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OF COUNSEL
RICHARD T. CIOTONE

February 17, 2000

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

FILED²
FEB 17 2000
Missouri Public
Service Commission

**Re: In the Matter of the Investment of Southern Union Company in Valley
Resources, Inc., Fall River Gas Company and Providence Energy Corporation
Case No. ~~GM~~ GF-2000-504**

Dear Mr. Roberts:

On behalf of Southern Union Company, I deliver herewith an original and fourteen (14) copies of an Application to be filed with the Commission. A copy is also being hand-delivered to The Office of the Public Counsel this date.

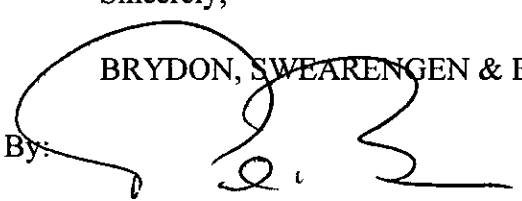
I have also enclosed an extra copy of the Application which I request that you stamp "Filed" and return to the person delivering same to you.

Thank you for your attention in this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:


Paul A. Boudreau

PAB/aw

Enclosures

cc: The Office of Public Counsel

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI**

FILED²

FEB 17 2000

**Missouri Public
Service Commission**

In the matter of the application of Southern)
Union Company for authority to acquire up)
to and including five percent (5%) of the)
common stock of Fall River Gas Company,)
Valley Resources, Inc., and Providence)
Energy Corporation.)

Case No. ^{6F}~~GM~~- 2000-504

APPLICATION

COMES NOW Southern Union Company ("Southern Union"), pursuant to Section 393.190, RSMo 1994 and 4 CSR 240-2.060(9), and for its application to the Missouri Public Service Commission ("Commission") respectfully states as follows:

THE COMPANIES

1. Southern Union is a Delaware corporation, in good standing in all respects, with its principal office and place of business at 504 Lavaca, Suite 900, Austin, Texas 78701. Southern Union is a public utility engaged in the distribution of natural gas to the public and conducts such business in the State of Missouri through its Missouri Gas Energy ("MGE") operating division in those areas of the state certificated to it by the Commission. Southern Union is a "gas corporation" as that term is defined at Section 386.020(18), RSMo Supp. 1998, and is subject to the Commission's jurisdiction as provided by law. Southern Union's documents of incorporation have been filed with the Commission in its Case No. GM-94-40 and said documents are incorporated herein by reference, collectively, in accordance with 4 CSR 240-2.060(2)(E), and made a part hereof for all purposes.

2. Pleadings, notices, orders and other correspondence and communications concerning this application and proceeding should be addressed to:

Dennis K. Morgan
Senior Vice President-Legal and Secretary
Southern Union Company
504 Lavaca, Suite 900
Austin, TX 78701
Telephone: (512) 370-8310

James C. Swearengen
Paul A. Boudreau
Brydon, Swearengen & England P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
Telephone: (573) 635-7166

3. Southern Union has for some time had the goal of selected growth and expansion within the utility industry including the acquisition of other energy distribution or transmission businesses. Southern Union's growth and expansion goals and strategies, as well as its specific acquisitions, have been consistently described in its annual reports to the Securities and Exchange Commission on Form 10-K.

4. Because Southern Union is a gas corporation doing business in the State of Missouri, it is subject to the provisions of Section 393.190.2, RSMo 1994, which states, in pertinent part, that "no [gas] corporation shall directly or indirectly acquire the stocks or bonds or any other corporation incorporated for or engaged in the same or a similar business . . . unless . . . authorized to do so by the Commission." There is no statutory or judicial case law guidance on the scope of the cited statutory language. Nevertheless, Southern Union has filed for, and has obtained, Commission approval in connection with its recent utility investments in Mexico¹, Florida², and Pennsylvania³.

¹ Case No. GM-97-341.

² Case No. GM-98-146.

³ Case No. GM-2000-49.

5. Fall River Gas Company ("FAL"), a Massachusetts corporation, provides natural gas service to approximately 48,000 customers in the City of Fall River and the towns of Somerset, Swansea and Westport, all of which are located in southeastern Massachusetts. FAL's operations are regulated by the Massachusetts Department of Telecommunications and Energy.

6. Valley Resources, Inc., ("Valley"), a Rhode Island corporation, provides natural gas service to approximately 64,000 residential, commercial and industrial customers in the State of Rhode Island through its utility subsidiaries Valley Gas Company ("Valley Gas") and Bristol and Warren Gas Company ("Bristol"), respectively. Valley Gas' and Bristol's operations are regulated by the Rhode Island Public Utilities Commission and the Department of Public Utilities and Carriers.

7. Providence Energy Corporation ("ProvEnergy"), a Rhode Island corporation, provides natural gas service to approximately 170,000 residential, commercial and industrial customers in the States of Rhode Island and Massachusetts through its subsidiaries Providence Gas Company ("PGC") and North Attleboro Gas Company ("NAGC"), respectively. PGC's operations are regulated by the Rhode Island Public Utilities Commission and Department of Public Utilities and Carriers. NAGC's operations are regulated by the Massachusetts Department of Telecommunications and Energy.

8. FAL, Valley and ProvEnergy are not affiliated companies, nor do they have common ultimate ownership or control.

THE MERGERS

9. On October 4, 1999, Southern Union and FAL entered into an Agreement of Merger pursuant to which Southern Union has agreed to acquire FAL for approximately \$72 million, including the assumption of FAL long-term indebtedness, as more particularly described in said

agreement. The Agreement of Merger calls for each FAL shareholder to receive \$23.50 per share in Southern Union common stock, cash or combination of stock and cash. The number of shares received for each FAL share will depend on the average closing price of Southern Union's stock for a period of ten consecutive trading days ending on the third full trading day before the transaction is completed, as explained in Section 3.1 of the Agreement. At least 50% of the FAL shares will be exchanged for Southern Union common stock. As of the Effective Time, as defined in Section 2.2 of the Agreement of Merger, FAL will be merged with and into Southern Union. Southern Union will be the surviving corporation. Southern Union's request for approval of the FAL merger will be the subject of a separate application.

10. On November 30, 1999, Southern Union and Valley entered into an Agreement and Plan of Merger pursuant to which Southern Union, through its special purpose acquisition subsidiary, SUG Acquisition Corporation ("SUG"), a Rhode Island corporation, has agreed to acquire Valley for approximately \$160 million, including the assumption of Valley long-term indebtedness, as more particularly described in said agreement. The Agreement and Plan of Merger calls for each Valley shareholder to receive \$25.00 in cash per share of Valley common stock. As of the Effective Time, as defined in Section 1.3 of the Agreement and Plan of Merger and as provided in Section 1.1 thereof, SUG will be merged with and into Valley and Valley will be the surviving corporation. Immediately thereafter, Valley Gas and Bristol will each be merged with and into Valley. Immediately thereafter, Valley will be merged with and into Southern Union, the ultimate surviving corporation, all as more specifically set forth in Section 1.5 of the Agreement and Plan of Merger. Southern Union's request for approval of the Valley merger will be the subject of a separation application.

11. On November 15, 1999, Southern Union and ProvEnergy entered into an Agreement and Plan of Merger pursuant to which Southern Union, through its special purpose acquisition

subsidiary, GUS Acquisition Corporation ("GUS"), a Rhode Island corporation, has agreed to acquire ProvEnergy for approximately \$400 million, including the assumption of ProvEnergy long-term indebtedness, as more particularly described in said agreement. The Agreement and Plan of Merger calls for each ProvEnergy shareholder to receive \$42.50 in cash per share of ProvEnergy common stock. As of the Effective Time, as defined in Section 2.2 of the Agreement and Plan of Merger and as provided in Section 2.1 thereof, GUS will be merged with and into ProvEnergy and ProvEnergy will be the surviving corporation. Immediately thereafter, NAGC and PGC will each be merged with and into ProvEnergy. Immediately thereafter, ProvEnergy will be merged with and into Southern Union, the ultimate surviving corporation, all as more specifically set forth in Section 2.6 of the Agreement and Plan of Merger. Southern Union's request for approval of the ProvEnergy merger will be the subject of a separate application.

12. The mergers with FAL, Valley and ProvEnergy described in paragraphs 9, 10 and 11 are hereinafter collectively referred to as the "Mergers".

THE TRANSACTIONS

13. In advance of the closing of the Mergers, Southern Union proposes to acquire up to and including five percent (5%) of the outstanding shares of common stock of each of FAL, Valley and ProvEnergy which, at recent market prices, would represent a collective investment of up to approximately \$19 million (hereinafter "the Investments"). The Investments represent approximately one percent (1%) of Southern Union's total capitalization. As such, the Investments will have a negligible effect on Southern Union's capital structure. The purpose of the Investments is to mitigate the pricing effect of possible arbitrage trading in the shares of FAL prior to the time of closing and to take advantage of the temporary market discounts in Valley and ProvEnergy stock prices. The authority requested herein is essentially identical to the investment authority granted by the Commission in connection with Southern Union's recent merger with Pennsylvania Enterprises,

Inc. in Commission Case No. GM-2000-49.

14. Arbitrage trading in the stock of FAL may already be occurring and will likely increase in intensity as the time of pricing approaches. The temporary market discounts in Valley and ProvEnergy stock prices will erode over time as closing of the mergers approaches. Accordingly, Southern Union is filing a Motion for Expedited Consideration contemporaneously with the filing of this application requesting that the Commission issue an order approving this application by no later than the end of business on April 4, 2000, bearing an effective date of no less than April 14, 2000.

15. A certified copy of the resolution of the Board of Directors of Southern Union authorizing the Investments is marked Appendix 1, attached hereto, and made a part hereof for all purposes.

16. A copy of the *pro forma* balance sheet and statement of operations of Southern Union as of and for the twelve months ended December 31, 1999, showing the effect of the Investments on Southern Union is marked Appendix 2, attached hereto, and made a part hereof for all purposes.

17. Because the Investments will take the form of purchases on the open market, there is no stock purchase agreement available to be filed.

CONDITIONS AND ASSURANCES

18. The Investments will have no detrimental impact on the Missouri customers of Southern Union. Southern Union's Missouri customers will see no change in their day-to-day utility service or rates as a result of the Investments and said customers will continue to be served effectively and efficiently. The Investments will be entirely transparent to MGE's customers. Furthermore, the Investments will not cause a reduction in MGE's capital budget and, accordingly, will in no way interfere with MGE's commitment to the completion of its natural gas Safety Line Replacement Program ("SLRP"). Approval of the Mergers will be the subject of separate

applications pursuant to which the Commission will retain the authority to fully review and rule upon the underlying merger transactions.

19. In addition, Southern Union proposes that the Commission's approval of this application be made subject to the same conditions as were imposed in Case No. GM-2000-49⁴ with regard to Southern Union's pre-merger investments in Pennsylvania Enterprises, Inc., to wit:

- (A) Southern Union will submit to the Commission's accounting department and the Office of the Public Counsel ("Public Counsel") complete financial documentation, concurrent to the action, for each investment, including, but not limited to, methods of finance, overall cost of each transaction, interest rate of borrowed funds, source of equity invested, and correspondence with brokers and investment firms. This documentation will include dated buy and sell orders for the specific investment.
- (B) Southern Union will submit to the Commission's accounting department and Public Counsel monthly financial investment reports of the current status of all investments and investment activity. Content of these reports shall include (but is not limited to) initial investment, current carrying value, any activity such as stock splits, dates of sale, etc.
- (C) Southern Union will undertake to capture, retain and make available to the Commission, its Staff and Public Counsel the raw data needed to capture all direct and indirect costs associated with the Investments. Southern Union will, at a minimum, maintain: a list of all persons involved in the Investments; a list of support personnel involved in the Investments; the time spent by those personnel on the

⁴ *In the matter of the application of Southern Union Company for authority to acquire up to and including five percent (5%) of the common stock of Pennsylvania Enterprises, Inc.*

Investments; and a list of all other expenses incurred by Southern Union on the Investments. Such other expenses shall include but not be limited to consultants, communications, travel and debt costs. Southern Union will also submit a report within 30 days of the Commission's order detailing the information that it presently has captured and the procedures it will use to capture this information in the future. Such information must be maintained and made available through the completion of Southern Union's next rate case.

- (D) The Investments will not affect the funding for the construction budget of its Missouri Gas Energy (MGE) operating division for this fiscal year nor MGE's operational expenses necessary to provide safe and adequate service. Next year's construction budget for MGE will not be affected by the Investments, including MGE's commitment to its safety program for the year ending June 30, 2001. If necessary, Southern Union will liquidate a portion of the Investments authorized by the Commission to meet its obligations.
- (E) Missouri ratepayers will suffer no adverse effects from any initial investment or losses suffered on the Investments through either an amortization of said losses directly to the operating income of MGE or via reduction in retained earnings due to such losses. Southern Union's capital structure (actual dollar levels and percentage levels) will not be affected by losses on Investments in determining the appropriate rate of return in the future.
- (F) Southern Union and MGE will not seek an increase to its requested Return on Equity or overall Rate of Return, for Missouri operations, due to factors of, or related to, actual leverage, percentage of leverage in the capital structure, risk associated with leverage, changes in cash or cash working capital or any other real or perceived

changes in risk profile due to the Investments. Also, any adverse effects on Southern Union's cost of debt will not be included in the calculation of Missouri-jurisdiction Rate of Return or cost of service. No adverse effect of the Investments will be included in capitalization of AFUDC in Southern Union's rate base and/or under presently authorized AAOs. If the Investments require interim financing, Southern Union will assign its lowest cost debt to regulated projects, and higher cost debt to unregulated projects.

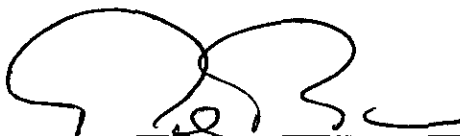
- (G) Southern Union understands that the Commission's approval of this application will not constitute a finding by the Commission of the value of the Investments or the Mergers for ratemaking purposes and that the Commission may reserve the right to consider the ratemaking treatment afforded the Investments and the effects on cost of capital at a later time in any appropriate proceeding.

WHEREFORE Southern Union respectfully requests that the Commission issue its order no later than April 4, 2000, bearing an effective date no later than April 14, 2000:

- (A) finding that the Investments, subject to the conditions set forth in paragraph 19, are not detrimental to the public interest;
- (B) authorizing Southern Union to acquire up to five percent (5%) of the outstanding common stock of each of FAL, Valley and ProvEnergy prior to and in anticipation of the closing of the Mergers, subject to the conditions set forth in paragraph 19 of the application;
- (C) authorizing Southern Union to enter into, execute and perform in accordance with the terms of any and all documents and to take any and all other actions which may be reasonably necessary and incidental to the Investments; and

- (D) granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Investments and to consummate the Investments and related transactions in accordance with the application.

Respectfully submitted,



James C. Swearengen #21510
Paul A. Boudreau #33155
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102-0456
(573) 635-7166

ATTORNEYS FOR SOUTHERN UNION COMPANY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered, on this 17th day of February, 2000, to:

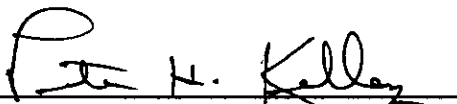
The Office of the Public Counsel
Truman Building, Room 250
P.O. Box 7800
Jefferson City, MO 65102-7800



AFFIDAVIT

STATE OF TEXAS)
) ss
COUNTY OF TRAVIS)

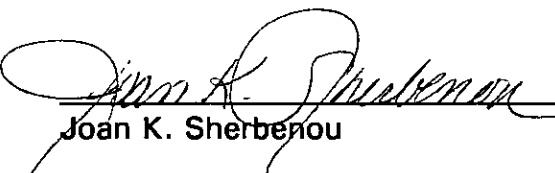
I, Peter H. Kelley, having been duly sworn upon my oath, state that I am the President and Chief Operating Officer of Southern Union Company, that I am duly authorized to make this affidavit on behalf of Southern Union Company and that the matters and things stated in the foregoing Application and Appendices thereto are true and correct to the best of my information, knowledge and belief.



Peter H. Kelley

Subscribed and sworn before me this 16th day of February, 2000.





Joan K. Sherbenou
Notary Public in and for the
State of Texas

My Commission Expires: 1/27/2003

AFFIDAVIT

State of Missouri)
) ss
County of Jackson)

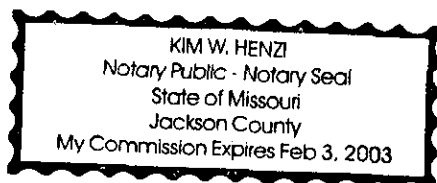
I, Steven W. Cattron, having been duly sworn upon my oath, state that I am the President and Chief Operating Officer of Missouri Gas Energy, that I am duly authorized to make this affidavit on behalf of Missouri Gas Energy and that the matters and things stated in the foregoing Application and Appendices thereto are true and correct to the best of my information, knowledge and belief.

Sw Cattron
Steven W. Cattron

Subscribed and sworn before me this 4th day of February, 2000.

Kim W. Henzi
Notary Public

My Commission expires:



APPENDICES

- Appendix 1 Certified copy of the resolution of the Board of Directors of Southern Union authorizing the Merger Investments
- Appendix 2 *Pro forma* balance sheet and statement of operations of Southern Union Company as of and for the 12 months ended December 31, 1999

SECRETARY'S CERTIFICATE

SOUTHERN UNION COMPANY

I, André C. Bouchard, hereby certify that I am the duly elected Assistant Secretary of Southern Union Company and further certify as follows:

That attached hereto is a true and correct copy of the following:

Valley Resources, Inc.

1. The Minutes of the Meeting of the Executive Committee dated November 16, 1999;
2. A Unanimous Consent in Writing of the Board of Directors dated November 22, 1999; and
3. A Consent in Writing of the Executive Committee dated November 30, 1999.

Providence Energy Corporation

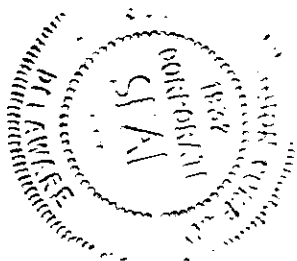
1. The Minutes of the Meeting of the Executive Committee dated November 12, 1999; and
2. A Consent in Writing of the Board of Directors dated November 10, 1999.

Fall River Gas Company

1. The Minutes of the Meeting of the Executive Committee dated August 23, 1999;
2. A Unanimous Consent in Writing of the Board of Directors dated August 24, 1999; and
3. A Consent in Writing of the Executive Committee dated September 27, 1999.

These resolutions have not been amended, modified, annulled or revoked and are in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have set my hand and the seal of the Corporation as of the 16th day of February, 2000.




André C. Bouchard

SOUTHERN UNION COMPANY

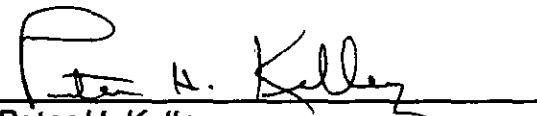
Meeting of the Executive Committee

November 16, 1999

The Executive Committee (the "Committee") of the Board of Directors (the "Board") of Southern Union Company, a Delaware corporation (the "Corporation"), met by telephonic conference on Tuesday, November 16, at 3:00 p.m., Central Standard Time (the "Meeting"), pursuant to telephonic notice given to each of the three Members on November 15, 1999. All the Members of the Committee were present at the Meeting. There being a quorum present, Chairman Lindemann called the Meeting to order at approximately 3:15 p.m. and asked Mr. Kelley to act as Secretary for the Meeting. The following business was transacted:

Chairman Lindemann noted that the only item of business to come before the Committee was the potential acquisition of Valley Resources, Inc. The Committee received a report from Mr. Kelley describing the utility operations of Valley Resources, Inc. Consideration for the acquisition was then discussed. After a detailed discussion, the Committee unanimously approved the proposed acquisition of Valley Resources, Inc. for all cash substantially consistent with the description of that acquisition in the attached resolutions, which the Committee instructed be presented promptly to the full Board of Directors for their approval by written consent.

There being no further business to come before the Committee, upon motion by Mr. Brennan and seconded by Mr. Kelley, the Committee unanimously voted to adjourn the Meeting at 3:45 p.m.


Peter H. Kelley

**RESOLUTIONS ADOPTED BY THE EXECUTIVE COMMITTEE
OF SOUTHERN UNION COMPANY AT ITS
NOVEMBER 16, 1999 MEETING**

Approval of Merger with Valley Resources, Inc.

WHEREAS, certain officers and representatives of the Corporation have commenced negotiation of an Agreement of Merger (the "Merger Agreement") between the Corporation and Valley Resources, Inc., (VR) which would provide for the merger of VR into the Corporation (the "Merger") pursuant to which VR's shareholders would receive approximately \$24 per share in cash, subject to final negotiations between the Corporation and VR (the "Merger Consideration");

WHEREAS, the exact amount of the Merger Consideration shall be subject to various adjustments based upon the Corporation's due diligence and as set forth in the Merger Agreement that values VR at \$24 per VR share;

WHEREAS, the Board has been provided background information about VR, pro forma financial information reflecting the Merger, and a draft of the proposed Merger Agreement.

NOW, THEREFORE, be it and it hereby is:

RESOLVED, that this Board has determined that the Merger, the Merger Consideration and all other terms and conditions of the Merger Agreement, are advisable and in the best interests of the Corporation and its stockholders.

RESOLVED, that the Merger Agreement, containing terms substantially consistent with those reviewed by this Board, hereby is adopted, accepted and approved in all respects; that the officers and representatives of the Corporation hereby are authorized and directed to negotiate or cause to be negotiated, and the proper officers of the corporation hereby are authorized and directed upon execution and delivery thereof by and on behalf of VR to execute and deliver a definitive Merger Agreement that reflects such amendments, schedules, exhibits and supplements as such officers deem necessary or appropriate; and that the executed form of the Merger Agreement including any schedules and exhibits thereto shall be attached to these minutes.

RESOLVED, that the officers of the Corporation hereby are authorized to take or cause to be taken all actions necessary or appropriate in connection with the preparation and filing of (i) a Pre-Merger Notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and (ii) such other certificates, agreements, documents, instruments and applications as any such officer deems necessary or appropriate, with any other federal, state or local governmental authority in order to effect the transactions contemplated by the Merger Agreement and in order to carry out the intent of the foregoing resolutions.

RESOLVED, that all actions taken to date by officers or representatives of the Corporation acting at the direction of officers of the Corporation in connection with the Merger Agreement hereby are confirmed, ratified and approved in all respects, and that such officers or representatives hereby are further authorized and directed to take or cause to be taken all other actions that they may deem necessary or appropriate in connection with seeking and obtaining any necessary regulatory approval and any other necessary third party consent or authorization for any part or all of the transactions contemplated by and appropriate as a result of the Merger Agreement.

RESOLVED, that such officers be, and hereby are, authorized and directed to execute and deliver all other instruments and documents contemplated by or incidental to the Merger Agreement and the transactions contemplated thereby that such officers deem necessary or appropriate, and to take or cause to be taken all actions on behalf of the Corporation that such officers deem necessary or appropriate to comply with the terms of and to consummate the transactions contemplated by the Merger Agreement consistent with applicable legal or regulatory considerations or to otherwise carry out the intent of the foregoing resolutions.

0806vr

**UNANIMOUS CONSENT IN WRITING OF THE
BOARD OF DIRECTORS OF SOUTHERN UNION COMPANY**

The undersigned, being all of the members of the Board of Directors (this "Board") of Southern Union Company, a Delaware corporation (the "Corporation"), hereby consent to the adoption of the following resolutions without a meeting:

Approval of Merger with Valley Resources, Inc.

WHEREAS, certain officers and representatives of the Corporation have commenced negotiation of an Agreement of Merger (the "Merger Agreement") between the Corporation and Valley Resources, Inc., (VR) which would provide for the merger of VR into the Corporation (the "Merger") pursuant to which VR's shareholders would receive approximately \$24 per share in cash, subject to final negotiations between the Corporation and VR (the "Merger Consideration");

WHEREAS, the exact amount of the Merger Consideration shall be subject to various adjustments based upon the Corporation's due diligence and as set forth in the Merger Agreement that values VR at \$24 per VR share;

WHEREAS, the Board has been provided background information about VR, pro forma financial information reflecting the Merger, and a draft of the proposed Merger Agreement.

NOW, THEREFORE, be it and it hereby is:

RESOLVED, that this Board has determined that the Merger, the Merger Consideration and all other terms and conditions of the Merger Agreement, are advisable and in the best interests of the Corporation and its stockholders.

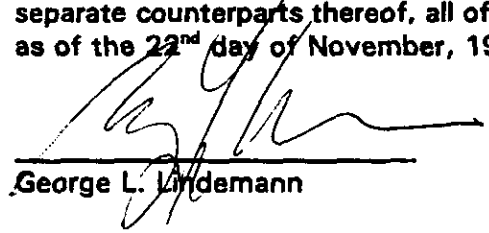
RESOLVED, that the Merger Agreement, containing terms substantially consistent with those reviewed by this Board, hereby is adopted, accepted and approved in all respects; that the officers and representatives of the Corporation hereby are authorized and directed to negotiate or cause to be negotiated, and the proper officers of the corporation hereby are authorized and directed upon execution and delivery thereof by and on behalf of VR to execute and deliver a definitive Merger Agreement that reflects such amendments, schedules, exhibits and supplements as such officers deem necessary or appropriate; and that the executed form of the Merger Agreement including any schedules and exhibits thereto shall be attached to these minutes.

RESOLVED, that the officers of the Corporation hereby are authorized to take or cause to be taken all actions necessary or appropriate in connection with the preparation and filing of (i) a Pre-Merger Notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and (ii) such other certificates, agreements, documents, instruments and applications as any such officer deems necessary or appropriate, with any other federal, state or local governmental authority in order to effect the transactions contemplated by the Merger Agreement and in order to carry out the intent of the foregoing resolutions.

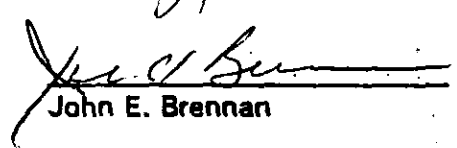
RESOLVED, that all actions taken to date by officers or representatives of the Corporation acting at the direction of officers of the Corporation in connection with the Merger Agreement hereby are confirmed, ratified and approved in all respects, and that such officers or representatives hereby are further authorized and directed to take or cause to be taken all other actions that they may deem necessary or appropriate in connection with seeking and obtaining any necessary regulatory approval and any other necessary third party consent or authorization for any part or all of the transactions contemplated by and appropriate as a result of the Merger Agreement.

RESOLVED, that such officers be, and hereby are, authorized and directed to execute and deliver all other instruments and documents contemplated by or incidental to the Merger Agreement and the transactions contemplated thereby that such officers deem necessary or appropriate, and to take or cause to be taken all actions on behalf of the Corporation that such officers deem necessary or appropriate to comply with the terms of and to consummate the transactions contemplated by the Merger Agreement consistent with applicable legal or regulatory considerations or to otherwise carry out the intent of the foregoing resolutions.

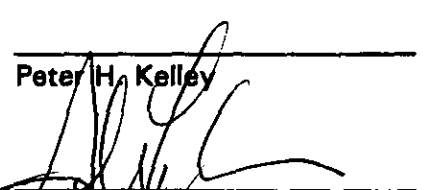
IN WITNESS WHEREOF, each of the undersigned has signed this Consent or one or more separate counterparts thereof, all of which together shall constitute one and the same Consent, as of the 22nd day of November, 1999.

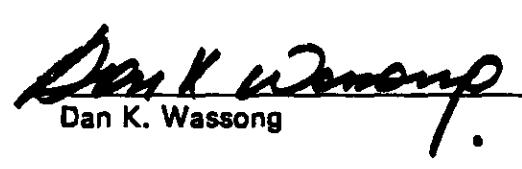


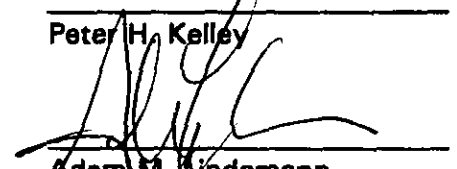
George L. Lindemann

George Rountree, III

John E. Brennan

Roger J. Pearson

Peter H. Kelley

Dan K. Wassong

Adam M. Lindemann

Frank W. Denius

Aaron I. Fleischman

Kurt A. Gitter, M.D.

Thomas F. Karam

Ronald W. Simms

RESOLVED, that all actions taken to date by officers or representatives of the Corporation acting at the direction of officers of the Corporation in connection with the Merger Agreement hereby are confirmed, ratified and approved in all respects, and that such officers or representatives hereby are further authorized and directed to take or cause to be taken all other actions that they may deem necessary or appropriate in connection with seeking and obtaining any necessary regulatory approval and any other necessary third party consent or authorization for any part or all of the transactions contemplated by and appropriate as a result of the Merger Agreement.

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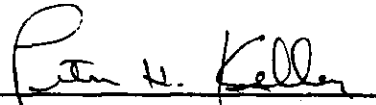
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George Rountree, III

John E. Brennan

Roger J. Pearson



Peter H. Kelley

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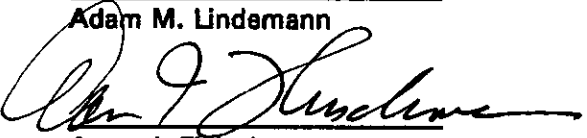
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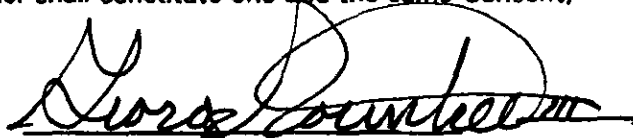
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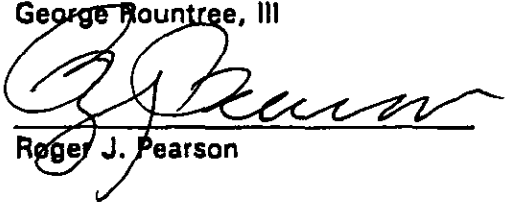
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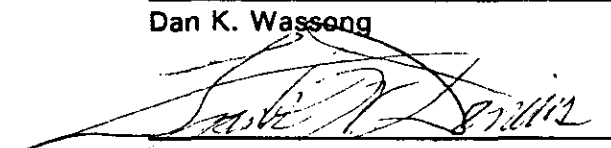
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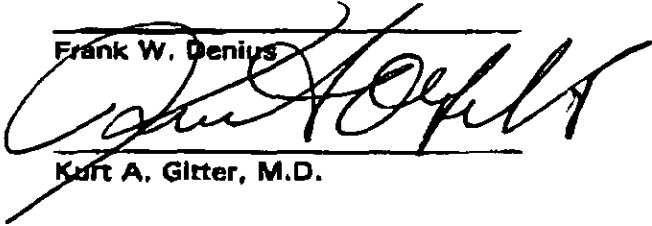
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Thomas F. Karam

Ronald W. Simms

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SOUTHERN UNION LEGAL

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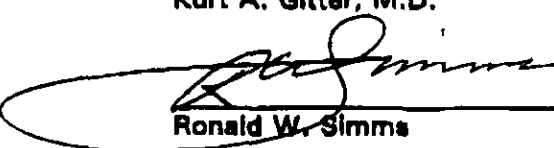
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Thomas F. Karam

Ronald W. Simms

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SOUTHERN UNION COMPANY

**CONSENT IN WRITING OF THE EXECUTIVE COMMITTEE
OF THE BOARD OF DIRECTORS**

The undersigned, being all of the members of the Executive Committee (the "Committee") of the Board of Directors of Southern Union Company, a Delaware corporation (the "Corporation"), in accordance with Article III, Section 2 of the By-laws of the Corporation, hereby consent to the adoption of the following resolutions without a meeting:

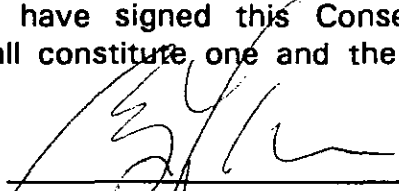
WHEREAS, on November 16, 1999, the Board adopted resolutions authorizing the Corporation to merge with Valley Resources, Inc. ("Valley"), pursuant to an Agreement and Plan of Merger (the "Merger Agreement") which values Valley's common stock at \$24.00 per share; and

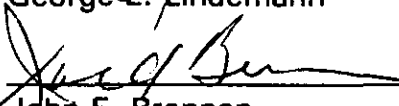
WHEREAS, the Corporation has conducted extensive negotiations with respect to the merger consideration for the acquisition of Valley's common stock and is currently in the final stages of negotiating revisions to the Merger Agreement which values Valley's common stock at \$25.00 per share.

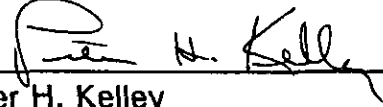
NOW, THEREFORE, be it and it hereby is:

RESOLVED, that the officers and representatives of the Corporation are authorized and directed to cause to be negotiated, and the proper officers of the Corporation are authorized and directed upon execution and delivery thereof by and on behalf of Valley to execute and deliver a definitive Merger Agreement having substantially the terms and conditions previously authorized by the Board, but providing that Valley's common stock will be valued at \$25.00 per share, upon such terms and conditions as the Corporation's officers deem appropriate.

IN WITNESS WHEREOF, the undersigned have signed this Consent or separate counterparts thereof which together shall constitute one and the same Consent as of the 30th day of November, 1999.


George L. Lindemann


John E. Brennan


Peter H. Kelley

SOUTHERN UNION COMPANY

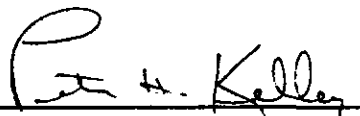
Meeting of the Executive Committee

November 12, 1999

The Executive Committee (the "Committee") of the Board of Directors (the "Board") of Southern Union Company, a Delaware corporation (the "Corporation"), met by telephonic conference on Friday, November 12, 1999, at 3:00 p.m., Central Standard Time (the "Meeting"), pursuant to telephonic notice given to each of the three Members on November 11, 1999. All the Members of the Committee were present at the Meeting. There being a quorum present, Chairman Lindemann called the Meeting to order at approximately 3:05 p.m. and asked Mr. Kelley to act as Secretary for the Meeting. The following business was transacted:

Chairman Lindemann noted that the only item of business to come before the Committee was the potential acquisition of Providence Energy Corporation. The Committee received a report from Mr. Kelley describing the utility operations of Providence Energy Corporation and its subsidiaries. Consideration for the acquisition was then discussed. After a detailed discussion, the Committee unanimously approved the resolutions attached as Exhibit A hereto.

There being no further business to come before the Committee, upon motion by Mr. Brennan and seconded by Mr. Kelley, the Committee unanimously voted to adjourn the Meeting at 4:00 p.m.



Peter H. Kelley

SOUTHERN UNION COMPANY

**RESOLUTIONS OF THE EXECUTIVE COMMITTEE
OF THE BOARD OF DIRECTORS AT ITS
NOVEMBER 12, 1999 MEETING**

RESOLVED, that the President and Executive Vice President of Southern Union Company (the "Corporation") or such other officer or officers of the Corporation as either of them may designate, be and hereby are authorized to negotiate for and execute on behalf of the Corporation, definitive agreements with Providence Energy Corporation ("PVY") and its subsidiaries providing for the Corporation's acquisition of all the capital stock of PVY. Such agreements shall provide for the Corporation's acquisition of all shares of the common stock of PVY for a total purchase price of approximately \$400,000,000 in cash, including assumption of debt, together with such other terms and conditions as such officer or officers may deem appropriate.

RESOLVED, that the proper officers of, together with counsel for, the Corporation be and hereby are authorized on behalf of the Corporation to obtain any and all consents or waivers, to take or cause to be taken any and all actions, to negotiate the form, terms and provisions of the agreements, and to execute and deliver or cause to be executed and delivered any and all documents (including with respect to each of the foregoing, but not limited to, any and all filings, notices or applications with any federal, state or local regulatory agency or other authority) as they, in their sole discretion, deem necessary, desirable or appropriate to carry out and consummate the purpose and intent of the foregoing resolution; and that any such documents heretofore or hereafter executed and delivered, by any such officer of or counsel for the Corporation be, and hereby are confirmed, ratified and approved in all respects.

SOUTHERN UNION COMPANY

CONSENT IN WRITING

OF THE BOARD OF DIRECTORS

The undersigned, being all the members of the Board of Directors (the "Board") of Southern Union Company, a Delaware corporation, (the "Corporation"), in accordance with Article II, Section 8 of the By-laws of the Corporation, hereby consent to the adoption of the following resolutions without a meeting:

WHEREAS, it has been proposed that the Corporation merge with Providence Energy Corporation ("Providence") (the "Merger");

WHEREAS, the Corporation has conducted extensive and protracted negotiations with respect to the proposed merger of the Corporation and Providence and is currently in the final stages of negotiating an Agreement and Plan of Merger by and between the Corporation and Providence (the "Merger Agreement");

WHEREAS, the Board has previously received from the Corporation, financial information, due diligence information, financial pro formas reflecting the combined companies and the proposed form of Merger Agreement with all consideration to be paid in cash;

WHEREAS, recent mergers in the Eastern corridor, such as Eastern Enterprises' merger with Keyspan Corporation and Energy East's acquisition of Berkshire Energy Resources, have occurred in rapid succession exemplifying the intense competition to acquire or merge with gas utility companies in the Eastern corridor; and

WHEREAS, the Board believes it is in the best interest of the Corporation to enter into a Merger Agreement with Providence and that the recent mergers indicate that time is of the essence for the Corporation to successfully complete this Merger; and

WHEREAS, in light of the competitive environment and in order to finalize this Merger Agreement with Providence, the Board believes the Corporation's best interests are served by delegating to the Executive Committee the full power and authority to approve the final terms of the proposed Merger;

NOW, THEREFORE, BE IT:

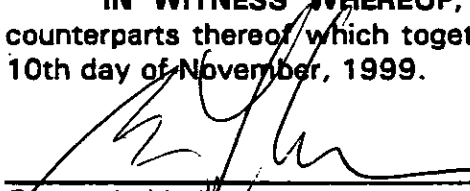
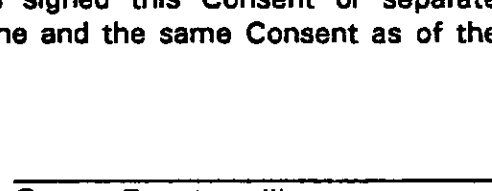
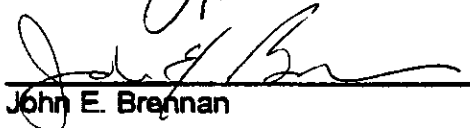
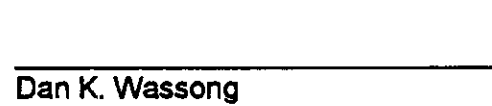
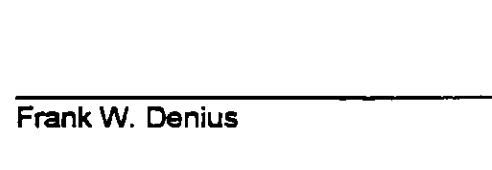
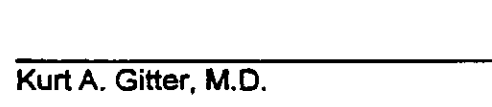
RESOLVED, that this Board confirms, ratifies and approves in all respects the actions to date of the Corporation's officers in negotiating the proposed Merger Agreement;

RESOLVED, that this Board authorizes the Corporation's officers to continue to negotiate a final Merger Agreement with Providence;

RESOLVED, that this Board delegates, authorizes and directs that the Executive Committee of this Board shall have full power and authority to review the Merger Agreement and to adopt and approve the final Merger Agreement, with such modifications, amendments or revisions as the Executive Committee deems necessary, advisable or convenient;

RESOLVED FURTHER, that, subject to the adoption of the Merger Agreement by the Executive Committee, the officers of the Corporation be, and each of them is authorized and directed, for and on behalf of the Corporation, to negotiate, prepare, revise, execute, acknowledge, and deliver, and as applicable, file with government or regulatory authorities any and all notices, reports, certificates, schedules, consents, forms, agreements, documents or instruments relating directly or indirectly to the Merger or the Merger Agreement and related documents and transactions, in such form and under the Corporation's seal as required, and to incur and pay such expenses (including without limitation accountants' and attorneys' fees and printing costs), and to take any other actions that they may deem necessary, advisable or convenient to carry out the purpose or intent of the foregoing resolutions and to consummate the Merger.

IN WITNESS WHEREOF, the undersigned has signed this Consent or separate counterparts thereof which together shall constitute one and the same Consent as of the 10th day of November, 1999.


George L. Lindemann
George Rountree, III
John E. Brennan
Roger J. Pearson
Peter H. Kelley
Dan K. Wassong
Adam M. Lindemann
Frank W. Denius
Aaron I. Fleischman
Kurt A. Gitter, M.D.
Ronald W. Simms
Thomas F. Karam

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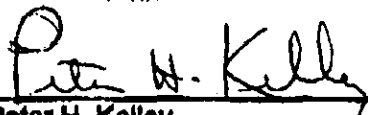
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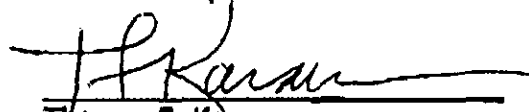
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Thomas F. Karam

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Thomas F. Karam

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LEGAL DEPARTMENT

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SOUTHERN UNION LEGAL

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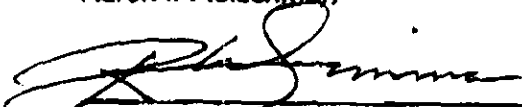
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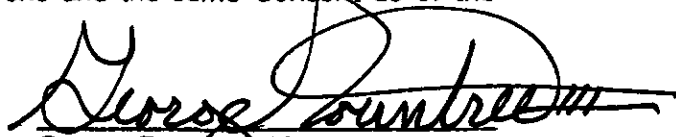
Thomas F. Karam

RESOLVED, that this Board delegates, authorizes and directs that the Executive Committee of this Board shall have full power and authority to review the Merger Agreement and to adopt and approve the final Merger Agreement, with such modifications, amendments or revisions as the Executive Committee deems necessary, advisable or convenient;

RESOLVED FURTHER, that, subject to the adoption of the Merger Agreement by the Executive Committee, the officers of the Corporation be, and each of them is authorized and directed, for and on behalf of the Corporation, to negotiate, prepare, revise, execute, acknowledge, and deliver, and as applicable, file with government or regulatory authorities any and all notices, reports, certificates, schedules, consents, forms, agreements, documents or instruments relating directly or indirectly to the Merger or the Merger Agreement and related documents and transactions, in such form and under the Corporation's seal as required, and to incur and pay such expenses (including without limitation accountants' and attorneys' fees and printing costs), and to take any other actions that they may deem necessary, advisable or convenient to carry out the purpose or intent of the foregoing resolutions and to consummate the Merger.

IN WITNESS WHEREOF, the undersigned has signed this Consent or separate counterparts thereof which together shall constitute one and the same Consent as of the 10th day of November, 1999.

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Roger J. Pearson

Peter H. Kelley

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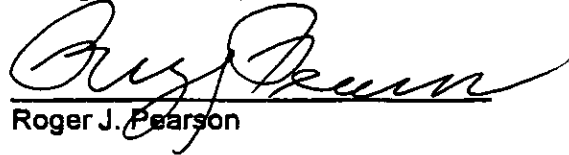
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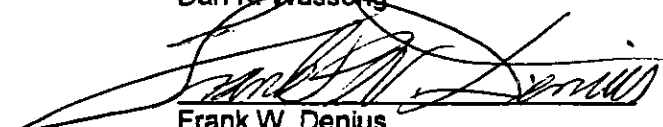
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SOUTHERN UNION LEGAL

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SOUTHERN UNION COMPANY

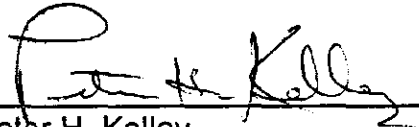
Meeting of the Executive Committee

August 23, 1999

The Executive Committee (the "Committee") of the Board of Directors (the "Board") of Southern Union Company, a Delaware corporation (the "Corporation"), met by telephonic conference on Monday, August 23, at 11:00 a.m., Central Standard Time (the "Meeting"), pursuant to telephonic notice given to each of the three Members on August 20. All the Members of the Committee were present at the Meeting. There being a quorum present, Chairman Lindemann called the Meeting to order at approximately 11:30 a.m. and asked Mr. Kelley to act as Secretary for the Meeting. The following business was transacted:

Chairman Lindemann noted that the only item of business to come before the Committee was the potential acquisition of Fall River Gas Company. The Committee received a report from Mr. Kelley describing the utility operations of Fall River Gas Company. Consideration for the acquisition was then discussed. After a detailed discussion, the Committee unanimously approved the proposed acquisition of Fall River Gas Company for up to all common stock of the Corporation for the common stock of Fall River substantially consistent with the description of that acquisition in the attached resolutions, which the Committee instructed be presented promptly to the full Board of Directors for their approval by written consent.

There being no further business to come before the Committee, upon motion by Mr. Brennan and seconded by Mr. Kelley, the Committee unanimously voted to adjourn the Meeting at 11:30 a.m.


Peter H. Kelley

**RESOLUTIONS ADOPTED BY THE EXECUTIVE COMMITTEE
OF SOUTHERN UNION COMPANY AT ITS
AUGUST 23, 1999 MEETING**

Approval of Merger with Fall River Gas Company

WHEREAS, certain officers and representatives of the Corporation have commenced negotiation of an Agreement of Merger (the "Merger Agreement") between the Corporation and Fall River Gas Company ("FAL"), which would provide for the merger of FAL into the Corporation (the "Merger") pursuant to which FAL's shareholders would receive newly issued shares (the "Merger Shares") of the Corporation's Common Stock (the "Merger Consideration");

WHEREAS, the exact amount of the Merger Consideration shall be determined by a formula including adjustments thereto, set forth in the Merger Agreement (the "Exchange Ratio"), that values the shares of SUG Common Stock to be issued in exchange for FAL Common Stock at \$23.50 per FAL share;

WHEREAS, the Board has been provided background information about FAL, pro forma financial information reflecting the Merger, and a draft of the proposed Merger Agreement.

NOW, THEREFORE, be it and it hereby is:

RESOLVED: that this Board has determined that the Merger, the Exchange Ratio and possible adjustments thereto, the Merger Consideration and all other terms and conditions of the Merger Agreement, are advisable and in the best interests of the Corporation and its stockholders.

RESOLVED: that this Board has determined that the value of the assets of FAL and its subsidiaries pursuant to the Merger, net of any liabilities assumed by the Corporation as a result of the Merger, represents adequate consideration for the issuance of the Merger Shares.

RESOLVED: that the Merger Agreement, containing terms substantially consistent with those reviewed by this Board, hereby is adopted, accepted and approved in all respects; that the officers and representatives of the Corporation hereby are authorized and directed to negotiate or cause to be negotiated, and the proper officers of the corporation hereby are authorized and directed upon execution and delivery thereof by and on behalf of FAL to execute and deliver a definitive Merger Agreement that reflects such amendments, schedules, exhibits and supplements as such officers deem necessary or appropriate; and that the executed form of the Merger Agreement including any schedules and exhibits thereto shall be attached to these minutes.

RESOLVED: that, upon their issuance at the consummation of the Merger pursuant to the terms of the Merger Agreement, the Merger Shares shall be duly and validly issued, and shall be fully paid and non-assessable shares of the Corporation's Common Stock.

RESOLVED: that, of the value of FAL and its subsidiaries attributable to the Merger Shares, \$1.00 for each of the Merger Shares shall be designated as capital (for purposes of the Delaware General Corporation Law ("DGCL")) of the Corporation, and the remainder shall be designated surplus (for purposes of the DGCL), and the officers of the Corporation be and they are hereby authorized and directed to make any and all other adjustments to the capital and surplus accounts of the Corporation as they deem necessary or appropriate for accounting and financial reporting purposes.

RESOLVED: that the officers of the Corporation hereby are authorized and directed to reserve or cause to be reserved, to the extent and when available (subject to the authorization of additional shares pursuant to an amendment to the Corporation's certificate of incorporation, which is necessary to consummate, collectively, the Merger and other pending transactions) the proper number of shares for issuance pursuant to the Merger Agreement, and that the proper officers of the Corporation hereby are authorized and directed to execute in the name of, and on behalf of, the Corporation stock certificates evidencing the Merger Shares at the time of their issuance.

RESOLVED: that the officers of the Corporation hereby are authorized and directed to file an Additional Listing Application with the New York Stock Exchange ("NYSE"), together with payment of any fees, and to take or cause to be taken such other steps as may be appropriate so that the Merger Shares shall, upon issuance, be listed for trading on the NYSE.

RESOLVED: that the officers of the Corporation hereby are authorized and directed, with the assistance of its accountants and counsel, to prepare and, upon approval by this Board, to execute and file with the SEC on behalf of the Corporation a registration statement on Form S-4 (the "Registration Statement"), including a prospectus and any and all exhibits and other documents relating thereto, for the registration under the Securities Act of 1933, as amended, with respect to the Merger Shares and any and all amendments to the Registration Statement, all in such

RESOLVED: that Dennis K. Morgan hereby is appointed as agent for service with respect to said Registration Statement.

RESOLVED: that the proper officers of the Corporation or his designee hereby are authorized, in the name of, and on behalf of, the Corporation to take or cause to be taken any and all action which they, or any one of them, deem necessary or advisable to register or qualify the Merger Shares under the Blue Sky or securities laws of such states as they, or any one of them, may deem necessary or advisable, and in connection therewith, to prepare, execute, acknowledge, file and make any required payment in connection with such applications, certificates, affidavits, covenants, consents to service of process and other documents as such officers, or any one of them, may deem necessary or advisable.

RESOLVED: that it is desirable and in the best interest of the Corporation that the Merger Shares be qualified or registered for sale in various states; that the President and any Vice President hereby is authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of the Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of the Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefore from the Corporation and the approval and ratification by the Corporation of the papers and documents so executed and the action so taken.

RESOLVED: that the officers of the Corporation hereby are authorized to take or cause to be taken all actions necessary or appropriate in connection with the preparation and filing of (i) a Pre-Merger Notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and (ii) such other certificates, agreements, documents, instruments and applications as any such officer deems necessary or appropriate, with any other federal, state or local governmental authority in order to effect the transactions contemplated by the Merger Agreement and in order to carry out the intent of the foregoing resolutions.

RESOLVED: that all actions taken to date by officers or representatives of the Corporation acting at the direction of officers of the Corporation in connection with the Merger Agreement hereby are confirmed, ratified and approved in all respects, and that such officers or representatives hereby are further authorized and directed to take or cause to be taken all other actions that they may deem necessary or appropriate in connection with seeking and obtaining any necessary regulatory approval and any other necessary third party consent or authorization for any part or all of the transactions contemplated by and appropriate as a result of the Merger Agreement.

RESOLVED: that such officers be, and hereby are, authorized and directed to execute and deliver all other instruments and documents contemplated by or incidental to the Merger Agreement and the transactions contemplated thereby that such officers deem necessary or appropriate, and to take or cause to be taken all actions on behalf of the Corporation that such officers deem necessary or appropriate to comply with the terms of and to consummate the transactions contemplated by the Merger Agreement consistent with applicable legal or regulatory considerations or to otherwise carry out the intent of the foregoing resolutions.

**UNANIMOUS CONSENT IN WRITING OF THE
BOARD OF DIRECTORS OF SOUTHERN UNION COMPANY**

The undersigned, being all of the members of the Board of Directors (this "Board") of Southern Union Company, a Delaware corporation (the "Corporation"), hereby consent to the adoption of the following resolutions without a meeting:

Approval of Merger with Fall River Gas Company

WHEREAS, certain officers and representatives of the Corporation have commenced negotiation of an Agreement of Merger (the "Merger Agreement") between the Corporation and Fall River Gas Company ("FAL"), which would provide for the merger of FAL into the Corporation (the "Merger") pursuant to which FAL's shareholders would receive newly issued shares (the "Merger Shares") of the Corporation's Common Stock (the "Merger Consideration");

WHEREAS, the exact amount of the Merger Consideration shall be determined by a formula including adjustments thereto, set forth in the Merger Agreement (the "Exchange Ratio"), that values the shares of SUG Common Stock to be issued in exchange for FAL Common Stock at \$23.50 per FAL share;

WHEREAS, the Board has been provided background information about FAL, proforma financial information reflecting the Merger, and a draft of the proposed Merger Agreement.

NOW, THEREFORE, be it and it hereby is:

RESOLVED: that this Board has determined that the Merger, the Exchange Ratio and possible adjustments thereto, the Merger Consideration and all other terms and conditions of the Merger Agreement, are advisable and in the best interests of the Corporation and its stockholders.

RESOLVED: that this Board has determined that the value of the assets of FAL and its subsidiaries pursuant to the Merger, net of any liabilities assumed by the Corporation as a result of the Merger, represents adequate consideration for the issuance of the Merger Shares.

RESOLVED: that the Merger Agreement, containing terms substantially consistent with those reviewed by this Board, hereby is adopted, accepted and approved in all respects; that the officers and representatives of the Corporation hereby are authorized and directed to negotiate or cause to be negotiated, and the proper officers of the corporation hereby are authorized and directed upon execution and delivery thereof by and on behalf of FAL to execute and deliver a definitive Merger Agreement that reflects such amendments, schedules, exhibits and supplements as such

officers deem necessary or appropriate; and that the executed form of the Merger Agreement including any schedules and exhibits thereto shall be attached to these minutes.

RESOLVED: that, upon their issuance at the consummation of the Merger pursuant to the terms of the Merger Agreement, the Merger Shares shall be duly and validly issued, and shall be fully paid and non-assessable shares of the Corporation's Common Stock.

RESOLVED: that, of the value of FAL and its subsidiaries attributable to the Merger Shares, \$1.00 for each of the Merger Shares shall be designated as capital (for purposes of the Delaware General Corporation Law ("DGCL")) of the Corporation, and the remainder shall be designated surplus (for purposes of the DGCL), and the officers of the Corporation be and they are hereby authorized and directed to make any and all other adjustments to the capital and surplus accounts of the Corporation as they deem necessary or appropriate for accounting and financial reporting purposes.

RESOLVED: that the officers of the Corporation hereby are authorized and directed to reserve or cause to be reserved, to the extent and when available (subject to the authorization of additional shares pursuant to an amendment to the Corporation's certificate of incorporation, which is necessary to consummate, collectively, the Merger and other pending transactions) the proper number of shares for issuance pursuant to the Merger Agreement, and that the proper officers of the Corporation hereby are authorized and directed to execute in the name of, and on behalf of, the Corporation stock certificates evidencing the Merger Shares at the time of their issuance.

RESOLVED: that the officers of the Corporation hereby are authorized and directed to file an Additional Listing Application with the New York Stock Exchange ("NYSE"), together with payment of any fees, and to take or cause to be taken such other steps as may be appropriate so that the Merger Shares shall, upon issuance, be listed for trading on the NYSE.

RESOLVED: that the officers of the Corporation hereby are authorized and directed, with the assistance of its accountants and counsel, to prepare and, upon approval by this Board, to execute and file with the SEC on behalf of the Corporation a registration statement on Form S-4 (the "Registration Statement"), including a prospectus and any and all exhibits and other documents relating thereto, for the registration under the Securities Act of 1933, as amended, with respect to the Merger Shares and any and all amendments to the Registration Statement, all in such

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RESOLVED: that it is desirable and in the best interest of the Corporation that the Merger Shares be qualified or registered for sale in various states; that the President and any Vice President hereby is authorized to determine the states in which appropriate action shall be taken to qualify or register for sale all or such part of the securities of the Corporation as said officers may deem advisable; that said officers are hereby authorized to perform on behalf of the Corporation any and all such acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefore from the Corporation and the approval and ratification by the Corporation of the papers and documents so executed and the action so taken.

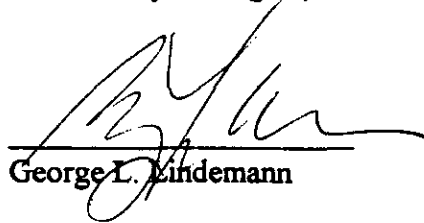
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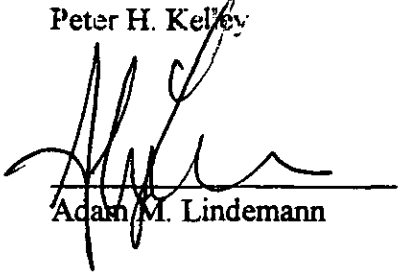
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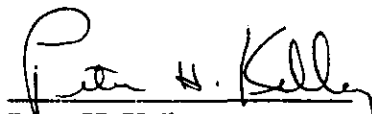
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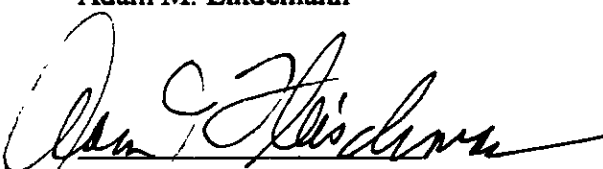
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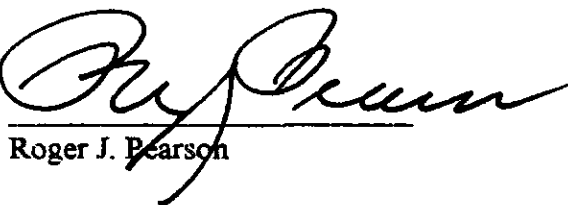
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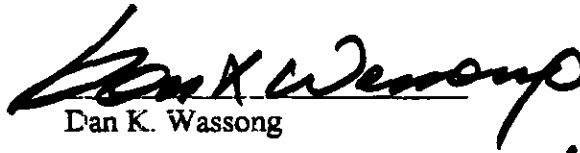
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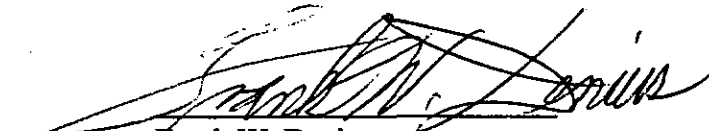
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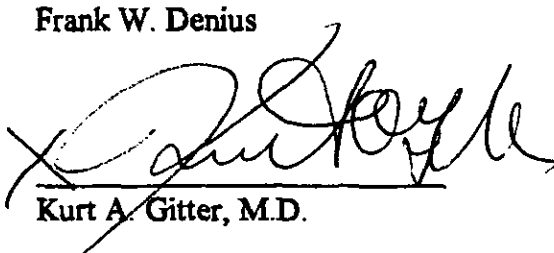
Peter H. Kelley

Dan K. Wassong

Adam M. Lindemann

Frank W. Denius

Aaron I. Fleischman



Kurt A. Gitter, M.D.

SOUTHERN UNION COMPANY

**CONSENT IN WRITING OF THE EXECUTIVE COMMITTEE
OF THE BOARD OF DIRECTORS**

That the undersigned, being all of the members of the Executive Committee of the Board of Directors of Southern Union Company, a Delaware corporation, (the "Corporation") in accordance with Article III, Section 2 of the By-laws of the Corporation, hereby consent to the adoption of the following resolutions without a meeting:

WHEREAS, on August 24, 1999, the Board adopted resolutions authorizing the Corporation to merge with Fall River Gas Company ("FAL"), and to issue shares of the Corporation's common stock in exchange for FAL common stock; and

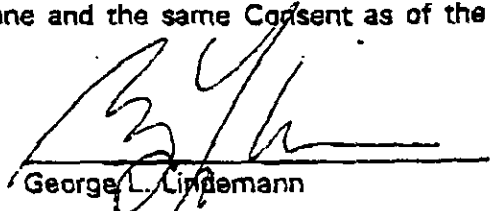
WHEREAS, the Corporation has conducted extensive negotiations with respect to the merger consideration for the acquisition of FAL common stock and is currently in the final stages of negotiating an Agreement and Plan of Merger by and between the Corporation and FAL (the "Merger Agreement"); and

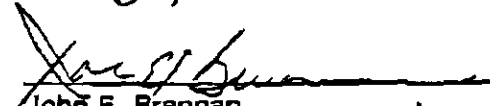
WHEREAS, FAL desires to allow the sellers of FAL common stock to elect to receive cash consideration rather than the Corporation's common stock.

NOW, THEREFORE, be it and it hereby is:

RESOLVED that the officers and representatives of the Corporation are authorized and directed to cause to be negotiated, and the proper officers of the Corporation are authorized and directed upon execution and delivery thereof by and on behalf of FAL to execute and deliver a definitive Merger Agreement having substantially the terms and conditions previously authorized by the Board, but providing for stock consideration to be converted to cash consideration, at the seller's election, upon such terms and conditions as the Corporation's officers deem appropriate.

IN WITNESS WHEREOF, the undersigned has signed this Consent or separate counterparts thereof which together shall constitute one and the same Consent as of the 27th day of September, 1999.


George L. Lindemann


John E. Brennan


Peter H. Kelley

Southern Union Company and Subsidiaries
Pro Forma Consolidated Statement of Operations ⁽¹⁾
(thousands of dollars, except shares and per share amounts)

APPENDIX 2

	Twelve Months Ended December 31, 1999
Operating revenues	\$ 677,933
Cost of gas and other energy	388,078
Operating margin	289,855
Revenue-related taxes	34,573
Net operating margin	255,282
Operating expenses:	
Operating, maintenance and general	116,030
Depreciation and amortization	45,291
Taxes, other than on income and revenues	15,768
Total operating expenses	177,089
Net operating revenues	78,193
Other income (expenses):	
Interest	(40,274) ⁽²⁾
Dividends on preferred securities of subsidiary trust	(9,480)
Write-off of regulatory assets	-
Other, net	(6,559) ⁽³⁾
Total other expenses, net	(56,313)
Earnings before income taxes	21,880
Federal and state income taxes	8,839
Net earnings available for common stock	\$ 13,041
Net earnings per share:	
Basic	\$ 0.39
Diluted	\$ 0.37
Weighted average shares outstanding:	
Basic	33,680,640
Diluted	35,308,213

Footnotes:

- (1) Represents historical twelve months of operations ended December 31, 1999 except as noted in items (2) and (3) below. Assumes investments are held until closing. The Company anticipates that all preconditions for closing will be met by the end of summer 2000. A closing date of September 1, 2000 is used for purposes of developing this pro forma information.
- (2) Historical balance adjusted to reflect increase in revolving credit facility to finance \$15.2 million of the \$19.1 million investment securities (assumed to be financed via credit facility at 6%). Securities are assumed to be purchased within one month.
- (3) Historical balance adjusted to reflect return on \$19.1 million investment securities (assumed to return a 3.27% cash dividend based on purchasing 5% of all three entities common stock using the average common stock trading price of each company within the last month).

Southern Union Company and Subsidiaries

Pro Forma Consolidated Balance Sheet ⁽¹⁾

(thousands of dollars)

	December 31, 1999	
ASSETS		
Property, plant and equipment:		
Plant in service	\$ 1,529,005	
Construction work in progress	33,414	
	1,562,419	
Less accumulated depreciation and amortization	(489,223)	
	1,073,196	
Additional purchase cost assigned to utility plant, net	388,472	
Net property, plant and equipment	1,461,668	
Current assets:		
Accounts receivable, billed and unbilled	145,422	(2)
Inventories, principally at average cost	70,405	
Prepayments and other	7,141	
Total current assets	222,968	
Deferred charges	133,022	
Investment securities	31,215	(3)
Real estate	12,520	
Other	15,021	
Total	\$ 1,876,414	

Southern Union Company and Subsidiaries

Pro Forma Consolidated Balance Sheet ⁽¹⁾

(thousands of dollars)

	December 31, 1999
STOCKHOLDERS' EQUITY AND LIABILITIES	
Common stockholders' equity:	
Common stock, \$1 par value	\$ 48,619
Premium on capital stock	603,414
Less treasury stock, at cost	(14,007)
Less common stock held in trust	(10,019)
Accumulated other comprehensive income (loss)	(436)
Retained earnings	1,032
Total common stockholders' equity	628,603
Preferred securities	100,000
Long-term debt and capital lease obligation	734,878
Total capitalization	1,463,481
Current liabilities:	
Long-term debt and capital lease obligation due within one year	1,971
Notes payable	28,147 ⁽⁴⁾
Accounts payable	75,294
Federal, state and local taxes	12,467
Accrued interest	16,278
Customer deposits	17,834
Deferred gas purchase costs	19,292
Other	20,231
Total current liabilities	191,514
Deferred credits and other	98,843
Accumulated deferred income taxes	122,576
Total	<u>\$ 1,876,414</u>

Footnotes:

(1) Represents historical balances at December 31, 1999 except as noted in items (2) through (4) below.

(2) Historical balance adjusted to reflect a reduction of \$3.8 million (assumed that working capital would fund such amount of the total \$19.1 million investment securities).

(3) Historical balance adjusted to reflect assumed purchase of \$19.1 million investment securities.

(4) Historical balance adjusted to reflect increase of \$15.2 million (assumed that such amount would partially fund the total \$19.1 million investment securities).