

SOUTHERN UNION COMPANY
2 YEAR PROJECTIONS
SOURCES AND USES OF FUNDS
(thousands of dollars)

Exhibit B

011000-GU

	For fiscal year ended June 30,	
	2002	2003
Net cash flows from operating activities	\$ 150,000	\$ 156,000
Capital Expenditures (1)	\$ (125,000)	\$ (125,000)
Long term debt maturities (interim financing)		\$ (485,000) (2)
Long term debt maturities (other)	\$ (5,300)	\$ (45,000)
Projected source of funds	\$ 19,700	\$ (499,000)

- (1) All of the estimated construction expenditures are subject to continuing review and adjustment and actual construction expenditures may vary from these estimates due to factors such as changes in customers, energy sales, business and economic conditions, construction and design requirements, energy supply and costs, availability of labor, supplies and materials, regulatory treatment, environmental and conservation requirements and existing and proposed legislation. Southern Union Company is keeping its construction program as flexible as possible with the intention of accommodating those factors that may develop or change.
- (2) The Term Loan used to provide interim financing for the New England Mergers and to refinance certain of the New England short term debt matures in August, 2002 but may be refinanced earlier than that without penalty.

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