

FLORIDA PUBLIC SERVICE
COMMISSION

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**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

DIVISION OF
ECONOMIC REGULATION

OFFICIAL COPY
Division of
Economic Regulation
F.E.R.C.

SOUTH FLORIDA NATURAL GAS

(EXACT NAME OF RESPONDENT)

701 ELEANORE AVE., NEW SMYRNA BEACH, FL 32168

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2000

Officer or other person to whom correspondence should be addressed concerning this report:

Name: Stuart Harbour Title: Vice President & Controller-Gas Operations

Address: 504 Lavaca Ste. 800 City: Austin State: TX

Telephone No.: 512-477-5852 PSC/AFA 20 (4/96)

Report of Independent Accountants

To the Board of Directors
South Florida Natural Gas Co.:

We have audited the accompanying balance sheets of South Florida Natural Gas Co. (the "Company") as of December 31, 2000 and 1999, and the related statements of income, retained earnings and cash flows for the years then ended, included on pages 10 through 19C of the accompanying Annual Report of Natural Gas Utilities. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements are prepared in accordance with the requirements of the Florida Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Florida Natural Gas Co. at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in accordance with the accounting requirements of the Florida Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the Board of Directors and management of South Florida Natural Gas Co. and the Florida Public Service Commission.

PricewaterhouseCoopers LLP

May 30, 2001

**INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES**

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent SOUTH FLORIDA NATURAL GAS (1)	02 Year of Report DECEMBER 31, 2000
03 Previous Name and Date of Change (if name changed during year) N/A	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 504 Lavaca Ste. 800 Austin, TX 78701	
05 Name of Contact Person Stuart Harbour	06 Title of Contact Person Vice President & Controller - Gas Operations
07 Address of Contact Person (Street, City, State, Zip Code) 504 Lavaca Ste. 800 Austin, TX 78701	
08 Telephone of Contact Person, Including Area Code 512-477-5852	09 Date of Report (Mo, Da, Yr) 5/31/2001

(1) A division of Southern Union Company effective January 1, 1998.

ATTESTATION

I certify that I am the responsible accounting officer of

SOUTH FLORIDA NATURAL GAS

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2000 to December 31, 2000, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.

5/31/2001

Date

Stuart Harbour

Signature

Stuart Harbour

Name

Vice President & Controller - Gas Operations

Title

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Name of Respondent SOUTH FLORIDA NATURAL GAS	For the Year Ended Dec. 31, 2000
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GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

David J. Kvapil, Senior Vice President and Corporate Controller
504 Lavaca Ste.800
Austin, TX 78701

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

See response to Item 1 on page 4.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

N/A

4. State the type of utility and nonutility services furnished by respondent during the year in each State in which the respondent operated.

Natural Gas - Florida

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

No

Name of Respondent SOUTH FLORIDA NATURAL GAS	For the Year Ended Dec. 31, 2000
CONTROL OVER RESPONDENT	
<p>1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee (s), state name of</p>	<p>trustee (s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.</p> <p>2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.</p>
<p>South Florida Natural Gas (the "Company" or "Respondent"), a division of Southern Union Company ("Corporate"), operates a natural gas distribution system in Volusia County, Florida. On December 31, 1997, Southern Union Company issued 755,650 pre-split, pre-dividend shares of their common stock to the owners of Atlantic Utilities Corporation, (the former owners) which was received on January 1, 1998, for the acquisition of Atlantic Utilities Corporation. In January, 1998, regulatory approval was received and cash of \$4,436,000 was also given by Southern Union Company to the previous owners of Atlantic Utilities Corporation. The assets of Atlantic Utilities Corporation were included in Southern Union Company's consolidated balance sheet at January 1, 1998 as well as Atlantic Utilities Corporation results of operations which was included in Southern Union Company's statements of consolidated operation and cash flows since January 1, 1998. In conjunction with this acquisition, Southern Union Company has recorded an Acquisition Adjustment of \$10,000,000. No amount has been pushed down to the books and records of the Company at this time.</p>	

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
 2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
 4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
 2. Direct control is that which is exercised without interposition of an intermediary.
 3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
 4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
NONE			

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.

any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

2. If a change was made during the year in the incumbent of

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Chief Executive Officer and Chief Operating Officer	Peter H. Kelley	\$ 578,456
2	President	Thomas F. Karam	291,346
3	Regional Vice President	Alexander M. Kara	96,886
4	Secretary	Dennis K. Morgan	226,408
5	Assistant Secretary	Susan M. Groce	100,006
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DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
** George L. Lindemann Chairman and Chief Executive Officer	504 Lavaca Ste. 800 Austin, TX 78701	5	-
* Peter H. Kelley (2) President and Chief Operating Officer	504 Lavaca Ste. 800 Austin, TX 78701	5	-
Frank W. Denius Chairman Emeritus	504 Lavaca Ste. 800 Austin, TX 78701	6	30,000
* John E. Brennan Vice Chairman and Assistant Secretary	504 Lavaca Ste. 800 Austin, TX 78701	5	-
Kurt A. Gitter, M.D.	504 Lavaca Ste. 800 Austin, TX 78701	10	25,000
Roger J. Pearson	504 Lavaca Ste. 800 Austin, TX 78701	7	30,000
George Rountree, III	504 Lavaca Ste. 800 Austin, TX 78701	2	30,000
Ronald W. Simms	504 Lavaca Ste. 800 Austin, TX 78701	6	25,000
James H. Dodge (1)	504 Lavaca Ste. 800 Austin, TX 78701	1	-
Aaron I. Fleischman	504 Lavaca Ste. 800 Austin, TX 78701	2	20,000
Adam M. Lindemann	504 Lavaca Ste. 800 Austin, TX 78701	2	20,000
Thomas F. Karam	504 Lavaca Ste. 800 Austin, TX 78701	2	-
Footnote: Information on this page reflects Southern Union Company			
(1) Resigned on February 10, 2001. (2) Resigned on May 12, 2001.			

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent: if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to the end year, and state the purpose of such closing: Stock book not closed	2. State the total number of votes cast at the latest general meeting prior to the end of year for the election of directors of the respondents and number of such votes cast by proxy. Total: 43,756,955 By Proxy 43,756,955	3. Give the date and place of such meeting: November 14, 2000 Austin, Texas
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VOTING SECURITIES
Number of votes as of (date): October 3, 2000

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	50,895,272	50,895,272	-	-
5	TOTAL number of security holders	7,888	7,888	-	-
6	TOTAL votes of security holders listed below	23,754,728	23,754,728	-	-
8	Baron Capital Group, Inc. 9 767 5th Avenue, 49th Floor 10 New York, New York 10153	5,773,537	5,773,537	-	-
11	Bass Reporting Persons 12 201 Main Street 13 Fort Worth, Texas 76102	3,145,661	3,145,661	-	-
14	George Lindemann, Jr. 15 4500 Biscayne Boulevard 16 Miami, Florida 33137	2,897,599	2,897,599	-	-
17	Sloan N. Lindemann 18 550 Park Avenue 19 New York, New York 10021	2,896,544	2,896,544	-	-
20	Adam M. Lindemann (Director) 21 767 5th Avenue, 49th Floor 22 New York, New York 10153	2,893,738	2,893,738	-	-
23	F. B. Lindemann 24 767 5th Avenue, 50th Floor 25 New York, New York 10153	2,578,242	2,578,242	-	-
26	George L. Lindemann (Chairman of Board and CEO) 27 767 5th Avenue, 49th Floor 28 New York, New York 10153	2,205,331	2,205,331	-	-
32	Ronald W. Simms (Director) 33 454 South Main Street 34 Wilkes-Barre, PA 18703	571,388	571,388	-	-
32	John E. Brennan (Vice Chairman of Board) 33 767 5th Avenue, 50th Floor 34 New York, New York 10153	445,788	445,788	-	-
32	Aaron I. Fleischman (Director) 33 1400 Sixteenth Street, N.W. 34 Washington, D.C. 20036	346,900	346,900	-	-

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears

1. Changes in and important information to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies. Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization
3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc

6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation Give reference to Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 8, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest
11. Estimate increase or decrease in annual revenues due to important rate changes: State effective rate and approximate amount of increase or decrease from each revenue classification. State the number of customers affected
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page

1. NONE
2. NONE
3. NONE
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. NONE
11. NONE
12. N/A

Footnote: On September 28, 2000, Southern Union completed the acquisition of Providence Energy Corporation (ProvEnergy) for approximately \$270,000,000 in cash plus the assumption of approximately \$90,000,000 in long-term debt. On September 28, 2000, Southern Union completed the acquisition of Fall River Gas Company (Fall River Gas) for approximately 1,400,000 shares of Southern Union common stock and approximately \$27,000,000 in cash plus the assumption of approximately \$20,000,000 in long-term debt. On September 20, 2000, Southern Union completed the acquisition of Valley Resources, Inc. (Valley Resources) for approximately \$125,000,000 in cash plus the assumption of approximately \$30,000,000 in long-term debt.

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	20-21	\$ 3,638,414	\$ 3,970,707
3	Construction Work in Progress (107)	20-21	236,244	157,053
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,874,658	4,127,760
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	20-21	(1,702,176)	(1,857,758)
6	Net Utility Plant (Enter Total of line 4 less 5)		2,172,482	2,270,002
7	Utility Plant Adjustments (116)	19		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-	212,920	296,529
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-	(105,982)	(135,159)
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-		
15	Special Funds (125-128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		106,938	161,370
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	30,041	52,689
19	Special Deposits (132-134)	-	1,100	1,100
20	Working Funds (135)	-		
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	270,893	604,644
24	Other Accounts Receivable (143)	-	183	183
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(10,639)	(10,639)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-		
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Elec) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	59,475	65,550
32	Merchandise (155)	-	13,015	21,376
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-	1,748	27,122
35	Gas Stored Undgrd. & Liq. Nat. Gas Stored (164.1-164.3)	-		
36	Prepayments (165)	32	398	398
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-		
41	Miscellaneous Current and Accrued Assets (174)	-		
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		366,214	762,423
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-		
45	Extraordinary Property Losses (182.1)	32		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	32		
47	Other Regulatory Assets (182.3)	33		
48	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	34	296,736	321,751
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	-		
55	Accumulated Deferred Income Taxes (190)	35		
56	Unrecovered Purchased Gas Costs (191)	-	-	207,218
57	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		296,736	528,969
58	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		\$ 2,942,370	\$ 3,722,764

Name of Respondent				For the Year Ended	
SOUTH FLORIDA NATURAL GAS				Dec. 31, 2000	
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)	
1	PROPRIETARY CAPITAL				
2	Common Stock (201, 202, 203, 205, 206, 207)	-	\$ 5,000	\$ 5,000	
3	Preferred Stock Issued (204)	-			
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	2,536,819	2,536,819	
5	Retained Earnings (215, 215.1, 216)	15-16	(319,936)	(128,788)	
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16			
7	(Less) Reacquired Capital Stock (217)	-			
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		2,221,883	2,413,031	
9	LONG-TERM DEBT				
10	Bonds (221)	37			
11	(Less) Reacquired Bonds (222)	37			
12	Advances from Associated Companies (223)	37			
13	Other Long-Term Debt (224)	37			
14	Unamortized Premium on Long-Term Debt (225)	38			
15	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	38			
16	TOTAL Long-Term Debt (Enter Total of lines 10 through 15)		-	-	
17	OTHER NONCURRENT LIABILITIES				
18	Obligations Under Capital Leases - Noncurrent (227)	-		32,670	
19	Accumulated Provision for Property Insurance (228.1)	-			
20	Accumulated Provision for Injuries and Damages (228.2)	-			
21	Accumulated Provision for Pensions and Benefits (228.3)	-			
22	Accumulated Miscellaneous Operating Provisions (228.4)	-			
23	Accumulated Provision for Rate Refunds (229)	-			
24	TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)		-	32,670	
25	CURRENT AND ACCRUED LIABILITIES				
26	Notes Payable (231)	-			
27	Accounts Payable (232)	-	125,076	371,330	
28	Notes Payable to Associated Companies (233)	-			
29	Accounts Payable to Associated Companies (234)	-	93,338	240,440	
30	Customer Deposits (235)	-	158,415	158,835	
31	Taxes Accrued (236)	41	45,318	194,233	
32	Interest Accrued (237)	-	7,645	6,933	
33	Dividends Declared (238)	-			
34	Matured Long-Term Debt (239)	-			
35	Matured Interest (240)	-			
36	Tax Collections Payable (241)	-	5,268	10,359	
37	Miscellaneous Current and Accrued Liabilities (242)	43	14,135	33,823	
38	Obligations Under Capital Leases-Current (243)	-		5,363	
39					
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		\$ 449,195	\$ 1,021,316	
41	DEFERRED CREDITS				
42	Customer Advances for Construction (252)	-	12,574	6,698	
43	Other Deferred Credits (253)	43	21,118	-	
44	Other Regulatory Liabilities (254)	45	21,656	21,656	
45	Accumulated Deferred Investment Tax Credits (255)	42			
46	Deferred Gains from Disposition of Utility Plant (256)	-			
47	Unamortized Gain on Reacquired Debt (257)	39			
48	Accumulated Deferred Income Taxes (281-283)	44	215,944	227,393	
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		271,292	255,747	
50					
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24,				
52	40 and 49)		\$ 2,942,370	\$ 3,722,764	

STATEMENT OF INCOME

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 01 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.
3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
4. Use page 19 for important notes regarding the statement of income or any account thereof.
5. Give concise explanations on page 19 concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
6. Give concise explanations on page 19 concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting

Line No.	Account (a)	Ref. Page No. (b)	Total Current Year (c)	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	46-47	\$ 2,829,372	\$ 2,147,766
3	Operating Expenses			
4	Operation Expenses (401)	49-51	1,936,077	1,442,992
5	Maintenance Expenses (402)	49-51	109,769	50,675
6	Depreciation Expense (403)	59	154,900	142,896
7	Amort. & Depl. of Utility Plant (404-405)	59		
8	Amort. of Utility Plant Acq. Adj. (406)	59	-	-
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amort. of Conversion Expenses (407.2)	-	58,322	49,646
11	Regulatory Debits (407.3)	-		
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	41	268,996	157,600
14	Income Taxes - Federal (409.1)	41	91,848	62,911
15	- Other (409.1)	41	13,882	7,130
16	Provision for Deferred Inc. Taxes (410.1)	35, 44	11,449	41,612
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	35, 44		
18	Investment Tax Credit Adj. - Net (411.4)	42		
19	(Less) Gains from Disp. of Utility Plant (411.6)	-		
20	Losses from Disp. of Utility Plant (411.7)	-		
21	(Less) Gains from Disposition of Allowances (411.8)	-		
22	Losses from Disposition of Allowances (411.9)	-		
23	TOTAL Utility Operating Expenses (Total of lines 4 -22)		2,645,243	1,955,462
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		\$ 184,129	\$ 192,304

STATEMENT OF INCOME (Continued)

revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 19.

8. Enter on page 19 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 22, and report the information in the blank space on page 19 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY - WATER		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
		\$ 2,829,372	\$ 2,147,766			1
						2
		1,936,077	1,442,992			3
		109,769	50,675			4
		154,900	142,896			5
						6
		-	-			7
						8
						9
		58,322	49,646			10
						11
						12
		268,996	157,600			13
		91,848	62,911			14
		13,882	7,130			15
		11,449	41,612			16
						17
						18
						19
						20
						21
						22
		2,645,243	1,955,462			23
		\$ 184,129	\$ 192,304			24

Name of Respondent SOUTH FLORIDA NATURAL GAS			For the Year Ended Dec. 31, 2000	
STATEMENT OF INCOME (Continued)				
Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 12)		\$ 184,129	\$ 192,304
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	130,657	143,820
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(81,019)	(82,048)
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-	(29,177)	(24,160)
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16		
35	Interest and Dividend Income (419)	-		
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	388	(2,017)
38	Gain on Disposition of Property (422.0)	-		
39	TOTAL Other Income (Enter Total of lines 29 through 38)		20,849	35,595
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	60		
43	Miscellaneous Income Deductions (426.1-426.5)	60		
44	TOTAL Other Income Deductions (Total of lines 41 through 43)			
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.2)	41		
48	Income Taxes - Other (409.2)	41		
49	Provision for Deferred Income Taxes (410.2)	35, 44		
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	35, 44		
51	Investment Tax Credit Adj.- Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Enter Total of 46 through 52)		-	-
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		20,849	35,595
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	-	-
57	Amortization of Debt Disc. and Expense (428)	38		
58	Amortization of Loss on Recquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	38		
60	(Less) Amortization of Gain on Recquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	60		
62	Other Interest Expense (431)	60	13,830	22,620
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		13,830	22,620
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		191,148	205,279
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Enter Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	41		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			
72	Net Income (Enter Total of lines 65 and 71)		\$ 191,148	\$ 205,279

STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
 2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
 3. State the purpose and amount for each reservation or appropriation of retained earnings.
 4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.

5. Show dividends for each class and series of capital stock.
 6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
 7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
 8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 19.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		\$ (319,936)
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		
10	Debit:		
11	Debit:		
12	Debit:		
13	Debit:		
14	Debit:		
15	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14)		
16	Balance Transferred from Income (Account 433 less Account 418.1)		191,148
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	(Enter Total of lines 18 through 20)		
23	Dividends Declared - Preferred Stock (Account 437)		
24			
25			
26			
27			
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		
29	(Enter Total of lines 24 through 27)		
30	Dividends Declared - Common Stock (Account 438)		
31			
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 34)		
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
38	Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36 and 37)		\$ (128,788)

STATEMENT OF RETAINED EARNINGS (Continued)

Line No.	Item (a)	Amount (b)
	<p>APPROPRIATED RETAINED EARNINGS (Account 215)</p> <p>State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.</p>	
39 40 41 42 43 44		
45	TOTAL Appropriated Retained Earnings (Account 215)	
	<p>APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal (Account 215.1)</p> <p>State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.</p>	
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	
47	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)(Enter Total of lines 45 & 46)	
48	TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)	\$ (128,788)
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)	
49	Balance - Beginning of Year (Debit or Credit)	
50	Equity in Earning for Year (Credit) (Account 418.1)	
51	(Less) Dividends Received (Debit)	
52	Other Changes (Explain)	
53	Balance - End of year	

STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 19. Information about noncash investing and financing activities should be provided on page 19. Provide also on page 19 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 19 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

2. Under "Other" specify significant amounts and group others.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	1999	2000 Amounts (b)
1	Net Cash Flow From Operating Activities:		
2	Net Income (Line 72(c) on page 14)	\$ 205,279	\$ 191,148
3	Non-Cash Charges (Credits) to Income:		
4	Depreciation and Depletion	142,896	154,900
5	Amortization of (Specify)		
6	Deferred Debits (\$50,223), non-utility property (\$29,177)	73,806	87,499
7			
8	Deferred Income Taxes (Net)	41,612	11,449
9	Investment Tax Credit Adjustments (Net)		
10	Net (Increase) Decreases in Receivables	(20,888)	(347,367)
11	Net (Increase) Decreases in Inventory		
12	Net (Increase) Decreases in Allowances Inventory		
13	Net (Decrease) Increase in Payables and Accrued Expenses	(33,911)	246,254
14	Net (Increase) Decreases in Other Regulatory Assets		
15	Net (Decrease) Increase in Other Regulatory Liabilities		
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other: Plant Material, Operating Supplies & Merchandise	(32,956)	(39,810)
19	Deferred Debits		
20	Provision for bad debts	15,993	13,616
21	Taxes and other Liabilities	60,195	153,294
22	Customer Deposits	(21,955)	420
23	Other	6,364	19,688
24	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 20)	436,435	491,091
25	Cash Flows from Investment Activities:		
26	Construction and Acquisition of Plant (including land):		
27	Gross Additions to Utility Plant	(271,333)	(253,102)
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	(39,286)	(83,609)
30	(Less) Allowance for Other Funds Used During Construction		
31	Other: Cost of Plant Removal	1,412	682
32	Deferred Cost of Additions		
33	Change in Deferred Charges & Credits	(116,385)	(311,673)
35	Change in Customer Advances	(4,528)	(5,876)
36	Cash Outflows for Plant (Total of lines 24 through 32)	(430,120)	(653,578)
37			
38	Acquisition of Other Noncurrent Assets (d)		
39	Proceeds from Disposal of Noncurrent Assets (d)		
40	Investment in and Advances to Assoc. and Subsidiary Companies		
41	Contributions and Advances from Assoc. and Subsidiary Companies		
42	Disposition of Investments in (and Advances to)		
43	Associated and Subsidiary Companies		
44	Purchases of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent SOUTH FLORIDA NATURAL GAS		For the Year Ended Dec. 31, 2000	
STATEMENT OF CASH FLOWS (Continued)			
4. Investing Activities		5. Codes used:	
Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 19. Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 19.		(a) Net proceeds or payments (b) Bonds, debentures and other long-term debt. (c) Include commercial paper (d) Identify separately such items as investments, fixed assets, intangibles, etc.	
		6. Enter on page 19 clarifications and explanations.	
Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	1999	2000 Amounts (b)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in		
52	Allowances Held for Speculation		
53	Net Increase (Decrease) in Payables and Accrued Expenses		
54	Other:		
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	(Total of lines 36 through 55)	(430,120)	(653,578)
58			
59	Cash Flows From Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other: Capital lease obligation		42,620
65			
66	Net Increase in Short-term Debt (c)		
67	Other:		
68			
69			
70	Cash provided by Outside Sources (Total of lines 61 through 69)	0	42,620
71			
72	Payments of Retirement of:		
73	Long-Term Debt (b)	0	0
74	Preferred Stock		
75	Common Stock		0
76	Other: Repayment of capital lease obligation		(4,587)
77			
78	Net Decrease in Short-Term Debt (c)		
79	Contributions and Advances from Associated Companies	23,726	147,102
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 through 81)	23,726	185,135
84			
85			
86	Net Increase (Decrease) in Cash and Cash Equivalents (total in 21,57,83)	30,041	22,648
87			
88	Cash and Cash Equivalents at Beginning of Year	1,100	31,141
89			
90	Cash and Cash Equivalents at End of Year	31,141	53,789

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General-

SOUTH FLORIDA NATURAL GAS (the "Company" or "Respondent"), a division of Southern Union Company ("Corporate"), operates a natural gas distribution system in Volusia County, Florida. On December 31, 1997, Southern Union Company issued 755,650 pre-split, pre-dividend shares of their common stock to the owners (the "former owners") of Atlantic Utilities Corporation (the "Parent Company"), which was received on January 1, 1998, for the acquisition of Atlantic Utilities Corporation. In January, 1998, regulatory approval was received and cash of \$4,436,000 was also given by Southern Union Company to the former owners. The assets of Atlantic Utilities Corporation were included in Southern Union Company's consolidated balance sheet at January 1, 1998 and Atlantic Utilities Corporation results of operations were included in Southern Union Company's statements of consolidated operation and cash flows since January 1, 1998. In conjunction with this acquisition, Southern Union Company has recorded an Acquisition Adjustment of \$10,000,000. No amount has been pushed down to the books and records of the Company at this time.

Regulation -

The company is regulated by the Florida Public Service Commission ("FPSC") and maintains its accounts in conformity with accounting requirements and ratemaking practices prescribed by the various regulatory authorities which conform to generally accepted accounting principles as applied to regulated companies.

Utility Plant and Related Depreciation -

Utility Plant is stated at the original cost of such property when first devoted to public service. The Company follows the policy of capitalizing renewals and betterment's. Maintenance and repairs are charged to expense as incurred. Upon retirement, the cost, together with the cost of removal less salvage, is charged to accumulated depreciation. Depreciation is provided for all classes of utility plant on a straight-line basis in amounts equivalent to a composite rate of approximately 3.8%.

Materials and Supplies -

Materials and supplies are stated at the lower of a weighted average cost or market.

Miscellaneous Deferred Debits -

Miscellaneous deferred debits consist mainly of piping and installation for conversion to gas. These amounts are being amortized on a straight-line basis over their expected useful lives of ten years.

Advances for Construction and Contributions in Aid of Construction -

Under construction contracts with real estate developers and others, the Company receives property donations, advances and contributions in cash to offset part of the construction costs of new utility plant. Refunds are made on advances for construction, without interest, based on the number of new customers or on the rates of consumption.

Revenues and Purchases Gas -

Gas revenues are recorded as services are provided. Accordingly, unbilled revenues have been estimated to account for revenues from cycle billing dates to month end.

Through its fuel adjustment tariff, the Company is permitted to receive from its customers or refund to its customers any difference in its actual costs of purchased gas over or under the base period costs. As of December 31, 2000, the Company had an under-recovery of gas costs of \$207,218. At December 31, 1999, the Company had an over-recovery of \$21,118.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

Impairment of Long-Lived Assets -

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets for Long-Lived Assets to be Disposed of," years beginning after December 15, 1995. SFAS No. 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 121 requires that certain long-lived assets and certain identifiable intangibles to be disposed of be reported at the lower of their carrying amount or fair value less cost to sell. The company adopted this statement for fiscal 1997 and determined that no impairment loss need be recognized for applicable assets.

Fair Value of Financial Instruments -

The carrying amounts of customer accounts receivable, accounts payable and accrued liabilities and customer deposits are reflected in the financial statements at cost which approximates fair market value.

(2) GAS SUPPLIES:

On April 8, 1992, the Federal Energy Regulatory Commission ("FERC") issued Order 636 which required Florida Gas Transmission Co. ("FGT") to provide transportation services comparable in quality and at levels consistent with those which the pipeline customers received when they purchased gas supplies directly from FGT. Order 636 became effective on November 11, 1993. As of that date, the Company no longer purchases any gas supplies from FGT, but rather the Company entered into a Firm Gas Purchase and Sales Agreement with Peninsula Energy Services Company, a division of Chesapeake Utilities Corporation ("Peninsula") whereby the Company purchased all of its natural gas through May 2000. Effective June 2000, Southern Florida Natural Gas purchases all natural gas requirements for its customers.

(3) INCOME TAXES:

For federal income tax purposes, the Company files a consolidated U.S. federal income tax return with Southern Union Company.

Provision for Income Taxes in the accompanying Statements of Income include the following:

Year Ended December 31,	2000	1999
<u>Federal</u>		
Current	\$ 91,848	\$ 62,911
Deferred	10,331	39,263
<u>State</u>		
Current	13,882	7,130
Deferred	1,118	2,349
Total	117,179	111,653

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2000 and 1999 are as follows:

	2000	1999	Deferred Income Tax Provision (Benefit) for the Year Ended December 31, 2000
<u>DEFERRED TAX LIABILITIES:</u>			
Property, plant and equipment, principally due to tax over book depreciation	\$ (105,176)	\$ (94,548)	10,628
Other Deferred Costs	(122,217)	(121,396)	821
NET DEFERRED TAX LIABILITIES	\$ (227,393)	\$ (215,944)	11,449

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

(4) INTERCOMPANY ACCOUNTS:

The intercompany account balance consists of cash transfers, direct charges for insurance expenses paid by the Parent Company on behalf of the Company and allocations of general, administrative and operating expenses from the Parent Company and Corporate. General, administrative and operating expenses are allocated based on the number of customers served by the Company and the ratio of certain payroll costs. The allocation of general, administrative and operating expenses to the Company amounted to \$366,703 and \$327,785 for 2000 and 1999, respectively, and are included in operating expenses. Direct charges for insurance expenses amounted to \$61,583 and \$39,945 for 2000 and 1999, respectively, and are included in operating expenses.

During 2000 and 1999, the Parent Company did not make any capital contributions to the Company.

(5) LEASE COMMITMENTS:

The Company leases various equipment and the office space under non-cancelable operating and capital leases. Commitments for these leases as of December 31, 2000 are as follows:

	Capital Lease	Operating Leases
2001	\$ 10,213	\$ 25,192
2002	10,213	6,377
2003	10,213	6,377
2004	10,213	5,250
2005	4,209	3,866
2006 +	10,173	-
	<u>\$ 55,234</u>	<u>\$ 47,062</u>
Less: amount representing interest	<u>17,201</u>	
Capital lease obligations	<u>38,033</u>	

Name of Respondent		For the Year Ended	
SOUTH FLORIDA NATURAL GAS		Dec. 31, 2000	
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	3,970,707	
4	101.1 Property Under Capital Leases	-	
5	102 Plant Purchased or Sold	-	
6	106 Completed Construction not Classified	-	
7	103 Experimental Plant Unclassified	-	
8	104 Leased to Others	-	
9	105 Held for Future Use	-	
10	114 Acquisition Adjustments	-	
11	TOTAL Utility Plant (Enter Total of lines 3 through 10)	3,970,707	-
12	107 Construction Work in Progress	157,053	
13	Accum. Prov. for Depr., Amort., & Depl.	(1,857,758)	
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	2,270,002	
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	(1,857,758)	
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights	-	
19	111 Amort. of Underground Storage Land and Land Rights	-	
20	119 Amort. of Other Utility Plant		
21	TOTAL in Service (Enter Total of lines 17 through 20)	(1,857,758)	
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Enter Total of lines 23 and 24)	-	
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	-	
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amort. of Plant Acquisition Adjustment	-	
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	(1,857,758)	

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Gas (d)	Water (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
3,970,707					3
					4
					5
					6
					7
					8
					9
-					10
3,970,707	-	-	-	-	11
157,053					12
(1,857,758)					13
					14
2,270,002					15
					16
					17
(1,857,758)					18
					19
					20
					21
(1,857,758)					22
					23
					24
					25
-					26
					27
					28
					29
					30
-					31
					32
					33
(1,857,758)					

Annual Status Report
Analysis of Plant in Service Accounts

Company: SOUTH FLORIDA NATURAL GAS
For the Year Ended December 31, 2000

Acct. Account	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
No. Description								
374 Land-Distribution		14						14
389 Land-General		-						-
Land-Other		-						-
Amortizable General Plant Assets:								
Depreciable Assets:								
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.								
301 Organization	0.0%	18,642						18,642
302 Franchise and Consents	0.0%	23,486						23,486
303 Miscellaneous	3.0%	144,093						144,093
367 Mains-Transmission	3.0%	250						250
375 Structures and Improvements-Pre5/1/93	3.3%	2,790						2,790
376 Mains-Steel & Plastic	3-3.5%	1,938,944	252,814					2,191,758
378 Meas. and Reg. Station Equipment-General	3.1%	39,870	1,072					40,942
379 Meas. and Reg. Station Equipment-City Gate	2.9%	14,351						14,351
380 Services-Steel & Plastic	4.1-5.7%	786,973	73,974					860,947
381 Meters	3.4%	222,792						222,792
382 Meter Installations	3.8%	154,155	737					154,892
383 House Regulators	3.3%	85,048	352					85,400
385 Industrial Meas and Reg. Sta. Equip.-Pre 5/1/93	2.9%	10,336						10,336
387 Other Equipment	2.7%	14,168	1,249					15,417
390 Structures and Improvements	5.2%	19,567						19,567
391 Office Furniture and Equipment	3.9%	42,429	360					42,789
392 Transportation Equipment	13.9%	59,453						59,453
394 Tools, Shop, and Garage Equipment	1.8%	9,265	3,678					12,943
395 Laboratory Equipment	2.2%	823						823
396 Power Operated Equipment	8.5%	42,397						42,397
397 Communication Equipment	10.0%	1,859						1,859
398 Miscellaneous Equipment	6.9%	4,019	766					4,785
399 Other Tangible Property	0.0%	-	335,002					335,002
SUB TOTALS								3,970,707

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: SOUTH FLORIDA NATURAL GAS
For the Year Ended December 31, 2000

Page 2 of 3

Acct. No. Account Description (Continued)	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: SOUTH FLORIDA NATURAL GAS
For the Year Ended December 31, 2000

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
	(Continued)								
	Capital Recovery Schedules:								
	Total Account 101*		3,635,705	335,002	-	-	-	-	3,970,707
	Amortizable Assets:								
	Total Utility Plant		3,635,705	335,002	-	-	-	-	3,970,707

Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 20.

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: SOUTH FLORIDA NATURAL GAS
 For the Year Ended December 31, 2000

Page 1 of 3

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301	Organization	16,126								16,126
302	Franchise and Consents	13,965								13,965
303	Miscellaneous	147,955	4,321							152,276
367	Mains- Transmission	135	7							142
375	Structures and Improvements-Pre 5/1/93	2,867	(70)						(1,092)	2,797
376	Mains-Steel & Plastic	816,306	69,963							885,177
378	Meas. and Reg. Station Equip.-General	9,778	1,269							11,047
379	Meas and Reg. Station Equip -City Gate	9,674	416							10,090
380	Services-Steel & Plastic	370,219	42,002						1,079	413,300
381	Meters	147,779	7,575							155,354
382	Meter Installations	44,673	5,580							50,253
383	House Regulators	28,547	2,875							31,422
385	Industrial Meas and Reg. Sta. Equip -Pre 5/1/93	10,596	(295)							10,301
387	Other Equipment	4,184	417							4,601
390	Structures and Improvements	7,073	1,018							8,091
391	Office Furniture and Equipment	17,779	1,504						95	19,378
392	Transportation Equipment	32,217	13,940						600	46,757
394	Tools, Shop, and Garage Equipment	8,565	233							8,798
395	Laboratory Equipment	763	18							781
396	Power Operated Equipment	10,281	3,604							13,885
397	Communication Equipment	664	186							850
398	Miscellaneous Equipment	2,030	277							2,307
SUB TOTALS		1,702,178	154,900	-	-	-	-	-	682	1,857,758

This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: SOUTH FLORIDA NATURAL GAS
 For the Year Ended December 31, 2000

Page 2 of 3

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
	(Continued)									

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: SOUTH FLORIDA NATURAL GAS
 For the Year Ended December 31, 2000

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*	
	(Continued)										
	Capital Recovery Schedules:	This schedule should identify each approved capital recovery schedule.									
	Subtotal										
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 12.											
	Subtotal										
	Grand Total	1,702,176	154,900	-	-	-	-	-	682	1,857,758	

Note: * The grand total of beginning and ending balances must agree to Line 17, Page 20.

Name of Respondent
SOUTH FLORIDA NATURAL GAS

For the Year Ended
Dec. 31, 2000

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).

3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Mains	\$ 56,436	
2	Services	25,562	
3	Meters	34,210	
4	Regulators/Stations	9,016	
5	Other (General Plant)	31,829	
6			
7			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
34			
35			
36			
37			
38			
39			
40			
41	TOTAL	\$ 157,053	

Name of Respondent SOUTH FLORIDA NATURAL GAS	For the Year Ended Dec. 31, 2000
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CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.

2. On page 30 furnish information concerning construction overheads.

3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 30 the accounting procedures employed

and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.

4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Injuries & Damages	\$ 3,294	
2	Vacation & Sick Pay	17,435	
3	Benefits	15,276	
4	Payroll Tax	2,656	
9			
10			
11	<u>OVERHEADS CHARGED TO:</u>		
12	Mains		\$ 222,972
13	Services		65,242
14	Meter installations		650
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38	TOTAL	\$ 38,661	\$ 288,864

Name of Respondent
SOUTH FLORIDA NATURAL GAS

For the Year Ended
Dec. 31, 2000

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

Construction Overhead

1. Administrative and General and Engineering and Supervision:

- (A) Components of overhead cost are considered to be administrative salaries and expenses, employee fringe benefits and certain other general costs devoted to general planning and administration of construction program.
- (B) The proportion of such overhead costs charged to construction is based upon an analysis made annually.
- (C) The applicable monthly construction overhead is recorded in a clearing account and then capitalized to construction as a percent of direct costs to construction exclusive of overhead previously allocated.
- (D) Overhead costs are spread equitably to all construction except certain specific work orders which may be exempted based upon circumstances of construction.
- (E) Certain specific jobs may be exempted as company personnel may be directly assigned for the project. In those cases, all salaries and expenses are charged direct.
- (F) Overhead charges are indirectly assigned except for those projects described in (E).

ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c) and that reported for gas plant in service, pages 22 - 27, column (d), excluding retirements of non-depreciable property.
 3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If

the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	1,702,176	1,702,176		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	154,900	154,900		
4	(413) Exp. of Gas Plant. Leas. to Others				
5	Transportation Expenses-Clearing				
6	Other Clearing Accounts				
7	Other Accounts (Specify):				
8					
9	TOTAL Deprec. Prov. for Year (Total of lines 3 through 8)	154,900	154,900		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	-	0		
12	Cost of Removal	-	-		
13	Salvage (Credit)	682	682		
14	TOTAL Net Charges. for Plant Ret. (Enter Total of lines 11 through 13)	682	682		
15	Other Debit or Credit Items (Describe)				
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	1,857,758	1,857,758		

Name of Respondent SOUTH FLORIDA NATURAL GAS	For the Year Ended Dec. 31, 2000
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PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: Pensions	398
7	TOTAL	398

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9	TOTAL					

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10	N/A					
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	TOTAL					

OTHER REGULATORY ASSETS (Account 182.3)

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	N/A					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
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29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43	TOTAL					

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
1	Deferred Conversion Costs	\$ 4,334	\$ 889	407.2	\$ 1,374	\$ 3,849
2						
3	Amortization Period of 120 mos.					
4						
5	Deferred Piping-Customer Premises	292,402	81,810	407.2	56,948	317,264
6						
7	Amortization Period of 120 mos.					
8						
9	Piping for appliances	0	638	407.2	0	638
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
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28						
29						
30						
31						
32						
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35						
36						
37						
38						
39						
40						
41						
42						
43	Misc. Work in Progress					
44	Deferred Regulatory Comm. Expenses					
45	(See Pages 61 - 62)					
46	TOTAL	\$ 296,736	\$ 83,337		\$ 58,322	\$ 321,751

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
 2. At Other (Specify), include deferrals relating to other income and deductions.
 3. If more space is needed, use separate pages as required.
 4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR			ADJUSTMENTS			Balance at End of Year (k)
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)	Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS Amount (g)	CREDITS Amount (h)	
1	ELECTRIC								
2									
3									
4									
5	TOTAL Electric (Lines 2 - 4)								
6	GAS								
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19	Other								
20	TOTAL Gas (Lines 7 - 19)								
21	Other (Specify)								
22	TOTAL (Account 190) (Enter Total of lines 5, 20 & 21)								

NOTES

SEE FOOTNOTE #3 TO RESPONDENT'S FINANCIAL STATEMENTS (PAGE 19B)

Name of Respondent
SOUTH FLORIDA NATURAL GAS

For the Year Ended
Dec. 31, 2000

SECURITIES ISSUED OR ASSUMED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate,

nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

N/A

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes

during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give particulars (details) concerning any long-term debt authorized by a regulatory Commission but not yet issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	INTEREST FOR YEAR			Total Amount Outstanding (g)
				Original Amount Issued (d)	Rate (in %) (e)	Amount (f)	
1	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
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25							
26							
27	TOTAL						

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

- | | |
|---|---|
| <p>1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.</p> <p>2. Show premium amounts by enclosing the figures in parentheses.</p> <p>3. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> | <p>5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p> <p>6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.</p> <p>7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.</p> |
|---|---|

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at Beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	NONE							
2								
3								
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	N/A					
2						
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 14)	\$ 191,148
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	CIAC	
6		
7	Deductions Recorded on Books Not Deducted for Return	
8	Federal and State Income Taxes- Current & Deferred	117,179
9	Meals & Entertainment	336
10	Changes in Liability Accounts	22,947
11	Total Deductions (sum line 7-10)	140,462
12		
13	Income Recorded on Books Not Included in Return	
14		
15		
16		
17		
18		
19		
20		
21	Deductions on Return Not Charged Against Book Income	
22	Additions to Deferred Piping & Conversion Costs	25,158
23	Tax Depreciation in Excess of Book	29,030
24	State Income Tax	13,882
25		0
26		
27	Total Deductions (sum line 21-26)	68,070
28		
29		
30	Federal Tax Net Income	263,540
31		
32		
33		
34		
35		
36		
37		

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

	Name of Taxing Authority	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Franchise Fees	Other	Total
1	TAXES ACCRUED/(PREPAID) BEG. OF YEAR	62,911	7,130	0	(47,228)	0	3,802	3,560	4,360	10,783	0	45,318
2	Taxes Charged During Year	91,848	13,882	0	100,574	0	22,127	64,183	15,739	66,373	0	374,726
3												
4												
5												
6												
7												
8												
9												
10												
11												
12	TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)	91,848	13,882	0	100,574	0	22,127	64,183	15,739	66,373	0	374,726
13	Taxes Paid During Year	0	0	0	0	0	(22,023)	(59,629)	(10,816)	(63,323)	0	(155,791)
14												
15												
16												
17												
18												
19												
20												
21												
22												
23	TOTAL TAXES PAID DURING YEAR (Lines 14-22)	0	0	0	0	0	(22,023)	(59,629)	(10,816)	(63,323)	0	(155,791)
24	Adjustments (list)											
25	Adjustment to close out accrual to Corporate	(62,911)	(7,130)								21	(70,020)
26												
27	TOTAL ADJUSTMENTS (Lines 24-26)	(62,911)	(7,130)	0	0	0	0	0	0	0	21	(70,020)
28	TAXES (ACCRUED)/PREPAID END OF YEAR (Lines 1+12-23+/-27)	91,848	13,882	0	53,346	0	3,906	8,114	9,283	13,833	21	194,233

DISTRIBUTION OF TAXES CHARGED

	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
29											
30	Electric (Account 408 1, 409.1)										
31	Gas (Account 408 1, 409.1)	91,848	13,882	0	100,574	0	22,127	64,183	66,373	0	374,726
32	Other Utility Departments (408 1, 409.1)										
33	Other Income and Deductions (408.2, 409.2)										
34	Extraordinary Items (Account 409 3)										
35	Other Utility Operating Income (408.1, 409.1)										
36	Adjust to Retained Earnings (Account 439)										
37	CWIP (Account 207)										
38	Other (list)										
39											
40											
41											
42	TOTAL (Should equal Lines 12+/-Line 27, if applicable)										

Name of Respondent
SOUTH FLORIDA NATURAL GAS

For the Year Ended
Dec. 31, 2000

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. correction adjustment to the account balance shown in col-
Where appropriate, segregate the balances and transactions umn (g). Include in column (i) the average period over which
by utility and nonutility operations. Explain by footnote any the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Current Year's Income	Adjustments (g)	Balance at End Year (h)	Average Period of Allocation to Income (i)
			Acct. No. (c)	Amount (d)				
1	Gas Utility							
2	3%							
3	4%							
4	7%							
5	10%							
6								
7								
8	TOTAL							
9	Other List separately and show 3%, 4%, 7%, 10% and TOTAL							

Notes

1. Use this space to explain any adjustments made in this period.
2. Use this space to list by year generated and by amount any ITCs that have not been utilized and have not expired by the end of the period.

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SEE FOOTNOTE #3 (PAGE 19B)

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.
 2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	ACCRUED AUDIT FEES	\$ 10,428
2	WORKERS COMP	7,425
3	AUTO & LTD	4,947
4	Other accrued liabilities	11,023
5		
6		
7		
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9		
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13		
14		
15		
16		
17		
18	TOTAL	\$ 33,823

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
 2. For any deferred credit being amortized, show the period of amortization.
 3. Minor Items (less than \$25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Over(Under) -Recovery of Gas Cost	\$ 21,118	8051	\$ 228,336		\$ (207,218) (1)
2						
3						
4						
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7						
8	(1) Balance reclassified to account 191 at December 31, 2000 for balance sheet presentation.					
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20						
21	TOTAL	\$ 21,118		\$ 228,336	\$ -	\$ (207,218)

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)

Line No.	Description	Balance at Beginning of Year	Changes During Year			Adjustments		Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Account No.	
1								
2	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY							
3	Electric							
4	Gas							
5	Other							
6								
7	TOTAL ACCOUNT 281 (Lines 3 thru 6)							
8								
9	ACCOUNT 282 - OTHER PROPERTY							
10	Electric							
11	Gas							
12	Other							
13								
14	TOTAL ACCOUNT 282 (Lines 10 thru 13)							
15								
16	ACCOUNT 283 - OTHER							
17	Electric							
18	Gas							
19	Other							
20								
21	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)							
22								
23	ELECTRIC							
24	Federal Income Tax							
25	State Income Tax							
26								
27	TOTAL ELECTRIC (Lines 24 thru 26)							
28								
29	GAS							
30	Federal Income Tax							
31	State Income Tax							
32								
33	TOTAL GAS (Lines 30 thru 32)							
34								
35	OTHER							
36	Federal Income Tax							
37	State Income Tax							
38								
39	TOTAL OTHER (Lines 36 thru 38)							
40								
41	TOTAL (Total of lines 7, 14, 21 and Lines 27, 33, 39)							
42								

NOTES: See Footnote #3 to respondents financial statements (Page 19b)

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Deferred Regulatory Credit from adoption of FAS109	\$ 21,656			\$ -	\$ 21,656
2						
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41	TOTAL	\$ 21,656		\$ -	\$ -	\$ 21,656

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
4. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
5. Report gas service revenues and therms sold by rate schedule.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	FIRM SALES SERVICE		
3	480	(A) 1,534,751	(B) 1,180,242
4	481	1,247,006	940,832
5	481		
6	481		
7	481		
8	481		
9	INTERRUPTIBLE SALES SERVICE		
10	481		
11	481		
12	FIRM TRANSPORTATION SERVICE		
13	489		
14	489		
15	489		
16	INTERRUPTIBLE TRANSPORTATION SERVICE		
17	489		
18	489		
19	482 Other Sales to Public Authorities	-	-
20	484 Flex Rate - Refund		
21	TOTAL Sales to Ultimate Consumers	2,781,757	2,121,074
22	483 Sales for Resale		
23	Off-System Sales		
24	TOTAL Nat. Gas Service Revenues	2,781,757	2,121,074
25	TOTAL Gas Service Revenues	2,781,757	2,121,074
26	OTHER OPERATING REVENUES		
27	485 Intracompany Transfers		
28	487 Forfeited Discounts		
29	488 Misc. Service Revenues	47,615	26,692
30	489 Rev. from Trans. of Gas of Others (not included		
31	in above rate schedules)		
32	493 Rent from Gas Property		
33	494 Interdepartmental Rents		
34	495 Other Gas Revenues		
35	Initial Connection		
36	Reconnect for Cause		
37	Collection in lieu of disconnect		
38	Returned Check		
39	Other		
40	495.1 Overrecoveries Purchased Gas		
41	TOTAL Other Operating Revenues	47,615	26,692
42	TOTAL Gas Operating Revenues	2,829,372	2,147,766
43	(Less) 496 Provision for Rate Refunds		
44	TOTAL Gas Operating Revenues Net of Provision for Refunds	2,829,372	2,147,766
45	Sales for Resale		
46	Other Sales to Public Authority		
47	Interdepartmental Sales		
48	TOTAL	2,829,372	2,147,766

(A) INCLUDES UNBILLED REVENUES OF \$222,971

(B) INCLUDES UNBILLED REVENUES OF \$61,809

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

6. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
7. See page 9, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year	Number for Previous Year (g)	
				1
				2
976,160 (C)	874,908 (D)	4,010	3,903	3
1,891,185	1,657,222	347	340	4
				5
				6
				7
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2,867,345	2,532,130	4,357	4,243	21
				22
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NOTES

(C) DOES NOT INCLUDE UNBILLED
(D) DOES NOT INCLUDE UNBILLED

Name of Respondent SOUTH FLORIDA NATURAL GAS		For the Year Ended Dec. 31, 2000	
RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS			
A residential space heating customer is a customer whose major fuel for heating is gas.			
Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year (Estimate if not known. Designate with an asterisk if estimated.)	* 3,408	* 156
2	For Space Heating Only, Estimated Average Therms (14.73 psia at 60 degrees F) Per Customer for the Year	128	3,554
3	Number of Space Heating Customers Added During the Year	91	3
4	Number of Unfilled Application for Space Heating at End of Year	59	0
INTERRUPTIBLE, OFF PEAK, AND FIRM SALES TO DISTRIBUTION SYSTEM INDUSTRIAL CUSTOMERS			
1. Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Therms of gas sales to these customers for the year.		by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.	
2. Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of the contractual arrangements in emergency periods,		3. Off peak sales are seasonal and other sales which do not occur during wintertime demands.	
		4. Report pressure base of gas volumes at 14.73 psia at 60 degrees F.	
Line No.	Item (a)	Number/Amount (b)	
1	Interruptible Customers		
2	Average Number of Customers for the Year		
3	Therms of Gas Sales for the Year		
4	Off Peak Customers		
5	Average Number of Customers for the Year		
6	Therms of Gas Sales for the Year		
7	Firm Customers		
8	Average Number of Customers for the Year		
9	Therms of Gas Sales for the Year		
10	TOTAL Industrial Customers		
11	Average Number of Customers for the Year		
12	Therms of Gas Sales for the Year		

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	B. TOTAL Natural Gas Prod. and Gathering (Enter Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Enter Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Enter Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases		
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	1,436,666	807,122
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases	0	
16	(Less) 805.1 Purchased Gas Cost Adjustments	(228,336)	(55,902)
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	1,208,330	751,220
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)	-	-
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit		
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	-	-
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17,18,25,26 through 29,34,35)	1,208,330	751,220
37	TOTAL Production Expenses (Enter Total of Lines 2,3,4,5 and 36)	1,208,330	751,220
38	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)		
40	B. TOTAL Other Storage Expenses (Enter Total of Accounts 840 through 843.9)	311	242
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Enter Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Enter Total of lines 39, 40, and 41)	311	242
43	3. TRANSMISSION EXPENSES		
44	TOTAL Transmission Expenses (Enter Total of Accounts 850 through 867)		
45			
46			

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. DISTRIBUTION EXPENSES		
48	Operation		
49	870 Operation Supervision and Engineering	4,849	12,841
50	871 Distribution Load Dispatching	1,483	289
51	872 Compressor Station Labor and Expenses	257	-
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	20,164	7,564
54	875 Measuring and Regulating Station Expenses--General	-	99
55	876 Measuring and Regulating Station Expenses--Industrial		
56	877 Measuring and Regulating Station Expenses--City Gate Check Sta.		
57	878 Meter and House Regulator Expenses	17,120	26,967
58	879 Customer Installations Expenses	2,665	5,748
59	880 Other Expenses	22,440	16,136
60	881 Rents		
61	TOTAL Operation (Enter Total of lines 49 through 60)	68,978	69,644
62	Maintenance		
63	885 Maintenance Supervision and Engineering		
64	886 Maintenance of Structures and Improvements		
65	887 Maintenance of Mains	39,885	33,095
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General		
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	-	881
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.	-	105
70	892 Maintenance of Services	62,592	13,528
71	893 Maintenance of Meters and House Regulators	2,848	1,538
72	894 Maintenance of Other Equipment	1,799	21
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	107,124	49,168
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	176,102	118,812
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision	30,702	43,908
78	902 Meter Reading Expenses	36,939	34,594
79	903 Customer Records and Collection Expenses	31,145	24,205
80	904 Uncollectible Accounts	13,616	15,993
81	905 Miscellaneous Customer Accounts Expenses		
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	112,402	118,700
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses		
87	909 Informational and Instructional Expenses	-	449
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	-	449
90	7. SALES EXPENSES		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses		
94	913 Advertising Expenses	-	-
95	916 Miscellaneous Sales Expenses	24,226	35,153
96	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	24,226	35,153
97			

Name of Respondent		For the Year Ended	
SOUTH FLORIDA NATURAL GAS		Dec. 31, 2000	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. ADMINISTRATIVE AND GENERAL EXPENSES		
99	Operation		
100	920 Administrative and General Salaries	94,119	112,385
101	921 Office Supplies and Expenses	82,725	44,148
102	(Less) (922) Administrative Expenses Transferred--Cr.	272,584	215,400
103	923 Outside Services Employed	14,664	26,160
104	924 Property Insurance	-	-
105	925 Injuries and Damages	14,128	11,081
106	926 Employee Pensions and Benefits	47,455	33,762
107	927 Franchise Requirements	-	-
108	928 Regulatory Commission Expenses	-	-
109	(Less) (929) Duplicate Charges--Cr.	(38,661)	(1,627)
110	930.1 General Advertising Expenses	18	100
111	930.2 Miscellaneous General Expenses	1,697	7,179
112	931 Rents	33,101	18,996
113	TOTAL Operation (Enter Total of lines 100 through 112)	521,830	467,584
114	Maintenance		
115	935 Maintenance of General Plant	2,645	1,507
116	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	524,475	469,091
117	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	2,045,846	1,493,667
118			
119			
120	NUMBER OF GAS DEPARTMENT EMPLOYEES		
121			
122	1. The data on number of employees should be reported for payroll period ending nearest to October 31,		
123	or any payroll period ending 60 days before or after October 31.		
124	2. If the respondent's payroll for the reporting period includes any special construction personnel,		
125	include such employees on line 3, and show the number of such special construction employees in a footnote.		
126	3. The number of employees assignable to the gas department from joint functions of combination utilities		
127	may be determined by estimate, on the basis of employee equivalents. Show the estimated number of		
128	equivalent employees attributed to the gas department from joint functions.		
129			
130	1. Payroll Period Ended (Date) December 30, 2000		
131	2. Total Regular Full-Time Employees 9		
132	3. Total Part-Time and Temporary Employees 2		
133	4. Total Employees 11		
134			
135			
136			
137			

Name of Respondent
SOUTH FLORIDA NATURAL GAS

For the Year Ended
Dec. 31, 2000

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts:
- 800 Natural Gas Well Head Purchases
 - 800.1 Natural Gas Well Head Purchases, Intracompany Transfers
 - 801 Natural Gas Field Line Purchases
 - 802 Natural Gas Gasoline Plant Outlet Purchases
 - 803 Natural Gas Transmission Line Purchases
 - 804 Natural Gas City Gate Purchases
 - 804.1 Liquefied Natural Gas Purchases
 - 805 Other Gas Purchases
 - 805.1 Purchase Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.

2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.

3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).

4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased-Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases			
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	2,960,770	1,436,666	.49
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases			
9	805.1 - Purchased Gas Cost Adjustments		(228,336)	
10	TOTAL (Enter Total of lines 1 through 9)	2,960,770	1,208,330	

NOTES TO GAS PURCHASES

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas	Amount per Therm (In cents) (e)	Manufactured Gas	
				Amount of Credit (d)		Therms of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel -- Cr.						
2	811 Gas used for Products Extraction -- Cr.			N/A			
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respondent's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-- Cr. (Report separately for each principal uses. Group minor uses)						
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL						

Name of Respondent SOUTH FLORIDA NATURAL GAS		For the Year Ended Dec. 31, 2000
OTHER GAS SUPPLY EXPENSES (Account 813)		
Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.		
Line No.	Description (a)	Amount (in dollars) (b)
1		
2		
3		
4		
5		
6	N/A	
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)		
Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$ 8,468
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent	
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)	
5		
6		
7		
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15		
16		
17		
18		
19	TOTAL	\$ 8,468

Name of Respondent
SOUTH FLORIDA NATURAL GAS

For the Year Ended
Dec. 31, 2000

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403,404.1,404.2,404.3,405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization & Depletion of Prod. Nat. Gas Land & Land Rights (Account 404.1) (c)	Amortization of Under-ground Storage Land & Land Rights (Account (404.2) (d)	Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)
1	Intangible Plant	\$ 4,321					\$ 4,321
2	Production plant, manufactured gas						
3	Production and gathering plant, nat. gas						
4	Products extraction plant						
5	Underground gas storage plant						
6	Other storage plant						
7	Base load LNG term. & proces. plant						
8	Transmission Plant	7					7
9	Distribution Plant	129,792					129,792
10	General Plant	20,780					20,780
11	Common Plant-Gas						
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34	TOTAL	\$ 154,900			\$ -		\$ 154,900

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND
INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest.

Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

Line No.		Item (a)	Amount (b)
1		(d) Customer deposits (Interest paid at 6% Residential and 7% Commercial)	\$ 13,830
2			
3			
4			
5			
6			
7			
8			
9			
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11			
12			
13			
14			
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21			

SOUTH FLORIDA NATURAL GAS

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Termn. & Proces.			
6	Transmission			
7	Distribution	39,651		39,651
8	Customer Accounts	72,730		72,730
9	Customer Service and Informational			
10	Sales	24,093		24,093
11	Administrative and General	8,781	94,119	102,900
12	TOTAL Operation (Enter Total of lines 5 through 11)	145,255	94,119	239,374
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Termn. & Proces.			
15	Transmission			
16	Distribution	93,811		93,811
17	Administrative and General			
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	93,811		
19	Total Operation and Maintenance			
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Termn. & Proces.			
21	Transmission (Enter Total of lines 6 and 15)			
22	Distribution (Enter Total of lines 7 and 16)	133,462		
23	Customer Accounts (Transcribe from line 8)	72,730		
24	Customer Service and Informational (Transcribe from line 9)			
25	Sales (Transcribe from line 10)	24,093		
26	Administrative and General (Enter Total of lines 11 and 17)	102,900		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	333,185		
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	333,185		
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	63,691		
35	Other			
36	TOTAL Construction (Enter Total of lines 33 through 35)	63,691		
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant			
40	Other			
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	0		
42				
43	Other Accounts (Specify):			
44	Non-Utility M&J Account #416	135		
45				
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	135		
54	TOTAL SALARIES AND WAGES	397,011		
	Total lines 30, 36 and 53			

Name of Respondent

For the Year Ended
Dec. 31, 2000

SOUTH FLORIDA NATURAL GAS

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1	NONE				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36	TOTAL				

SOUTH FLORIDA NATURAL GAS

REGULATORY COMMISSION EXPENSES (Account 928) (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 34

for Account 186.

5. List in column (f), (g) and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

6. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR		Deferred in Account 186 End of Year (l)	Line No.
CHARGED CURRENTLY TO			Deferred to Account 186 (i)	Contra Account (j)		
Department (f)	Account No. (g)	Amount (h)				
						1
						2
						3
						4
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						38
						39
						40

SOUTH FLORIDA NATURAL GAS

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain

Civic, Political and Related Activities.

(a) Name and address of person or organization rendering services,

(b) description of services received during year and project or case to which services relate,

(c) basis of charges,

(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

1	Description (a)	Amount (b)
2		
3		
4		
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12		
13		
14		
15		
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37		

**Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return**

Company: SOUTH FLORIDA NATURAL GAS

For the Year Ended December 31, 2000

For the current year, reconcile the gross operating revenues as reported on Page 46 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 46	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$ 2,781,757	(a)	\$ 2,781,757	\$ 2,781,757	\$ -
2	Sales for Resale (483)					
3	Total Natural Gas Service Revenues					
4	Total Other Operating Revenues (485-495)	\$ 47,615		\$ 47,615	\$ 47,615	\$ -
5	Total Gas Operating Revenues					
6	Provision for Rate Refunds (496)					
7	Other (Specify)					
8						
9						
10	Total Gross Operating Revenues	\$ 2,829,372		\$ 2,829,372	\$ 2,829,372	\$ -

Notes:

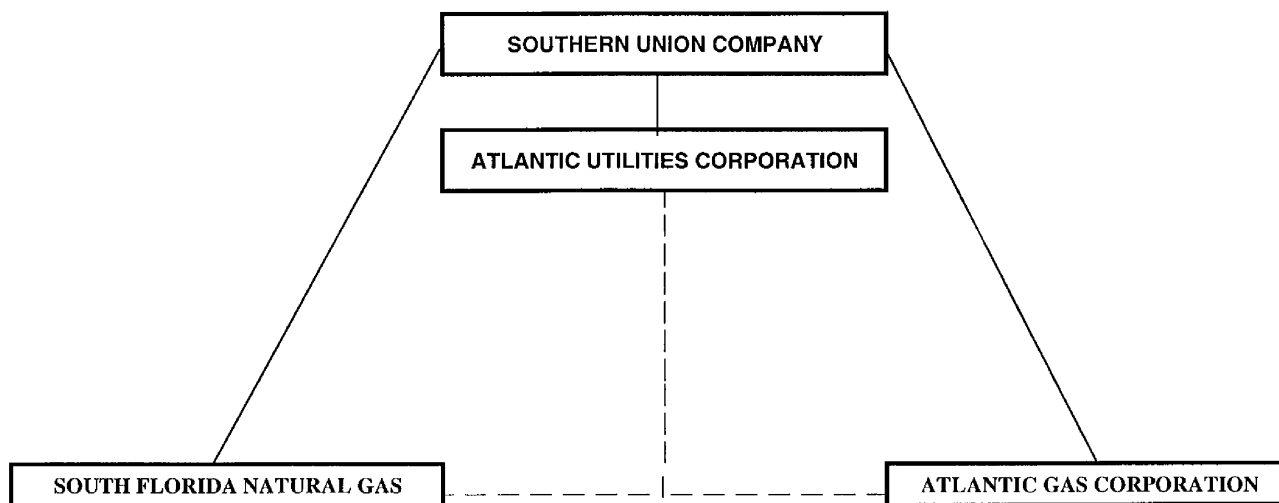
(a) INCLUDES UNBILLED REVENUES OF \$222,971.

CORPORATE STRUCTURE

Company: SOUTH FLORIDA NATURAL GAS
For the Year Ended December 31, 2000

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date: January 1, 1998



NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

COMPANY: SOUTH FLORIDA NATURAL GAS
For the Year Ended December 31, 2000

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)
Atlantic Gas Corp	Propane engine fuel purchases

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

Company: SOUTH FLORIDA NATURAL GAS
For the Year Ended December 31, 2000

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate (a)	Description of Transaction (b)	Dollar Amount (c)
	See page 65	

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Company: SOUTH FLORIDA NATURAL GAS

For the Year Ended December 31, 2000

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is purchased by the Respondent; "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Atlantic Utilities Corp.	General & Administrative Salaries	Continuous	P	920	\$ 94,119
	General & Administrative Charges	Continuous	P	922	272,584
Southern Union Co.	Insurance	Continuous	P	925	14,128
	Benefits	Continuous	P	926	47,455
Atlantic Gas Corp.	Engine Fuel Purchases	Continuous	P	880	2,108

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Company: SOUTH FLORIDA NATURAL GAS

For the Year Ended December 31, 2000

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		\$	\$	\$	\$	\$	
NONE							
Total						\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
NONE							
Total						\$	

EMPLOYEE TRANSFERS

Company: SOUTH FLORIDA NATURAL GAS

For the Year Ended December 31, 2000

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
		NONE		