
<b>Total Plant In Service</b>	<b>6,782,249</b>	<b>6,497,363</b>	<b>6,245,890</b>	<b>6,023,083</b>	<b>5,755,281</b>	<b>12</b>
Plant Leased To Others	-	-				13
Plant Held For Future Use	460	460	460	460	460	14
Construction Work In Progress	106,165	100,097	92,379	38,260	45,865	15
Aquisition Adjustments	1,260	1,260	1,260	1,260	1,260	16
<b>Total Plant</b>	<b>6,890,135</b>	<b>6,599,180</b>	<b>6,339,989</b>	<b>6,063,063</b>	<b>5,802,866</b>	<b>17</b>
Accum. Prov. - Depr. & Amort.	2,026,841	1,884,541	1,798,136	1,699,102	1,608,618	18
<b>Total Net Plant</b>	<b>\$4,863,294</b>	<b>\$4,714,639</b>	<b>\$4,541,853</b>	<b>\$4,363,961</b>	<b>\$4,194,248</b>	<b>19</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	1.04	1.12	1.03	0.97	1.01	20
Total Capitalization (\$000s)	\$5,132,827	\$4,946,374	\$4,924,688	\$4,512,132	\$4,377,026	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	34.0%	39.2%	28.4%	31.0%	35.0%	22
Preferred Stock						23
Common Stock & Retained Earnings	55.3%	53.6%	51.1%	51.6%	50.8%	24
Short-Term Debt	10.7%	7.2%	20.5%	17.5%	14.3%	25
Pretax Coverage of Interest Expense	4.36	3.79	3.72	4.20	4.18	26
Com. Stock Dividends as a % of Earnings	13.0%	28.6%	10.2%	8.1%	-52.4%	27
Return on Common Equity	14.0%	12.9%	12.8%	13.5%	14.3%	28
Internal Cash Generated as a % of Cash Outflows for Construction	161.2%	51.5%	34.7%	121.0%	145.2%	29
Earnings per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	30
Book Value per Share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	31
Dividends per Share	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.00)	32
Number of Employees	3,017	3,453	3,468	3,613	3,363	33

**Data Field Below**

Current Assets	2,470,633,536	1,620,356,111	1,998,164,876	1,390,971,523	1,255,200,895
Current Liabilities	2,379,202,336	1,441,788,451	1,937,445,077	1,439,515,905	1,242,101,257
Total Capitalization	5,132,826,564	4,946,374,235	4,924,688,174	4,512,131,916	4,377,026,241
Long-Term Debt	1,744,735,459	1,939,619,851	1,399,527,151	1,397,635,669	1,531,475,956
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	2,839,087,104	2,649,939,478	2,517,634,510	2,326,308,468	2,221,785,834
Short-Term Debt	549,004,001	356,814,906	1,007,526,513	788,187,780	623,764,451
Pretax Income	648,315,866	533,625,008	500,659,644	509,411,368	522,763,774
Interest Expense	148,637,795	140,889,467	134,416,260	121,405,301	125,015,926
Dividends Paid	50,165,750	95,114,000	31,550,000	25,107,375	(162,912,500)
Net Income (Excl. Preferred Stock Dividends)	385,559,833	332,848,937	309,316,671	308,129,888	311,082,813
Internal Cash	526,689,829	163,423,626	116,400,626	402,122,364	413,648,007
Cash Outflows for Construction	326,805,308	317,470,248	335,493,874	332,243,254	284,784,499
Shares Outstanding (Millions)*** Check (SOME COMPANIES IN HOLD AMTS VS. .004)	435,200.8116	435,200.5089	435,200.5089	435,100.5090	435,100.5103
Misc Deferred Debits	1,050,020,102	818,608,222	386,284,821	357,825,176	443,198,914
Number of Employees	3,017	3,453	3,468	3,613	3,363

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
Total Utility Plant	\$2,949,883,926	\$2,809,549,036	\$2,672,798,730	\$2,546,473,830	\$2,426,503,240
Less Acc. Prov. For Depreciation & Amortization	985,108,913	920,414,979	882,846,551	831,059,123	792,794,838
Net Total Utility Plant	1,964,775,012	1,889,134,057	1,789,952,179	1,715,414,707	1,633,708,402
<b>OTHER PROPERTY AND INVESTMENTS</b>					
Nonutility Property					
Less Acc. Prov. For Depreciation & Amortization					
Investment in Associated Companies					
Investment in Subsidiary Companies	52,670,953	48,185,948	49,759,831	47,800,031	46,991,792
Other Investments	110,347	110,347	1,808,516	4,027,924	6,791,211
Sinking Funds					
Depreciation Fund					
Other Special Funds					
Total Other Property and Investments	52,781,300	48,296,295	51,568,347	51,827,955	53,783,003
<b>CURRENT AND ACCRUED ASSETS</b>					
Cash	2,753,926	7,783,746	21,090,054	(1,850,294)	5,096,898
Special Deposits		2,813	4,568,466		8,768,868
Working Funds		189,948			275,000
Temporary Cash Investments	13,607,181				
Notes Receivable					
Accounts Receivable	203,299,130	157,459,579	259,634,180	175,534,760	132,931,741
Less Accum. Prov. For Uncollectible Accounts	(19,389,181)	(17,573,587)	(25,400,584)	(18,811,122)	(16,081,093)
Notes Receivable from Associated Companies					
Accounts Receivable from Assoc. Companies	422,693,265	19,332,650	23,558,955	12,021,347	14,762,364
Materials and Supplies	8,845,351	8,821,255	8,734,783	8,864,328	9,674,672
Gas Stored Underground - Current	317,648,128	366,619,206	371,026,266	225,576,356	215,503,012
Liquefied Natural Gas in Storage	8,785,868	9,549,454	10,032,868	9,063,400	6,896,819
Prepayments	68,465,755	61,129,472	55,983,546	61,691,231	48,343,190
Interest and Dividends Receivable			13,608	13,170	13,170
Rents Receivable	3,974,298	5,628,834	4,105,821	35,346	404,202
Accrued Utility Revenue	231,854,468	175,634,320	262,844,419	231,829,715	166,078,868
Misc. Current and Accrued Assets	619,091	1,441,205	43,727,823		
Total Current and Accrued Assets	1,263,157,277	796,018,895	1,039,920,205	703,968,237	592,667,711
<b>DEFERRED DEBITS</b>					
Unamort. Debt Expense	19,723,313	21,532,376	20,292,422	17,473,135	18,794,194
Extraordinary Property Losses					
Prelim. Survey and Investigation Charges					
Clearing Accounts					
Temporary Facilities					
Miscellaneous Deferred Debits	749,256,825	459,445,637	259,054,049	210,551,176	248,864,245
Deferred Losses from Disp. of Utility Plant					
Research and Development					97,000
Accumulated Deferred Income Taxes	152,360,438	123,615,227	70,352,577	8,265,171	29,116,733
Total Deferred Debits	921,340,576	604,593,240	349,699,048	236,289,482	296,872,172
<b>Total Assets and Other Debits</b>	<b>\$4,202,054,165</b>	<b>\$3,338,042,487</b>	<b>\$3,231,139,779</b>	<b>\$2,707,500,381</b>	<b>\$2,577,031,288</b>

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

	2007	2006	2005	2004	2003
<b>PROPRIETARY CAPITAL</b>					
Common Stock Issued	\$1	\$1	\$1	\$1	\$1
Preferred Stock Issued					
Capital Stock Subscribed					
Stock Liability for Conversion					
Premium on Capital Stock	472,627,082	472,627,082	472,627,081	472,627,081	472,627,081
Other Paid-in Capital	(91,849,478)				
Installments Received on Capital Stock					
Capital Stock Expense					
Retained Earnings	808,645,472	645,597,853	514,685,122	408,441,337	330,625,078
Unapp. Undistributed Subsidiary Earnings	63,035,976	59,812,050	60,241,733	53,431,933	57,910,552
Reaquired Capital Stock		(59,801,996)	(20,877,456)	(15,492,825)	(10,173,598)
Accumulated Other Comprehensive Income	25,090				
Total Proprietary Capital	1,252,484,142	1,118,234,990	1,026,676,481	919,007,527	850,989,114
<b>LONG-TERM DEBT</b>					
Bonds	1,038,973,257	1,038,903,190	638,833,123	638,763,056	646,692,989
Reaquired Bonds					
Advances from Associated Companies					
Other Long-Term Debt					
Unamortized Premium on LT Debt					
Unamortized Discount on LT Debt-Debit			(757,637)	(837,389)	(917,140)
Total Long-Term Debt	1,038,973,257	1,038,903,190	638,075,486	637,925,667	645,775,849
<b>CURRENT AND ACCRUED LIABILITIES</b>					
Notes Payable					
Accounts Payable	70,543,125	123,907,538	199,121,320	158,730,727	111,209,803
Notes Payable to Associated Companies	(10,203,260)	19,390,573	547,650,810	360,947,815	277,365,475
Accounts Payable to Associated Companies	741,737,092	307,820,877	46,562,111	46,219,423	33,830,154
Customer Deposits	29,033,002	22,670,130	28,173,007	34,603,844	33,808,063
Taxes Accrued	4,230,772	6,610,943	25,711,487	10,209,410	26,363,469
Interest Accrued	9,106,520	10,745,641	7,879,325	3,771,908	8,380,146
Dividends Declared					
Matured Long-Term Debt					
Matured Interest					
Tax Collections Payable	1,442,474	(1,035,204)	2,445,331	671,118	856,467
Misc. Current and Accrued Liabilities	21,312,871	6,822,844	47,096,225	30,840,386	72,158,598
Total Current and Accrued Liabilities	867,202,597	496,933,340	904,639,616	645,994,631	563,972,175
<b>DEFERRED CREDITS</b>					
Customer Advances for Construction					
Other Deferred Credits	202,720,128	98,486,286	120,344,037	79,878,796	85,944,135
Accumulated Deferred Inv. Tax Credits	9,582,203	10,492,940	11,804,666	12,314,405	13,225,133
Deferred Gains-Disposition of Utility Plant					
Accumulated Deferred Income Taxes	444,103,728	399,571,965	334,938,788	310,588,886	306,001,157
Total Deferred Credits	656,406,058	508,551,191	467,087,491	402,782,087	405,170,425
<b>OPERATING RESERVES</b>					
Property Insurance Reserve					
Injuries and Damage Reserve					253
Pension and Benefits Reserve	(144,893)				
Miscellaneous Operating Reserves	387,133,004	175,419,775	194,660,705	101,790,471	111,123,472
Total Operating Reserves	386,988,111	175,419,775	194,660,705	101,790,471	111,123,725
<b>Total Liabilities and Other Credits</b>	<b>\$4,202,054,165</b>	<b>\$3,338,042,487</b>	<b>\$3,231,139,779</b>	<b>\$2,707,500,383</b>	<b>\$2,577,031,288</b>

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

	2007	2006	2005	2004	2003
<b>GAS OPERATING INCOME</b>					
Operating Revenues	\$2,368,618,486	\$2,116,022,579	\$2,236,282,286	\$1,751,885,076	\$1,699,688,030
Operating Expense:					
Operation Expense	1,767,522,575	1,598,721,505	1,732,029,310	1,248,656,433	1,203,841,510
Maintenance Expense	61,577,601	60,594,685	63,248,185	55,503,231	49,501,265
Depreciation Expense	69,817,375	56,103,005	71,457,424	72,394,409	69,955,640
Amort. and Depletion of Utility Plant	6,626,162	9,508,676	11,636,651	12,879,770	11,580,995
Amort. of Utility Plant Acq. Adj.	9,895,992	9,895,992	9,895,992	9,895,992	9,895,992
Amort. of Property Losses					
Amort. of Conversion Expenses					
Other Expenses					
Taxes Other than Income Taxes	136,284,887	116,458,916	121,851,776	115,783,581	131,580,290
Income Taxes	108,501,604	75,614,537	60,613,126	73,338,870	73,482,501
Gains from Disposition of Util. Plant	22,135				
Losses from Disposition of Util. Plant					
Total Operating Expenses	2,160,204,062	1,926,897,316	2,070,732,464	1,588,452,286	1,549,838,194
Net Operating Revenues	208,414,425	189,125,263	165,549,822	163,432,790	149,849,836
Other Utility Operating Income					
<b>Total Gas Utility Operating Income</b>	208,414,425	189,125,263	165,549,822	163,432,790	149,849,836
Other Utility Operating Income					
<b>Total Utility Operating Income</b>	\$208,414,425	\$189,125,263	\$165,549,822	\$163,432,790	\$149,849,836

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

	2007	2006	2005	2004	2003
<b>OTHER INCOME</b>					
Income - Merch. Jobbing & Contract Work		\$15,000	(\$107,500)		
Income from Nonutility Operations	(\$21,619)	165,960	81,825	(\$245,677)	(\$39,286)
Nonoperating Rental Income					
Equity in Earnings of Subsidiary Companies	9,604,043	6,380,118	6,809,800	6,440,141	7,322,064
Interest and Dividend Income	10,602,409	411,317	(971,902)	1,201,185	(946,124)
Allowance for Funds Used During Construction	2,346,780	1,506,745	719,025	540,245	1,164,941
Miscellaneous Nonoperating Income			26	234	(976,385)
Gain on Disposition of Property			75,199		(172,557)
Total Other Income	22,531,613	8,479,140	6,606,473	7,936,128	6,352,653
<b>OTHER INCOME DEDUCTIONS</b>					
Loss on Disposition of Property					
Miscellaneous Amortization					
Miscellaneous Income Deductions	522,734	806,266	4,963,407	3,369,833	1,962,903
Total Other Income Deductions	522,734	806,266	4,963,407	3,369,833	1,962,903
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>					
Taxes Other than Income Taxes	375	712	1,071	5,944	13,474
Income Taxes	(910,737)	(910,737)	(910,728)	(910,728)	(2,467,130)
Total Taxes-Other Inc. & Deductions	(910,362)	(910,025)	(909,657)	(904,784)	(2,453,656)
Net Other Income and Deductions	22,919,241	8,552,898	2,552,723	5,471,078	6,843,406
<b>INTEREST CHARGES</b>					
Interest on Long-term Debt	55,381,872	33,609,738	35,105,376	34,452,852	35,177,814
Amortization of Debt Discount and Expense	1,840,757	1,668,833	1,407,756	1,400,810	1,284,076
Amortization of Premium on Debt-Credit					
Interest on Debt to Associated Company	2,781,166	22,623,302	9,673,925	5,128,975	552,047
Other Interest Expense	1,134,058	1,339,239	3,633,260	1,583,592	(1,230,713)
Total Interest Charges	61,137,853	59,241,112	49,820,317	42,566,228	35,783,224
Income Before Extraordinary Items	170,195,813	138,437,049	118,282,228	126,337,640	120,910,018
<b>EXTRAORDINARY ITEMS</b>					
Extraordinary Income					
Extraordinary Deductions			(378,643)		
Income Taxes, Extraordinary Items					
Net Extraordinary Items			(378,643)		
<b>Net Income</b>	<b>\$170,195,813</b>	<b>\$138,437,049</b>	<b>\$117,903,585</b>	<b>\$126,337,640</b>	<b>\$120,910,018</b>
<hr/>					
<b>RETAINED EARNINGS</b>					
Unappropriated Retained Earnings (BOP)	\$645,597,854	\$514,685,122	\$408,441,337	\$330,625,085	\$417,037,131
Balance Transferred from Income	160,591,770	132,056,932	111,093,785	119,897,499	113,587,954
Appropriated Retained Earnings					
Dividends Declared-Preferred Stock					
Dividends Declared-Common Stock	3,880,000	7,954,000	4,850,000	53,000,000	200,000,000
Adjustments to Retained Earnings	6,380,118	6,809,800		10,918,753	
Net Change	163,091,888	130,912,732	106,243,785	77,816,252	(86,412,046)
Unappropriated Retained Earnings (EOP)	808,689,742	645,597,854	514,685,122	408,441,337	330,625,085
Appropriated Retained Earnings (EOP)					
<b>Total Retained Earnings</b>	<b>\$808,689,742</b>	<b>\$645,597,854</b>	<b>\$514,685,122</b>	<b>\$408,441,337</b>	<b>\$330,625,085</b>

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
Net Income	\$170,195,813	\$138,437,049	\$117,903,585	\$126,337,640	\$120,910,018
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, Depletion & Amortization	94,039,154	76,098,903	43,018,025	99,154,758	103,543,045
Deferred Taxes & ITCs	(44,185,015)	100,665,196	(88,170,333)	(42,234,162)	(4,379,239)
Receivables and Inventory	(6,034,016)	(90,124,543)	(84,515,531)	19,937,282	(74,491,225)
Payables and Accrued Expenses	(301,110,293)	(118,474,088)	(77,656,508)	6,492,487	(65,535,357)
Regulatory Assets (Net)	85,917,459	(25,323,758)	38,958,875	(18,995,570)	32,862,343
Capitalized AFUDC - Equity	(2,346,780)	(1,506,745)	(719,025)	(540,245)	
Undistributed Earnings of Affiliates					
Other Adjustments	1,815,595	(7,826,997)	6,589,462	2,730,029	(1,334,967)
	256,589,783	(45,867,893)	55,853,431	(74,356,157)	23,257,410
	189,948			(275,000)	
Net Cash From Operating Activities	<u>255,071,648</u>	<u>26,077,124</u>	<u>11,261,981</u>	<u>118,251,062</u>	<u>134,832,028</u>
<b>Cash Flows From Investing Activities</b>					
Cash Outflows For Construction	(155,768,467)	(163,221,456)	(152,618,938)	(164,131,478)	(109,480,767)
Acquisition Of Other Non-Current Assets					(9,717,064)
Investments in & Advances to Affiliates					180,983,414
Contributions & Advances from Affiliates	404,322,382	(267,001,471)	187,045,684	95,971,608	
Net Proceeds - Sale Or Disposition Of:					
Property, Plant & Equipment					
Investments In Affiliated Companies	(403,360,615)	4,226,305	(11,537,608)	2,741,017	(4,736,553)
Investment Securities					
Other Current Assets & Liabilities	(2,346,780)				
Other Cash Flows - Investing Activities					
Net Cash From Investing Activities	<u>(157,153,480)</u>	<u>(425,996,622)</u>	<u>22,889,138</u>	<u>(65,418,853)</u>	<u>57,049,030</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
Long-Term Debt	(85,416,539)	394,567,190	(6,360,770)	(7,850,182)	1,558,475
Common Stock				(53,000,000)	
Preferred Stock					
Short-Term Debt					
Dividends Paid	(3,880,000)	(7,954,000)	(4,850,000)		(200,000,000)
Other Cash Flows - Financing Activities				795,781	
Net Cash From Financing Activities	<u>(89,296,539)</u>	<u>386,613,190</u>	<u>(11,210,770)</u>	<u>(60,054,401)</u>	<u>(198,441,525)</u>
Net Increase/(Decrease) In Cash Equivalents	8,621,629	(13,306,308)	22,940,349	(7,222,192)	(6,560,467)
Cash & Cash Equivalents Beginning Of Year	7,783,746	21,090,054	(1,850,295)	5,371,897	11,932,364
<b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$16,405,375</b>	<b>\$7,783,746</b>	<b>\$21,090,054</b>	<b>(\$1,850,295)</b>	<b>\$5,371,897</b>

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

	2007	2006	2005	2004	2003
<b>SALES AND CUSTOMER DATA</b>					
<b>REVENUES</b>					
Residential	\$1,440,622,857	\$1,220,972,979	\$1,374,704,201	\$1,162,802,467	\$1,138,987,723
Commercial	235,050,669	210,112,393	206,736,518	239,338,635	217,515,788
Industrial	45,092,683	31,717,438	83,216,523	96,339,675	87,555,443
Other Ultimate Customers	130,028,587	153,102,196	174,382,203	122,438,486	120,187,029
Total Revenues-Ultimate Customer	1,850,794,796	1,615,905,006	1,839,039,445	1,620,919,263	1,564,245,983
Sales for Resale	377,410,107	385,775,298	279,779,677	12,465,942	12,182,325
Total Revenues from Gas Sales	2,228,204,903	2,001,680,304	2,118,819,122	1,633,385,205	1,576,428,308
Transportation Sales	121,921,224	98,601,301	106,386,089	104,897,339	111,274,137
Other Gas Operating Revenues	21,517,359	19,040,973	17,491,654	20,017,110	18,400,753
Total Gas Operating Revenues	\$2,371,643,486	\$2,119,322,579	\$2,242,696,865	\$1,758,299,654	\$1,706,103,198

	2007	2006	2005	2004	2003
<b>SALES (MCF)</b>					
Residential	87,564,922	74,679,943	85,679,183	87,865,962	90,284,232
Commercial	17,213,903	15,245,117	15,029,512	27,094,649	27,014,359
Industrial	3,411,806	2,764,405	6,049,748	10,906,261	10,873,943
Other Ultimate Customers	10,112,299	12,149,187	14,003,439	12,949,663	13,877,499
Total Sales-Ultimate Customer	118,302,931	104,838,652	120,761,881	138,816,535	142,050,033
Sales for Resale	40,511,002	45,424,145	29,596,227		
Transportation Sales	71,784,016	60,540,883	67,041,296	61,708,706	62,576,041
Other Gas Sales					
Total Sales	230,597,948	210,803,680	217,399,404	200,525,241	204,626,074

	2007	2006	2005	2004	2003
<b>AVG NUMBER OF CUSTOMERS</b>					
Residential	1,050,878	1,064,525	1,056,246	1,046,182	1,072,252
Commercial	32,901	34,099	25,582	24,942	26,838
Industrial	3,658	3,292	10,297	10,040	10,803
Other Customers	2,566	2,911	2,367	2,383	3,328
Total Ultimate Customers	1,090,003	1,104,827	1,094,492	1,083,547	1,113,221
Resales		11			
Total Customers	1,090,003	1,104,838	1,094,492	1,083,547	1,113,221

**OPERATING REVENUES RELATIONSHIP**

	2007	2006	2005	2004	2003
<b>RESIDENTIAL SALES</b>					
Average Annual Bill Per Customer	\$1,371	\$1,147	\$1,302	\$1,111	\$1,062
Average MCF Consumption Per Customer	83.3	70.2	81.1	84.0	84.2
Average Revenue Per MCF Sold	\$16.45	\$16.35	\$16.04	\$13.23	\$12.62

	2007	2006	2005	2004	2003
<b>COMMERCIAL SALES</b>					
Average Annual Bill Per Customer	\$7,144	\$6,162	\$8,081	\$9,596	\$8,105
Average MCF Consumption Per Customer	523.2	447.1	587.5	1,086.3	1,006.6
Average Revenue Per MCF Sold	\$13.65	\$13.78	\$13.76	\$8.83	\$8.05

	2007	2006	2005	2004	2003
<b>INDUSTRIAL SALES</b>					
Average Annual Bill Per Customer	\$12,327	\$9,635	\$8,082	\$9,596	\$8,105
Average MCF Consumption Per Customer	932.7	839.7	587.5	1,086.3	1,006.6
Average Revenue Per MCF Sold	\$13.22	\$11.47	\$13.76	\$8.83	\$8.05

**OPERATION AND MAINTENANCE EXPENSES**

Steam					
Manufactured Gas					
Natural Gas - Production & Gathering					
Purchased Gas	\$1,535,808,360	\$1,358,424,771	\$1,462,410,855	\$1,001,325,999	\$943,968,756
Other	(414,929)	(10,578)	(1,990,656)	(3,152,871)	(1,778,657)
Total Production Expense	1,535,393,431	1,358,414,193	1,460,420,199	998,173,128	942,190,099
Natural Gas Storage Expense	3,323,844	3,311,143	4,857,913	4,327,538	4,571,055
Transmission Expense	6,378,534	6,461,269	4,550,313	3,644,689	3,309,901
Distribution Expense	90,608,841	86,220,627	92,260,938	82,762,129	79,523,442
Customer Account Expense	75,721,640	70,479,042	96,836,188	68,874,586	62,755,752
Sales Expense	8,895,620	10,760,078	11,887,762	12,907,619	15,160,410
Administrative and General	108,778,266	123,669,838	124,464,180	133,469,974	145,832,116
Total O & M Expense	\$1,829,100,176	\$1,659,316,190	\$1,795,277,494	\$1,304,159,664	\$1,253,342,775

**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.

	2007	2006	2005	2004	2003
	\$2,371,643,486	\$2,119,322,579	\$2,242,696,865	\$1,758,299,654	\$1,706,103,198
Sales of Gas (MCF) *	158,813,933	150,262,797	150,358,108	138,816,535	142,050,033

**DOLLAR AMOUNTS**

Purchased Gas & Other Supply Exp.	\$1,545,455,809	\$1,368,186,605	\$1,469,828,425	\$1,006,145,356	\$950,071,055
Wages and Benefits	98,426,804	108,118,903	108,705,360	176,849,492	170,555,733
Other Operation & Maintenance Exp.	185,217,563	183,010,683	216,743,709	121,164,816	132,715,987
Depreciation & Amortization Expense	86,339,530	75,507,673	92,990,067	95,170,171	91,432,628
Income Taxes-Operating	108,501,604	75,614,537	60,613,126	73,338,870	73,482,501
Other Taxes-Operating	136,284,887	116,458,916	121,851,776	115,783,581	131,580,290
Capital Costs	211,417,289	192,425,263	171,964,401	169,847,368	156,265,005
Total	\$2,371,643,486	\$2,119,322,579	\$2,242,696,865	\$1,758,299,654	\$1,706,103,198

**PERCENT OF REVENUES**

Purchased Gas & Other Supply Exp.	65.2	64.6	65.5	57.2	55.7
Wages and Benefits	4.2	5.1	4.8	10.1	10.0
Other Operation & Maintenance Exp.	7.8	8.6	9.7	6.9	7.8
Depreciation & Amortization Expense	3.6	3.6	4.1	5.4	5.4
Income Taxes-Operating	4.6	3.6	2.7	4.2	4.3
Other Taxes-Operating	5.7	5.5	5.4	6.6	7.7
Capital Costs	8.9	9.1	7.7	9.7	9.2
Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER MCF**

Purchased Gas & Other Supply Exp.	9.73	9.11	9.78	7.25	6.69
Wages and Benefits	0.62	0.72	0.72	1.27	1.20
Other Operation & Maintenance Exp.	1.17	1.22	1.44	0.87	0.93
Depreciation & Amortization Expense	0.54	0.50	0.62	0.69	0.64
Income Taxes-Operating	0.68	0.50	0.40	0.53	0.52
Other Taxes-Operating	0.86	0.78	0.81	0.83	0.93
Capital Costs	1.33	1.28	1.14	1.22	1.10
Total	14.93	14.10	14.92	12.67	12.01

**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.	1,535,393,431	1,358,414,193	1,460,420,199	998,173,128	942,190,099
Liquidified Petro Gas					
Other Gas Supply					
Gas Storage	3,323,844	3,311,143	4,857,913	4,327,538	4,571,055
Transmission Expense	6,738,534	6,461,269	4,550,313	3,644,689	3,309,901
Total Purchased Gas	1,545,455,809	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055
-Total PG related to Sales for Resale					
PG - Ultimate Customers	1,545,455,809	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055

**Wages and Benefits**

Salaries	89,589,319	89,589,319	89,589,319	154,265,947	139,429,002
Pensions and Benefits	8,837,485	18,529,584	19,116,041	22,583,545	31,126,731
Total Wages and Benefits	98,426,804	108,118,903	108,705,360	176,849,492	170,555,733

**Other Expenses**

Total O&M Expenses	1,829,100,176	1,659,316,190	1,795,277,495	1,304,159,664	1,253,342,775
-Total Purchased Gas	1,545,455,809	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055
-Wages and Benefits	98,426,804	108,118,903	108,705,360	176,849,492	170,555,733
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	185,217,563	183,010,683	216,743,709	121,164,816	132,715,987

**Depreciation and Amortization**

Depreciation Exp	69,817,375	56,103,005	71,457,424	72,394,409	69,955,640
Amort & Depl of Utility Plant	6,626,162	9,508,676	11,636,651	12,879,770	11,580,995
Amort of Other Utility Plant	9,895,992	9,895,992	9,895,992	9,895,992	9,895,992
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	86,339,530	75,507,673	92,990,067	95,170,171	91,432,628

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

Total PG	1,545,455,809	1,368,186,605	1,469,828,425	1,006,145,356	950,071,055
divided by Total MCFs	158,813,933	150,262,797	150,358,108	138,816,535	142,050,033
Fuel Cost per MCF	10	9	10	7	7
times Sales for Resale MCFs					
Sales for Resale PG					

**Transportation Volumes**

71,784,016	60,540,883	67,041,296	61,708,706	62,576,041
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**THE BROOKLYN UNION GAS COMPANY**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2007	2006	2005	2004	2003
Intangible	\$112,674,697	\$110,873,564	\$108,049,530	\$99,943,207	\$96,935,900
Production					
Manufactured Gas					
Natural Gas					
Natural Gas Storage					
Underground Storage		47,970	47,970		
Other Storage	129,499,350	82,105,475	82,467,035	81,692,526	75,631,947
Transmission	91,269,374	91,279,906	93,320,320	93,016,119	91,497,302
Distribution	2,416,774,106	2,314,850,021	2,195,226,705	2,102,314,776	1,973,655,629
General	145,116,177	149,144,051	156,445,504	155,606,220	182,409,561
Gas - Purchased or Sold					
Experimental - Unclassified					
Gas - Underground, Non-current	857,650	857,650	857,650	857,650	
<b>Total Plant In Service</b>	2,896,191,354	2,749,158,637	2,636,414,714	2,533,430,499	2,420,130,340
Plant Leased To Others					
Plant Held For Future Use	366,554	366,554	366,554	366,554	366,554
Construction Work In Progress	53,326,018	60,023,845	36,017,462	12,676,778	6,006,346
Acquisition Adjustments					
<b>Total Plant</b>	2,949,883,926	2,809,549,036	2,672,798,730	2,546,473,831	2,426,503,240
Accum. Prov. - Depr. & Amort.	985,108,913	920,414,979	882,846,551	831,059,123	792,794,838
<b>Total Net Plant</b>	\$1,964,775,013	\$1,889,134,057	\$1,789,952,179	\$1,715,414,708	\$1,633,708,402

**SELECTED RATIOS AND STATISTICS**

Current Assets / Current Liabilities	1.46	1.60	1.15	1.09	1.05
Total Capitalization	\$2,281,254,139	\$2,176,528,753	\$2,212,402,777	\$1,917,881,009	\$1,784,304,036
<u>Percent Of Capitalization (incl. S-T Debt)</u>					
Long-Term Debt	45.5%	47.7%	28.8%	33.3%	36.2%
Preferred Stock					
Common Stock & Retained Earnings	54.9%	51.4%	46.4%	47.9%	48.3%
Short-Term Debt	-0.4%	0.9%	24.8%	18.8%	15.5%
Pretax Coverage of Interest Expense	5.18	4.47	4.54	5.56	6.24
Com. Stock Dividends as a % of Earnings	-1.9%	-4.2%	-2.9%	-32.4%	-133.5%
Return on Common Equity	17.6%	17.0%	16.3%	17.6%	16.0%
Internal Cash Generated as a % of Cash Outflows for Construction	162.7%	16.9%	7.4%	72.5%	125.3%
Earnings per Share	\$2.08	\$1.89	\$1.66	\$1.63	\$1.50
Book Value per Share	\$12.52	\$11.18	\$10.27	\$9.19	\$8.61
Dividends per Share	(\$0.04)	(\$0.08)	(\$0.05)	(\$0.53)	(\$2.00)
Number of Employees	1,266	1,284	1,285	1,352	1,405

**Data Field Below**

Current Assets	1,263,157,277	796,018,895	1,039,920,205	703,968,237	592,667,711
Current Liabilities	867,202,597	496,933,340	904,639,616	645,994,631	563,972,175
Total Capitalization	2,281,254,139	2,176,528,753	2,212,402,777	1,917,881,009	1,784,304,036
Long-Term Debt	1,038,973,257	1,038,903,190	638,075,486	637,925,667	645,775,849
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,252,484,142	1,118,234,990	1,026,676,481	919,007,527	861,162,712
Short-Term Debt	(10,203,260)	19,390,573	547,650,810	360,947,815	277,365,475
Pretax Income	316,871,758	264,739,800	226,162,948	236,771,660	223,332,337
Interest Expense	61,137,853	59,241,112	49,820,317	42,566,228	35,783,224
Common Dividends Paid	(3,880,000)	(7,954,000)	(4,850,000)	(53,000,000)	(200,000,000)
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	208,370,154	189,125,022	165,549,822	163,432,790	149,849,836
Internal Cash	257,184,210	27,583,869	11,261,981	119,066,307	137,161,010
Cash Outflows for Construction	158,115,247	163,221,456	151,899,914	164,131,478	109,480,767
Shares Outstanding (Millions) Sch250251	100	100	100	100	100
Misc Deferred Debits	546,536,697	360,959,351	138,710,012	130,672,380	162,920,110
Number of Employees	1,257	1,284	1,285	1,352	1,405
Pre-Tax Income					
Total Utility Operating Income	208,414,425	189,125,263	165,549,822	163,432,790	149,849,836
+Income Taxes - Electric					
+Income Taxes - Gas	108,501,604	75,614,537	60,613,126	73,338,870	73,482,501
+Other Income	22,531,613	8,479,140	6,606,473	7,936,128	6,352,653
- Other Income Deductions	522,734	806,266	4,963,407	3,369,833	1,962,903
- Other Taxes	375	712	1,071	5,944	13,474
Pre-Tax Income	338,924,533	272,411,961	227,804,943	241,332,010	227,708,613

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$31,153,051	\$28,755,768	\$27,535,516	\$25,991,988	\$25,168,302
2 Less Acc. Prov. For Depreciation & Amortization	11,524,350	10,946,400	10,417,406	9,868,461	9,389,704
3 Net Total Utility Plant	19,628,701	17,809,368	17,118,110	16,123,527	15,778,598
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies	1,823,569	1,749,377	2,365,507	3,504,768	3,015,316
7 Investment in Subsidiary Companies					
8 Other Investments					
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	1,918,934	2,917,604	2,889,058	2,594,037	2,251,562
12 Total Other Property and Investments	3,742,503	4,666,981	5,254,564	6,098,805	5,266,878
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	189,326	563,887	748,568	15,827	92,102
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	1,524,692	1,764,251	2,464,738	1,404,614	1,162,390
19 Less Accum. Prov. For Uncollectible Accounts	(21,877)	(34,837)	(49,082)	(59,792)	(110,734)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies					
22 Materials and Supplies	424,026	330,027	279,839	230,529	231,862
23 Gas Stored Underground - Current	3,048,826	1,152,294	1,241,169	2,469,281	2,961,224
24 Liquefied Natural Gas in Storage					
25 Prepayments	500,959	568,774	525,366	449,561	464,340
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	5,674,202	4,352,646	5,218,848	4,518,270	4,809,434
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense	206,135	230,141	253,958	258,786	280,016
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	5,085,190	5,565,531	6,715,704	4,233,714	4,311,986
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes					
40 Total Deferred Debits	5,291,325	5,795,672	6,969,662	4,492,500	4,592,002
41 <b>Total Assets and Other Debits</b>	<b>\$34,336,731</b>	<b>\$32,624,667</b>	<b>\$34,561,184</b>	<b>\$31,233,102</b>	<b>\$30,446,912</b>

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

	2007	2006	2005	2004	2003	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$4,047,750	\$2,534,590	\$2,534,590	\$2,534,590	\$2,703,216	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	4,157,754	959,512	959,512	959,512	790,886	5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense	(11,651)	(16,481)	(21,300)	(26,117)	(30,935)	8
Retained Earnings	(3,701,734)	(3,455,656)	(1,914,035)	(1,684,709)	(2,369,192)	9
Unapp. Undistributed Subsidiary Earnings	2,788,273	2,714,081	3,330,211	3,269,473	2,663,172	10
Reaquired Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	7,280,392	2,736,046	4,888,978	5,052,749	3,757,147	12
<b>LONG-TERM DEBT</b>						
Bonds	8,780,545	9,045,000	9,400,000	9,400,000	9,400,000	13
Reaquired Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt	981,657	1,361,661	1,741,665			16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	9,762,202	10,406,661	11,141,665	9,400,000	9,400,000	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable	7,075,321	8,121,460	6,121,459	7,975,872	7,924,476	20
Accounts Payable	2,567,733	3,589,965	3,959,313	1,953,590	2,321,373	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies						23
Customer Deposits	230,345	237,087	244,690	252,257	253,693	24
Taxes Accrued	(1,557,371)	(1,214,686)	(1,027,261)	(140,204)	158,168	25
Interest Accrued	195,803	139,206	101,589	136,092	120,926	26
Dividends Declared					1,098	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	22,134	72,034	84,081	55,731	50,903	30
Misc. Current and Accrued Liabilities	4,797,619	4,427,026	5,301,746	3,895,442	3,870,753	31
Total Current and Accrued Liabilities	13,331,584	15,372,092	14,785,616	14,128,780	14,701,390	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	78,360	78,360	78,360	78,360	88,805	33
Other Deferred Credits	1,454,239	1,892,226	1,593,492	1,286,352	1,065,764	34
Accumulated Deferred Inv. Tax Credits				541	1,195	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	2,429,954	2,139,282	2,073,073	1,286,320	1,432,611	37
Total Deferred Credits	3,962,553	4,109,868	3,744,925	2,651,573	2,588,375	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves						42
Total Operating Reserves						43
<b>Total Liabilities and Other Credits</b>	<b>\$34,336,731</b>	<b>\$32,624,667</b>	<b>\$34,561,184</b>	<b>\$31,233,102</b>	<b>\$30,446,912</b>	<b>44</b>

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

	2007	2006	2005	2004	2003
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$23,925,687	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927
Operating Expense:					
2 Operation Expense	21,022,373	23,563,699	21,005,903	18,698,379	17,721,268
3 Maintenance Expense	454,160	356,833	259,417	257,286	250,932
4 Depreciation Expense	643,849	559,340	498,325	463,882	493,399
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	1,448,603	1,855,619	1,239,328	1,355,598	1,332,909
11 Income Taxes	(33,378)	(1,547,591)	189,778	109,772	(121,771)
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	23,535,607	24,787,900	23,192,751	20,884,917	19,676,737
15 Net Operating Revenues	390,080	861,692	1,473,594	1,558,869	1,034,190
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	390,080	861,692	1,473,594	1,558,869	1,034,190
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$390,080	\$861,692	\$1,473,594	\$1,558,869	\$1,034,190

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

	2007	2006	2005	2004	2003	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income						3
Equity in Earnings of Subsidiary Companies	\$74,192	(\$616,130)	\$60,738	\$420,740	(\$67,176)	4
Interest and Dividend Income	639,938	153,424	148,527	99,355	34,698	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income	35,456	(559,566)	600	736	791	7
Gain on Disposition of Property						8
Total Other Income	749,586	(1,022,272)	209,865	520,831	(31,687)	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization	(146,813)	160,214	6,694	6,694	6,695	11
Miscellaneous Income Deductions	72,860	1,620,062	(10,853)	(8,463)	(8,514)	12
Total Other Income Deductions	(73,953)	1,780,276	(4,159)	(1,769)	(1,820)	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes			(541)	(654)	(654)	14
Income Taxes						15
Total Taxes-Other Inc. & Deductions			(541)	(654)	(654)	16
Net Other Income and Deductions	823,539	(2,802,548)	214,565	523,254	(29,213)	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	746,816	777,319	784,330	784,330	784,329	18
Amortization of Debt Discount and Expense	24,006	24,006	22,170	21,558	21,557	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	76,161	722,825	549,827	430,375	457,752	22
Total Interest Charges	846,983	1,524,150	1,356,327	1,236,263	1,263,638	23
Income Before Extraordinary Items	366,636	(3,465,006)	331,832	845,860	(258,661)	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	<b>\$366,636</b>	<b>(\$3,465,006)</b>	<b>\$331,832</b>	<b>\$845,860</b>	<b>(\$258,661)</b>	<b>29</b>
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	(\$3,455,656)	(\$1,914,035)	(\$1,684,708)	(\$2,369,191)	(\$1,683,265)	30
Balance Transferred from Income	292,444	(2,848,876)	271,094	425,120	(191,485)	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock						34
Adjustments to Retained Earnings	(538,522)	1,307,255	(500,421)	259,363	(494,441)	35
Net Change	(246,078)	(1,541,621)	(229,327)	684,483	(685,926)	36
Unappropriated Retained Earnings (EOP)	(3,701,734)	(3,455,656)	(1,914,035)	(1,684,708)	(2,369,191)	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	<b>(\$3,701,734)</b>	<b>(\$3,455,656)</b>	<b>(\$1,914,035)</b>	<b>(\$1,684,708)</b>	<b>(\$2,369,191)</b>	<b>39</b>

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$366,636	(\$3,465,006)	\$331,832	\$845,860	(\$258,661)
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	633,355	528,994	548,945	463,882	493,399
3 Deferred Taxes & ITCs	(12,708)	418,918	786,212	(146,291)	(114,582)
4 Receivables and Inventory	(1,763,933)	724,929	32,163	200,110	(590,130)
5 Payables and Accrued Expenses	(961,158)	(373,927)	2,818,389	(572,610)	1,892,181
6 Regulatory Assets (Net)	68,386	440,970	(2,472,345)	309,988	(397,143)
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates		616,129	638,842	420,740	135,889
9 Other Adjustments	(998,670)				
10					
11					
12 Net Cash From Operating Activities	<u>(2,668,092)</u>	<u>(1,108,993)</u>	<u>2,684,038</u>	<u>1,521,679</u>	<u>1,160,953</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(2,454,566)	(1,220,252)	(1,543,528)	(900,642)	(1,231,677)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates				(420,740)	(135,889)
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies		908,113			
19 Investment Securities	728,622				(257,351)
20 Other Current Assets & Liabilities				14,505	
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(1,725,944)</u>	<u>(312,139)</u>	<u>(1,543,528)</u>	<u>(1,306,877)</u>	<u>(1,624,917)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(850,709)	(735,004)	1,741,665		
26 Common Stock	4,711,402				
27 Preferred Stock					
28 Short-Term Debt	(839,888)	2,000,001	(1,854,413)	51,396	749,476
29 Dividends Paid					
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>3,020,805</u>	<u>1,264,997</u>	<u>(112,748)</u>	<u>51,396</u>	<u>749,476</u>
34 Net Increase/(Decrease) In Cash Equivalents	(1,373,231)	(156,135)	1,027,762	266,198	285,512
35 Cash & Cash Equivalents Beginning Of Year	3,489,741	3,645,876	2,618,114	2,351,916	2,066,404
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$2,116,510</b>	<b>\$3,489,741</b>	<b>\$3,645,876</b>	<b>\$2,618,114</b>	<b>\$2,351,916</b>
(Totals include the SPECIAL FUNDS amount )					

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

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	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$13,649,230	\$14,874,083	\$14,170,213	\$12,425,897	\$11,634,115	1
Commercial	2,422,077	3,072,266	2,802,044	2,612,789	2,507,302	2
Industrial	76,691	265,698	238,930	221,479	332,245	3
Other Ultimate Customers	188,998	264,477	212,300	191,907	159,769	4
Total Revenues-Ultimate Customer	16,336,996	18,476,524	17,423,487	15,452,072	14,633,431	5
Sales for Resale	2,803,516	3,024,256	2,831,287	2,806,530	2,515,289	6
Total Revenues from Gas Sales	19,140,512	21,500,780	20,254,774	18,258,602	17,148,720	7
Transportation Sales	4,448,487	3,740,172	2,897,594	2,977,549	3,351,093	8
Other Gas Operating Revenues	336,688	408,640	1,513,977	1,207,635	211,114	9
Total Gas Operating Revenues	\$23,925,687	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927	10
<b>SALES (MCF)</b>						
Residential	993,834	908,784	1,084,451	1,065,475	1,155,313	11
Commercial	189,569	198,930	227,769	241,523	267,710	12
Industrial	20,488	20,244	19,512	21,539	32,066	13
Other Ultimate Customers	16,556	16,495	18,652	18,124	17,712	14
Total Sales-Ultimate Customer	1,220,447	1,144,453	1,350,384	1,346,661	1,472,801	15
Sales for Resale	290,061	262,523	300,684	320,478	373,765	16
Transportation Sales	7,515,621	6,376,737	7,134,775	6,984,863	6,494,221	17
Other Gas Sales						18
Total Sales	9,026,130	7,783,713	8,785,842	8,652,002	8,340,787	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	10,411	10,101	10,404	10,389	10,210	20
Commercial	768	771	845	813	823	21
Industrial	7	7	6	6	6	22
Other Customers	60	57	70	54	52	23
Total Ultimate Customers	11,246	10,936	11,325	11,262	11,091	24
Resales	1	1	1	1	1	25
Total Customers	11,247	10,937	11,326	11,263	11,092	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,311	\$1,473	\$1,362	\$1,196	\$1,139	27
Average MCF Consumption Per Customer	95.5	90.0	104.2	102.6	113.2	28
Average Revenue Per MCF Sold	\$13.73	\$16.37	\$13.07	\$11.66	\$10.07	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$3,154	\$3,985	\$3,316	\$3,214	\$3,047	30
Average MCF Consumption Per Customer	246.8	258.0	269.5	297.1	325.3	31
Average Revenue Per MCF Sold	\$12.78	\$15.44	\$12.30	\$10.82	\$9.37	32
<b>INDUSTRIAL</b>						
Average Annual Bill Per Customer	\$10,956	\$37,957	\$39,822	\$36,913	\$55,374	33
Average MCF Consumption Per Customer	2,926.8	2,892.0	3,252.0	3,589.9	5,344.3	34
Average Revenue Per MCF Sold	\$3.74	\$13.12	\$12.25	\$10.28	\$10.36	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	14,702,610	\$17,513,361	\$14,349,735	\$14,349,735	\$13,257,378	39
Other	171,225	239,416	397,353	397,353	289,993	40
Total Production Expense	14,873,835	17,752,777	14,747,088	14,747,088	13,547,371	41
Natural Gas Storage Expense						42
Transmission Expense	297,302	307,880	265,409	265,409	328,663	43
Distribution Expense	987,532	1,024,391	778,528	778,526	843,654	44
Customer Account Expense	813,805	534,049	515,277	484,345	496,308	45
Sales Expense	6,562	9,246	16,988	47,920	89,117	46
Administrative and General	4,497,496	4,292,190	2,632,374	2,632,376	2,667,087	47
Total O & M Expense	\$21,476,532	\$23,920,533	\$18,955,664	\$18,955,665	\$17,972,200	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,**

	2007	2006	2005	2004	2003
1 Total Revenues	\$23,925,687	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927
2 Sales of Gas (MCF) *	1,510,508	1,406,976	1,651,068	1,667,139	1,846,566
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$14,999,912	\$17,821,241	\$16,732,570	\$14,615,144	\$13,586,041
4 Wages and Benefits	4,100,066	3,155,433	2,601,624	2,750,381	3,088,004
5 Other Operation & Maintenance Exp.	2,376,555	2,943,858	1,931,126	1,590,140	1,298,155
6 Depreciation & Amortization Expense	643,849	559,340	498,325	463,882	493,399
7 Income Taxes-Operating	(33,378)	(1,547,591)	189,778	109,772	(121,771)
8 Other Taxes-Operating	1,448,603	1,855,619	1,239,328	1,355,598	1,332,909
9 Capital Costs	390,080	861,692	1,473,594	1,558,869	1,034,190
10 Total	\$23,925,687	\$25,649,592	\$24,666,345	\$22,443,786	\$20,710,927
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	62.7	69.5	67.8	65.1	65.6
12 Wages and Benefits	17.1	12.3	10.5	12.3	14.9
13 Other Operation & Maintenance Exp.	9.9	11.5	7.8	7.1	6.3
14 Depreciation & Amortization Expense	2.7	2.2	2.0	2.1	2.4
15 Income Taxes-Operating	-0.1	-6.0	0.8	0.5	-0.6
16 Other Taxes-Operating	6.1	7.2	5.0	6.0	6.4
17 Capital Costs	1.6	3.4	6.0	6.9	5.0
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	9.93	12.67	10.13	8.77	7.36
20 Wages and Benefits	2.71	2.24	1.58	1.65	1.67
21 Other Operation & Maintenance Exp.	1.57	2.09	1.17	0.95	0.70
22 Depreciation & Amortization Expense	0.43	0.40	0.30	0.28	0.27
23 Income Taxes-Operating	-0.02	-1.10	0.11	0.07	-0.07
24 Other Taxes-Operating	0.96	1.32	0.75	0.81	0.72
25 Capital Costs	0.26	0.61	0.89	0.94	0.56
26 Total	15.84	18.23	14.94	13.46	11.22

**Notes:**

\* Includes Sales for Resale

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

**Data Field Below**

## Purchased Gas and Other Supply Exp.

Liquidified Petro Gas					
Other Gas Supply	14,702,610	17,513,361	16,455,187	14,349,735	13,257,378
Gas Storage					
Transmission Expense	297,302	307,880	277,383	265,409	328,663
Total Purchased Gas	14,999,912	17,821,241	16,732,570	14,615,144	13,586,041
-Total PG related to Sales for Resale					
PG - Ultimate Customers	14,999,912	17,821,241	16,732,570	14,615,144	13,586,041

**Wages and Benefits**

Salaries	2,196,222	2,056,637	1,706,903	1,701,911	1,975,761
Pensions and Benefits	1,903,844	1,098,796	894,721	1,048,470	1,112,243
Total Wages and Benefits	4,100,066	3,155,433	2,601,624	2,750,381	3,088,004

**Other Expenses**

Total O&M Expenses	21,476,533	23,920,532	21,265,320	18,955,665	17,972,200
-Total Purchased Gas	14,999,912	17,821,241	16,732,570	14,615,144	13,586,041
-Wages and Benefits	4,100,066	3,155,433	2,601,624	2,750,381	3,088,004
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,376,555	2,943,858	1,931,126	1,590,140	1,298,155

**Depreciation and Amortization**

Depreciation Exp	643,849	559,340	498,325	463,882	493,399
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	643,849	559,340	498,325	463,882	493,399

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

Total PG	14,999,912	17,821,241	16,732,570	14,615,144	13,586,041
divided by Total MCFs	1,510,508	1,406,976	1,651,068	1,667,139	1,846,566
Fuel Cost per MCF	10	13	10	9	7
times Sales for Resale MCFs	290,061	262,523	300,684	320,478	373,765
Sales for Resale PG	2,880,419	3,325,206	3,047,249	2,809,504	2,749,962

**Transportation Volumes**

	7,515,621	6,376,737	7,134,775	6,984,863	6,494,221
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**CORNING NATURAL GAS CORPORATION**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2007	2006	2005	2004	2003	
Intangible	\$28,742	\$28,742	\$28,742	\$28,742	\$28,742	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission	4,529,824	4,529,824	4,531,606	4,495,229	4,304,260	6
Distribution	18,286,964	16,909,367	15,105,996	14,190,530	13,624,811	7
General	7,497,431	7,233,073	7,182,329	7,090,196	7,009,922	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
<b>Total Plant In Service</b>	<b>30,342,961</b>	<b>28,701,006</b>	<b>26,848,673</b>	<b>25,804,697</b>	<b>24,967,735</b>	<b>12</b>
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	810,090	54,762	686,843	187,291	200,568	15
Acquisition Adjustments						16
<b>Total Plant</b>	<b>31,153,051</b>	<b>28,755,768</b>	<b>27,535,516</b>	<b>25,991,988</b>	<b>25,168,303</b>	<b>17</b>
Accum. Prov. - Depr. & Amort.	11,524,350	10,946,400	10,417,406	9,868,461	9,389,704	18
<b>Total Net Plant</b>	<b>\$19,628,701</b>	<b>\$17,809,368</b>	<b>\$17,118,110</b>	<b>\$16,123,527</b>	<b>\$15,778,599</b>	<b>19</b>
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.43	0.28	0.55	0.32	0.33	20
Total Capitalization	\$24,117,915	\$21,264,167	\$22,152,102	\$22,428,621	\$21,081,623	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	40.5%	48.9%	50.3%	41.9%	44.6%	22
Preferred Stock						23
Common Stock & Retained Earnings	30.2%	12.9%	22.1%	22.5%	17.8%	24
Short-Term Debt	29.3%	38.2%	27.6%	35.6%	37.6%	25
Pretax Coverage of Interest Expense	0.42	-0.45	1.23	1.35	0.70	26
Com. Stock Dividends as a % of Earnings						27
Return on Common Equity	7.8%	38.8%	28.4%	9.7%	-4.8%	28
Internal Cash Generated as a % of Cash Outflows for Construction	-68.0%	-95.2%	173.9%	185.5%	94.3%	29
Earnings per Share	\$0.48	\$1.70	\$2.91	\$1.67	(\$0.51)	30
Book Value per Share	\$8.99	\$5.40	\$9.64	\$9.97	\$7.39	31
Dividends per Share						32
Number of Employees	51	51	62	71	72	33

<u>Data Field Below</u>	2007	2006	2005	2004	2003
Current Assets	\$5,674,202	\$4,352,646	8,107,906	4,518,270	4,809,434
Current Liabilities	\$13,331,584	\$15,372,092	14,785,616	14,128,780	14,701,390
Total Capitalization	\$24,117,915	\$21,264,167	22,152,102	22,428,621	21,081,623
Long-Term Debt	\$9,762,202	\$10,406,661	11,141,665	9,400,000	9,400,000
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	\$7,280,392	\$2,736,046	4,888,978	5,052,749	3,757,147
Short-Term Debt	\$7,075,321	\$8,121,460	6,121,459	7,975,872	7,924,476
Pretax Income	\$356,702	(\$685,899)	1,663,372	1,668,641	883,206
Interest Expense	846,983	1,524,150	1,356,327	1,236,263	1,263,638
Common Dividends Paid	-	-	-	-	-
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	\$390,080.00	\$861,692.00	1,473,594	845,860	(258,661)
Internal Cash	(1,669,422)	(1,161,996)	2,684,038	1,527,941	1,160,953
Cash Outflows for Construction	2,454,566	1,220,252	1,543,528	823,686	1,231,677
Shares Outstanding (Millions) Sch250251	0.8096	0.5069	0.5069	0.5069	0.5082
Misc Deferred Debits Sch233	3,630,951	3,673,305	5,122,213	2,947,362	3,246,222
Number of Employees	51	51	62	71	72
<u>Pre-Tax Income</u>					
Total Utility Operating Income	390,080	861,692	1,473,594	1,558,869	1,034,190
+Income Taxes - Electric	-	-	-	-	-
+Income Taxes - Gas	(33,378)	(1,547,591)	189,778	109,772	(121,771)
+Other Income	\$749,586	(\$1,022,272)	209,865	520,831	(31,687)
- Other Income Deductions	(\$73,953)	\$1,780,276	(4,159)	(1,769)	(1,820)
- Other Taxes			(541)	(654)	(654)
Pre-Tax Income	1,180,241	(3,488,447)	1,877,937	2,191,895	883,206

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$2,298,504,947	\$2,195,043,972	\$2,109,758,514	\$1,998,524,504	\$1,898,215,833
2 Less Acc. Prov. For Depreciation & Amortization	478,458,625	434,747,362	400,637,659	381,686,765	355,376,241
3 Net Total Utility Plant	1,820,046,322	1,760,296,610	1,709,120,855	1,616,837,739	1,542,839,592
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property	1,320,034	1,682,680	1,615,167	1,252,139	1,243,800
5 Less Acc. Prov. For Depreciation & Amortization	(10,461)	(9,353)	(8,245)	(85,810)	(84,702)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments			706,646	872,896	1,123,100
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	1,309,573	1,673,327	2,313,568	2,039,226	2,282,198
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	6,141,996	3,279,752	3,525,830	(894,040)	1,554,063
14 Special Deposits	295	907,776	1,396,703		10,000
15 Working Funds					
16 Temporary Cash Investments	161,877,070	31,442,593			
17 Notes Receivable					
18 Accounts Receivable	160,012,527	130,433,524	179,861,234	139,847,356	129,434,822
19 Less Accum. Prov. For Uncollectible Accounts	(5,308,434)	(4,770,455)	(9,719,099)	(9,663,106)	(8,222,432)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	269,027,830	80,789,398	44,550,814	4,406,516	10,941,773
22 Materials and Supplies	6,731,599	7,038,087	7,518,581	8,126,773	8,215,969
23 Gas Stored Underground - Current	185,684,386	182,190,696	183,932,942	115,574,005	100,342,183
24 Liquefied Natural Gas in Storage	4,360,625	3,937,174	4,061,990	2,854,997	2,873,205
25 Prepayments	23,239,813	32,431,583	20,375,167	28,947,230	28,603,195
26 Interest and Dividends Receivable					
27 Rents Receivable	6,953,290	10,559,080	7,099,596	10,462,997	9,891,680
28 Accrued Utility Revenue	99,798,054	86,370,761	112,950,154	99,200,025	78,423,518
29 Misc. Current and Accrued Assets	567,570	1,172,729	38,591,211		
30 Total Current and Accrued Assets	919,086,621	565,782,697	594,145,124	398,862,752	362,067,976
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense	1,020,038	1,461,380	1,316,292	1,699,213	2,098,277
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	565,581,769	466,306,768	240,364,359	194,413,028	228,451,363
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes	(44,521,712)	(78,752,205)	(22,180,619)	(78,609,747)	(67,096,648)
40 Total Deferred Debits	522,080,095	389,015,943	219,500,033	117,502,494	163,452,992
41 <b>Total Assets and Other Debits</b>	<b>\$3,262,522,610</b>	<b>\$2,716,768,577</b>	<b>\$2,525,079,580</b>	<b>\$2,135,242,210</b>	<b>\$2,070,642,758</b>

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

	2007	2006	2005	2004	2003
<b>PROPRIETARY CAPITAL</b>					
Common Stock Issued	\$1	\$1	\$1	\$1	\$1
Preferred Stock Issued					
Capital Stock Subscribed					
Stock Liability for Conversion					
Premium on Capital Stock	582,861,727	582,861,727	582,861,727	582,861,727	582,861,727
Other Paid-in Capital	(37,900,600)				(25,756,513)
Installments Received on Capital Stock					
Capital Stock Expense					
Retained Earnings	498,487,399	414,797,813	340,838,774	259,367,538	225,118,318
Unapp. Undistributed Subsidiary Earnings					
Reacquired Capital Stock	(323,997)	(861,647)	(26,727,663)	(26,632,282)	
Accumulated Other Comprehensive Income					
Total Proprietary Capital	1,043,124,529	996,797,894	896,972,839	815,596,984	782,223,533
<b>LONG-TERM DEBT</b>					
Bonds	500,000,000	625,000,000	525,000,000	525,000,000	525,000,000
Reacquired Bonds					
Advances from Associated Companies					125,904,287
Other Long-Term Debt					
Unamortized Premium on LT Debt					
Unamortized Discount on LT Debt-Debit					
Total Long-Term Debt	500,000,000	625,000,000	525,000,000	525,000,000	650,904,287
<b>CURRENT AND ACCRUED LIABILITIES</b>					
Notes Payable	125,000,000				
Accounts Payable	45,996,800	86,470,561	149,676,816	111,551,090	84,703,159
Notes Payable to Associated Companies	125,911,939	125,017,873	193,989,244	240,110,748	123,840,327
Accounts Payable to Associated Companies	623,907,091	271,802,710	144,312,589	(8,454,767)	3,297,576
Customer Deposits	9,576,368	8,451,028	8,016,965	6,714,907	4,233,001
Taxes Accrued	18,081,948	(2,303,074)	15,510,181	20,153,962	(2,654,357)
Interest Accrued	18,173,925	17,808,730	17,292,418	16,968,553	16,916,087
Dividends Declared					
Matured Long-Term Debt					
Matured Interest					
Tax Collections Payable	334,700	(217,573)	804,007	(425,154)	(2,369,322)
Misc. Current and Accrued Liabilities	67,408,214	64,849,929	71,324,285	76,568,983	80,907,454
Total Current and Accrued Liabilities	1,034,390,985	571,880,184	600,926,505	463,188,322	308,873,925
<b>DEFERRED CREDITS</b>					
Customer Advances for Construction	6,843,462				
Other Deferred Credits	133,994,347	53,437,942	63,827,845	5,575,838	21,932,879
Accumulated Deferred Inv. Tax Credits					
Deferred Gains-Disposition of Utility Plant					
Accumulated Deferred Income Taxes	288,923,698	318,307,785	276,255,379	219,453,030	189,785,268
Total Deferred Credits	429,761,507	371,745,727	340,083,224	225,028,868	211,718,147
<b>OPERATING RESERVES</b>					
Property Insurance Reserve					
Injuries and Damage Reserve					
Pension and Benefits Reserve					
Miscellaneous Operating Reserves	255,245,588	151,344,772	162,097,013	106,428,036	116,922,866
Total Operating Reserves	255,245,588	151,344,772	162,097,013	106,428,036	116,922,866
<b>Total Liabilities and Other Credits</b>	<b>\$3,262,522,610</b>	<b>\$2,716,768,577</b>	<b>\$2,525,079,580</b>	<b>\$2,135,242,210</b>	<b>\$2,070,642,758</b>

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

	2007	2006	2005	2004	2003
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$1,438,200,152	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408
Operating Expense:					
2 Operation Expense	1,056,825,878	983,229,607	1,080,075,179	787,494,135	696,551,598
3 Maintenance Expense	26,134,753	25,342,031	24,632,681	25,111,540	22,478,761
4 Depreciation Expense	44,093,927	42,771,350	40,298,163	39,500,147	37,086,241
5 Amort. and Depletion of Utility Plant	2,852,911	2,769,251	2,612,928	2,246,349	1,914,321
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	43,846,159	31,978,397	33,994,125	38,109,650	38,601,622
9 Other Expenses					
10 Taxes Other than Income Taxes	69,589,079	65,134,895	65,857,298	65,715,475	77,502,670
11 Income Taxes	61,290,242	42,187,913	48,150,414	35,834,381	40,796,295
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant	13,260				
14 Total Operating Expenses	1,304,646,210	1,193,413,445	1,295,620,787	994,011,678	914,931,509
15 Net Operating Revenues	133,553,942	126,021,396	137,285,180	130,405,106	131,999,899
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	133,553,942	126,021,396	137,285,180	130,405,106	131,999,899
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$133,553,942	\$126,021,396	\$137,285,180	\$130,405,106	\$131,999,899

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

	2007	2006	2005	2004	2003
<b>OTHER INCOME</b>					
Income - Merch. Jobbing & Contract Work	\$89,840	\$521,260	\$373,687	\$221,139	\$214,153
Income from Nonutility Operations	(39,024)	43,535	(33,485)	(2,793)	41,092
Nonoperating Rental Income	(1,108)	(1,108)	(499,160)	(1,108)	(340,235)
Equity in Earnings of Subsidiary Companies					
Interest and Dividend Income	8,645,471	154,083	179,671	(119,951)	(496,898)
Allowance for Funds Used During Construction	380,860	212,321	880,518	500,353	898,412
Miscellaneous Nonoperating Income	(1,030,099)	(383,917)	2,678,940	479,752	4,155,286
Gain on Disposition of Property	65,417	61,400	43,421	(60,022)	13,859,281
Total Other Income	8,111,358	607,574	3,623,591	1,017,369	18,331,091
<b>OTHER INCOME DEDUCTIONS</b>					
Loss on Disposition of Property					
Miscellaneous Amortization					
Miscellaneous Income Deductions	207,909	224,208	497,106	198,394	12,240,048
Total Other Income Deductions	207,909	224,208	497,106	198,394	12,240,048
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>					
Taxes Other than Income Taxes	383,089	413,163	262,321	(17,319)	751,631
Income Taxes					
Total Taxes-Other Inc. & Deductions	383,089	413,163	262,321	(17,319)	751,631
Net Other Income and Deductions	7,520,359	(29,797)	2,864,165	836,294	5,339,412
<b>INTEREST CHARGES</b>					
Interest on Long-term Debt	45,725,000	40,622,352	40,125,000	40,053,082	40,125,000
Amortization of Debt Discount and Expense	449,265	386,261	382,921	399,064	356,704
Amortization of Premium on Debt-Credit					
Interest on Debt to Associated Company	11,097,501	9,845,657	10,119,968	12,509,861	16,556,905
Other Interest Expense	112,949	1,178,290	7,845,585	4,030,173	1,727,668
Total Interest Charges	57,384,716	52,032,560	58,473,474	56,992,180	58,766,277
Income Before Extraordinary Items	83,689,585	73,959,039	81,675,871	74,249,220	78,573,034
<b>EXTRAORDINARY ITEMS</b>					
Extraordinary Income					
Extraordinary Deductions			(204,634)		
Income Taxes, Extraordinary Items					
Net Extraordinary Items			(204,634)		
<b>Net Income</b>	<b>\$83,689,585</b>	<b>\$73,959,039</b>	<b>\$81,471,237</b>	<b>\$74,249,220</b>	<b>\$78,573,034</b>
<hr/>					
<b>RETAINED EARNINGS</b>					
Unappropriated Retained Earnings (BOP)	\$414,797,813	\$340,838,774	\$259,367,541	\$225,118,321	\$146,545,287
Balance Transferred from Income	83,689,585	73,959,039	81,471,237	74,249,220	78,573,034
Appropriated Retained Earnings					
Dividends Declared-Preferred Stock					
Dividends Declared-Common Stock				40,000,000	
Adjustments to Retained Earnings					
Net Change	83,689,585	73,959,039	81,471,237	34,249,220	78,573,034
Unappropriated Retained Earnings (EOP)	498,487,399	414,797,813	340,838,777	259,367,541	225,118,321
Appropriated Retained Earnings (EOP)					
<b>Total Retained Earnings</b>	<b>\$498,487,399</b>	<b>\$414,797,813</b>	<b>\$340,838,777</b>	<b>\$259,367,541</b>	<b>\$225,118,321</b>

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$83,689,585	\$73,959,039	\$81,471,237	\$74,249,220	\$78,573,034
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	47,388,180	45,395,513	43,294,011	42,145,560	37,101,657
3 Deferred Taxes & ITCs	(39,515,180)	98,623,992	373,224	41,180,859	117,166,821
4 Receivables and Inventory	(29,583,866)	48,315,784	(105,608,217)	(26,108,269)	(59,104,026)
5 Payables and Accrued Expenses	(20,088,739)	(81,524,778)	35,034,971	51,652,885	(9,969,890)
6 Regulatory Assets (Net)	(53,154,623)	(196,165,353)	(2,049,656)	32,693,879	(44,415,483)
7 Capitalized AFUDC - Equity	(380,860)	(212,321)	(880,518)	(484,022)	(973,280)
8 Undistributed Earnings of Affiliates					
9 Other Adjustments					
10	537,979	(4,948,644)	55,993	1,440,674	302,285
11	184,021,214	(9,621,985)	18,491,201	(51,941,217)	58,985,555
12 Net Cash From Operating Activities	<u>172,913,690</u>	<u>(26,178,752)</u>	<u>70,182,246</u>	<u>164,829,569</u>	<u>177,666,673</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(110,934,391)	(96,347,491)	(132,263,928)	(112,426,723)	(122,982,662)
14 Acquisition Of Other Non-Current Assets					
15 Investments in & Advances to Affiliates	352,998,447	58,518,750	(40,144,299)	(21,386,207)	(59,485,452)
16 Contributions & Advances from Affiliates	(188,238,432)	(36,238,584)	106,645,851		
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies				6,535,258	(3,161,225)
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>53,825,624</u>	<u>(74,067,325)</u>	<u>(65,762,376)</u>	<u>(127,277,672)</u>	<u>(185,629,339)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	(62,000,000)	100,000,000			
26 Common Stock				(40,000,000)	
27 Preferred Stock					
28 Short-Term Debt					
29 Dividends Paid					
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(62,000,000)</u>	<u>100,000,000</u>		<u>(40,000,000)</u>	
34 Net Increase/(Decrease) In Cash Equivalents	164,739,314	(246,077)	4,419,870	(2,448,103)	(7,962,666)
35 Cash & Cash Equivalents Beginning Of Year	3,279,753	3,525,831	(894,039)	1,554,063	9,516,729
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<u>\$168,019,067</u>	<u>\$3,279,753</u>	<u>\$3,525,831</u>	<u>(\$894,039)</u>	<u>\$1,554,063</u>

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

	2007	2006	2005	2004	2003
<b>SALES AND CUSTOMER DATA</b>					
<b>REVENUES</b>					
Residential	\$728,847,596	\$629,322,559	\$698,003,806	\$599,399,497	\$580,329,130
Commercial	356,262,306	327,950,588	352,175,445	298,368,741	284,266,363
Industrial	37,833,165	34,826,611	37,399,162	31,685,176	30,187,578
Other Ultimate Customers					
Total Revenues-Ultimate Customer	1,122,943,067	992,099,757	1,087,578,413	929,453,414	894,783,071
Sales for Resale	213,815,617	231,890,782	255,062,278	110,269,752	64,446,567
Total Revenues from Gas Sales	1,336,758,684	1,223,990,539	1,342,640,691	1,039,723,166	959,229,638
Transportation Sales	79,000,622	73,307,493	64,781,077	61,096,951	58,738,557
Other Gas Operating Revenues	22,440,846	22,136,809	25,484,199	23,596,667	28,963,213
Total Gas Operating Revenues	\$1,438,200,152	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408
<b>SALES (MCF)</b>					
Residential	44,220,552	37,357,037	43,701,322	43,428,839	43,511,421
Commercial	25,545,118	23,805,829	25,638,221	26,614,896	26,873,001
Industrial	2,712,757	2,528,054	2,722,644	2,826,360	2,853,770
Other Ultimate Customers					
Total Sales-Ultimate Customer	72,478,426	63,690,920	72,062,188	72,870,095	73,238,192
Sales for Resale	26,383,469	29,749,099	32,926,033	15,958,139	14,213,497
Transportation Sales	67,103,760	76,433,257	37,412,948	38,446,321	43,342,663
Other Gas Sales					
Total Sales	165,965,655	169,873,276	142,401,169	127,274,555	130,794,352
<b>AVG NUMBER OF CUSTOMERS</b>					
Residential	456,779	451,575	443,064	435,446	430,959
Commercial	43,241	45,227	45,362	44,661	44,277
Industrial	4,593	4,803	4,817	4,742	4,702
Other Customers					
Total Ultimate Customers	504,613	501,605	493,243	484,849	479,938
Resales	24	18	20	2	1
Total Customers	504,637	501,623	493,263	484,851	479,939
<b>OPERATING REVENUES RELATIONSHIP</b>					
<b>RESIDENTIAL SALES</b>					
Average Annual Bill Per Customer	\$1,596	\$1,394	\$1,575	\$1,377	\$1,347
Average MCF Consumption Per Customer	96.8	82.7	98.6	99.7	101.0
Average Revenue Per MCF Sold	\$16.48	\$16.85	\$15.97	\$13.80	\$13.34
<b>COMMERCIAL SALES</b>					
Average Annual Bill Per Customer	\$8,239	\$7,251	\$7,764	\$6,681	\$6,420
Average MCF Consumption Per Customer	590.8	526.4	565.2	595.9	606.9
Average Revenue Per MCF Sold	\$13.95	\$13.78	\$13.74	\$11.21	\$10.58
<b>INDUSTRIAL SALES</b>					
Average Annual Bill Per Customer	\$8,237	\$7,251	\$7,764	\$6,682	\$6,420
Average MCF Consumption Per Customer	590.6	526.3	565.2	596.0	606.9
Average Revenue Per MCF Sold	\$13.95	\$13.78	\$13.74	\$11.21	\$10.58
<b>OPERATION AND MAINTENANCE EXPENSES</b>					
Steam					
Manufactured Gas					
Natural Gas - Production & Gathering					\$7,266
Purchased Gas	\$930,982,388	\$864,943,894	\$966,389,569	\$663,809,805	578,269,097
Other	(558,826)	(567,411)	(3,373,159)	1,046,982	(4,260,199)
Total Production Expense	930,423,562	864,376,483	963,016,410	664,856,787	574,016,164
Natural Gas Storage Expense	2,985,926	2,675,990	2,629,304	2,208,134	2,298,762
Transmission Expense	6,748,324	7,150,489	6,893,778	6,428,663	7,014,098
Distribution Expense	43,144,865	42,493,702	36,191,620	35,367,408	32,399,708
Customer Account Expense	31,543,647	25,521,469	28,695,477	29,795,204	25,205,779
Sales Expense	9,150,898	11,132,373	9,920,217	14,069,484	18,009,176
Administrative and General	58,963,409	55,221,132	57,361,053	59,879,993	60,086,672
Total O & M Expense	\$1,082,960,631	\$1,008,571,638	\$1,104,707,860	\$812,605,675	\$719,030,359

**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,**

	2007	2006	2005	2004	2003
1 Total Revenues	\$1,438,200,152	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408
2 Sales of Gas (MCF) *	98,861,895	93,440,019	104,988,221	88,828,235	87,451,689
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$940,489,855	\$874,599,254	\$972,863,958	\$673,493,585	\$583,329,024
4 Wages and Benefits	16,755,222	10,734,416	14,144,373	16,212,004	20,016,688
5 Other Operation & Maintenance Exp.	125,715,554	123,237,968	117,699,529	122,900,087	115,684,647
6 Depreciation & Amortization Expense	90,792,998	77,518,998	76,905,216	79,856,147	77,602,185
7 Income Taxes-Operating	61,290,242	42,187,913	48,150,414	35,834,381	40,796,295
8 Other Taxes-Operating	69,589,079	65,134,895	65,857,298	65,715,475	77,502,670
9 Capital Costs	133,567,202	126,021,396	137,285,179	130,405,106	131,999,899
10 Total	\$1,438,200,152	\$1,319,434,841	\$1,432,905,967	\$1,124,416,784	\$1,046,931,408
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	65.4	66.3	67.9	59.9	55.7
12 Wages and Benefits	1.2	0.8	1.0	1.4	1.9
13 Other Operation & Maintenance Exp.	8.7	9.3	8.2	10.9	11.0
14 Depreciation & Amortization Expense	6.3	5.9	5.4	7.1	7.4
15 Income Taxes-Operating	4.3	3.2	3.4	3.2	3.9
16 Other Taxes-Operating	4.8	4.9	4.6	5.8	7.4
17 Capital Costs	9.3	9.6	9.6	11.6	12.6
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	9.51	9.36	9.27	7.58	6.67
20 Wages and Benefits	0.17	0.11	0.13	0.18	0.23
21 Other Operation & Maintenance Exp.	1.27	1.32	1.12	1.38	1.32
22 Depreciation & Amortization Expense	0.92	0.83	0.73	0.90	0.89
23 Income Taxes-Operating	0.62	0.45	0.46	0.40	0.47
24 Other Taxes-Operating	0.70	0.70	0.63	0.74	0.89
25 Capital Costs	1.35	1.35	1.31	1.47	1.51
26 Total	14.55	14.12	13.65	12.66	11.97

**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.	930,423,562	864,376,483	963,016,410	664,856,787	574,016,164
Liquidified Petro Gas	332,043	396,292	324,466	185,591	208,432
Other Gas Supply					
Gas Storage	2,985,926	2,675,990	2,629,304	2,022,544	2,090,330
Transmission Expense	6,748,324	7,150,489	6,893,778	6,428,663	7,014,098
Total Purchased Gas	940,489,855	874,599,254	972,863,958	673,493,585	583,329,024
-Total PG related to Sales for Resale PG - Ultimate Customers	940,489,855	874,599,254	972,863,958	673,493,585	583,329,024

**Wages and Benefits**

Salaries	16,932,052	16,932,052	16,932,052	16,932,052	16,932,052
Pensions and Benefits	(176,830)	(6,197,636)	(2,787,679)	(720,048)	3,084,636
Total Wages and Benefits	16,755,222	10,734,416	14,144,373	16,212,004	20,016,688

**Other Expenses**

Total O&M Expenses	1,082,960,631	1,008,571,639	1,104,707,860	812,605,675	719,030,359
-Total Purchased Gas	940,489,855	874,599,254	972,863,958	673,493,585	583,329,024
-Wages and Benefits	16,755,222	10,734,416	14,144,373	16,212,004	20,016,688
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	125,715,554	123,237,968	117,699,529	122,900,087	115,684,647

**Depreciation and Amortization**

Depreciation Exp	44,093,927	42,771,350	40,298,163	39,500,147	37,086,241
Amort & Depl of Utility Plant					
Amort of Other Utility Plant	2,852,911	2,769,251	2,612,928	2,246,349	1,914,321
Amort of Property Losses					
Amort of Conversion Expenses	43,846,159	31,978,397	33,994,125	38,109,650	38,601,622
Total Depre and Amort	90,792,998	77,518,998	76,905,216	79,856,147	77,602,185

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

Total PG	940,489,855	874,599,254	972,863,958	673,493,585	583,329,024
divided by Total MCFs	98,861,895	93,440,019	104,988,221	88,828,235	87,451,689
Fuel Cost per MCF	10	9	9	8	7
times Sales for Resale MCFs	26,383,469	29,749,099	32,926,033	15,958,139	14,213,497
Sales for Resale PG	250,990,384	278,451,784	305,106,141	120,994,237	94,808,293

**Transportation Volumes**

2

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

	2007	2006	2005	2004	2003
Intangible Production	\$20,404,153	\$19,204,835	\$17,989,976	\$15,018,986	\$13,463,521
Manufactured Gas	\$2,380,251	2,380,251	2,380,251	2,380,251	2,008,123
Natural Gas					
Natural Gas Storage					
Underground Storage					
Other Storage	45,433,872	41,465,558	41,428,250	40,861,557	40,652,946
Transmission	225,830,700	223,099,346	202,227,050	204,886,334	189,653,112
Distribution	1,895,588,350	1,827,891,486	1,750,843,195	1,678,516,848	1,580,968,035
General	64,248,222	50,266,427	46,742,398	35,729,329	37,223,467
Gas - Purchased or Sold					
Experimental - Unclassified					
Gas - Underground, Non-current					
<b>Total Plant In Service</b>	<b>2,253,885,548</b>	<b>2,164,307,903</b>	<b>2,061,611,120</b>	<b>1,977,393,305</b>	<b>1,863,969,203</b>
Plant Leased To Others					
Plant Held For Future Use	93,519	93,519	93,519	93,519	93,519
Construction Work In Progress	44,525,881	30,642,550	48,053,875	21,037,679	34,153,111
Acquisition Adjustments					
<b>Total Plant</b>	<b>2,298,504,948</b>	<b>2,195,043,972</b>	<b>2,109,758,514</b>	<b>1,998,524,503</b>	<b>1,898,215,833</b>
Accum. Prov. - Depr. & Amort.	478,458,625	434,747,362	400,637,659	381,686,765	355,376,241
<b>Total Net Plant</b>	<b>\$1,820,046,323</b>	<b>\$1,760,296,610</b>	<b>\$1,709,120,855</b>	<b>\$1,616,837,738</b>	<b>\$1,542,839,592</b>
<b>SELECTED RATIOS AND STATISTICS</b>					
Current Assets / Current Liabilities	0.58	0.33	0.37	0.29	0.20
Total Capitalization	\$500,000,000	\$625,000,000	\$525,000,000	\$525,000,000	\$650,904,287
<u>Percent Of Capitalization (incl. S-T Debt)</u>					
Long-Term Debt	27.9%	35.8%	32.5%	33.2%	41.8%
Preferred Stock					
Common Stock & Retained Earnings	58.1%	57.1%	55.5%	51.6%	50.2%
Short-Term Debt	14.0%	7.2%	12.0%	15.2%	8.0%
Pretax Coverage of Interest Expense	3.67	3.23	3.22	2.93	3.03
Com. Stock Dividends as a % of Earnings				53.9%	
Return on Common Equity	9.0%	7.8%	9.5%	9.3%	11.0%
Internal Cash Generated as a % of Cash Outflows for Construction	64.2%	-368.0%	188.5%	68.2%	69.2%
Earnings per Share	\$0.92	\$0.74	\$0.82	\$742,492.20	\$785,730.34
Book Value per Share	\$10.43	\$9.97	\$8.97	\$8,155,969.84	\$7,822,235.33
Dividends per Share				\$400,000.00	
Number of Employees	637	636	639	671	671

**Data Field Below**

Current Assets	\$919,086,621	\$565,782,697	594,145,124	398,862,752	362,067,976
Current Liabilities	1,034,390,985	571,880,184	600,926,505	463,188,322	308,873,925
Total Capitalization	1,794,036,469	1,746,815,767	1,615,962,083	1,580,707,732	1,556,968,147
Long-Term Debt	500,000,000	625,000,000	525,000,000	525,000,000	650,904,287
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,043,124,529	996,797,894	896,972,839	815,596,984	782,223,533
Short-Term Debt	250,911,939	125,017,873	193,989,244	240,110,748	123,840,327
Pretax Income	210,525,559	168,179,513	188,299,759	167,075,782	178,135,606
Interest Expense	57,384,716	52,032,560	58,473,474	56,992,180	58,766,277
Common Dividends Paid	-	-	-	40,000,000	-
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	91,850,602	73,959,039	81,675,871	74,249,220	78,573,034
Internal Cash	172,913,690	(26,178,752)	70,182,246	164,829,569	177,666,673
Cash Outflows for Construction	110,934,391	96,347,491	132,263,928	112,426,723	122,982,662
Shares Outstanding (Millions) Sch250251	100	100	100	0.0001	0.0001
Misc Deferred Debits	431,587,422	412,868,826	176,536,515	188,837,190	206,518,484
Number of Employees Sch 7277	637	636	639	671	671
Pre-Tax Income					
Total Utility Operating Income	133,553,942	\$126,021,396.42	137,285,180	130,405,106	131,999,899
+Income Taxes - Electric					
+Income Taxes - Gas	61,290,242	42,187,913	48,150,414	35,834,381	40,796,295
+Other Income	8,111,358	607,574	3,623,591	1,017,369	18,331,091
- Other Income Deductions	207,909	224,208	497,106	198,394	12,240,048
- Other Taxes	383,089	413,163	262,321	(17,319)	751,631
Pre-Tax Income	\$202,364,543	\$168,179,513	\$188,299,759	\$167,075,782	\$178,135,606

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$ 1,561,808,716	\$1,518,057,014	\$1,483,382,307	\$1,446,188,535	\$1,407,593,692
2 Less Acc. Prov. For Depreciation & Amortization	529,057,094	496,679,119	483,351,115	456,560,134	432,182,369
3 Net Total Utility Plant	1,032,751,622	1,021,377,895	1,000,031,192	989,628,401	975,411,323
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property	80,802	80,802	80,802	80,802	80,137
5 Less Acc. Prov. For Depreciation & Amortization	(9,744)	(9,744)	(9,744)	(9,744)	(9,744)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments	21,941	36,105		1,088	1,088
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds	44,803,756				
12 Total Other Property and Investments	44,896,755	107,163	71,058	72,146	71,481
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	9,307,671	8,530,139	15,693,722	6,367,861	18,957,075
14 Special Deposits					
15 Working Funds	156,850	157,250	150,550	164,300	191,200
16 Temporary Cash Investments	25,036	24,675	40,445	83,095	82,573
17 Notes Receivable	226,333	430,633	319,126	316,247	77,617
18 Accounts Receivable	161,403,470	147,954,357	208,936,292	145,722,815	156,715,151
19 Less Accum. Prov. For Uncollectible Accounts	(32,700,173)	(34,183,644)	(29,645,847)	(11,134,041)	(15,106,501)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	12,888,312	9,267,843	12,244,995	8,140,524	13,187,148
22 Materials and Supplies	6,648,932	6,294,749	7,071,697	7,193,138	6,403,305
23 Gas Stored Underground - Current	20,156,433	23,740,076	18,872,610	19,812,511	31,826,524
24 Liquefied Natural Gas in Storage					
25 Prepayments	10,823,010	11,211,688	10,753,693	10,392,372	10,016,642
26 Interest and Dividends Receivable	361,538	378,217	91,755	(39,090)	273,413
27 Rents Receivable					
28 Accrued Utility Revenue	78,479,720	67,866,028	97,932,085	84,834,729	62,135,320
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	267,777,132	241,672,011	342,461,123	271,854,461	284,759,467
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges	(181,911)	(365,611)	67,680	57,806	143,959
34 Clearing Accounts	(828,641)	(263,926)	(633,044)	(1,681,910)	(1,482,559)
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	147,628,433	104,154,761	113,250,731	91,699,461	115,092,976
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development	1,387,770	(433,728)	(4,471,956)	(3,487,765)	(3,066,981)
39 Accumulated Deferred Income Taxes	31,005	31,005	31,005	31,005	31,005
40 Total Deferred Debits	148,036,656	103,122,501	108,244,416	86,618,597	110,718,400
41 Total Assets and Other Debits	\$1,493,462,165	\$1,366,279,570	\$1,450,807,789	\$1,348,173,605	\$1,370,960,671

**Notes:**

\* Includes Pennsylvania operations.

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

	2007	2006	2005	2004	2003	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$59,170,600	\$59,170,600	\$59,170,600	\$59,170,600	\$59,170,600	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock	68,500	68,500	68,500	68,500	68,500	5
Other Paid-in Capital	123,837,634	122,968,176	122,015,127	121,599,684	121,599,684	6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	336,264,759	335,411,159	393,063,356	389,363,959	376,155,976	9
Unapp. Undistributed Subsidiary Earnings						10
Required Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	519,341,493	517,618,435	574,317,583	570,202,743	556,994,760	12
<b>LONG-TERM DEBT</b>						
Bonds						13
Required Bonds						14
Advances from Associated Companies	189,000,000	258,310,000	218,310,000	218,310,000	218,310,000	15
Other Long-Term Debt					85,820	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	189,000,000	258,310,000	218,310,000	218,310,000	218,395,820	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable						20
Accounts Payable	94,160,637	75,003,798	111,336,875	70,319,274	86,748,272	21
Notes Payable to Associated Companies	295,100,000	194,700,000	251,500,000	172,900,000	207,400,000	22
Accounts Payable to Associated Companies	30,249,349	23,066,670	20,045,510	15,270,688	18,116,782	23
Customer Deposits	11,824,153	10,171,900	10,343,578	9,101,152	7,992,111	24
Taxes Accrued	(8,146,901)	(7,082,000)	(16,955,388)	7,967,247	5,639,919	25
Interest Accrued	124,779	93,510	105,090	6,791	15,858	26
Dividends Declared	9,100,000	25,767,000	9,100,000	9,100,000	9,100,000	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable	1,669,307	926,464	3,498,952	1,776,206	(2,912,361)	30
Misc. Current and Accrued Liabilities	8,950,115	13,243,205	7,767,623	12,975,225	7,688,563	31
Total Current and Accrued Liabilities	443,031,439	335,890,547	396,742,240	299,416,583	339,789,144	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	962,717	739,401	531,101	468,823	1,628,962	33
Other Deferred Credits	85,604,369	70,339,792	52,092,289	57,442,180	45,123,284	34
Accumulated Deferred Inv. Tax Credits	5,074,842	5,753,286	6,431,730	7,110,175	7,788,619	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	208,174,571	196,350,731	214,993,328	196,662,424	183,171,120	37
Total Deferred Credits	299,816,499	273,183,210	274,048,448	261,683,602	237,711,985	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve	5,435,297	4,849,515	3,875,773	932,363	1,018,600	40
Pension and Benefits Reserve	36,837,437	(23,572,137)	(16,486,255)	(14,476,727)	5,442,355	41
Miscellaneous Operating Reserves				12,105,039	11,608,007	42
Total Operating Reserves	42,272,734	(18,722,622)	(12,610,482)	(1,439,325)	18,068,962	43
<b>Total Liabilities and Other Credits</b>	<b>\$1,493,462,165</b>	<b>\$1,366,279,570</b>	<b>\$1,450,807,789</b>	<b>\$1,348,173,603</b>	<b>\$1,370,960,671</b>	<b>44</b>

\* Includes Pennsylvania operations.

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

	2007	2006	2005	2004	2003
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$1,159,337,106	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,193,388,843
Operating Expense:					
2 Operation Expense	940,649,037	939,925,561	1,048,247,001	948,272,774	972,026,366
3 Maintenance Expense	13,297,811	12,964,734	12,886,477	12,238,266	12,846,601
4 Depreciation Expense	40,804,655	39,972,529	40,156,967	39,629,160	38,160,193
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	46,929,727	46,706,321	46,211,038	45,951,192	51,673,098
11 Income Taxes	34,649,835	32,177,856	23,335,155	33,921,166	36,919,533
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	1,076,331,065	1,071,747,001	1,170,836,638	1,080,012,558	1,111,625,791
15 Net Operating Revenues	83,006,041	67,421,551	59,502,673	68,542,100	81,763,052
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	83,006,041	67,421,551	59,502,673	68,542,100	81,763,052
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$83,006,041	\$67,421,551	\$59,502,673	\$68,542,100	\$81,763,052

\* Includes Pennsylvania operations.

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

	2007	2006	2005	2004	2003	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work	\$397,244.00	(\$21,222)	(\$107,002)	(\$131,803)	(\$158,018)	1
Income from Nonutility Operations						2
Nonoperating Rental Income	4,550	4,250	3,950	3,650	3,350	3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income	(2,431,723)	4,971,705	4,317,492	263,686	1,233,817	5
Allowance for Funds Used During Construction	202,722	217,813	156,433	201,589	183,265	6
Miscellaneous Nonoperating Income	24,993	29,454	59,504	38,310	79,303	7
Gain on Disposition of Property						8
Total Other Income	(1,802,214)	5,202,000	4,430,377	375,432	1,341,717	9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property			74,884		10,892	10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	370,310	483,372	676,454	720,999	649,271	12
Total Other Income Deductions	370,310	483,372	751,338	720,999	660,163	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes						14
Income Taxes	(1,160,632)	(100,254)	(930,995)	(1,553,220)	(1,664,990)	15
Total Taxes-Other Inc. & Deductions	(1,160,632)	(100,254)	(930,995)	(1,553,220)	(1,664,990)	16
Net Other Income and Deductions	(1,011,892)	4,818,882	4,610,034	1,207,653	2,346,544	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt						18
Amortization of Debt Discount and Expense	453,775	421,955	421,954	511,412	1,578,445	19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company	24,045,346	22,155,820	17,834,349	16,531,369	23,017,572	21
Other Interest Expense	3,565,725	4,249,076	5,757,007	3,098,989	4,201,555	22
Total Interest Charges	28,064,846	26,826,851	24,013,310	20,141,770	28,797,572	23
Income Before Extraordinary Items	53,929,303	45,413,582	40,099,397	49,607,983	55,312,024	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	<b>\$53,929,303</b>	<b>\$45,413,582</b>	<b>\$40,099,397</b>	<b>\$49,607,983</b>	<b>\$55,312,024</b>	<b>29</b>
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	\$335,411,159	\$393,063,356	\$389,363,959	\$376,155,977	\$356,843,953	30
Balance Transferred from Income	53,929,303	45,413,582	\$40,099,397	49,607,983	55,312,024	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	53,067,000	103,068,000	\$36,400,000	36,400,000	36,000,000	34
Adjustments to Retained Earnings	(8,703)	2,221				35
Net Change	853,600	(57,652,197)	3,699,397	13,207,983	19,312,024	36
Unappropriated Retained Earnings (EOP)	336,264,759	335,411,159	393,063,356	389,363,960	376,155,977	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	<b>\$336,264,759</b>	<b>\$335,411,159</b>	<b>\$393,063,356</b>	<b>\$389,363,960</b>	<b>\$376,155,977</b>	<b>39</b>

\* Includes Pennsylvania operations.

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$53,929,303	\$45,413,582	\$40,099,397	\$49,607,983	\$55,312,024
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	42,127,888	41,347,533	40,612,846	40,140,572	39,738,638
3 Deferred Taxes & ITCs	7,941,161	(3,303,719)	12,842,664	10,991,414	16,719,862
4 Receivables and Inventory	(15,785,271)	63,811,755	(47,712,402)	23,899,202	(35,124,908)
5 Payables and Accrued Expenses	(21,021,269)	(21,620,149)	23,857,399	(4,283,849)	40,721,651
6 Regulatory Assets (Net)	(25,324,516)	(19,788,261)	7,528,627	5,915,514	(4,882,490)
7 Capitalized AFUDC - Equity	(202,722)	(217,813)	(156,433)	(201,589)	(183,265)
8 Undistributed Earnings of Affiliates					
9 Other: Unrecovered Purchased Gas	(5,228,481)	29,497,971	(29,861,804)	21,535,275	(4,985,635)
10 Other: Unbilled Revenues	(10,613,692)	30,066,057	(13,097,356)	(22,699,409)	(3,484,071)
11 Other: Other Assets and Liabilities (Net)	67,315,547	(15,305,128)	(15,465,099)	(12,354,985)	(25,696,431)
12 Net Cash From Operating Activities	<u>93,137,948</u>	<u>149,901,828</u>	<u>18,647,839</u>	<u>112,550,128</u>	<u>78,135,375</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(54,024,519)	(54,939,092)	(51,090,307)	(53,877,322)	(49,748,106)
14 Acquisition Of Other Non-Current Assets				(665)	
15 Investments in & Advances to Affiliates					
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies					
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities	308,064	1,065,611	(488,069)	(301,915)	604,329
22					
23					
24 Net Cash From Investing Activities	<u>(53,716,455)</u>	<u>(53,873,481)</u>	<u>(51,578,376)</u>	<u>(54,179,902)</u>	<u>(49,143,777)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt	31,090,000	(16,800,000)	78,599,998	(34,585,818)	19,262,676
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt					(1,200,000)
29 Dividends Paid	(69,734,000)	(86,401,000)	(36,400,000)	(36,400,000)	(35,600,000)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(38,644,000)</u>	<u>(103,201,000)</u>	<u>42,199,998</u>	<u>(70,985,818)</u>	<u>(17,537,324)</u>
34 Net Increase/(Decrease) In Cash Equivalents	777,493	(7,172,653)	9,269,461	(12,615,592)	11,454,274
35 Cash & Cash Equivalents Beginning Of Year	8,712,064	15,884,717	6,615,256	19,230,848	7,776,574
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$9,489,557</b>	<b>\$8,712,064</b>	<b>\$15,884,717</b>	<b>\$6,615,256</b>	<b>\$19,230,848</b>

**Notes:**

\* Includes Pennsylvania operations.

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$870,057,833	\$874,486,623	\$958,099,454	\$837,574,835	\$820,230,316	1
Commercial	139,260,889	145,524,961	160,500,170	141,536,649	140,402,194	2
Industrial	8,021,391	10,932,832	16,306,304	15,302,451	20,723,853	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	1,017,340,113	1,030,944,416	1,134,905,928	994,413,935	981,356,364	5
Sales for Resale	17,963,808			71,936,593	115,816,391	6
Total Revenues from Gas Sales	1,035,303,921	1,030,944,416	1,134,905,928	1,066,350,528	1,097,172,755	7
Transportation Sales	109,082,324	93,723,278	88,431,004	81,206,996	84,178,609	8
Other Gas Operating Revenues	14,950,861	14,500,858	7,002,379	997,134	10,532,637	9
Total Gas Operating Revenues	\$1,159,337,106	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,191,884,001	10
<b>SALES (MCF)</b>						
Residential	60,684,526	56,596,827	66,558,179	69,543,862	74,003,203	11
Commercial	10,721,412	10,106,421	11,972,325	12,605,790	13,681,287	12
Industrial	659,380	850,052	1,538,099	1,842,202	2,822,683	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	72,065,318	67,553,300	80,068,603	83,991,854	90,507,173	15
Sales for Resale	2,386,008			10,925,267	18,645,772	16
Transportation Sales	64,214,388	59,460,770	60,008,770	60,069,159	62,308,583	17
Other Gas Sales						18
Total Sales	138,665,714	127,014,070	140,077,373	154,986,280	171,461,528	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	601,616	626,896	635,632	639,045	641,830	20
Commercial	36,338	38,358	38,856	39,077	39,426	21
Industrial	424	465	986	1,059	1,078	22
Other Customers						23
Total Ultimate Customers	638,378	665,719	675,474	679,181	682,334	24
Resales	5			11	14	25
Total Customers	638,383	665,719	675,474	679,192	682,348	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,446	\$1,395	\$1,507	\$1,311	\$1,278	27
Average MCF Consumption Per Customer	100.9	90.3	104.7	108.8	115.3	28
Average Revenue Per MCF Sold	\$14.34	\$15.45	\$14.39	\$12.04	\$11.08	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$3,832	\$3,794	\$4,131	\$3,622	\$3,561	30
Average MCF Consumption Per Customer	295.0	263.5	308.1	322.6	347.0	31
Average Revenue Per MCF Sold	\$12.99	\$14.40	\$13.41	\$11.23	\$10.26	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$18,918	\$23,511	\$16,538	\$14,450	\$19,232	33
Average MCF Consumption Per Customer	1,555.1	1,828.1	1,559.9	1,739.6	2,619.5	34
Average Revenue Per MCF Sold	\$12.17	\$12.86	\$10.60	\$8.31	\$7.34	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering	\$ 17,241	\$16,992	\$99,172	\$13,643	\$20,189	38
Purchased Gas	624,232,094	640,201,598	703,896,609	622,485,185	660,916,954	39
Other	11,138,923	(12,029,581)	13,033,828	23,074,682	9,614,895	40
Total Production Expense	635,388,258	628,189,009	717,029,609	645,573,510	670,552,037	41
Natural Gas Storage Expense	32,927,843	35,192,970	35,363,908	35,302,380	37,331,482	42
Transmission Expense	87,002,094	89,225,168	94,453,043	94,176,046	98,635,366	43
Distribution Expense	46,042,382	43,557,694	44,920,450	43,526,466	44,641,023	44
Customer Account Expense	65,610,497	69,680,451	76,259,895	54,587,568	54,026,556	45
Sales Expense	500,237	439,081	433,607	386,126	490,872	46
Administrative and General	86,622,055	86,766,394	92,806,716	87,075,185	79,291,170	47
Total O & M Expense	\$954,093,366	\$953,050,767	\$1,061,267,228	\$960,627,282	\$984,968,506	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	\$1,159,337,106	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,191,884,001
2	Sales of Gas (MCF) **	74,451,326	67,553,300	80,068,603	94,917,121	109,152,945

**DOLLAR AMOUNTS**

3	Purchased Gas & Other Supply Exp.	\$755,170,966	\$752,446,675	\$846,712,810	\$774,935,694	\$806,423,347
4	Wages and Benefits	109,537,359	110,934,398	119,092,118	112,742,204	104,286,414
5	Other Operation & Maintenance Exp.	89,238,523	89,509,222	95,328,550	72,833,142	74,163,206
6	Depreciation & Amortization Expense	40,804,655	39,972,529	40,156,967	39,629,160	38,160,193
7	Income Taxes-Operating	34,649,835	32,177,856	23,335,155	33,921,166	36,919,533
8	Other Taxes-Operating	46,929,727	46,706,321	46,211,038	45,951,192	51,673,098
9	Capital Costs	83,006,041	67,421,551	59,502,673	68,542,100	80,258,210
10	Total	\$1,159,337,106	\$1,139,168,552	\$1,230,339,311	\$1,148,554,658	\$1,191,884,001

**PERCENT OF REVENUES**

11	Purchased Gas & Other Supply Exp.	65.1	66.1	68.8	67.5	67.7
12	Wages and Benefits	9.4	9.7	9.7	9.8	8.7
13	Other Operation & Maintenance Exp.	7.7	7.9	7.7	6.3	6.2
14	Depreciation & Amortization Expense	3.5	3.5	3.3	3.5	3.2
15	Income Taxes-Operating	3.0	2.8	1.9	3.0	3.1
16	Other Taxes-Operating	4.0	4.1	3.8	4.0	4.3
17	Capital Costs	7.2	5.9	4.8	6.0	6.7
18	Total	100.0	100.0	100.0	100.0	100.0

**DOLLARS PER MCF**

19	Purchased Gas & Other Supply Exp.	10.14	11.14	10.57	8.16	7.39
20	Wages and Benefits	1.47	1.64	1.49	1.19	0.96
21	Other Operation & Maintenance Exp.	1.20	1.33	1.19	0.77	0.68
22	Depreciation & Amortization Expense	0.55	0.59	0.50	0.42	0.35
23	Income Taxes-Operating	0.47	0.48	0.29	0.36	0.34
24	Other Taxes-Operating	0.63	0.69	0.58	0.48	0.47
25	Capital Costs	1.11	1.00	0.74	0.72	0.74
26	Total	15.57	16.86	15.37	12.10	10.92

**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**

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Purchased Gas and Other Supply Exp.					
Other Gas Supply	635,241,740	628,028,537	716,895,859	645,457,268	670,456,498
Natural Gas Storage	32,927,132	35,192,970	35,363,908	35,302,380	37,331,482
Transmission Expense	87,002,094	89,225,168	94,453,043	94,176,046	98,635,366
Total Purchased Gas	755,170,966	752,446,675	846,712,810	774,935,694	806,423,347
-Total PG related to Sales for Resale					
PG - Ultimate Customers	755,170,966	752,446,675	846,712,810	774,935,694	806,423,347
<b><u>Wages and Benefits</u></b>					
Salaries	63,477,623	63,998,858	66,434,692	66,758,248	66,758,248
Pensions and Benefits	46,059,736	46,935,540	52,657,426	45,983,956	37,528,166
Total Wages and Benefits	109,537,359	110,934,398	119,092,118	112,742,204	104,286,414
<b><u>Other Expenses</u></b>					
Total O&M Expenses	953,946,848	952,890,295	1,061,133,478	960,511,040	984,872,967
-Total Purchased Gas	755,170,966	752,446,675	846,712,810	774,935,694	806,423,347
-Wages and Benefits	109,537,359	110,934,398	119,092,118	112,742,204	104,286,414
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	89,238,523	89,509,222	95,328,550	72,833,142	74,163,206
<b><u>Depreciation and Amortization</u></b>					
Depreciation Exp	40,804,655	39,972,529	40,156,967	39,629,160	38,160,193
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	40,804,655	39,972,529	40,156,967	39,629,160	38,160,193
<b><u>Fuel and PP related to Sales for Resale</u></b>					
Total PG	755,170,966	752,446,675	846,712,810	774,935,694	806,423,347
divided by Total MCFs	74,451,326	67,553,300	80,068,603	94,917,121	109,152,945
Fuel Cost per MCF	10	11	11	8	7
times Sales for Resale MCFs	2,386,008			10,925,267	18,645,772
Sales for Resale PG	24,201,637			89,197,600	137,755,201
<b><u>Transportation Volumes</u></b>	N/A	N/A	N/A	N/A	N/A

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

	2007	2006	2005	2004	2003	
Intangible	\$8,160,548	\$8,080,013	\$8,080,013	\$7,975,384	\$7,264,761	1
Production						
Manufactured Gas						2
Natural Gas	18,094,449	20,383,613	20,207,497	20,413,079	20,441,993	3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission	48,235,973	47,900,067	46,627,550	46,387,350	47,435,744	6
Distribution	1,419,718,690	1,383,509,858	1,344,376,790	1,311,185,933	1,274,674,311	7
General	60,226,251	49,220,815	56,936,750	56,138,809	52,458,605	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
<b>Total Plant In Service</b>	1,554,435,911	1,509,094,365	1,476,228,600	1,442,100,555	1,402,275,414	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	7,372,805	8,962,648	7,153,707	4,087,980	5,318,278	15
Acquisition Adjustments						16
<b>Total Plant</b>	1,561,808,716	1,518,057,013	1,483,382,307	1,446,188,535	1,407,593,692	17
Accum. Prov. - Depr. & Amort.	529,057,094	496,679,119	483,351,115	456,560,134	432,182,369	18
<b>Total Net Plant</b>	\$1,032,751,622	\$1,021,377,894	\$1,000,031,192	\$989,628,401	\$975,411,323	19

**SELECTED RATIOS AND STATISTICS**

Current Assets / Current Liabilities	0.60	0.72	0.86	0.91	0.84	20
Total Capitalization	\$1,003,441,493	\$970,628,435	\$1,044,127,583	\$961,412,745	\$982,790,580	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	18.8%	26.6%	20.9%	22.7%	22.2%	22
Preferred Stock						23
Common Stock & Retained Earnings	51.8%	53.3%	55.0%	59.3%	56.7%	24
Short-Term Debt	29.4%	20.1%	24.1%	18.0%	21.1%	25
Pretax Coverage of Interest Expense	4.19	3.71	3.45	5.09	4.12	26
Com. Stock Dividends as a % of Earnings	63.9%	152.9%	61.2%	53.1%	44.0%	27
Return on Common Equity	16.0%	12.3%	10.4%	12.2%	14.9%	28
Internal Cash Generated as a % of Cash Outflows for Construction	172.4%	295.4%	67.4%	208.9%	201.0%	29
Earnings per Share	\$41,503.02	\$33,710.78	\$29,751.34	\$34,271.05	\$40,881.53	30
Book Value per Share	\$259,670.75	\$258,809.22	\$287,158.79	\$285,101.37	\$278,497.38	31
Dividends per Share	\$26,533.50	\$51,534.00	\$18,200.00	\$18,200.00	\$18,000.00	32
Number of Employees	1,028	1,437	1,437	1,471	1,162	33

**Notes:**

\* Includes Pennsylvania operations.

<b><u>Data Field Below</u></b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Current Assets	\$ 267,777,132	\$241,672,011	\$342,461,123	\$271,854,461	\$284,759,467
Current Liabilities	443,031,439	335,890,547	396,742,240	299,416,583	339,789,144
Total Capitalization	1,003,441,493	970,628,435	1,044,127,583	961,412,745	982,790,580
Long-Term Debt	189,000,000	258,310,000	218,310,000	218,310,002	218,395,820
Preferred Stock	-				
Common Stock and Retained Earnings (Excl. Preferred Stock)	519,341,493	517,618,435	574,317,583	570,202,743	556,994,760
Short-Term Debt	295,100,000	194,700,000	251,500,000	172,900,000	207,400,000
Pretax Income	117,655,876	99,599,407	82,837,828	102,463,266	118,682,585
Interest Expense	28,064,846	26,826,851	24,013,310	20,141,770	28,797,572
Dividends Paid	53,067,000	103,068,000	36,400,000	36,400,000	36,000,000
Net Income (Excl. Preferred Stock Dividends)	83,006,041	67,421,551	59,502,673	68,542,100	81,763,052
Internal Cash	93,137,948	162,296,320	34,437,178	112,550,128	99,992,812
Cash Outflows for Construction	54,024,519	54,939,092	51,090,307	53,877,322	49,748,106
Shares Outstanding (Millions) Sch250251	0.0020	0.0020	0.0020	0.0020	0.0020
Misc Deferred Debits	62,024,064	33,814,969	61,158,442	34,257,281	69,969,692
Number of Employees	1,028	1,437	1,437	1,471	1,162
Pre-Tax Income					
Total Utility Operating Income	83,006,041	\$67,421,551	59,502,673	68,542,100	81,763,052
+Income Taxes - Electric					
+Income Taxes - Gas	34,649,835	32,177,856	23,335,155	33,921,166	36,919,533
+Other Income	(1,802,214)	5,202,000	4,430,377	375,432	1,341,717
- Other Income Deductions	370,310	483,372	751,338	720,999	660,163
- Other Taxes	(1,160,632)	(100,254)	(930,995)	(1,553,220)	(1,664,990)
Pre-Tax Income	116,643,984	99,599,407	87,447,862	103,670,919	121,029,129

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$44,616,414	\$43,653,497	\$42,454,039	\$41,863,179	\$41,432,444
2 Less Acc. Prov. For Depreciation & Amortization	21,005,301	20,187,428	19,418,152	18,576,616	17,637,158
3 Net Total Utility Plant	23,611,113	23,466,069	23,035,887	23,286,563	23,795,286
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property				3,622,295	3,717,126
5 Less Acc. Prov. For Depreciation & Amortization				(1,193,877)	(1,212,099)
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies	31,037	29,884	27,880	25,915	30,002
8 Other Investments	(190,688)	(1,327,616)	(522,126)	150,021	(41,351)
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments	(159,651)	(1,297,732)	(494,246)	2,604,354	2,493,678
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash	683,748	86,507	21,392	170,959	303,019
14 Special Deposits					
15 Working Funds	1,938	4,501	1,893	2,685	2,911
16 Temporary Cash Investments					
17 Notes Receivable	566,946	470,000	550,580		
18 Accounts Receivable	5,909,132	4,101,766	4,771,089	4,472,744	4,290,763
19 Less Accum. Prov. For Uncollectible Accounts	(400,000)	(235,000)	(235,000)	(160,500)	(130,500)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies	828,892	32,365	79,666	38,261	23,134
22 Materials and Supplies	202,156	294,916	303,343	298,007	363,734
23 Gas Stored Underground - Current	6,227,827	6,744,472	7,010,078	5,905,556	5,136,230
24 Liquefied Natural Gas in Storage					
25 Prepayments	556,431	747,015	551,317	609,093	491,237
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue					
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	14,577,070	12,246,542	13,054,358	11,336,805	10,480,528
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts	33,264	13,358	9,125	6,402	9,950
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	7,980,483	9,479,999	7,555,651	5,263,552	5,071,218
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development					
39 Accumulated Deferred Income Taxes	3,748,472	3,727,449	2,764,726	2,779,414	2,866,858
40 Total Deferred Debits	11,762,219	13,220,806	10,329,502	8,049,368	7,948,026
41 <b>Total Assets and Other Debits</b>	<b>\$49,790,751</b>	<b>\$47,635,685</b>	<b>\$45,925,501</b>	<b>\$45,277,090</b>	<b>\$44,717,518</b>

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

	2007	2006	2005	2004	2003	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock						5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	10,689,784	8,161,626	8,270,080	10,047,707	11,024,498	9
Unapp. Undistributed Subsidiary Earnings	29,037	27,884	25,880	23,915	28,002	10
Required Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	15,068,821	12,539,510	12,645,960	14,421,622	15,402,500	12
<b>LONG-TERM DEBT</b>						
Bonds						13
Required Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable	6,120,000	9,585,000	8,265,000	6,105,000	7,010,000	20
Accounts Payable	4,656,589	3,739,424	4,967,716	4,692,914	2,937,604	21
Notes Payable to Associated Companies						22
Accounts Payable to Associated Companies	81,591	70,711	101,126	84,143	78,835	23
Customer Deposits	302,453	250,901	290,347	252,007	185,327	24
Taxes Accrued	498,582	(415,882)	(167,385)	254,636	184,581	25
Interest Accrued	59,213	74,592	42,229	21,985	11,320	26
Dividends Declared	978,750			478,500	271,875	27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable						30
Misc. Current and Accrued Liabilities	7,615,968	7,678,854	5,751,590	4,336,387	3,271,794	31
Total Current and Accrued Liabilities	20,313,146	20,983,600	19,250,623	16,225,572	13,951,336	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction	487,876	46,851	64,041	81,651	96,370	33
Other Deferred Credits	1,812,965	2,277,617	3,066,775	3,792,286	4,532,437	34
Accumulated Deferred Inv. Tax Credits	20,121	28,377	36,633	66,469	80,471	35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes	5,027,129	4,759,953	3,839,056	3,761,162	3,567,039	37
Total Deferred Credits	7,348,091	7,112,798	7,006,505	7,701,568	8,276,317	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve	(25,079)	(61,750)	(65,000)	(65,000)	125,000	40
Pension and Benefits Reserve	24,332	7,032	43,554	(52,465)	(69,756)	41
Miscellaneous Operating Reserves	61,440	54,495	43,859	45,793	32,121	42
Total Operating Reserves	60,693	(223)	22,413	(71,672)	87,365	43
<b>Total Liabilities and Other Credits</b>	<b>\$49,790,751</b>	<b>\$47,635,685</b>	<b>\$45,925,501</b>	<b>\$45,277,090</b>	<b>\$44,717,518</b>	<b>44</b>

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

	2007	2006	2005	2004	2003
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$47,830,988	\$44,235,539	\$47,844,708	\$42,697,550	\$29,821,075
Operating Expense:					
2 Operation Expense	41,721,057	39,025,346	43,232,993	37,615,793	24,857,676
3 Maintenance Expense	220,156	273,354	241,834	248,592	236,363
4 Depreciation Expense	946,079	1,172,336	1,170,685	1,138,377	1,114,565
5 Amort. and Depletion of Utility Plant	13,997	13,996	13,997	13,996	12,865
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	1,881,941	1,909,633	1,831,427	2,056,925	1,926,360
11 Income Taxes	879,927	426,586	344,886	470,822	574,916
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	45,663,157	42,821,251	46,835,822	41,544,505	28,722,745
15 Net Operating Revenues	2,167,831	1,414,288	1,008,886	1,153,045	1,098,330
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	2,167,831	1,414,288	1,008,886	1,153,045	1,098,330
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	\$2,167,831	\$1,414,288	\$1,008,886	\$1,153,045	\$1,098,330

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

	2007	2006	2005	2004	2003	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income				\$231,419	\$306,610	3
Equity in Earnings of Subsidiary Companies	\$1,153	\$2,004	\$1,964	(4,087)	4,383	4
Interest and Dividend Income	1,189,018	372,031	277,942	203,545	221,548	5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income			3,938			7
Gain on Disposition of Property						8
<b>Total Other Income</b>	<b>1,190,171</b>	<b>374,035</b>	<b>283,844</b>	<b>430,877</b>	<b>532,541</b>	<b>9</b>
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	27,000	8,000	8,188	19,149	13,827	12
<b>Total Other Income Deductions</b>	<b>27,000</b>	<b>8,000</b>	<b>8,188</b>	<b>19,149</b>	<b>13,827</b>	<b>13</b>
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes				635	1,444	14
Income Taxes				102,245	125,630	15
Total Taxes-Other Inc. & Deductions				102,880	127,074	16
<b>Net Other Income and Deductions</b>	<b>1,163,171</b>	<b>366,035</b>	<b>275,656</b>	<b>308,848</b>	<b>391,640</b>	<b>17</b>
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt					3,018	18
Amortization of Debt Discount and Expense						19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	1,022,151	1,102,812	591,435	367,667	315,033	22
<b>Total Interest Charges</b>	<b>1,022,151</b>	<b>1,102,812</b>	<b>591,435</b>	<b>367,667</b>	<b>318,051</b>	<b>23</b>
<b>Income Before Extraordinary Items</b>	<b>2,308,851</b>	<b>677,511</b>	<b>693,107</b>	<b>1,094,226</b>	<b>1,171,919</b>	<b>24</b>
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
<b>Net Extraordinary Items</b>						<b>28</b>
<b>Net Income</b>	<b>\$2,308,851</b>	<b>\$677,511</b>	<b>\$693,107</b>	<b>\$1,094,226</b>	<b>\$1,171,919</b>	<b>29</b>
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	\$8,161,626	\$8,270,080	\$10,047,707	\$11,024,497	\$10,938,053	30
Balance Transferred from Income	2,307,698	675,507	691,143	1,098,313	1,167,536	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock	978,750			1,707,375	1,087,500	34
Adjustments to Retained Earnings	1,199,210	(783,961)	(2,468,770)	(367,728)	6,408	35
<b>Net Change</b>	<b>2,528,158</b>	<b>(108,454)</b>	<b>(1,777,627)</b>	<b>(976,790)</b>	<b>86,444</b>	<b>36</b>
Unappropriated Retained Earnings (EOP)	10,689,784	8,161,626	8,270,080	10,047,707	11,024,497	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	<b>\$10,689,784</b>	<b>\$8,161,626</b>	<b>\$8,270,080</b>	<b>\$10,047,707</b>	<b>\$11,024,497</b>	<b>39</b>

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

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	\$2,308,851	\$677,511.00	\$693,107	\$1,094,226	\$1,171,919
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	1,062,467	1,281,951	1,296,196	1,520,850	1,505,740
3 Deferred Taxes & ITCs	(164,473)	(817,708)	(759,066)	(448,686)	(618,124)
4 Receivables and Inventory	(2,443,079)	805,628	(821,166)	(101,381)	(1,501,965)
5 Payables and Accrued Expenses	1,815,796	412,977	865,051	3,179,236	1,838,010
6 Regulatory Assets (Net)					
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates	(1,153)	(2,004)	(1,965)	4,087	(4,383)
9 Other Adjustments	516,645	265,606	(1,104,522)	(769,326)	(2,193,231)
10	190,584	(195,698)	57,776	(117,856)	(75,888)
11	1,981,551	(1,968,407)	(2,218,347)	(362,542)	(2,614,672)
12 Net Cash From Operating Activities	<u>5,267,189</u>	<u>459,856</u>	<u>(1,992,936)</u>	<u>3,998,608</u>	<u>(2,492,594)</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(1,224,808)	(1,658,529)	1,349,673	(910,062)	(1,182,135)
14 Acquisition Of Other Non-Current Assets	17,297	(53,604)	33,225	(25,456)	12,457
15 Investments in & Advances to Affiliates					
16 Contributions & Advances from Affiliates					
Net Proceeds - Sale Or Disposition Of:					
17 Property, Plant & Equipment					
18 Investments In Affiliated Companies			(1,700,322)	(583,001)	
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>(1,207,511)</u>	<u>(1,712,133)</u>	<u>(317,424)</u>	<u>(1,518,519)</u>	<u>(1,169,678)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt					1,347,225
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt	(3,465,000)	1,320,000	2,160,000	(905,000)	3,585,000
29 Dividends Paid				(1,707,375)	(1,087,500)
30 Other Cash Flows - Financing Activities					
31					
32					
33 Net Cash From Financing Activities	<u>(3,465,000)</u>	<u>1,320,000</u>	<u>2,160,000</u>	<u>(2,612,375)</u>	<u>3,844,725</u>
34 Net Increase/(Decrease) In Cash Equivalents	594,678	67,723	(150,360)	(132,286)	182,453
35 Cash & Cash Equivalents Beginning Of Year	91,008	23,285	173,644	305,930	123,477
36 <b>Cash &amp; Cash Equivalents End Of Year</b>	<b>\$685,686</b>	<b>\$91,008</b>	<b>\$23,284</b>	<b>\$173,644</b>	<b>\$305,930</b>

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$21,765,705	\$18,960,336	\$18,807,429	\$17,070,676	\$14,380,524	1
Commercial	11,371,695	9,714,193	9,529,494	8,421,200	7,107,910	2
Industrial	4,896,152	5,989,842	11,263,679	9,624,657	3,186,633	3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	38,033,552	34,664,371	39,600,601	35,116,533	24,675,067	5
Sales for Resale						6
Total Revenues from Gas Sales	38,033,552	34,664,371	39,600,601	35,116,533	24,675,067	7
Transportation Sales	6,853,093	6,037,951	4,558,919	5,147,986	4,906,373	8
Other Gas Operating Revenues	2,944,343	3,533,218	3,685,187	2,433,031	239,635	9
Total Gas Operating Revenues	\$47,830,988	\$44,235,540	\$47,844,707	\$42,697,550	\$29,821,075	10
<b>SALES (MCF)</b>						
Residential	1,632,087	1,542,468	1,706,413	1,810,525	1,870,814	11
Commercial	945,991	849,344	913,040	968,172	972,651	12
Industrial	423,059	429,753	1,101,169	1,230,752	470,457	13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	3,001,137	2,821,565	3,720,622	4,009,449	3,313,922	15
Sales for Resale						16
Transportation Sales	6,799,529	6,353,713	6,320,162	6,856,447	7,890,839	17
Other Gas Sales						18
Total Sales	9,800,666	9,175,278	10,040,784	10,865,895	11,204,761	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	13,707	13,743	13,746	13,725	13,686	20
Commercial	1,565	1,625	1,619	1,630	1,622	21
Industrial	7	8	8	8	7	22
Other Customers						23
Total Ultimate Customers	15,279	15,376	15,373	15,363	15,315	24
Resales						25
Total Customers	15,279	15,376	15,373	15,363	15,315	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,588	\$1,380	\$1,368	\$1,244	\$1,051	27
Average MCF Consumption Per Customer	119.1	112.2	124.1	131.9	136.7	28
Average Revenue Per MCF Sold	\$13.34	\$12.29	\$11.02	\$9.43	\$7.69	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$7,266	\$5,978	\$5,886	\$5,166	\$4,382	30
Average MCF Consumption Per Customer	604.5	522.7	564.0	594.0	599.7	31
Average Revenue Per MCF Sold	\$12.02	\$11.44	\$10.44	\$8.70	\$7.31	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	\$699,450	\$748,730	\$1,407,960	\$1,203,082	\$455,233	33
Average MCF Consumption Per Customer	60,437.0	53,719.1	137,646.1	153,844.0	67,208.1	34
Average Revenue Per MCF Sold	\$11.57	\$13.94	\$10.23	\$7.82	\$6.77	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$31,341,230	\$35,109,458	\$39,777,343	\$32,188,197	\$23,749,875	39
Other	4,053,549	(950,112)	(1,872,724)	271,940	(3,661,330)	40
Total Production Expense	35,394,779	34,159,346	37,904,619	32,460,137	20,088,545	41
Natural Gas Storage Expense						42
Transmission Expense						43
Distribution Expense	1,720,925	1,656,269	1,635,855	1,671,761	1,506,081	44
Customer Account Expense	1,058,451	530,358	1,027,913	822,950	714,704	45
Sales Expense	83,223	72,988	71,654	122,317	122,583	46
Administrative and General	3,683,835	2,879,738	2,834,787	2,787,220	2,662,127	47
Total O & M Expense	\$41,941,213	\$39,298,700	\$43,474,827	\$37,864,385	\$25,094,040	48
<b>Notes:</b>						

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

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

	2007	2006	2005	2004	2003
1 Total Revenues	\$47,830,988	\$44,235,540	\$47,844,707	\$42,697,550	\$29,821,075
2 Sales of Gas (MCF) *	3,001,137	2,821,565	3,720,622	4,009,449	3,313,922
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$18,618,053	\$34,159,346	\$37,904,619	\$32,460,137	\$20,088,545
4 Wages and Benefits	1,044,965	3,894,958	3,888,861	4,166,205	3,384,701
5 Other Operation & Maintenance Exp.	3,619,376	1,244,396	1,681,348	1,238,043	1,620,794
6 Depreciation & Amortization Expense	960,076	1,186,332	1,184,682	1,152,373	1,127,430
7 Income Taxes-Operating	879,927	426,586	344,886	470,822	574,916
8 Other Taxes-Operating	1,881,941	1,909,633	1,831,427	2,056,925	1,926,360
9 Capital Costs	20,826,650	1,414,289	1,008,885	1,153,045	1,098,329
10 Total	\$47,830,988	\$44,235,540	\$47,844,707	\$42,697,550	\$29,821,075
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	38.9	77.2	79.2	76.0	67.4
12 Wages and Benefits	2.2	8.8	8.1	9.8	11.4
13 Other Operation & Maintenance Exp.	7.6	2.8	3.5	2.9	5.4
14 Depreciation & Amortization Expense	2.0	2.7	2.5	2.7	3.8
15 Income Taxes-Operating	1.8	1.0	0.7	1.1	1.9
16 Other Taxes-Operating	3.9	4.3	3.8	4.8	6.5
17 Capital Costs	43.5	3.2	2.1	2.7	3.7
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	6.20	12.11	10.19	8.10	6.06
20 Wages and Benefits	0.35	1.38	1.05	1.04	1.02
21 Other Operation & Maintenance Exp.	1.21	0.44	0.45	0.31	0.49
22 Depreciation & Amortization Expense	0.32	0.42	0.32	0.29	0.34
23 Income Taxes-Operating	0.29	0.15	0.09	0.12	0.17
24 Other Taxes-Operating	0.63	0.68	0.49	0.51	0.58
25 Capital Costs	6.94	0.50	0.27	0.29	0.33
26 Total	15.94	15.68	12.86	10.65	9.00

**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	\$35,394,779	\$34,159,346	\$37,904,619	\$32,460,137	\$20,088,545
Total Purchased Gas	35,394,779	34,159,346	37,904,619	32,460,137	20,088,545
-Total PG related to Sales for Resale					
PG - Ultimate Customers	35,394,779	34,159,346	37,904,619	32,460,137	20,088,545

**Wages and Benefits**

Salaries	2,513,913	2,769,308	2,706,869	2,993,521	2,240,979
Pensions and Benefits	1,778,228	1,125,650	1,181,992	1,172,684	1,143,722
Total Wages and Benefits	4,292,141	3,894,958	3,888,861	4,166,205	3,384,701

**Other Expenses**

Total O&M Expenses	41,941,213	39,298,700	43,474,827	37,864,385	25,094,040
-Total Purchased Gas	35,394,779	34,159,346	37,904,619	32,460,137	20,088,545
-Wages and Benefits	4,292,141	3,894,958	3,888,861	4,166,205	3,384,701
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,254,293	1,244,396	1,681,348	1,238,043	1,620,794

**Depreciation and Amortization**

Depreciation Exp	946,079	1,172,336	1,170,685	1,138,377	1,114,565
Amort & Depl of Utility Plant	13,997	13,996	13,997	13,996	12,865
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses					
Total Depre and Amort	960,076	1,186,332	1,184,682	1,152,373	1,127,430

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

Total PG	35,394,779	34,159,346	37,904,619	32,460,137	20,088,545
divided by Total MCFs	3,001,137	2,821,565	3,720,622	4,009,449	3,313,922
Fuel Cost per MCF	11.794	12.107	10.188	8.096	6.062
times Sales for Resale MCFs					
Sales for Resale PG					

**Transportation Volumes**

	6,799,529	6,353,713	6,320,162	6,856,447	7,890,839
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**ST. LAWRENCE GAS COMPANY, INC.**  
**COMPARATIVE STATEMENT OF UTILITY PLANT AND SELECTED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2007	2006	2005	2004	2003	
Intangible	\$411,552	\$411,297	\$411,297	\$411,297	\$411,297	1
Production						
Manufactured Gas						2
Natural Gas						3
Natural Gas Storage						
Underground Storage						4
Other Storage						5
Transmission						6
Distribution	37,122,494	36,087,909	35,615,514	35,026,695	34,686,550	7
General	6,956,550	6,744,579	5,961,079	6,200,593	6,161,707	8
Gas - Purchased or Sold						9
Experimental - Unclassified						10
Gas - Underground, Non-current						11
<b>Total Plant In Service</b>	44,490,596	43,243,785	41,987,890	41,638,585	41,259,554	12
Plant Leased To Others						13
Plant Held For Future Use						14
Construction Work In Progress	125,818	409,713	466,149	224,594	172,890	15
Acquisition Adjustments						16
<b>Total Plant</b>	44,616,414	43,653,498	42,454,039	41,863,179	41,432,444	17
Accum. Prov. - Depr. & Amort.	21,005,301	20,187,428	19,418,152	18,576,616	17,637,158	18
<b>Total Net Plant</b>	\$23,611,113	\$23,466,070	\$23,035,887	\$23,286,563	\$23,795,286	19
<b>SELECTED RATIOS AND STATISTICS</b>						
Current Assets / Current Liabilities	0.72	0.58	0.68	0.70	0.75	20
Total Capitalization	\$28,188,821	\$29,124,510	\$27,910,960	\$27,526,622	\$29,412,500	21
<u>Percent Of Capitalization (incl. S-T Debt)</u>						
Long-Term Debt	24.8%	24.0%	25.1%	25.4%	23.8%	22
Preferred Stock						23
Common Stock & Retained Earnings	53.5%	43.1%	45.3%	52.4%	52.4%	24
Short-Term Debt	21.7%	32.9%	29.6%	22.2%	23.8%	25
Pretax Coverage of Interest Expense	2.98	1.67	2.29	4.42	5.26	26
Com. Stock Dividends as a % of Earnings	45.1%			148.1%	99.0%	27
Return on Common Equity	15.7%	11.3%	7.4%	7.8%	7.1%	28
Internal Cash Generated as a % of Cash Outflows for Construction	430.0%	27.7%	147.7%	439.4%	-210.9%	29
Earnings per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	30
Book Value per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	31
Dividends per Share	\$0.00			\$0.00	\$0.00	32
Number of Employees	40	41	41	44	49	33

**Data Field Below**

Current Assets	\$14,577,070	\$12,246,542	\$13,054,358	\$11,336,805	\$10,480,528
Current Liabilities	20,313,146	20,983,600	19,250,623	16,225,572	13,951,336
Total Capitalization	28,188,821	29,124,510	27,910,960	27,526,622	29,412,500
Long-Term Debt	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Preferred Stock	-	-	-	-	-
Common Stock and Retained Earnings (Excl. Preferred Stock)	15,068,821	12,539,510	12,645,960	14,421,622	15,402,500
Short-Term Debt	6,120,000	9,585,000	8,265,000	6,105,000	7,010,000
Pretax Income	3,047,758	1,840,874	1,353,772	1,623,867	1,673,246
Interest Expense	1,022,151	1,102,812	591,435	367,667	318,051
Dividends Paid	978,750	-	-	1,707,375	1,087,500
Net Income Before Extraordinary Items (Excl. Preferred Stock Dividends)	2,167,831	1,414,288	1,008,886	1,153,045	1,098,330
Internal Cash	5,267,189	459,856	(1,992,936)	3,998,608	(2,492,594)
Cash Outflows for Construction	1,224,808	1,658,529	(1,349,673)	910,062	1,182,135
Shares Outstanding (Millions) Sch250251	435,000	435,000	435,000	435,000	435,000
Misc Deferred Debits	6,167,518	7,202,382	4,488,876	1,471,266	538,781
Number of Employees	40	41	41	44	49
<b><u>Pre-Tax Income</u></b>					
Total Utility Operating Income	\$2,167,831	\$1,414,288	\$1,008,886	\$1,153,045	\$1,098,330
+Income Taxes - Electric					
+Income Taxes - Gas	879,927	426,586	344,886	470,822	574,916
+Other Income	1,190,171	374,035	283,844	430,877	532,541
- Other Income Deductions	27,000	8,000	8,188	19,149	13,827
- Other Taxes				635	1,444
Pre-Tax Income	4,210,929	2,206,909	1,629,428	2,034,960	2,190,516

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

	2007	2006	2005	2004	2003
<b>UTILITY PLANT</b>					
1 Total Utility Plant	\$4,167,600	\$4,121,065	\$4,060,049	\$4,020,961	\$3,952,761
2 Less Acc. Prov. For Depreciation & Amortization	1,686,217	1,565,911	1,465,222	1,351,275	1,237,926
3 Net Total Utility Plant	2,481,383	2,555,154	2,594,827	2,669,686	2,714,835
<b>OTHER PROPERTY AND INVESTMENTS</b>					
4 Nonutility Property					
5 Less Acc. Prov. For Depreciation & Amortization					
6 Investment in Associated Companies					
7 Investment in Subsidiary Companies					
8 Other Investments					
9 Sinking Funds					
10 Depreciation Fund					
11 Other Special Funds					
12 Total Other Property and Investments					
<b>CURRENT AND ACCRUED ASSETS</b>					
13 Cash					
14 Special Deposits					
15 Working Funds					
16 Temporary Cash Investments					
17 Notes Receivable					
18 Accounts Receivable	386,309	292,230	493,249	429,903	402,530
19 Less Accum. Prov. For Uncollectible Accounts	(38,631)	(22,936)	(48,436)	(16,955)	(14,743)
20 Notes Receivable from Associated Companies					
21 Accounts Receivable from Assoc. Companies					
22 Materials and Supplies					
23 Gas Stored Underground - Current					
24 Liquefied Natural Gas in Storage					
25 Prepayments					
26 Interest and Dividends Receivable					
27 Rents Receivable					
28 Accrued Utility Revenue	13,556	14,026	31,347	18,050	27,992
29 Misc. Current and Accrued Assets					
30 Total Current and Accrued Assets	361,234	283,320	476,160	430,998	415,779
<b>DEFERRED DEBITS</b>					
31 Unamort. Debt Expense					
32 Extraordinary Property Losses					
33 Prelim. Survey and Investigation Charges					
34 Clearing Accounts					
35 Temporary Facilities					
36 Miscellaneous Deferred Debits	125,359	166,215	370,506	(235,720)	66,360
37 Deferred Losses from Disp. of Utility Plant					
38 Research and Development			44,916		
39 Accumulated Deferred Income Taxes	(195,755)	(103,061)	(68,009)	(68,009)	5,742
40 Total Deferred Debits	(70,396)	63,154	347,413	(303,729)	72,102
41 <b>Total Assets and Other Debits</b>	<b>\$2,772,221</b>	<b>\$2,901,628</b>	<b>\$3,418,400</b>	<b>\$2,796,955</b>	<b>\$3,202,716</b>

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

	2007	2006	2005	2004	2003	
<b>PROPRIETARY CAPITAL</b>						
Common Stock Issued	\$2,326,592	\$2,326,592	\$2,326,592	\$2,326,592	\$2,326,592	1
Preferred Stock Issued						2
Capital Stock Subscribed						3
Stock Liability for Conversion						4
Premium on Capital Stock						5
Other Paid-in Capital						6
Installments Received on Capital Stock						7
Capital Stock Expense						8
Retained Earnings	(538,865)	(313,989)	(193,923)	(299,749)	(81,410)	9
Unapp. Undistributed Subsidiary Earnings						10
Required Capital Stock						11
Accumulated Other Comprehensive Income						
Total Proprietary Capital	1,787,727	2,012,603	2,132,669	2,026,843	2,245,182	12
<b>LONG-TERM DEBT</b>						
Bonds						13
Required Bonds						14
Advances from Associated Companies						15
Other Long-Term Debt						16
Unamortized Premium on LT Debt						17
Unamortized Discount on LT Debt-Debit						18
Total Long-Term Debt						19
<b>CURRENT AND ACCRUED LIABILITIES</b>						
Notes Payable						20
Accounts Payable						21
Notes Payable to Associated Companies				148,345	224,173	22
Accounts Payable to Associated Companies	950,063	754,499	1,342,390	729,305	637,062	23
Customer Deposits	11,629	17,684	18,490	3,877	2,456	24
Taxes Accrued	(29,107)	(43,496)	(260,403)	(319,510)	(50,404)	25
Interest Accrued						26
Dividends Declared						27
Matured Long-Term Debt						28
Matured Interest						29
Tax Collections Payable						30
Misc. Current and Accrued Liabilities						31
Total Current and Accrued Liabilities	932,585	728,687	1,100,477	562,017	813,287	32
<b>DEFERRED CREDITS</b>						
Customer Advances for Construction						33
Other Deferred Credits	51,909	76,826	101,742	124,583	60,735	34
Accumulated Deferred Inv. Tax Credits						35
Deferred Gains-Disposition of Utility Plant						36
Accumulated Deferred Income Taxes		83,512	83,512	83,512	83,512	37
Total Deferred Credits	51,909	160,338	185,254	208,095	144,247	38
<b>OPERATING RESERVES</b>						
Property Insurance Reserve						39
Injuries and Damage Reserve						40
Pension and Benefits Reserve						41
Miscellaneous Operating Reserves						42
Total Operating Reserves						43
<b>Total Liabilities and Other Credits</b>	<b>\$2,772,221</b>	<b>\$2,901,628</b>	<b>\$3,418,400</b>	<b>\$2,796,955</b>	<b>\$3,202,716</b>	<b>44</b>

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

	2007	2006	2005	2004	2003
<b>GAS OPERATING INCOME</b>					
1 Operating Revenues	\$2,583,745	\$2,484,805	\$3,482,527	\$2,410,697	\$2,886,218
Operating Expense:					
2 Operation Expense	2,411,615	2,233,765	2,848,396	2,313,836	2,503,083
3 Maintenance Expense	54,597	55,887	59,293	64,225	50,764
4 Depreciation Expense	96,841	92,359	90,892	88,710	86,844
5 Amort. and Depletion of Utility Plant					
6 Amort. of Utility Plant Acq. Adj.					
7 Amort. of Property Losses					
8 Amort. of Conversion Expenses	41,119	40,056	40,056	40,056	40,056
9 Other Expenses	120,561	111,424			
10 Taxes Other than Income Taxes	(98,158)	(116,031)	103,492	95,719	148,678
11 Income Taxes			51,149	(98,721)	(428)
12 Gains from Disposition of Util. Plant					
13 Losses from Disposition of Util. Plant					
14 Total Operating Expenses	2,626,575	2,417,460	3,193,278	2,503,825	2,828,997
15 Net Operating Revenues	(42,830)	67,345	289,249	(93,128)	57,221
16 Other Utility Operating Income					
17 <b>Total Gas Utility Operating Income</b>	(42,830)	67,345	289,249	(93,128)	57,221
18 Other Utility Operating Income					
19 <b>Total Utility Operating Income</b>	(\$42,830)	\$67,345	\$289,249	(\$93,128)	\$57,221

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

	2007	2006	2005	2004	2003	
<b>OTHER INCOME</b>						
Income - Merch. Jobbing & Contract Work						1
Income from Nonutility Operations						2
Nonoperating Rental Income						3
Equity in Earnings of Subsidiary Companies						4
Interest and Dividend Income		\$397	\$4,410			5
Allowance for Funds Used During Construction						6
Miscellaneous Nonoperating Income	\$166	286	482			7
Gain on Disposition of Property						8
Total Other Income	166	683	4,892			9
<b>OTHER INCOME DEDUCTIONS</b>						
Loss on Disposition of Property						10
Miscellaneous Amortization						11
Miscellaneous Income Deductions	965	757	3,325	184	459	12
Total Other Income Deductions	965	757	3,325	184	459	13
<b>TAXES-OTHER INCOME AND DEDUCTIONS</b>						
Taxes Other than Income Taxes						14
Income Taxes						15
Total Taxes-Other Inc. & Deductions						16
Net Other Income and Deductions	(799)	(74)	1,567	(184)	(459)	17
<b>INTEREST CHARGES</b>						
Interest on Long-term Debt	154,789	161,982	161,397	101,192	87,164	18
Amortization of Debt Discount and Expense						19
Amortization of Premium on Debt-Credit						20
Interest on Debt to Associated Company						21
Other Interest Expense	26,457	25,356	23,594	23,835	10,527	22
Total Interest Charges	181,246	187,338	184,991	125,027	97,691	23
Income Before Extraordinary Items	(224,875)	(120,067)	105,825	(218,339)	(40,929)	24
<b>EXTRAORDINARY ITEMS</b>						
Extraordinary Income						25
Extraordinary Deductions						26
Income Taxes, Extraordinary Items						27
Net Extraordinary Items						28
<b>Net Income</b>	(224,875)	(120,067)	\$105,825	(\$218,339)	(\$40,929)	29
<hr/>						
<b>RETAINED EARNINGS</b>						
Unappropriated Retained Earnings (BOP)	(\$313,990)	(\$193,923)	(\$299,748)	(\$81,409)	(\$40,480)	30
Balance Transferred from Income				(218,339)	(40,929)	31
Appropriated Retained Earnings						32
Dividends Declared-Preferred Stock						33
Dividends Declared-Common Stock						34
Adjustments to Retained Earnings 1	(224,875)	(120,067)	105,825			35
Net Change	(224,875)	(120,067)	105,825	(218,339)	(40,929)	36
Unappropriated Retained Earnings (EOP)	(538,865)	(313,990)	(193,923)	(299,749)	(81,409)	37
Appropriated Retained Earnings (EOP)						38
<b>Total Retained Earnings</b>	(\$538,865)	(\$313,990)	(\$193,923)	(\$299,749)	(\$81,409)	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,**

	2007	2006	2005	2004	2003
<b>Cash Flows From Operating Activities</b>					
1 Net Income	(\$224,875)	(\$120,067)	\$105,825	(\$218,339)	(\$40,929)
Adjustments to reconcile net income to net cash provided by operating activities:					
2 Depreciation, Depletion & Amortization	125,548	123,101	120,730	182,329	224,844
3 Deferred Taxes & ITCs	9,182	25,380	288,345	(204,922)	75,246
4 Receivables and Inventory	(75,856)	134,470	(45,162)	(78,416)	(114,235)
5 Payables and Accrued Expenses	29,856	238,207	(661,225)	157,512	214,955
6 Regulatory Assets (Net)	(13,917)	(13,917)	(12,756)	(55,000)	
7 Capitalized AFUDC - Equity					
8 Undistributed Earnings of Affiliates					
9 Other Adjustments				9,568	(45,324)
10	14,388	(20,409)	17,749	357,079	(155,405)
11	(8,112)	\$57,564.00	14,613		
12 Net Cash From Operating Activities	<u>(143,786)</u>	<u>424,329</u>	<u>(171,881)</u>	<u>149,811</u>	<u>159,152</u>
<b>Cash Flows From Investing Activities</b>					
13 Cash Outflows For Construction	(51,777)	(83,428)	(45,870)	(73,983)	(159,152)
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	195,563	(340,901)	366,096		
19 Investment Securities					
20 Other Current Assets & Liabilities					
21 Other Cash Flows - Investing Activities					
22					
23					
24 Net Cash From Investing Activities	<u>143,786</u>	<u>(424,329)</u>	<u>320,226</u>	<u>(73,983)</u>	<u>(159,152)</u>
<b>Cash Flows From Financing Activities</b>					
Net Proceeds (Payments) - Issuing & Retiring:					
25 Long-Term Debt				(75,828)	
26 Common Stock					
27 Preferred Stock					
28 Short-Term Debt					
29 Dividends Paid					
30 Other Cash Flows - Financing Activities			(148,345)		
31					
32					
33 Net Cash From Financing Activities			<u>(148,345)</u>	<u>(75,828)</u>	
34 Net Increase/(Decrease) In Cash Equivalents				(0)	
35 Cash & Cash Equivalents Beginning Of Year	(0)	(0)	(0)	(0)	(0)
36 Cash & Cash Equivalents End Of Year	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)

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

	2007	2006	2005	2004	2003	
<b>SALES AND CUSTOMER DATA</b>						
<b>REVENUES</b>						
Residential	\$1,420,330	\$1,414,858	\$1,589,745	\$1,284,816	\$1,341,540	1
Commercial	1,044,029	1,254,502	1,472,585	1,207,545	1,231,185	2
Industrial						3
Other Ultimate Customers						4
Total Revenues-Ultimate Customer	2,464,359	2,669,360	3,062,330	2,492,361	2,572,725	5
Sales for Resale						6
Total Revenues from Gas Sales	2,464,359	2,669,360	3,062,330	2,492,361	2,572,725	7
Transportation Sales	125,950	121,455	120,469	92,641	92,405	8
Other Gas Operating Revenues	(6,564)	(306,010)	299,728	(174,305)	95,646	9
Total Gas Operating Revenues	\$2,583,745	\$2,484,805	\$3,482,527	\$2,410,697	\$2,760,776	10
<b>SALES (MCF)</b>						
Residential	131,755	116,187	128,946	138,896	146,596	11
Commercial	124,497	120,740	134,663	146,858	133,467	12
Industrial						13
Other Ultimate Customers						14
Total Sales-Ultimate Customer	256,252	236,927	263,609	285,754	280,063	15
Sales for Resale						16
Transportation Sales	69,508	64,226	64,461	54,314	52,885	17
Other Gas Sales						18
Total Sales	325,759	301,153	328,071	340,068	332,948	19
<b>AVG NUMBERS OF CUSTOMERS</b>						
Residential	1,388	1,363	1,379	1,343	1,318	20
Commercial	172	179	194	179	152	21
Industrial						22
Other Customers						23
Total Ultimate Customers	1,560	1,542	1,573	1,522	1,470	24
Resales						25
Total Customers	1,560	1,542	1,573	1,522	1,470	26
<b>OPERATING REVENUES RELATIONSHIP</b>						
<b>RESIDENTIAL SALES</b>						
Average Annual Bill Per Customer	\$1,023	\$1,038	\$1,153	\$957	\$1,018	27
Average MCF Consumption Per Customer	94.9	85.2	93.5	103.4	111.2	28
Average Revenue Per MCF Sold	\$10.78	\$12.18	\$12.33	\$9.25	\$9.15	29
<b>COMMERCIAL SALES</b>						
Average Annual Bill Per Customer	\$6,070	\$7,008	\$7,591	\$6,746	\$8,100	30
Average MCF Consumption Per Customer	723.8	674.5	694.1	820.4	878.1	31
Average Revenue Per MCF Sold	\$8.39	\$10.39	\$10.94	\$8.22	\$9.22	32
<b>INDUSTRIAL SALES</b>						
Average Annual Bill Per Customer	N/A	N/A	N/A	N/A	N/A	33
Average MCF Consumption Per Customer	N/A	N/A	N/A	N/A	N/A	34
Average Revenue Per MCF Sold	N/A	N/A	N/A	N/A	N/A	35
<b>OPERATION AND MAINTENANCE EXPENSES</b>						
Steam						36
Manufactured Gas						37
Natural Gas - Production & Gathering						38
Purchased Gas	\$1,141,886	\$1,005,651	\$1,477,680	\$1,116,791	\$1,604,271	39
Other	849,776	886,370	947,584	685,453	404,546	40
Total Production Expense	1,991,662	1,892,021	2,425,264	1,802,244	2,008,817	41
Natural Gas Storage Expense	17,745	25,946	20,921			42
Transmission Expense						43
Distribution Expense	219,814	199,833	218,212	251,549	250,891	44
Customer Account Expense	126,848	75,346	136,023	138,581	188,602	45
Sales Expense						46
Administrative and General	110,143	96,506	107,269	166,642	105,537	47
Total O & M Expense	\$2,466,212	\$2,289,652	\$2,907,689	\$2,359,016	\$2,553,847	48
<b>Notes:</b>						

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

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
1 Total Revenues	\$2,583,745	\$2,484,805	\$3,482,527	\$2,410,697	\$2,760,776
2 Sales of Gas (MCF) *	256,252	236,927	263,609	285,754	280,063
<b>DOLLAR AMOUNTS</b>					
3 Purchased Gas & Other Supply Exp.	\$54,783	\$87,571	\$2,425,264	\$1,802,244	\$2,008,817
4 Wages and Benefits	101,969	95,783	113,300	95,437	86,348
5 Other Operation & Maintenance Exp.	2,309,460	2,106,298	369,125	461,335	458,682
6 Depreciation & Amortization Expense	137,960	132,415	130,948	128,766	126,900
7 Income Taxes-Operating	(98,158)	(116,031)	51,149	(98,721)	(428)
8 Other Taxes-Operating	120,561	111,424	103,492	95,719	148,678
9 Capital Costs	(42,830)	67,345	289,249	(74,083)	(68,221)
10 Total	\$2,583,745	\$2,484,805	\$3,482,527	\$2,410,697	\$2,760,776
<b>PERCENT OF REVENUES</b>					
11 Purchased Gas & Other Supply Exp.	2.1	3.5	69.6	74.8	72.8
12 Wages and Benefits	3.9	3.9	3.3	4.0	3.1
13 Other Operation & Maintenance Exp.	89.4	84.8	10.6	19.1	16.6
14 Depreciation & Amortization Expense	5.3	5.3	3.8	5.3	4.6
15 Income Taxes-Operating	-3.8	-4.7	1.5	-4.1	0.0
16 Other Taxes-Operating	4.7	4.5	3.0	4.0	5.4
17 Capital Costs	-1.7	2.7	8.3	-3.1	-2.5
18 Total	100.0	100.0	100.0	100.0	100.0
<b>DOLLARS PER MCF</b>					
19 Purchased Gas & Other Supply Exp.	0.21	0.37	9.20	6.31	7.17
20 Wages and Benefits	0.40	0.40	0.43	0.33	0.31
21 Other Operation & Maintenance Exp.	9.01	8.89	1.40	1.61	1.64
22 Depreciation & Amortization Expense	0.54	0.56	0.50	0.45	0.45
23 Income Taxes-Operating	-0.38	-0.49	0.19	-0.35	0.00
24 Other Taxes-Operating	0.47	0.47	0.39	0.33	0.53
25 Capital Costs	-0.17	0.28	1.10	-0.26	-0.24
26 Total	10.08	10.49	13.21	8.44	9.86

**Notes:**

\* Includes Sales for Resale

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

**Data Field Below**

Purchased Gas and Other Supply Exp. Liquidified Petro Gas Other Gas Supply	54,783	87,571	2,425,264	1,802,244	2,008,817
Total Purchased Gas	54,783	87,571	2,425,264	1,802,244	2,008,817
-Total PG related to Sales for Resale PG - Ultimate Customers	54,783	87,571	2,425,264	1,802,244	2,008,817
<b><u>Wages and Benefits</u></b>					
Salaries	101,800	95,166	101,927	93,092	85,981
Pensions and Benefits	169	617	11,373	2,345	367
Total Wages and Benefits	101,969	95,783	113,300	95,437	86,348
<b><u>Other Expenses</u></b>					
Total O&M Expenses	2,466,212	2,289,652	2,907,689	2,359,016	2,553,847
-Total Purchased Gas	54,783	87,571	2,425,264	1,802,244	2,008,817
-Wages and Benefits	101,969	95,783	113,300	95,437	86,348
-Other Gains					
+Other Losses					
-Other Revenues					
Other Expenses	2,309,460	2,106,298	369,125	461,335	458,682
<b><u>Depreciation and Amortization</u></b>					
Depreciation Exp	96,841	132,415	90,892	88,710	86,844
Amort & Depl of Utility Plant					
Amort of Other Utility Plant					
Amort of Property Losses					
Amort of Conversion Expenses	41,119	40,056	40,056	40,056	40,056
Total Depre and Amort	137,960	172,471	130,948	128,766	126,900
<b><u>Fuel and PP related to Sales for Resale</u></b>					
Total PG	1,991,662	1,892,021	2,425,264	1,802,244	2,008,817
divided by Total MCFs	256,252	236,927	263,609	285,754	280,063
Fuel Cost per MCF	7.772	7.986	9.200	6.307	7.173
times Sales for Resale MCFs					
Sales for Resale PG					
<u>Transportation Volumes</u>	69,508	64,226	64,461	54,314	52,885



**Data Field Below**

Current Assets	361,234	283,320	476,160	430,998	415,779
Current Liabilities	932,585	728,687	1,100,477	562,017	813,287
Total Capitalization	1,787,727	2,012,603	2,132,669	2,175,188	2,469,355
Long-Term Debt					
Preferred Stock					
Common Stock and Retained Earnings (Excl. Preferred Stock)	1,787,727	2,012,603	2,132,669	2,026,843	2,245,182
Short-Term Debt				148,345	224,173
Pretax Income	(141,787)	(48,686)	341,965	(191,849)	56,793
Interest Expense	181,246	161,982	161,397	101,192	87,164
Dividends Paid					
Net Income (Excl. Preferred Stock Dividends)	(224,875)	67,345	105,825	(93,128)	57,221
Internal Cash	(143,786)	424,329	(171,881)	149,811	159,152
Cash Outflows for Construction	51,777	83,428	45,870	73,983	159,152
Shares Outstanding (Millions) Sch250251					
Misc Deferred Debits	73,450	89,389	268,764	(360,303)	5,625
Number of Employees	4	4	4	4	4
<b><u>Pre-Tax Income</u></b>					
Total Utility Operating Income	(\$42,830)	\$67,345	\$289,249	(\$93,128)	
+Income Taxes - Electric					
+Income Taxes - Gas	(98,158)	(116,031)	51,149	(98,721)	
+Other Income	166	683	4,892		
- Other Income Deductions	965	757	3,325		
- Other Taxes					
Pre-Tax Income	(\$141,787)	(\$48,760)	\$341,965	(\$191,849)	