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April 23, 2004

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: Southern Union Company, D.T.E. 04-36

Dear Ms. Cottrell:

Enclosed please find the response of Southern Union Company ("Southern Union" or the "Company") to information request DTE-1-11. This filing completes the Company's responses to the Department of Telecommunications and Energy's First and Second Set of Information Requests in the above-referenced proceeding.

Thank you for your attention to this matter.

Sincerely,

John K. Habib

John K. Habib

Enclosures

cc: Elizabeth Cellucci, Hearing Officer
Kevin Brannelly, Director, Rates and Revenues
Paul E. Osborne, Assistant Director of Rates and Revenues
Glenn Shippee, Rates and Revenues
Jim Powell, Rates and Revenues
Rebecca Hanson, Assistant General Counsel
Richard Marshall

Information Request DTE 1-11

Refer to the Marshall testimony at 12, line 4. Please provide workpapers and supporting documentation for the $8,173,000 in unregulated inventories referenced.

Response

Upon review, the Company has determined that the adjustment of $8,173,000 listed as "unregulated operations" is actually an adjustment to remove from the net plant test certain amounts relating to materials and supplies that are held for the regulated gas companies and are booked to the gas inventory account, but are not includable in the net plant test. Specifically, the amount listed for "regulated inventories" totals $230,854,000, which includes natural gas storage for regulated companies of $222,681,000 and materials and supplies of $8,173,000. Because the book value of materials and supplies are not included in the net plant test, the Company backed this amount out of the total gas inventory amount for regulated gas companies. As the attached spreadsheet shows, there are no amounts associated with "unregulated" gas inventories in the net plant calculation.

Att. DTE-1-11

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	**Southern Union Company and Subs**															
2	**Consolidated Balance Sheet**															
3	**December 31, 2003**															
5															Southern Union Corporate	
6					Reclassification				Elimination							
7			Total		Debit		Credit		Debit		Credit		Sub-total	Topsides		
8	Assets															
9																
10	Property, plant and equipment															
11	Plant in service	$	3,763,036,408				1,753,991						3,764,790,399		6,175,326	
12	Construction work in progress		119,131,643		3,119,421								116,012,222		2,189,146	
13			3,882,168,051		3,119,421		1,753,991						3,880,802,621		8,364,473	
14	Less: Accum. depr. & amort.		(698,857,538)										(698,857,538)		(466,478)	
15			3,183,310,513		3,119,421		1,753,991						3,181,945,083		7,897,994	
16																
17	Additional purchase cost assigned to															
18	utility plant, net of amortization		642,922,350										642,922,350		-	
19	Net property, plant and equip.		3,826,232,863		3,119,421		1,753,991						3,824,867,433		7,897,994	
20																
21																
22	Current assets															
23	Cash and cash equivalents		20,810,116		6,227,467								14,582,649		(1,381,199)	
24	Investment Securities-Current															
25	Accounts receivable															
26	Billed and unbilled		309,037,617		697,850								308,339,767	20,388,439	503,793	
27	Affiliates		0								1,033,566,447		1,033,566,447	(3,834,712)	1,039,389,011	
28	Federal and state taxes receivable		22,468,483		22,468,483										-	
29	Inventories		230,853,542										230,853,542		-	
30	Deferred gas purchases		26,444,999		26,444,999										-	
31	Prepayments and other current		56,922,370		4,096,000		27,596,821						80,423,191		5,613,940	
32	Total current assets		666,537,128		59,934,799		27,596,821				1,033,566,447		1,667,765,597	16,554,227	1,044,125,545	
33																
34	Investments in securities		8,037,945										8,037,945		(11,983,406)	
35	Investment in & advances to subs								(716,445,551)		204,753,378		1,421,198,929	126,891,398	1,294,317,926	
36	Real estate														-	
37	Business held for sale														-	
38	Dfd. Chgs. - Unamortized Debt Exp.		37,710,898										37,710,898	(6,213,186)	39,225,536	
39	Dfd. Chgs. - Other		149,245,616		27,596,821		3,119,421						124,768,216	11,501,562	3,734,026	
40	Other Assets		67,310,371				3,336,380						70,646,751	8,601	5,341,372	
41																
42	Total assets	$	4,755,074,821		90,651,041		35,806,613		(716,445,551)		1,738,319,825		7,154,995,769	148,742,603	2,382,658,993	