ORIGINAL

City Gas Company of Florida

RECEIVED-FPSC
00 AUG -9 PM 12: 38
RECORDS AND REPORTING

Miami Division
955 East 25th Street
Hialeah, FL 33013-3498
Tel: (305) 691-8710
www.nui.com

NUI Corporation (NYSE: NUI)

August 9, 2000

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

001084-GU

Re: Application For Authority To Issue And Sell Securities

Dear Ms. Bayo:

Enclosed herewith for filing in the above-referenced docket on behalf of City Gas Company of Florida, a division of NUI Corporation ("NUI City Gas") please find the original and twelve copies of the Application of City Gas Company of Florida (A Division of NUI Corporation) For Authority For NUI Corporation to Issue and Sell Securities.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me. Thank you for your assistance with this filing.

Sincerely,

Michael A. Palecki

Michael A. Palecki
Manager Regulatory Affairs
NUI Corporation

Encl.

RECEIVED & FILED
FPSC-BUREAU OF RECORDS

NUI Companies and Affiliates:
City Gas Company of Florida
Elizabethtown Gas
Elkton Gas
North Carolina Gas
NUI Capital Corp.
NUI Energy
NUI Energy Brokers
NUI Energy Solutions
NUI Environmental Group
TIC Enterprises, LLC
Utility Business Services
Valley Cities Gas
Waverly Gas

DOCUMENT NUMBER-DATE
09604 AUG-9 8
FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of City Gas Company of Florida, (a Division of NUI Corporation) to issue and sell securities during the twelve months ending September 30, 2001	DOCKET NO. 001084-GU FILED: August 9, 2000

APPLICATION OF CITY GAS COMPANY OF FLORIDA, (A DIVISION OF NUI CORPORATION) FOR AUTHORITY FOR NUI CORPORATION TO ISSUE AND SELL SECURITIES

Pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes, City Gas Company of Florida (a division of NUI Corporation) ("City Gas"), submits this application for authority for NUI Corporation ("NUI") to issue and sell securities during the period beginning October 1, 2000 and ending September 30, 2001. In support of this request, City Gas provides the following information:

1. Name and Address of Applicant: The exact name of the Applicant and the address of its principal business office is:

City Gas Company of Florida
(a division of NUI Corporation)
955 East 25th Street
Hialeah, Florida 33013-3498

2. Date and Place of Incorporation: NUI was incorporated in 1969 under the laws of New Jersey. City Gas, a public utility since 1960, is engaged in the distribution of natural gas to just over 100,000 customers in Brevard, Broward, Dade, St. Lucie, Martin and Indian River Counties, and is an operating division of NUI. City Gas owns

DOCUMENT NUMBER-DATE
09604 AUG-9 8
FPSC-RECORDS/REPORTING

approximately 2,800 miles of steel and plastic mains for the distribution of natural gas in Florida, as well as gate stations, meters and related equipment. City Gas also owns real property in Dade, Broward, Brevard and St. Lucie Counties in Florida, including a general office building in Hialeah, Florida that serves as its headquarters and service center from which City Gas dispatches service crews and conducts construction and maintenance activities for its Miami Division. In addition, City Gas operates an office and service center in Rockledge, Florida, and an office in Port St. Lucie, Florida.

3. Persons to Receive Notices: The names and addresses of the persons authorized to receive notices and communications with respect to this application are:

M. Patricia Keefe
Associate General Counsel & Director, Regulatory Affairs
NUI Corporation
One Elizabethtown Plaza
Union, NJ 07083

Michael A. Palecki
Manager, Regulatory Affairs
NUI Corporation
PMB 224
3539 Apalachee Parkway
Tallahassee, FL 32311

Robert F. Lurie
Vice President, Corporate Development & Treasurer
NUI Corporation
550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760

4. Statement of Capital Stock and Funded Debt:

Capital Stock. Each item below is as of June 1, 2000.

(a) Brief Description. The Capital Stock of NUI consisted of (i) Common Stock, No Par Value, and (ii) Preferred Stock, No Par Value.

(b) Amount Authorized. 30,000,000 shares of Common Stock were authorized. 5,000,000 shares of Preferred Stock were authorized.

(c) Amount Outstanding. 12,969,319 shares of Common Stock were outstanding (exclusive of any amount held in the treasury) and 0 shares of Preferred Stock were outstanding.

(d) Amount Held as Reacquired Securities. 119,443 shares of Common Stock were reacquired by NUI.

(e) Amount Pledged. No shares of Common Stock have been pledged by NUI or City Gas.

(f) Amount Owned by Affiliated Corporations. No shares of Common Stock were owned by affiliated corporations.

(g) Amount Held in Any Fund. No shares of Common Stock were held in any fund.

Funded Debt. Each item below is as of June 1, 2000.

(a), (b), and (c) Brief Description; Amount Authorized; Outstanding:

(i) 8.35% Medium Term Notes. Series A, due February, 1,2006; $50,000,000 outstanding.

(ii) 7.13% Medium-Term Notes, Series A, due August 1, 2002; $20,000,000 outstanding.

(iii) 6.40% Brevard County Industrial Development Revenue Bonds, due October 1, 2004; $20,000,000 outstanding;

(iv) New Jersey Economic Development Authority Bonds, 5.70% due June 1, 2032, $54,600,000 outstanding; Variable Rate due June 1, 2026, $39,000,000 outstanding; 6.35% due October 1, 2022, $46,500,000 outstanding; 5.25% due November 1, 2033, $40,000,000 outstanding.

(d) Amount Held as Reacquired Securities. None.

(e) Amount Pledged. None.

(f) Amount Owned by Affiliated Corporations. None.

(g) Amount Held in Any Fund.

(i) NUI has deposited in trust the unexpended portion of the net proceeds from the 6.40% Brevard County Industrial Development Revenue Bonds, until drawn upon for eligible expenditures. As of May 31, 2000, the total unexpended portion held in trust, including interest thereon, was $7,754,146.

(ii) NUI has deposited in trust the unexpended portion of the net proceeds of the 5.25% New Jersey Economic Development Authority Bonds, until drawn on for eligible expenditures. As of May 31, 2000, the total unexpended portion held in trust, including interest thereon, was $23,626,681.

5. Statement of Proposed Transactions.

(a), (b) and (c) Kind and Nature of Securities; Maximum Principal Amount Amount; Dividend and/or Interest Rate(s); NUI intends to issue approximately 125,000 shares of common stock in fiscal year 2001 under various plans. At an estimated price per share of $28, this will result in an amount of approximately $3,500,000. Additionally, NUI intends to issue approximately $22,000,000 in common stock associated with the purchase of Virginia Gas Company. Using the estimated price of $28 per share, this would calculate to another 745,714 shares issued. NUI does not intend to issue any preferred stock during fiscal 2001. NUI intends to issue approximately $40,000,000 in debt to finance new projects/expansion, as well as another $30,000,000 to refinance existing debt. NUI does not intend to change its current dividend of $.98 per share for fiscal 2001. This calculates to a dividend rate of 3.5% using the estimated market price of $28 per share.

6. Purposes of Issues: Approximately $22,000,000 from sale of common stock will be used for the purchase of Virginia Gas Company. The majority of the remaining common stock for which NUI seeks issuance authority would be used to reduce the amount of short-term debt currently outstanding.

7. Facts Supporting Legality, Necessity, or Appropriateness: Proceeds from the issuance of debt for which NUI seeks authority herein will be used to enable NUI to perform its obligation to manage and operate its utility businesses so as to continue to provide reliable and economical service to its customers in its rapidly growing service areas. The purposes for which NUI seeks issuance of the described securities are consistent with and will not impair the proper performance by City Gas as a public utility. The issuance of the securities described is for a lawful object within the corporate purposes of the applicant, and is reasonable, necessary, and appropriate to provide reliable and economic service to applicant's customers in its rapidly growing service area.

8. The names and addresses of counsel who will pass upon the legality of the proposed issues are:

Associate General Counsel

M. Patricia Keefe
NUI Corporation
One Elizabethtown Plaza
Union, NJ 10083

General Counsel:

James Van Horn
NUI Corporation
550 Route 202-206
P. O. Box 760
Bedminster, NJ 07921-0760

9. A Registration Statement with respect to each public sale of securities

hereunder which is subject to and not exempt from the registration requirements of the Securities Act of 1933, as amended, will be filed with the Securities and Exchange Commission, 450 Fifth Street NW, Washington, DC 20549.

10. There is no measure of control or ownership exercised by or over the company as to any other public utility. NUI is not at this time a member of any holding company system. By the close of fiscal 2001, NUI will restructure itself as a holding Company and City Gas Company of Florida will emerge as a division of NUI Utilities Inc., a wholly owned subsidiary. The capital structure of City Gas Company of Florida will be strengthened as a result. NUI has discussed the restructuring process with Commission Staff, and will continue to communicate with Commission Staff as the process takes place.

The following exhibits required by Rule 25-8.003, Florida administrative code are attached:

Exhibit A:	Financial statements of NUI (Form 10K for the Fiscal Year Ended September 30, 1999 and Form 10Q for the Quarter Ended December 31, 1999, and March 31, 2000).
Exhibit B-1:	Estimated Projected Sources and Uses of Funds for NUI for the Twelve Months Ended September 30, 2001.
Exhibit B-2:	Estimated Construction Spending for City Gas Company of Florida for the Twelve Months Ended September 30, 2001.

WHEREFORE, City Gas Company of Florida, a division of NUI Corporation, requests the Commission to enter an Order authorizing NUI to issue and sell securities in amounts not to exceed $40 million, during the Period September 30, 2000 - September 30, 2001. To facilitate the ability of NUI to position itself to take advantage of favorable conditions in the capital markets, NUI respectfully asks the commission to expedite its consideration of this application.

Michael A. Palecki

Michael A. Palecki
NUI Corporation
PMB 224 Apalachee Parkway
Tallahassee, FL 32311
(850) 877-5282

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of City Gas Company of Florida, (a Division of NUI Corporation) to issue and sell securities during the twelve months ending September 30, 2001	))))))	DOCKET NO. FILED: August 9, 2000

APPLICATION OF CITY GAS COMPANY OF FLORIDA, (A DIVISION OF NUI CORPORATION) FOR AUTHORITY <u>FOR NUI CORPORATION TO ISSUE AND SELL SECURITIES</u>

EXHIBIT A
FINANCIAL STATEMENTS OF NUI

(FORM10K FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1999,AND FORM 10Q FOR THE QUARTERS ENDED DECEMBER 31, 1999, AND MARCH 31, 2000)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 1999

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to____________________

Commission File Number 1-8353

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	**22-1869941**
(State of incorporation)	(IRS employer identification no.)

550 Route 202-206, P. O. Box 760, Bedminster, New Jersey 07921-0760
(Address of principal executive offices, including zip code)

(908) 781-0500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	
Common Stock, No Par Value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

☑

Indicate by check mark if disclosure of delinquent filers, pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference to Part III of this Form 10-K or any amendment to the Form 10-K:

☑

The aggregate market value of 12,261,910 shares of common stock held by non-affiliates of the registrant calculated using the $25.1875 per share closing price on November 30, 1999 was $308,846,858.

The number of shares outstanding for each of the registrant's classes of common stock, as of November 30, 1999:

Common Stock, No Par Value: 12,837,811 shares outstanding.

Documents incorporated by reference: NUI Corporation's definitive Proxy Statement for the Company's Annual Meeting of Stockholders, filed with the Securities and Exchange Commission on December 27, 1999.

NUI Corporation

Annual Report on Form 10-K For The Fiscal Year Ended September 30, 1999

TABLE OF CONTENTS

PART I

PART II

PART III

PART IV

NUI Corporation

Annual Report on Form 10-K for the
Fiscal Year Ended September 30, 1999

PART I

Item 1. Business

NUI Corporation (NUI or the Company) was incorporated in New Jersey in 1969. NUI is a multi-state energy sales, services and distribution company. Its utility operations distribute natural gas and related services in six states along the eastern seaboard and comprise Elizabethtown Gas (New Jersey), City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company's subsidiaries include NUI Energy, Inc. (NUI Energy), an energy retailer; NUI Energy Brokers, Inc. (NUI Energy Brokers), an energy wholesaler; NUI Energy Solutions, Inc., an energy project development and consulting entity; NUI Environmental Group, Inc., an environmental project development subsidiary; Utility Business Services, Inc. (UBS), a customer and geographic information systems and services subsidiary; and International Telephone Group, Inc. (ITG), a telecommunications services subsidiary (see Note 2 of the Notes to the Consolidated Financial Statements). The Company also provides sales and marketing outsourcing through its 49% equity interest in TIC Enterprises, LLC (TIC).

The principal executive offices of the Company are located at 550 Route 202-206, Box 760, Bedminster, NJ 07921-0760; telephone: (908) 781-0500.

The Company's operations are organized and managed under three primary segments: Distribution Services, Energy Sales and Services and Customer Services. The Company also has corporate operations that do not currently generate operating revenues. Reference is made to Note 10, "Business Segment Information" of the "Notes to the Consolidated Financial Statements" for a discussion regarding financial information about the business segments of the Company. See also Item 6-"Selected Financial Data-Summary Consolidated Operating Data" for summary information by customer class with respect to operating revenues, gas volumes sold or transported and average number of utility customers served. A discussion of the business of each segment follows.

Distribution Services Segment

Products and Services

The Distribution Services segment distributes natural gas in six states through the Company's regulated utility divisions. Such distribution services are regulated as to price, safety and return by the regulatory commissions of the states in which in the Company operates (see Regulation). The Distribution Services segment serves approximately 372,000 customers, of which 67% are in New Jersey and 33% are in other states. Most of the Company's utility customers are residential and commercial customers who purchase gas primarily for space heating. Distribution Services' operating revenues for fiscal 1999 amounted to approximately $378.1 million, of which 78% was generated by utility operations in New Jersey and 22% was generated by utility operations in other states. Gas volumes sold or transported in fiscal 1999 amounted to 83.7 million Mcf, of which approximately 79% was sold or transported in New Jersey and 21% was sold or transported in other states. An Mcf is a basic unit of measurement for natural gas comprising 1,000 cubic feet of gas. A description of each of the Company's utility divisions follows.

Elizabethtown Gas. The Company, through Elizabethtown Gas (Elizabethtown), provides gas service to approximately 248,000 customers in franchised territories within seven counties in central and northwestern New Jersey. Elizabethtown's 1,300 square-mile service territory has a total population of approximately 950,000. Most of the state's customers are located in densely-populated central New Jersey, where increases in the number of customers are primarily from conversions to gas heating from alternative forms of heating.

Elizabethtown's regulated gas volumes sold or transported and customers served for the past three fiscal years were as follows:

Regulated Gas Volumes Sold or Transported (in thousands of Mcf)

	1999	1998	1997
Firm Sales:			
Residential	18,818	18,299	19,485
Commercial	6,802	7,587	9,333
Industrial	732	3,903	4,085
Interruptible Sales	15,477	11,927	12,886
Transportation Sales	24,586	23,367	22,510
Total	66,415	65,083	68,299

Utility Customers Served (twelve-month average)

	1999	1998	1997
Firm Sales:			
Residential - Heating	172,406	168,475	165,305
Residential - Non-heating	55,946	56,358	57,380
Commercial	15,821	15,907	16,922
Industrial	208	229	262
Interruptible Sales	25	72	72
Transportation Services	3,155	2,773	1,373
Total	247,561	243,814	241,314

Gas volumes sold to the Company's firm customers are sensitive to the weather in New Jersey. In fiscal 1999, the weather in New Jersey was 16% warmer than normal and 1% colder than the prior year. Additionally, weather in fiscal 1998 was 17% warmer than normal and 9% warmer than fiscal 1997. While the effect of the warm weather has caused sales of gas to decline, Elizabethtown's tariff contains a weather normalization clause that is designed to help stabilize the Company's results by increasing amounts charged to customers when weather has been warmer than normal and decreasing amounts charged when weather has been colder than normal. As a result of weather normalization clauses, operating margins were approximately $5.4 million and $5.6 million higher in fiscal 1999 and 1998, respectively, than they would have been without such clauses. For a further discussion on variations in revenues, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The growth in the number of residential heating customers principally reflects the Company's marketing emphasis to convert residential non-heating customers to full gas heating service. Approximately 70% of the residential heating customers added in New Jersey since 1991 represented homes that were converted to gas heating from other forms of space heating and the remainder consisted of new homes.

The Company's commercial and industrial customers currently have the ability to utilize transportation service and purchase their gas from other suppliers. The rate charged to transportation customers remains regulated as to price and returns. Tariffs for transportation service have been designed to provide the same margins as bundled sales tariffs. Therefore, except for the regulatory risk of full recovery of gas costs, the Company is financially indifferent as to whether it transports gas or sells gas and transportation together.

On April 30, 1999, the Company made a filing with the New Jersey Board of Public Utilities (NJBPU) which will enable all customers in New Jersey (including residential customers) to choose an alternative supplier of natural gas. This filing was a result of the "Electric Discount and Energy Competition Act" legislation, which was signed into law in New Jersey on February 9, 1999. The legislation has several provisions that affect gas utilities. It provides all gas customers with the ability to choose an alternate natural gas supplier by December 31, 1999. At the same time, the utility will continue to provide basic gas service through December 2002 when the NJBPU will decide if the gas supply function should be made competitive. The NJBPU will also conduct proceedings to determine whether customers should be afforded the option of contracting with an alternative provider of billing, meter reading and other customer account services that may be deemed competitive by December 31, 2000. A NJBPU decision on the Company's April 30th filing is expected in early fiscal 2000.

Elizabethtown's "interruptible" customers have alternative energy sources and use gas on an "as available" basis. Variations in the volume of gas sold or transported to these customers do not have a significant effect on the Company's earnings because in accordance with New Jersey regulatory requirements, 80% of the margins that otherwise would be realized on gas sold or transported to interruptible customers are used to reduce gas costs charged to firm sales customers.

City Gas Company of Florida. City Gas Company of Florida (City Gas) is the second largest natural gas utility in Florida, supplying gas to over 99,000 customers in Dade and Broward Counties in south Florida, and in Brevard, Indian River and St. Lucie Counties in central Florida. City Gas' service areas cover approximately 3,000 square miles and have a population of approximately 1.7 million.

City Gas' regulated gas volumes sold or transported and customers served for the past three fiscal years were as follows:

Regulated Gas Volumes Sold or Transported (in thousands of Mcf)

	1999	1998	1997
Firm Sales:			
Residential	1,738	1,880	1,850
Commercial	3,353	3,572	3,944
Interruptible Sales	111	461	1,162
Transportation Sales	4,174	3,388	2,277
Total	9,376	9,301	9,233

Utility Customers Served (twelve-month average)

	1999	1998	1997
Firm Sales:			
Residential	94,784	93,227	92,724
Commercial	4,699	4,748	4,706
Interruptible Sales	4	10	16
Transportation Services	315	125	51
Total	99,802	98,110	97,497

City Gas' residential customers purchase gas primarily for water heating, clothes drying and cooking. Some customers, principally in central Florida, also purchase gas to provide space heating during the relatively mild winter season. Year-to-year growth in the average number of residential customers primarily reflects new construction. On March 31, 1998, City Gas purchased a city-owned and operated propane distribution system from Port St. Lucie. The system was converted to natural gas during the year and added 1,200 residential homes and one major commercial property.

City Gas' commercial business consists primarily of schools, businesses and public facilities, of which the number of customers tends to increase concurrently with the continuing growth in population within its service areas. As with its residential markets, the Company is seeking to maximize the utilization of its existing mains by emphasizing marketing efforts toward potential commercial business along these lines.

Certain commercial and industrial customers have converted their natural gas service from a sales basis to a transportation basis. City Gas' transportation tariff provides margins on transportation services that are substantially the same as margins earned on gas sales. In November 1997, the Florida Public Service Commission (FPSC) approved City Gas' proposal to offer unbundled gas service to certain small commercial customers, in a manner similar to that currently in place in the Company's New Jersey service territory.

North Carolina Gas. The Company, through North Carolina Gas, provides gas service to approximately 13,800 customers in Rockingham and Stokes Counties in North Carolina, which territories comprise approximately 560 square miles. During fiscal 1999, the regulated operations of North Carolina Gas sold or transported approximately 3.8 million Mcf of gas as follows: 20% sold to residential customers, 13% sold to commercial customers, 28% sold to industrial customers and 39% transported to commercial and industrial customers.

Elkton Gas Service ("Elkton"). The Company, through Elkton, provides gas service to approximately 4,000 customers in franchised territories comprising approximately 14 square miles within Cecil County, Maryland. During fiscal 1999, Elkton sold approximately 849,000 Mcf of gas as follows: 22% sold to residential customers, 18% sold to commercial customers and 60% sold to industrial customers.

Valley Cities Gas Service ("VCGS") and Waverly Gas Service ("WGS"). VCGS and WGS provide gas service to approximately 6,300 customers in franchised territories comprising 104 square miles within Bradford County, Pennsylvania and the Village of Waverly, New York and surrounding areas, respectively. During fiscal 1999, the regulated operations of VCGS and WGS sold or transported approximately 3.3 million Mcf of gas as follows: 17% sold to residential customers, 8% sold to commercial customers, 3% sold to industrial customers and 72% transported to commercial and industrial customers.

Gas Supply and Operations

In recent years, the gas industry has been undergoing structural changes in response to policies of the Federal Energy Regulatory Commission (FERC) and local regulatory commissions designed to increase competition. Traditionally, interstate pipelines were wholesalers of natural gas to local distribution companies and generally did not provide separate transportation or other services for specific customers. In 1992, the FERC issued Order No. 636 that, among other things, mandated the separation or "unbundling" of interstate pipeline sales, transportation and storage services and established guidelines for capacity management effective in 1993. In fiscal 1995, the NJBPU unbundled the services provided and the rates charged to New Jersey commercial and small industrial customers as well. The transition to more competitive rates and services has the effect of increasing the opportunity for local gas distribution companies, and industrial and commercial customers to purchase natural gas from alternative sources, while increasing the potential business and regulatory risk borne by a local gas distribution company with respect to the acquisition and management of natural gas services.

The Company endeavors to utilize its pipeline capacity efficiently by matching capacity to its load profile to the extent feasible. To this end, the Company has had a broad unbundled service tariff for certain of its customers since 1987. The Company continues to avail itself of opportunities to improve the utilization of its pipeline capacity by pursuing broad based customer growth, including off-peak markets and utilizing capacity release and off-system sales opportunities afforded by Order No. 636 when operationally feasible.

The Company's gas supply during fiscal 1999 came from the following sources: approximately 18% from purchases under contracts with primary pipeline suppliers and additional purchases under their filed tariffs; approximately 82% from purchases from various producers and gas marketers, and purchases under long-term contracts with independent producers and less than 1% from propane and liquefied natural gas ("LNG"). The Company manages its gas supply portfolio to assure a diverse, reliable and secure supply of natural gas at the lowest reasonable cost. In fiscal 1999, the Company's largest single supplier accounted for approximately 10% of the Company's total gas purchases.

The Company has long-term gas delivery contracts with seven interstate pipeline companies. Under these contracts, the Company has a right to deliver, on a firm year-round basis, of up to 93.7 million Mcf of natural gas annually with a maximum of approximately 277,000 Mcf per day. Both the price and conditions of service under these contracts are regulated by the FERC.

The Company has long-term gas purchase contracts for the supply of natural gas for its system with six suppliers, including one interstate pipeline company and five gas marketers. Under these contracts, the Company has a right to purchase, on a firm year-round basis, up to 18.8 million Mcf of natural gas annually with a maximum of approximately 70,000 Mcf per day. In order to achieve greater supply flexibility, and to more closely match its gas supply portfolio to changes in the market it serves, the Company recently allowed a long-term gas supply contract to expire at the conclusion of its primary terms. As a result, the Company has reduced its fixed gas cost obligations. The Company has replaced the supply with both spot market gas and shorter-term, seasonal firm supply, thus reducing the average term of its long-term obligations. In addition, the Company has access to spot market gas through the interstate pipeline system to supplement or replace, on a short-term basis, portions of its long-term gas purchase contracts when such actions can reduce overall gas costs or are necessary to supply interruptible customers. In fiscal 1995, the Company, along with seven other Northeastern and Mid-Atlantic gas distribution companies, formed the East Coast Natural Gas Cooperative LLC (the "Co-op"). The Co-op was formed with the goal of jointly managing certain portions of the members' gas supply portfolios, to increase reliability and reduce costs of service to customers, and to improve the competitive position of the member companies. Participation in and reliance upon certain contractual arrangements among Co-op members has allowed the Company to reduce costs associated with winter services.

In order to have available sufficient quantities of gas during the heating season, the Company stores gas during non-peak periods and purchases supplemental gas, including propane, LNG and gas available under contracts with certain large cogeneration customers, as it deems necessary. The storage contracts provide the Company with an aggregate of 14 million Mcf of natural gas storage capacity and provide the Company with the right to receive a maximum daily quantity of 162,462 Mcf. The contracts with cogeneration customers provide 26,200 Mcf of daily gas supply to meet peak loads by allowing the Company to take back capacity and supply that otherwise is dedicated to serve those customers.

The Company has an LNG storage and vaporization facility in New Jersey for handling peak gas demand. It has a daily delivery capacity of 29,800 Mcf and storage capacity of 131,000 Mcf.

The Company's maximum daily sendout in fiscal 1999 was approximately 409,300 Mcf in New Jersey and 97,242 Mcf in the other service territories combined. The Company maintains sufficient gas supply and delivery capacity for a maximum daily sendout capacity for New Jersey of approximately 408,140 Mcf and approximately 128,000 Mcf for the other service territories combined.

Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $68.6 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 2.7 billion cubic feet per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The Company distributes gas through approximately 6,200 miles of steel, cast iron and plastic mains. The Company has physical interconnections with five interstate pipelines in New Jersey and one interstate pipeline in Florida. In addition, the Company has physical interconnections in North Carolina and Pennsylvania with interstate pipelines, which also connect to New Jersey. Common interstate pipelines along the Company's operating system provide the Company with greater flexibility in managing pipeline capacity and supply, and thereby optimizing system utilization.

Regulation

The Company is subject to regulation with respect to, among other matters, rates, service, accounting and the issuance of securities. The Company is subject to regulation as an operating utility by the public utility commissions of the states in which it operates. The Company is also subject to regulation by the United States Department of Transportation under the Natural Gas Pipeline Safety Act of 1968, with respect to the design, installation, testing, construction and maintenance of pipeline facilities. Natural gas purchases, transportation service and storage service provided to the Company by interstate pipeline companies are subject to regulation by the FERC (see "Gas Supply and Operations"). In addition, the Company is subject to federal and state legislation with respect to water, air quality, solid waste disposal and employee health and safety matters, and to environmental regulations issued by the United States Environmental Protection Agency, the New Jersey Department of Environmental Protection and other federal and state agencies.

The Company's current rates and tariffs for New Jersey reflect a rate case that was settled in October 1991, under which the Company obtained a weather normalization clause - see "Elizabethtown Gas". In December 1994, the NJBPU authorized new tariffs which are designed to provide for unbundling of natural gas transportation and sales services for Elizabethtown's commercial and industrial customers. The new tariffs became effective on January 1, 1995 and are designed to be neutral as to the operating margins of the Company. On April 30, 1999, the Company made a filing with the NJBPU which will enable all customers in New Jersey to choose an alternative supplier of natural gas. This filing was a result of the "Electric Discount and Energy Competition Act" legislation, which was signed into law in New Jersey on February 9, 1999 (see Item 7- "Management's Discussion and Analysis - Regulatory Matters" for a further discussion of this filing).

The current rates and tariffs for the Florida operations were authorized on October 29, 1996. The FPSC voted to authorize the Company to increase its base rates in Florida by $3.75 million annually. The rate increase reflected a rate base amounting to $91.9 million, which includes the addition of investments in system improvements and expansion projects. Under the approval, the allowed return on equity is 11.3% with an overall after-tax rate of return of 7.9%. The increase became effective on November 28, 1996. The FPSC order also gives the Company the flexibility to negotiate rates with certain business customers that have access to other energy sources.

The current rates and tariffs for the North Carolina, Maryland, Pennsylvania and New York operations were authorized between October 1988 and September 1995. These operations serve approximately 20,000 customers in aggregate. The tariff for NCGS reflects a weather normalization clause for its temperature sensitive residential and commercial customers.

The Company's tariffs for each state in which it operates contain adjustment clauses that enable the Company to recover purchased gas costs. The adjustment clauses provide for periodic reconciliations of actual recoverable gas costs with the estimated amounts that have been billed. Under or over recoveries at the reconciliation date are recovered from or refunded to customers in subsequent periods.

Franchises

The Company holds non-exclusive municipal franchises and other consents which enable it to provide natural gas in the territories it serves. The Company intends to seek to renew these franchises and consents as they expire.

Seasonal Aspects

Sales of gas to some classes of customers are affected by variations in demand due to changes in weather conditions, including normal seasonal variations throughout the year. The demand for gas for heating purposes is closely related to the severity of the winter heating season. Seasonal variations affect short-term cash requirements.

Competition

The Company competes with distributors of other fuels and forms of energy, including electricity, fuel oil and propane, in all portions of the territories in which it has distribution mains. In addition, in 1992, the FERC issued Order No. 636 (see "Gas Supply and Operations"). Subsequently, initiatives were sponsored in various states, the purposes of which were to "unbundle" or separate into distinct transactions, the purchase of the gas commodity from the purchase of transportation services for the gas. To that end, as discussed under "Regulation", several of the Company's operating divisions have unbundled commercial and industrial gas purchase and transportation rates.

The unbundled sale of gas to customers is subject to competition from unregulated marketers and brokers, which generally do not bear the obligations or costs related to operating a regulated utility. Tariffs for transportation service have generally been designed to provide the same margins as bundled sales tariffs. Therefore, except for the regulatory risk of full recovery of gas costs, the Company is financially indifferent as to whether it transports gas, or sells gas and transportation together. The Company also faces the risk of loss of transportation service for large industrial customers which may have the ability to build connections to interstate gas pipelines and bypass the Company's distribution system. Gas distributors can also expect increased competition from electricity as deregulation in that industry decreases prices and increases supply sources. Alternatively, opportunities may increase for gas service to fuel generators for large industrial customers, replacing electric utility service.

Environment

Reference is made to Item 7- "Management's Discussion and Analysis of Financial Condition and Results of Operations- Capital Expenditures and Commitments" and Note 11, "Commitments and Contingencies" of the "Notes to the Consolidated Financial Statements" for information regarding environmental matters affecting the Company.

Energy Sales & Services Segment

Products and Services

The Energy Sales and Services segment reflects the operations of the Company's NUI Energy, NUI Energy Brokers and NUI Energy Solutions subsidiaries, as well as off-system sales by the utility divisions. Together, this segment offers wholesale and retail energy sales, energy portfolio management, risk management, utility asset management, project development and energy consulting services.

NUI Energy, Inc. (NUI Energy) provides retail energy sales and related services to unbundled retail commercial and industrial customers. NUI Energy's operating margins were $4.1 million in fiscal 1999 as compared with $2.5 million in fiscal 1998 and $2.4 million in fiscal 1997.

NUI Energy Brokers, Inc. (NUI Energy Brokers) was formed in 1996 to provide the wholesale energy trading, brokering, and risk management activities of the Company. In addition to providing these services to third parties, NUI Energy Brokers is also responsible for the supply acquisition activity for NUI's Distribution Services segment. NUI Energy Brokers trades physical natural gas in four geographic regions: the Northeast, Southeast, Gulf Coast, and Mid Continent. In addition, NUI Energy Brokers trades futures and options contracts on the New York Mercantile Exchange. The risk associated with trading activities is closely monitored on a daily basis and controlled in accordance with the Company's Risk Management Policy. As in any commodity brokerage activity, however, there are risks pertaining to market changes and credit exposure that can be managed but not eliminated. Therefore, the earnings from NUI Energy Brokers are likely to be more volatile than the Company's utility distribution business (see Item 7, "Management's Discussion and Analysis-Market Risk Exposure"). NUI Energy Brokers generated margins of $8.3 million in fiscal 1999, $2.8 million in fiscal 1998 and $3.6 million in fiscal 1997.

NUI Energy Solutions, Inc. (NUI Energy Solutions) was formed by the Company in fiscal 1998 to provide energy management and consulting services to existing and new customers. Due to start-up costs associated with this business, NUI Energy Solutions recorded a loss in both fiscal 1999 and 1998.

Another business line within Energy Sales and Services is off-system sales, or the use of utility-owned gas assets to make sales to customers outside of NUI's service areas. Such assets include pipeline capacity and gas storage facilities. These assets are managed separately from non-utility assets, and their use is monitored and regulated by state regulatory commissions. Pursuant to regulatory agreements in some states in which the Company operates, the Company is able to retain a portion of the margins from these sales in varying percentages depending on the state in which the assets are owned. Off-system sales margins totaled $771,000 in fiscal 1999, $453,000 in fiscal 1998 and $681,000 in fiscal 1997.

Customer Services Segment

Products and Services

The Customer Services segment is comprised of the Company's Utility Business Service subsidiary and the appliance business operations. Together this segment provides appliance repair, maintenance, installation and leasing; customer information system services including bill printing, mailing, collection and payment processing; network analysis; facilities database management; and operations mapping and field computing for other utilities.

During fiscal 1999, the Company completed the separation of its appliance servicing and leasing business from its Distribution Services segment. This group performed more than 74,000 revenue-producing appliance service jobs in fiscal 1999. The appliance group generated revenues of $15.5 million in fiscal 1999, $14.0 million in fiscal 1998 and $12.8 million in fiscal 1997.

Utility Business Services, Inc. (UBS) provides customer information systems and geographic information system services to investor-owned and municipal utilities, as well as third-party providers in the gas, water and wastewater markets. WINS CIS, the premiere customer information system developed and maintained by UBS, is presently serving approximately 30 clients with state-of-the-art capabilities in support of more than 620,000 customers. In addition to generating over three million bills each year, UBS assists clients in allied areas such as automatic meter reading, payment processing, and account recovery. In fiscal 1999, UBS introduced a natural gas version of WINS CIS by converting three of the Company's Distribution Services utility divisions to the new system. UBS is currently working on a web-enabled version of WINS CIS and plans to address the needs of the electric industry in the near term. Geographic information services are currently provided to nine clients. UBS had margins of $3.7 million in fiscals 1999 and 1998 and $2.4 million in fiscal 1997.

Other NUI Operations

NUI Environmental Group, Inc. (NUI Environmental) was formed by the Company in fiscal 1996 to develop a solution to the rapidly decreasing accessibility of the New York/New Jersey harbor to international commercial shipping traffic. On December 23, 1998, NUI Environmental was selected from a group of sixteen firms that responded to a request for proposal by the State of New Jersey to participate in a Sediment Decontamination Demonstration Project designed to identify new technologies for the productive dredging of the harbor. NUI Environmental must demonstrate the effectiveness of its technology through the pilot scale project, in which it must treat 200 gallons of dredged material from the harbor. If successful in the pilot program, NUI Environmental will contract with the State of New Jersey to treat between 30,000 and 150,000 cubic yards of material.

On May 18, 1997, the Company closed on its acquisition of a 49% interest in TIC Enterprises, LLC (TIC), a newly formed limited liability company, for a purchase price of $22 million. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses. Among these businesses are Lucent Technologies, Nextel Communications, Qwest Communications, AT&T and the United States Postal Service. In early December 1999, TIC was awarded a national contract from the United States Postal Service (USPS) to market its expedited delivery services. TIC contributed $1.2 million of equity earnings in fiscal 1999, was flat in fiscal 1998, and contributed $1.3 million in fiscal 1997.

On November 12, 1999, the Company closed on its acquisition of International Telephone Group, Inc. The acquisition was treated as a merger whereby ITG merged with and into a subsidiary of the Company. The purchase price totaled $3.8 million and included the issuance of 113,200 shares of NUI common stock, with the remainder paid in cash. ITG is a full service telephone company that provides its customers with a single service solution for all their telecommunication requirements including local, long distance, cellular, internet, and data communications services (see Note 2 of the Notes to the Consolidated Financial Statements).

Persons Employed

As of September 30, 1999, the Company employed a total of 1,049 persons, of which 269 employees in New Jersey were represented by the Utility Workers Union of America (Local 424); 87 employees in Florida (Locals 769 and 385) and 14 employees in Pennsylvania (Local 529) were represented by the Teamsters Union; and 36 employees in North Carolina were represented by the International Brotherhood of Electrical Workers (Local 2291). The current collective bargaining agreement with the New Jersey union was negotiated effective December 10, 1998 and expires on November 20, 2001. The North Carolina union collective bargaining agreement was negotiated on August 20, 1998, and expires on August 20, 2001. The collective bargaining agreement in Pennsylvania is currently being negotiated. The union is currently working without a contract. A final resolution is expected shortly. The collective bargaining agreement in Florida was negotiated on March 31, 1998 and expires on March 31, 2001.

Persons employed by segment are as follows: Distribution Services segment- 673; Energy Sales and Services- 37; and Customer Services- 181 persons. In addition, the Corporate office of NUI employed a total of 158 persons, which employees primarily work in shared services for the entire corporation.

Available Information

The Company files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. Any document the Company files with the Commission may be read or copied at the Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. The Company's Commission filings are also available at the Commission's Web site at http://www.sec.gov or the Company's Web site at http://www.nui.com.

Item 2. Properties

The Company owns approximately 6,200 miles of steel, cast iron and plastic gas mains, together with gate stations, meters and other gas equipment. In addition, the Company owns peak shaving plants, including a LNG storage facility in Elizabeth, New Jersey.

The Company also owns real property in Union, Middlesex, Warren, Sussex and Hunterdon counties in New Jersey, and in Dade, Broward, Brevard and St. Lucie counties in Florida, portions of which are under lease to others. The Company's properties include office buildings in Hialeah and Rockledge, Florida that serve as the principal operating offices for the Florida operations; and office buildings in both Reidsville, North Carolina and Sayre, Pennsylvania that serve as operating offices for the North Carolina and the Pennsylvania and New York operations, respectively. The Company also owns various service centers in New Jersey, Florida, North Carolina, Maryland and Pennsylvania from which the Company dispatches service crews and conducts construction and maintenance activities.

The Company leases office space in Bedminster, New Jersey that serves as its corporate headquarters, and leases certain other facilities in New Jersey and Florida that are operated as customer business offices or operating offices. The Company also leases approximately 160,000 square feet in an office building in Union, New Jersey.

Subject to minor exceptions and encumbrances, all other property materially important to the Company and all principal plants are owned in fee simple, except that most of the mains and pipes are installed in public streets under franchise or statutory rights or are constructed on rights of way acquired from the apparent owner of the fee.

Item 3. Legal Proceedings

The Company is involved in various claims and litigation incidental to its business. In the opinion of management, none of these claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was presented for submission to a vote of security holders through the solicitation of proxies or otherwise during the last quarter of fiscal 1999.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

NUI common stock is listed on the New York Stock Exchange and is traded under the symbol "NUI". The quarterly cash dividends paid and the reported price range per share of NUI common stock for the two years ended September 30, 1999 were as follows:

	Quarterly Cash Dividend	Price Range High	Price Range Low
Fiscal 1999:			
First Quarter	$0.245	$27.000	$21.563
Second Quarter	0.245	27.063	20.375
Third Quarter	0.245	25.625	20.813
Fourth Quarter	0.245	28.063	24.625
Fiscal 1998:			
First Quarter	$0.245	$29.625	$21.375
Second Quarter	0.245	28.625	25.188
Third Quarter	0.245	29.438	23.313
Fourth Quarter	0.245	25.938	20.313

There were 6,045 shareholders of record of NUI common stock at November 30, 1999.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. NUI's dividend policy is reviewed on an ongoing basis and is dependent upon the Company's expectation of future earnings, cash flow, financial condition, capital requirements and other factors.

The Company's long-term debt agreements include, among other things, restrictions as to the payment of cash dividends. Under the most restrictive of these provisions, the Company was permitted to pay $54 million of cash dividends at September 30, 1999.

Item 6. Selected Financial Data

Selected Consolidated Financial Data
(in thousands, except per share amounts)

	Fiscal Years Ended September 30,				
	1999	1998	1997	1996	1995
Operating Revenues	$828,174	$828,036	$608,596	$469,499	$376,884
Net Income	$24,560	$12,314	$19,649	$14,896	$5,517
Net Income Per Share	$1.93	$0.98	$1.75	$1.52	$0.60
Dividends Paid Per Share	$0.98	$0.98	$0.94	$0.90	$0.90
Total Assets	$844,226	$776,847	$803,665	$677,662	$610,165
Capital Lease Obligations	$2,599	$8,566	$9,679	$10,503	$11,114
Long-Term Debt	$268,911	$229,098	$229,069	$230,100	$222,060
Common Shareholders' Equity	$237,318	$222,992	$218,291	$179,107	$140,912
Common Shares Outstanding	12,750	12,680	12,429	11,086	9,201

Notes to the Selected Consolidated Financial Data:
Net income for fiscal 1999 includes a pension settlement gain and other non-recurring items. The effect of these items increased net income by $2.3 million (after tax), or $0.18 per share.

Net income for fiscal 1998 includes restructuring and other non-recurring charges amounting to $5.9 million (after tax), or $0.47 per share.

Net income for fiscal 1995 includes restructuring and other non-recurring charges amounting to $5.6 million (after tax), or $0.61 per share.

Summary Consolidated Operating Data

	Fiscal Years Ended September 30,				
	1999	1998	1997	1996	1995
Operating Revenues (Dollars in thousands)					
Firm Sales:					
Residential	$197,868	$198,072	$201,757	$194,332	$173,395
Commercial	83,409	91,970	106,234	107,067	98,541
Industrial	8,694	19,684	23,263	25,321	20,083
Interruptible Sales	49,138	45,594	55,844	50,539	48,282
Unregulated Sales	432,810	421,751	177,881	55,678	7,498
Transportation Services	37,634	33,338	28,617	23,085	17,696
Customer Service, Appliance Leasing and Other	18,621	17,627	15,000	13,477	11,389
	$828,174	$828,036	$608,596	$469,499	$376,884
Gas Sold or Transported (MMcf)					
Firm Sales:					
Residential	22,064	21,771	22,956	24,810	21,276
Commercial	11,058	12,076	14,254	16,575	15,455
Industrial	1,584	4,463	4,819	5,407	5,217
Interruptible Sales	16,420	13,183	15,074	16,003	18,365
Unregulated Sales	168,748	163,418	62,819	17,804	3,398
Transportation Services	32,601	30,831	28,294	25,051	22,154
	252,475	245,742	148,216	105,650	85,865
Average Utility Customers Served					
Firm Sales:					
Residential	344,448	338,958	335,632	332,440	328,644
Commercial	23,320	23,407	24,312	24,484	24,519
Industrial	254	275	306	338	430
Interruptible Sales	56	111	121	120	118
Transportation Services	3,535	2,948	1,460	668	184
	371,613	365,699	361,831	358,050	353,895
Degree Days in New Jersey	4,381	4,356	4,772	5,343	4,333
Employees (year end)	1,049	1,081	1,126	1,086	1,079
Ratio of Earnings to Fixed Charges	2.64	1.85	2.11	2.00	1.37

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis refers to NUI Corporation and all its operating divisions and subsidiaries (collectively referred to as the Company). The Company is a multi-state energy sales, services and distribution, and telecommunications company. Its utility operations distribute natural gas and related services in six states along the eastern seaboard and comprise Elizabethtown Gas (New Jersey), City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company's non-regulated subsidiaries include NUI Energy, Inc. (NUI Energy), an energy retailer; NUI Energy Brokers, Inc. (NUI Energy Brokers), an energy wholesaler; NUI Energy Solutions, Inc., an energy project development and consulting entity; NUI Environmental Group, Inc., an environmental project development subsidiary; Utility Business Services, Inc. (UBS), a customer and geographic information systems and services subsidiary; and International Telephone Group, Inc. (ITG), a telecommunications services subsidiary (see Note 2 of the Notes to the Consolidated Financial Statements). The Company also provides sales outsourcing through its 49 percent equity interest in TIC Enterprises, LLC (TIC).

Results of Operations

The results for the 1999 and 1998 fiscal years reflect changes in the New Jersey tax law, which resulted in variations in certain line items on the consolidated statement of income. Effective January 1, 1998, New Jersey Gross Receipts and Franchise Taxes (GRAFT) were replaced by a combination of a New Jersey Sales and Use Tax (Sales Tax), a New Jersey Corporate Business Tax (CBT) and a temporary Transitional Energy Facilities Assessment (TEFA). In prior periods, GRAFT was recorded as a single line item as a reduction of operating margins. Effective January 1, 1998, TEFA is recorded in the energy taxes line item as a reduction of operating margins, CBT is recorded in the income taxes line item and Sales Tax is recorded as a reduction of operating revenues. The legislation was designed to be net income neutral over a 12-month period, however, variations of certain line items on the consolidated statement of income exist. For fiscal 1999 as compared to fiscal 1998, the three new taxes had the effect of reducing operating revenues by approximately $3.4 million, reducing energy taxes by approximately $4.1 million and increasing income tax expense by approximately $1.2 million. For fiscal 1998 as compared to fiscal 1997, these changes had the effect of reducing operating revenues by approximately $9.9 million, reducing energy taxes by approximately $11.8 million and increasing income tax expense by approximately $1.9 million.

Fiscal Years Ended September 30, 1999 and 1998

Net Income. Net income for fiscal 1999 was $24.6 million, or $1.93 per share, as compared with net income of $12.3 million, or $0.98 per share in fiscal 1998. Net income in both fiscal periods includes non-recurring items incurred mainly as a result of the Company's 1998 reorganization (see Note 3 of the Notes to the Consolidated Financial Statements). The after-tax non-recurring items in fiscal 1999 resulted in a net gain of approximately $2.3 million, or $0.18 per share, as compared to after-tax charges of approximately $5.9 million, or $0.47 per share, incurred during fiscal 1998. Absent these non-recurring items, net income would have been $22.2 million, or $1.75 per share in fiscal 1999 as compared to $18.2 million, or $1.45 per share in fiscal 1998. The increase in recurring earnings was mainly attributed to higher operating margins, other income and lower other taxes, partially offset by higher operations and maintenance expenses, depreciation and interest expense.

Operating Revenues and Operating Margins. The Company's operating revenues include amounts billed for the cost of purchased gas pursuant to purchased gas adjustment clauses. Such clauses enable the Company to pass through to its utility customers, via periodic adjustments to customers' bills, increased or decreased costs incurred by the Company for purchased gas without affecting operating margins. Since the Company's utility operations do not earn a profit on the sale of the gas commodity, the Company's level of regulated operating revenues is not necessarily indicative of financial performance.

The Company's operating revenues remained relatively flat between fiscal 1999 and fiscal 1998, despite fluctuations within the Company's operating segments. Energy Sales and Services revenue increased by approximately $10.7 million mainly due to increased operations by NUI Energy Brokers, while Customer Services revenue increased $1.4 million primarily due to increases in the Company's appliance leasing business. These increases were partially offset by a decrease of approximately $11.9 million in the Company's Distribution Services revenue primarily resulting from changes in the New Jersey tax law noted earlier as well as a refund to New Jersey customers of approximately $4.4

million in September 1999 (see Regulatory Matters). Weather in New Jersey was approximately 16 percent warmer than normal in fiscal 1999 and relatively flat compared to the 1998 period.

The Company's operating margins increased by $13.1 million, or 7 percent, in fiscal 1999 as compared with fiscal 1998. The increase was primarily attributable to an increase of approximately $3.9 million in the Company's Distribution Services segment as a result of customer growth, the effects of changes in the New Jersey tax law previously described and the recovery of previously deferred post-retirement benefit expenses through rates (see Regulatory Matters). These increases were partially offset by the effect of warmer weather in fiscal 1999 in several of the Company's service territories, part of which was not fully recovered from customers under weather normalization clauses. The Company has weather normalization clauses in its New Jersey and North Carolina tariffs, which are designed to help stabilize the Company's results by increasing amounts charged to customers when weather has been warmer than normal and by decreasing amounts charged when weather has been colder than normal. As a result of weather normalization clauses, operating margins were approximately $5.4 million and $5.6 million higher in fiscal 1999 and 1998, respectively, than they would have been without such clauses. Operating margins increased in the Customer Services segment by approximately $1.4 million due to an increase in the appliance leasing rates in Florida and increased customer service activity in New Jersey. Operating margins from the Company's Energy Sales and Services segment increased by approximately $7.9 million primarily due to increases in the Company's wholesale trading and retail energy operations.

Other Operating Expenses. Operations and maintenance expenses increased by approximately $4.6 million, or 5 percent, in fiscal 1999 as compared with fiscal 1998. The increase was primarily the result of previously deferred post-retirement benefit expenses which are being expensed and recovered through rates, higher levels of accrued incentives associated with the improved performance of the Company's unregulated wholesale trading and retail energy businesses and a lower pension credit in the current year. These increases were partially offset by labor and benefit savings from the Company's reorganization efforts over the past year.

The Company recognized approximately $4.0 million of pre-tax, non-recurring income in fiscal 1999, as compared to non-recurring expenses of approximately $9.7 million recognized in fiscal 1998. These items are mainly the result of the Company's 1998 reorganization. (See Note 3 of the Notes to the Consolidated Financial Statements for a further description of these items.)

Depreciation and amortization increased approximately $2.0 million in fiscal 1999 as compared to the prior year, primarily due to additional plant in service.

The decrease in other general taxes of approximately $0.6 million was primarily due to a decrease in the average number of employees during fiscal 1999.

Income tax expense increased by approximately $8.2 million in fiscal 1999 as compared to fiscal 1998 as a result of higher pre-tax income and the change in the New Jersey tax law noted earlier.

Interest Expense. Interest expense increased by approximately $0.7 million in fiscal 1999 as compared to fiscal 1998. This increase was primarily due to interest on the Company's $40 million bond issuance in December 1998. These increases were partially offset by an increase in interest income on funds held by trustee as a result of the $40 million issuance noted above being put into trust for use on qualified expenditures (see Financing Activities and Resources - Long-Term Debt and Funds for Construction Held by Trustee).

Other Income and (Expense), Net. Other income and expense, net, increased by approximately $0.4 million in fiscal 1999 as compared to fiscal 1998. The increase reflects improved results from TIC of approximately $1.3 million as a result of higher revenues from TIC's various sales programs as well as contributions from additional product lines. This increase was partially offset by a gain of approximately $0.7 million recognized in the prior year period due to the sale of marketable securities.

Fiscal Years Ended September 30, 1998 and 1997

Net Income. Net income for fiscal 1998 was $12.3 million, or $.98 per share, as compared with net income of $19.6 million, or $1.75 per share in fiscal 1997. The decrease in 1998 was primarily due to after-tax, non-recurring charges of approximately $5.9 million, or $.47 per share, associated with the Company's reorganization efforts which included an early retirement program and other workforce reductions (see Note 3 of the Notes to the Consolidated Financial Statements). Absent these non-recurring charges, net income would have been $18.2 million, or $1.45 per share. The decrease in recurring earnings was mainly attributed to higher depreciation, operations and maintenance expenses, other taxes and lower other income, partially offset by higher operating margins.

Net income per share in the current year was also affected by the increased average number of outstanding shares of common stock over the prior year, principally reflecting the Company's issuance of 1.0 million additional shares in September 1997 (see Financing Activities and Resources-Common Stock).

Operating Revenues and Operating Margins. The Company's operating revenues increased by $219.4 million, or 36 percent, in fiscal 1998 as compared with fiscal 1997. The increase was principally due to an increase in the Company's Energy Sales and Services segment of approximately $247.2 million, mainly due to increased operations by NUI Energy Brokers, and increased activity in the Customer Services segment. These increases were partially offset by lower revenues from the Company's Distribution Services segment mainly due to the effect of warmer weather in fiscal 1998 in all of the Company's service territories, primarily in New Jersey where it was 17 percent warmer than normal and 9 percent warmer than the prior year, as well as the effect of the New Jersey tax law changes previously described.

The Company's operating margins increased by $6.7 million, or 4 percent, in fiscal 1998 as compared with fiscal 1997. The increase was primarily attributable to an increase of approximately $5.3 million in the Company's Distribution Services segment as a result of customer growth and the effects of changes in the New Jersey tax law previously described. These increases were partially offset by the effect of warmer weather in fiscal 1998 in all of the Company's Distribution Services territories, part of which was not fully recovered from customers under weather normalization clauses. As a result of weather normalization clauses, operating margins were approximately $5.6 million and $2.0 million higher in fiscals 1998 and 1997, respectively, than they would have been without such clauses. Operating margins increased in the Customer Services segment by approximately $2.4 million due to customer additions by UBS and related increases in system conversion revenues, an increase in the appliance leasing rates in Florida and increased customer service activity in New Jersey. Operating margins from the Company's Energy Sales and Services segment decreased by approximately $1.0 million primarily due to a lack of market volatility, which negatively impacted margins, and lower off-system sales associated with warm temperatures of the 1998 heating season.

Other Operating Expenses. Operations and maintenance expenses increased by approximately $1.1 million, or 1 percent, in fiscal 1998 as compared with fiscal 1997. The increase was primarily due to expenses associated with the continued growth of the Company's unregulated operations. These increases were partially offset by a higher pension credit due to the investment performance of pension plan assets.

The Company incurred approximately $9.7 million of non-recurring charges in the fourth quarter of fiscal 1998 associated with the reorganization of the Company's operations which included an early retirement program for non-bargaining unit personnel and other workforce reductions (see Note 3 of the Notes to the Consolidated Financial Statements).

Depreciation and amortization increased approximately $1.9 million in fiscal 1998 as compared to 1997, primarily due to additional plant in service.

The increase in other general taxes of approximately $0.5 million was primarily due to higher payroll-related taxes as a result of a higher average number of employees in fiscal 1998 as compared to fiscal 1997.

Income tax expense decreased by approximately $1.0 million in fiscal 1998 as compared to fiscal 1997 as a result of lower pre-tax income, partially offset by the change in the New Jersey tax law noted above.

Other Income and (Expense), Net. Other income and expense, net, decreased by approximately $1.5 million in fiscal 1998 as compared to fiscal 1997. The decrease was primarily due to the lower results from TIC in 1998 as a result of additional investments made by TIC to grow its sales programs and increase its product lines. Additionally, the fiscal 1997 results reflected a pre-tax gain of approximately $0.7 million from the sale of certain property in Florida.

Regulatory Matters

On April 30, 1999, the Company made a filing with the New Jersey Board of Public Utilities (NJBPU) which will enable all customers in New Jersey to choose an alternative supplier of natural gas. This filing was a result of the "Electric Discount and Energy Competition Act" legislation, which was signed into law in New Jersey on February 9, 1999. The legislation has several provisions that affect gas utilities. It provides all gas customers with the ability to choose an alternate natural gas supplier by December 31, 1999. At the same time, the utility will continue to provide basic gas service through December 2002 when the NJBPU will decide if the gas supply function should be made competitive. The NJBPU will also conduct proceedings to determine whether customers should be afforded the option of contracting with an alternative provider of billing, meter reading and other customer account services that may be deemed competitive by December 31, 2000. A NJBPU decision on the Company's April 30 filing is expected in early fiscal 2000.

On July 7, 1999, the NJBPU approved a final stipulation on the Company's New Jersey Purchased Gas Adjustment Clause filing in which the Company would continue to charge rates approved in an interim stipulation and approved by the NJBPU on March 3, 1999. In addition, the stipulation provided that the Company would refund to customers $10 million of previously over-recovered gas costs. Of this amount, $5.6 million was applied against a Weather Normalization Clause under-recovery and the balance was credited to customer bills in late fiscal 1999. The stipulation also allows the Company to defer the costs of its undepreciated propane-air plant, presently not in use, for rate recovery in its next base rate case.

On September 23, 1998, the NJBPU issued an order approving the Company's petition to increase base rates in New Jersey by approximately $2.4 million to recover postretirement benefits computed under Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" (SFAS 106). The rate increase was effective October 1, 1998 and allows for previously deferred costs, as well as future SFAS 106 costs, to be recovered over a rolling 15-year period.

Financing Activities and Resources

The Company's net cash provided by operating activities was $59.0 million in fiscal 1999, $20.9 million in fiscal 1998 and $40.5 million in fiscal 1997. The increase in fiscal 1999 as compared with fiscal 1998 was primarily due to additional collections of gas costs through the Company's purchased gas adjustment clauses and the timing of payment to gas suppliers. The decrease in fiscal 1998 as compared with fiscal 1997 was primarily due to the timing of payments to gas suppliers, as well as the timing of payments relating to energy taxes.

Because the Company's primary business is highly seasonal, short-term debt is used to meet seasonal working capital requirements. The Company also borrows under its bank lines of credit to finance portions of its capital expenditures, pending refinancing through the issuance of equity or long-term indebtedness at a later date depending upon prevailing market conditions.

Short-Term Debt. The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were $68.2 million at 5.3 percent in fiscal 1999, $66.8 million at 5.7 percent in fiscal 1998 and $66.0 million at 5.5 percent in fiscal 1997.

At September 30, 1999, the Company had outstanding notes payable to banks amounting to $73.6 million and available unused lines of credit amounting to $62.4 million.

Long-Term Debt and Funds for Construction Held by Trustee. On December 8, 1998, the Company issued $40 million of tax-exempt Gas Facilities Revenue Bonds at an interest rate of 5.25 percent. These bonds will mature in November 2033 and the proceeds will be used to finance a portion of the Company's capital expenditure program in New Jersey.

The Company deposits in trust the unexpended portion of the net proceeds from its Gas Facilities Revenue Bonds until drawn upon for eligible expenditures. As of September 30, 1999 and September 30, 1998, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were $32.0 million and $7.1 million, respectively, and are classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

Common Stock. The Company periodically issues shares of common stock in connection with NUI Direct, the Company's dividend reinvestment and stock purchase plan, and various employee benefit plans. The proceeds from such issuances amounted to approximately $0.7 million, $4.0 million and $5.7 million in fiscals 1999, 1998 and 1997, respectively, and were used primarily to reduce outstanding short-term debt. Effective May 26, 1998, several of these plans commenced purchasing shares on the open market to fulfill the plans' requirements. Under the terms of these plans, the Company may periodically change the method of purchasing shares from open market purchases to purchases directly from the Company, or vice versa. The decrease in proceeds received in fiscal 1999 as compared to fiscals 1998 and 1997 reflects that the plans commenced purchasing shares directly in the open market rather than from Company.

The Company's long-term debt agreements include, among other things, restrictions as to the payment of cash dividends. Under the most restrictive of these provisions, the Company is permitted to pay approximately $54 million of cash dividends at September 30, 1999.

On September 25, 1997, the Company issued an additional 1.0 million shares of common stock. The net proceeds from the offering totaled $22.6 million and were used to reduce outstanding short-term debt incurred to finance the Company's acquisition of a 49 percent interest in TIC and for other general corporate purposes.

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were $47.9 million in fiscal 1999, $60.9 million in fiscal 1998 and $52.3 million in fiscal 1997. The decrease in fiscal 1999 was primarily due to special projects in fiscal 1998 to expand operations of two large industrial customers in New Jersey. The Company's capital expenditures are expected to be approximately $51 million in fiscal 2000.

The Company owns or previously owned six former manufactured gas plant (MGP) sites in the state of New Jersey and ten former MGP sites in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which is the minimum amount that the Company expects it will expend in the next 20 years to remediate the Company's MGP sites. Of this reserve, approximately $30 million relates to New Jersey MGP sites and approximately $4 million relates to the MGP sites located outside New Jersey. However, the Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial actions, if necessary, with respect to all of its MGP sites may exceed this reserve by an amount that could range up to an additional $24 million and be incurred during a future period of time that may range up to 50 years. Of this $24 million in possible additional expenditures, approximately $12 million relates to the New Jersey MGP sites and approximately $12 million relates to the remaining MGP sites. As compared with the $34 million reserve currently recorded on the Company's books as discussed above, the Company believes that it is less likely that this additional $24 million will be incurred and therefore has not recorded it on its books. The Company believes that all costs associated with the New Jersey MGP sites will be recoverable in rates or from insurance carriers. In New Jersey, the Company is currently recovering environmental costs on an annual basis through base rates and over a rolling seven-year period through its MGP Remediation Adjustment Clause. As a result, the Company has begun rate recovery of approximately $5.5 million of environmental costs incurred through June 30, 1998. Recovery of an additional $2.0 million in environmental costs incurred between July 1, 1998 and June 30, 1999 is currently pending NJBPU approval. With respect to costs that may be associated with the MGP sites located outside the state of New Jersey, the Company intends to pursue recovery from ratepayers, former owners and operators of the sites and from insurance carriers. However, the Company is not able, at this time, to express a belief as to whether any or all of these recovery efforts will ultimately be successful.

Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $68.6 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. As a result of the forthcoming unbundling of natural gas services in New Jersey, these contracts may result in the realization of stranded costs by the Company.

Management believes the outcome of these actions will not have a material adverse effect on the Company's results. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 2.7 billion cubic feet (Bcf) per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The Company is scheduled to repay $20 million of Medium-Term Notes in August 2002.

Market Risk Exposure

The Company's wholesale trading subsidiary, NUI Energy Brokers, uses derivatives for multiple purposes: i) to hedge price commitments and minimize the risk of fluctuating gas prices, ii) to take advantage of market information and opportunities in the marketplace, and iii) to fulfill its trading strategies and, therefore, ensure favorable prices and margins. These derivative instruments include forwards, futures, options and swaps.

The risk associated with uncovered derivative positions is closely monitored on a daily basis, and controlled in accordance with NUI Energy Brokers' Risk Management Policy. This policy has been approved by the Company's Board of Directors and dictates policies and procedures for all trading activities. The policy defines both value-at-risk (VaR) and loss limits, and all traders are required to read and follow this policy. At the end of each day, all trading positions are marked-to-market and a VaR is calculated. This information, as well as the status of all limits, is disseminated to senior management daily.

NUI Energy Brokers utilizes the variance/covariance VaR methodology. Using a 95 percent confidence interval and a one day time horizon, as of September 30, 1999, NUI Energy Brokers' VaR was $295,000.

Year 2000

Many existing computer programs and systems with embedded digital microcontrollers, use only two digits to identify a year in the date field, or were not designed in other ways to provide for the upcoming change in the century. If not corrected, many systems that use digital technology could fail or create errors that may result in a significant adverse impact on NUI's ability to provide service, its regulatory relations and financial condition.

NUI has developed a Risk Mitigation Plan (the Plan) as an internal guide to its systems readiness program. The purpose of the program is to mitigate the risks associated with Year 2000 technology issues. The Plan includes the following phases: (i) development of a detailed inventory of all information technology (IT) and non-IT systems that incorporate any technology component including embedded microprocessors and microcontrollers (Inventory Phase); (ii) assessment of those systems for Year 2000 vulnerability (Assessment Phase); (iii) remediation of the affected systems (Remediation Phase); and (iv) testing of sub-systems, hardware, operating and application software running as integrated systems (Testing Phase). In addition, the Plan requires (v) an analysis of the risk of system failure and the consequences of failure in order to focus testing resources and prioritization of resources under contingency plans (Risk Analysis). The Inventory, Assessment and the Risk Analysis Phases include material direct third-party suppliers and vendors. The final phase is (vi) contingency planning, which is described below.

Under the Plan, NUI has established an executive level Year 2000 Committee (the Committee) to monitor the Company's Year 2000 progress. The Committee is chaired by NUI's Senior Vice President, Chief Operating Officer and Chief Financial Officer, and includes the senior management of all NUI's business units, the Chief Information Officer, Chief Administrative Officer, General Counsel and Secretary and the Vice President of Corporate Development and Treasurer. The Committee receives monthly reports from a project coordinator and team. Members of the team are responsible for NUI gas distribution system controls, computer hardware, operating and communication systems, and for critical suppliers. The Chairman of the Committee reports to NUI's Board of Directors on Year 2000 issues on a periodic basis.

The Company has largely completed the first five phases referred to above. In addition, contingency plans, supplementing existing disaster recovery and business continuity plans, have been developed as necessary for the Company's own systems and its third-party relationships, in response to its assessments, remediation and testing activities. The specific actions identified include measures such as manual workarounds, deployment of backup or secondary technologies, rearranging work schedules, and substitution of suppliers, as appropriate.

NUI's systems and customers are vulnerable to systems operated by third parties that may not be Year 2000 ready. NUI has identified its critical direct suppliers and vendors and relies on its business partners/third parties to be responsible for the Year 2000 readiness of their offerings. These include, at the very highest level of importance, interstate pipeline suppliers, telecommunications carriers and electric suppliers. Interstate pipeline suppliers must appropriately schedule and control gas supplies to NUI's own distribution systems. Telecommunications carriers' digital circuits are used to control and monitor NUI's gas distribution system with voice circuits as emergency backup and for customers' reporting of emergencies. Electricity supplies are critical to NUI's customers for natural gas heating equipment and industrial process control.

NUI is assessing the Year 2000 readiness of its critical suppliers through face-to-face meetings and correspondence. Although numerous third parties have indicated to the Company in writing that they are addressing their Year 2000 issues on a timely basis, NUI will continue to work with these suppliers through the remainder of 1999 to gain greater assurance that appropriate steps are being taken to ensure security of supply and the continued accurate exchange of critical data.

The total estimated costs of assessing, remediating and testing NUI's systems for Year 2000 readiness is approximately $3.5 million, of which approximately $3.1 million has been incurred through September 30, 1999. Approximately 50 percent of these costs will relate to capital projects. The Company has and will continue to fund these costs from the operations of the Company.

Customers are dependent on NUI's reliable and secure gas supply, emergency response and billing services. Each of these services relies on the Company's computer systems. A failure in these systems could materially interrupt the normal flow of these services and significantly impact human safety and physical property and have a significant adverse financial impact on NUI, its customers and suppliers. NUI and third-party critical suppliers are also interdependent, and failure of third-party suppliers to be Year 2000 ready could significantly impact the Company's ability to serve its customers. Due to the general uncertainty of the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-parties, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the Company's results of operations or financial condition. The Plan is expected to significantly reduce the Company's level of uncertainty about the Year 2000 problem and the readiness of third parties. The Company believes that due to its Plan, the likelihood of major consequences should be reduced.

Effects of Inflation

The Company's tariffs provide purchased gas adjustment clauses through which rates charged to customers are adjusted for changes in the cost of gas on a reasonably current basis. Increases in other utility costs and expenses not otherwise offset by increases in revenues or reductions in other expenses could have an adverse effect on earnings due to the time lag associated with obtaining regulatory approval to recover such increased costs and expenses, and the uncertainty of whether regulatory commissions will allow full recovery of such increased costs and expenses.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company cautions that, while it believes such statements to be reasonable and are made in good faith, such forward-looking statements almost always vary from actual results, and the differences between assumptions made in making such statements and actual results can be material, depending upon the circumstances. Factors, which may make the actual results differ from anticipated results include, but are not limited to, economic conditions; unforeseen competition; weather conditions; fluctuations in the price of natural gas and other forms of energy; the outcome of certain assumptions made in regard to Year 2000 issues; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Company. Accordingly, investors should not rely upon these forward-looking statements in making investment decisions.

Item 8. Financial Statements and Supplementary Data

Consolidated financial statements of the Company as of September 30, 1999 and 1998 and for each of the three years in the period ended September 30, 1999, the auditors' report thereon, and the unaudited quarterly financial data for the two-year period ended September 30, 1999, are included herewith as indicated on "Index to Financial Statements and Schedule" on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information concerning directors and officers of the Company is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. Such Proxy Statement was filed with the Securities and Exchange Commission on December 27, 1999.

Item 11. Executive Compensation

Information concerning executive compensation is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. Such Proxy Statement was filed with the Securities and Exchange Commission on December 27, 1999.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information concerning security ownership of certain beneficial owners and management is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. Such Proxy Statement was filed with the Securities and Exchange Commission on December 27, 1999.

Item 13. Certain Relationships and Related Transactions

Information concerning certain relationships and related transactions is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. Such Proxy Statement was filed with the Securities and Exchange Commission on December 27, 1999.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) Consolidated financial statements of the Company as of September 30, 1999 and 1998 and for each of the three years in the period ended September 30, 1999 and the auditors' report thereon, and the unaudited quarterly financial data for the two-year period ended September 30, 1999 are included herewith as indicated on the "Index to Financial Statements and Schedule" on page F-1.

(2) The applicable financial statement schedule for the fiscal years 1999, 1998 and 1997 is included herewith as indicated on the "Index to Financial Statements and Schedule" on page F-1.

(3) Exhibits:

Exhibit No.	Description	Reference
2(i)	Letter Agreement, dated June 29, 1993, by and between NUI Corporation and Pennsylvania & Southern Gas Company	Incorporated by reference to Exhibit 2(i) to Registration Statement No. 33-50561
2(ii)	Agreement and Plan of Merger, dated as of July 27, 1993, by and between NUI Corporation and Pennsylvania & Southern Gas Company	Incorporated by reference to Exhibit 2(ii) to Registration Statement No. 33-50561
3(i)	Certificate of Incorporation, amended and restated as of December 1, 1995	Incorporated by reference to Exhibit 3(i) of NUI's Form 10-K Report for Fiscal 1995
3(ii)	By-Laws, amended and restated as of September 23, 1997	Incorporated by reference to Exhibit 3(ii) of NUI's Form 10-K Report for Fiscal 1997
4(i)	Rights Agreement between NUI Corporation and Mellon Securities Trust Company dated November 28, 1995	Incorporated by reference to NUI's Form 8-K dated December 1, 1995
10(i)	Service Agreement by and between Transcontinental Gas Pipe Line Corporation and Elizabethtown Gas Company ("EGC"), dated February 1, 1992 (#3686)	Incorporated by reference to Exhibit 10(i) to Registration Statement No. 33-50561
10(ii)	Service Agreement under Rate Schedule GSS by and between Transcontinental Gas Pipe Line Corporation and EGC, dated July 1, 1996	Incorporated by reference to Exhibit 10(ii) of NUI's Form 10-K Report for Fiscal 1997
10(iii)	Service Agreement under Rate Schedule LG-A by and between Transcontinental Gas Pipe Line Corporation and EGC, dated January 12, 1971, as amended 5/15/96	Filed herewith.
10(iv)	Service Agreement by and between Transcontinental Gas Pipe Line Corporation and EGC, dated November 1, 1995 (Contract #1.1997)	Incorporated by reference to Exhibit 10(iv) of NUI's Form 10-K Report for Fiscal 1996
10(v)	Service Agreement by and between Transcontinental Gas Pipe Line Corporation and EGC, dated November 1, 1995 (Contract #1.1995)	Incorporated by reference to Exhibit 10(v) of NUI's Form 10-K Report for Fiscal 1996

10(vi)	Firm Gas Transportation Agreement by and among Transcontinental Gas Pipe Line Corporation, EGC and National Fuel Gas Supply Corporation, dated November 1, 1984	Incorporated by reference to Exhibit 10(vi) to Registration Statement No. 33-50561
10(vii)	Service Agreement by and among Transcontinental Gas Pipe Line Corporation and EGC, dated November 1, 1995 (Contract #1.1998)	Incorporated by reference to Exhibit 10(vii) of NUI's Form 10-K Report for Fiscal 1996
10(viii)	Service Agreement for Rate Schedule CDS by and between Texas Eastern Transmission Corporation and EGC, dated December 1, 1993 (Contract #800361)	Incorporated by reference to Exhibit 10(viii) to NUI's Form 10-K Report for Fiscal 1994
10(ix)	Service Agreement under Rate Schedule FTS-7 by and between Texas Eastern Transmission Corporation and EGC, dated October 25, 1994 (Contract #331720)	Incorporated by reference to Exhibit 10(ix) to NUI's Form 10-K Report for Fiscal 1994
10(x)	Service Agreement for Rate Schedule FTS-5 by and between Texas Eastern Transmission Corporation and EGC, dated March 18, 1996 (Contract #331501)	Incorporated by reference to Exhibit 10(x) of NUI's Form 10-K Report for Fiscal 1997
10(xi)	Service Agreement under Rate Schedule FTS-8 by and between Texas Eastern Transmission Corporation and EGC, dated June 28, 1994 (Contract #331013)	Incorporated by reference to Exhibit 10(xi) to NUI's Form 10-K Report for Fiscal 1994
10(xii)	Firm Transportation Service Agreement under FTS-2 Rate Schedule by and between City Gas and Florida Gas Transmission, dated August 12, 1993	Incorporated by reference to Exhibit 10(xii) of NUI's Form 10-K Report for Fiscal 1997
10(xiii)	Service Agreement for Rate Schedule FTS-2 by and between Texas Eastern Transmission Corporation and EGC, dated June 1, 1993 (Contract #330788)	Incorporated by reference to Exhibit 10(xiii) to Registration Statement No. 33-50561
10(xiv)	Service Agreement under NTS Rate Schedule by and between Columbia Gas Transmission Corporation and EGC, dated November 1, 1993 (Contract #39275)	Incorporated by reference to Exhibit 10(xiv) to NUI's Form 10-K Report for Fiscal 1993
10(xv)	Service Agreement under SST Rate Schedule by and between Columbia Gas Transmission Corporation and EGC, dated November 1, 1993 (Contract #38045)	Incorporated by reference to Exhibit 10(xv) to NUI's Form 10-K Report for Fiscal 1993
10(xvi)	Service Agreement under FTS Rate Schedule by and between Columbia Gas Transmission Corporation and EGC, dated November 1, 1993 (Contract #37882)	Incorporated by reference to Exhibit 10(xvi) to NUI's Form 10-K Report for Fiscal 1993
10(xvii)	Gas Transportation Agreement under FT-G Rate Schedule by and between Tennessee Gas Pipeline Company and EGC (Contract #597), dated September 1, 1993	Incorporated by reference to Exhibit 10(xvii) to NUI's Form 10-K Report for Fiscal 1993
10(xviii)	Gas Transportation Agreement under FT-G Rate Schedule by and between Tennessee Gas Pipeline Company and EGC (Contract #603), dated September 1, 1993	Incorporated by reference to Exhibit 10(xviii) to NUI's Form 10-K Report for Fiscal 1993

10(xix)	Service Agreement by and between Transcontinental Gas Pipe Line Company and EGC, dated November 1, 1995 (Contract #3832)	Incorporated by reference to Exhibit 10(xix) of NUI's Form 10-K Report for Fiscal 1996
10(xx)	Firm Transportation Service Agreement under FTS-1 Rate Schedule by and between City Gas and Florida Gas Transmission dated October 1, 1993 (Contract # 5034)	Incorporated by reference to Exhibit 10(xx) of NUI's Form 10-K Report for Fiscal 1993
10(xxi)	Lease Agreement between EGC and Liberty Hall Joint Venture, dated August 17, 1987	Incorporated by reference to Exhibit 10(vi) of EGC's Form 10-K Report for Fiscal 1987
10(xxii)	1988 Stock Plan	Incorporated by reference to Exhibit 10(viii) to Registration Statement No. 33-21525
10(xxii)	First Amendment to 1988 Stock Plan	Incorporated by reference to Exhibit 10(xxxiii) to Registration Statement No. 33-46162
10(xxiii)	Form of Termination of Employment and Change in Control Agreements	Incorporated by reference to Exhibit 10(xxiii) of NUI's Form 10-K Report for Fiscal 1995
10(xxiv)	Firm Transportation Service Agreement under FTS-2 Rate Schedule by and between City Gas and Florida Gas Transmission, dated December 12, 1991 and Amendment dated November 12, 1993 (Contract #3608)	Incorporated by reference to Exhibit 10(xxiv) of NUI's Form 10-K Report for Fiscal 1994
10(xxv)	Service Agreement under Rate Schedule LG-A by and between Transcontinental Gas Pipeline and North Carolina Gas Service Division of Pennsylvania & Southern Gas Company, dated August 5, 1971	Incorporated by reference to Exhibit 10(xxv) of NUI's Form 10-K Report for Fiscal 1994
10(xxvi)	Service Agreement under Rate Schedule GSS by and between Transcontinental Gas Pipeline and North Carolina Gas Service, dated July 1, 1996	Incorporated by reference to Exhibit 10(xxvi) of NUI's Form 10-K Report for Fiscal 1997
10(xxvii)	1996 Employee Stock Purchase Plan	Incorporated by reference to Exhibit 10(xxvii) of NUI's Form 10-K Report for Fiscal 1996
10(xxviii)	Service Agreement under Rate Schedule FT by and between Transcontinental Gas Pipeline and North Carolina Gas Service Division of Pennsylvania & Southern Gas Company, dated February 1, 1992 (Contract # 0.3922)	Incorporated by reference to Exhibit 10(xxviii) of NUI's Form 10-K Report for Fiscal 1994
10(xxix)	1996 Directors Stock Purchase Plan	Incorporated by reference to Exhibit 10(xxix) of NUI's Form 10-K Report for Fiscal 1996

10(xxx)	Gas Storage Contract under Rate Schedule FS by and between Tennessee Gas Pipeline Company and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #2277)	Incorporated by reference to Exhibit 10(xxx) of NUI's Form 10-K Report for Fiscal 1994
10(xxxi)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #935)	Incorporated by reference to Exhibit 10(xxxi) of NUI's Form 10-K Report for Fiscal 1994
10(xxxii)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #936)	Incorporated by reference to Exhibit 10(xxxii) of NUI's Form 10-K Report for Fiscal 1994
10(xxxiii)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #959)	Incorporated by reference to Exhibit 10(xxxiii) of NUI's Form 10-K Report for Fiscal 1994
10(xxxiv)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #2157)	Incorporated by reference to Exhibit 10(xxxiv) of NUI's Form 10-K Report for Fiscal 1994
10(xxxv)	Employment Agreement, dated as of July 29, 1988, between NUI Corporation and Jack Langer	Incorporated by reference to Exhibit 10(xxxv) of NUI's Form 10-K Report for Fiscal 1994
10(xxxvi)	Service Agreement for Rate Schedule FT by and between Transcontinental Gas Pipe Line Corporation and EGC (Contract #1.0431) dated April 1, 1995	Incorporated by reference to Exhibit 10(xxxvi) of NUI's Form 10-K Report for Fiscal 1995
10(xxxvii)	Service Agreement for Rate Schedule FT by and between Transcontinental Gas Pipe Line Corporation and EGC (Contract #1.0445) dated April 1, 1995	Incorporated by reference to Exhibit 10(xxxvii) of NUI's Form 10-K Report for Fiscal 1995
10(xxxviii)	Service Agreement for Rate Schedule SS-1 by and between Texas Eastern Transmission Corporation and EGC (Contract (#400196) dated September 23, 1994	Incorporated by reference to Exhibit 10(xxxviii) of NUI's Form 10-K Report for Fiscal 1995
10(xxxix)	Gas Storage Agreement under Rate Schedule FS by and between Tennessee Gas Pipeline Company and EGC (Contract #8703) dated November 1, 1994	Incorporated by reference to Exhibit 10(xxxix) of NUI's Form 10-K Report for Fiscal 1995
10(xl)	Consulting Agreement, dated as of March 24, 1995, between NUI Corporation and John Kean	Incorporated by reference to Exhibit 10(xl) of NUI's Form 10-K Report for Fiscal 1995
10(xli)	Form of Deferred Compensation Agreement	Filed herewith.
10(xlii)	1996 Stock Option and Stock Award Plan	Incorporated by reference to Exhibit 10(xlii) of NUI's Form 10-K Report for Fiscal 1996
10(xliii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010003)	Incorporated by reference to Exhibit 10(xliii) of NUI's Form 10-K Report for Fiscal 1997

10(xliv)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010011)	Incorporated by reference to Exhibit 10(xliv) of NUI's Form 10-K Report for Fiscal 1997
10(xlv)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010012)	Incorporated by reference to Exhibit 10(xlv) of NUI's Form 10-K Report for Fiscal 1997
10(xlvi)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010013)	Incorporated by reference to Exhibit 10(xlvi) of NUI's Form 10-K Report for Fiscal 1997
10(xlvii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #020003)	Incorporated by reference to Exhibit 10(xlvii) of NUI's Form 10-K Report for Fiscal 1997
10(xlviii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #020005)	Incorporated by reference to Exhibit 10(xlviii) of NUI's Form 10-K Report for Fiscal 1997
10(xlix)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1998 (Contract #010032)	Filed herewith
10(l)	Agreement between T.I.C. Enterprises, L.L.C and United States Postal Service	Incorporated by reference to Exhibit 10(i) of NUI's Form 8-K filed 12/15/99.
12	Consolidated Ratio of Earnings to Fixed Charges	Filed herewith
21	Subsidiaries of NUI Corporation	Filed herewith
23	Consent of Independent Public Accountants	Filed herewith
27	Financial Data Schedule	Filed herewith

Exhibits listed above which have heretofore been filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, and which were designated as noted above and have not been amended, are hereby incorporated by reference and made a part hereof with the same effect as if filed herewith.

The Company is a party to various agreements with respect to long-term indebtedness to which the total amount of indebtedness authorized under each agreement, respectively, does not exceed 10% of the total assets of the Company on a consolidated basis. The Company hereby agrees to furnish to the Securities and Exchange Commission copies of such agreements upon request.

(b) Reports on Form 8-K:

On December 15, 1999, the Company filed a Form 8-k, Item 5, Other Events, reporting an agreement between its affiliate T.I.C. Enterprises, L. L. C and the United States Postal Service.

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

All other schedules are omitted because they are not required, are inapplicable or the information is otherwise shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To NUI Corporation:

We have audited the accompanying consolidated balance sheet and statement of consolidated capitalization of NUI Corporation (a New Jersey corporation) and Subsidiaries as of September 30, 1999 and 1998, and the related consolidated statements of income, cash flows and shareholders' equity, for each of the three years in the period ended September 30, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NUI Corporation and Subsidiaries as of September 30, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1999, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a)(2) is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

New York, New York
November 9, 1999

NUI Corporation and Subsidiaries
Consolidated Statement of Income
(Dollars in thousands, except per share amounts)

	Years Ended September 30,		
	1999	1998	1997
Operating Margins			
Operating revenues	$828,174	$828,036	$608,596
Less- Purchased gas and fuel	621,363	629,608	402,160
Energy taxes	14,148	18,852	33,598
	192,663	179,576	172,838
Other Operating Expenses			
Operations and maintenance	100,490	95,881	94,799
Depreciation and amortization	26,939	24,952	23,032
Restructuring and other non-recurring items	(3,954)	9,686	--
Other taxes	9,101	9,733	9,189
Income taxes	16,604	8,390	9,377
	149,180	148,642	136,397
Operating Income	43,483	30,934	36,441
Other Income and Expense, Net			
Equity in earnings (losses) of TIC Enterprises, LLC, net	1,223	(56)	1,334
Other	360	969	1,940
Income taxes	(554)	(320)	(1,146)
	1,029	593	2,128
Interest Expense	19,952	19,213	18,920
Net Income	$24,560	$12,314	$19,649
Net Income Per Share of Common Stock	$ 1.93	$ .98	$ 1.75
Dividends Per Share of Common Stock	$ .98	$ .98	$ .94
Weighted Average Number of Shares of Common Stock Outstanding	12,715,300	12,584,335	11,253,513

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Balance Sheet
(Dollars in thousands)

	September 30, 1999	1998
ASSETS		
Utility Plant		
Utility plant, at original cost	$779,131	$737,323
Accumulated depreciation and amortization	(256,898)	(234,484)
Unamortized plant acquisition adjustments, net	30,242	30,904
	552,475	533,743
Funds for Construction Held by Trustee	37,413	12,254
Investment in TIC Enterprises, LLC	24,905	23,874
Other Investments	1,385	1,687
Current Assets		
Cash and cash equivalents	1,561	929
Accounts receivable (less allowance for doubtful accounts of $1,697 in 1999 and $1,714 in 1998)	85,056	62,673
Fuel inventories, at average cost	28,573	34,937
Unrecovered purchased gas costs	901	8,061
Prepayments and other	50,108	37,790
	166,199	144,390
Other Assets		
Regulatory assets	51,615	50,475
Deferred assets	10,234	10,424
	61,849	60,899
	$844,226	$776,847
CAPITALIZATION AND LIABILITIES		
Capitalization (See accompanying statements)		
Common shareholders' equity	$237,318	$222,992
Preferred stock	--	--
Long-term debt	268,911	229,098
	506,229	452,090
Capital Lease Obligations	2,599	8,566
Current Liabilities		
Notes payable to banks	73,615	87,630
Current portion of capital lease obligations	7,776	1,810
Accounts payable, customer deposits and accrued liabilities	108,023	87,158
Federal income and other taxes	4,359	5,635
	193,773	182,233
Other Liabilities		
Deferred Federal income taxes	69,951	62,497
Unamortized investment tax credits	5,251	5,710
Environmental remediation reserve	33,981	33,981
Regulatory and other liabilities	32,442	31,770
	141,625	133,958
	$844,226	$776,847

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Cash Flows
(Dollars in thousands)

	Years Ended September 30,		
	1999	1998	1997
Operating Activities			
Net Income	$24,560	$12,314	$19,649
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	28,914	26,050	24,040
Deferred Federal income taxes	7,454	357	3,246
Non-cash portion of restructuring and other non-recurring items	(4,726)	7,301	-
Amortization of deferred investment tax credits	(459)	(461)	(464)
Other	3,237	1,743	1,020
Effects of changes in:			
Accounts receivable, net	(22,383)	1,826	(20,911)
Fuel inventories	6,364	(3,869)	(1,877)
Accounts payable, deposits and accruals	20,865	(7,347)	28,133
Over (under) recovered purchased gas costs	7,160	1,541	(2,614)
Other	(12,030)	(18,604)	(9,707)
Net cash provided by operating activities	58,956	20,851	40,515
Financing Activities			
Proceeds from sales of common stock, net of treasury stock purchased	340	3,658	28,204
Dividends to shareholders	(12,443)	(12,311)	(10,575)
Proceeds from issuance of long-term debt	39,813	--	53,569
Funds for construction held by trustee, net	(24,871)	16,670	18,784
Repayments of long-term debt	--	(54,600)	(950)
Principal payments under capital lease obligations	(1,810)	(1,792)	(1,730)
Net short-term (repayments) borrowings	(14,015)	33,202	(467)
Net cash (used for) provided by financing activities	(12,986)	(15,173)	86,835
Investing Activities			
Cash expenditures for utility plant	(47,213)	(59,969)	(51,366)
Investment in TIC Enterprises, LLC	--	--	(22,584)
Other	1,875	(3,573)	1,657
Net cash used in investing activities	(45,338)	(63,542)	(72,293)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 632	$(57,864)	$55,057
Cash and Cash Equivalents			
At beginning of period	$ 929	$ 58,793	$ 3,736
At end of period	$ 1,561	$ 929	$58,793
Supplemental Disclosures of Cash Flows			
Income taxes paid, net	$ 7,695	$ 6,482	$ 5,008
Interest paid	$ 20,732	$ 22,094	$19,760

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Capitalization
(Dollars in thousands)

	September 30, 1999	September 30, 1998
Long-Term Debt		
Gas facilities revenue bonds		
6.35% due October 1, 2022	$ 46,500	$ 46,500
6.40% due October 1, 2024*	20,000	20,000
Variable rate due June 1, 2026*	39,000	39,000
5.70% due June 1, 2032	54,600	54,600
5.25% due November 1, 2033*	40,000	--
Medium-term notes		
7.125% due August 1, 2002	20,000	20,000
8.35% due February 1, 2005	50,000	50,000
	270,100	230,100
Unamortized debt discount	(1,189)	(1,002)
	268,911	229,098
Preferred Stock, 5,000,000 shares authorized; none issued	--	--
Common Shareholders' Equity		
Common Stock, no par value; shares authorized: 30,000,000; shares outstanding: 12,750,270 in 1999 and 12,680,398 in 1998	209,984	207,356
Shares held in treasury: 122,219 in 1999 and 106,739 in 1998	(2,311)	(1,932)
Retained earnings	31,380	19,263
Unearned employee compensation	(1,735)	(1,695)
	237,318	222,992
Total Capitalization	$506,229	$452,090

* The total unexpended portions of the net proceeds from these bonds, amounting to $32.0 million and $7.1 million as of September 30, 1999 and September 30, 1998, respectively, are carried on the Company's consolidated balance sheet as funds for construction held by trustee, including interest earned thereon, until drawn upon for eligible construction expenditures.

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Shareholders' Equity
(Dollars in thousands)

	Common Stock				Unrealized Gain (Loss)-		
	Shares Outstanding	Paid-in Amount	Held in Treasury	Retained Earnings	Marketable Securities	Unearned Employee Compensation	Total
Balance, September 30, 1996	11,085,876	$171,968	$ (1,564)	$ 10,117	$ 389	$ (1,803)	$179,107
Common stock issued:							
Public offering	1,011,400	22,610					22,610
Other*	337,420	6,971					6,971
Treasury stock transactions	(5,744)		(51)				(51)
Net income				19,649			19,649
Cash dividends				(10,575)			(10,575)
Unrealized (loss)					(269)		(269)
Unearned compensation						(288)	(288)
ESOP transactions				69		1,068	1,137
Balance, September 30, 1997	12,428,952	$201,549	$ (1,615)	$ 19,260	$ 120	$ (1,023)	$218,291
Common stock issued*	259,710	5,807					5,807
Treasury stock transactions	(8,264)		(317)				(317)
Net income				12,314			12,314
Cash dividends				(12,311)			(12,311)
Unrealized (loss)					(120)		(120)
Unearned compensation						(672)	(672)
Balance, September 30, 1998	12,680,398	$207,356	$ (1,932)	$ 19,263	$ -	$ (1,695)	$222,992
Common stock issued*	85,352	2,628					2,628
Treasury stock transactions	(15,480)		(379)				(379)
Net income				24,560			24,560
Cash dividends				(12,443)			(12,443)
Unearned compensation						(40)	(40)
Balance, September 30, 1999	12,750,270	$209,984	$ (2,311)	$ 31,380	$ -	$ (1,735)	$237,318

** Represents common stock issued in connection with NUI Direct and various employee benefit plans.*

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include all operating divisions and subsidiaries of NUI Corporation (collectively referred to as the Company). The Company is a multi-state energy sales, services and distribution, and telecommunications company. Its utility operations distribute natural gas and related services in six states along the eastern seaboard and comprise Elizabethtown Gas (New Jersey), City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company's non-regulated subsidiaries include NUI Energy, Inc. (NUI Energy), an energy retailer; NUI Energy Brokers, Inc. (NUI Energy Brokers), an energy wholesaler; NUI Energy Solutions, Inc., an energy project development and consulting entity; NUI Environmental Group, Inc., an environmental project development subsidiary; Utility Business Services, Inc. (UBS), a customer and geographic information systems and services subsidiary; and International Telephone Group, Inc. (ITG), a telecommunications services subsidiary (see Note 2). The Company also provides sales outsourcing through its 49 percent equity interest in TIC Enterprises, LLC (TIC). All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

Regulation. The Company is subject to regulation as an operating utility by the public utility commissions of the states in which it operates.

Utility Plant. Utility plant is stated at its original cost. Depreciation is provided on a straight-line basis over the remaining estimated lives of depreciable property by applying rates as approved by the state commissions. The composite average annual depreciation rate was 3 percent in fiscal 1999, fiscal 1998, and fiscal 1997. At the time properties are retired, the original cost plus the cost of retirement, less salvage, is charged to accumulated depreciation. Repairs of all utility plant and replacements and renewals of minor items of property are charged to maintenance expense as incurred.

The net unamortized plant acquisition adjustments represent the remaining portion of the excess of the purchase price over the book value of net assets acquired. The excess is being amortized on a straight-line basis over 30 years from the date of acquisition. The results of operations of acquired entities have been included in the accompanying consolidated financial statements for the periods subsequent to their acquisition.

Operating Revenues and Purchased Gas and Fuel Costs. Operating revenues include accrued unbilled revenues through the end of each accounting period. Operating revenues also reflect adjustments attributable to weather normalization clauses that are accrued during the winter heating season and billed or credited to customers in the following year.

Costs of purchased gas and fuel for the Company's regulated utilities are recognized as expenses in accordance with the purchased gas adjustment clause applicable in each state. Such clauses provide for periodic reconciliations of actual recoverable gas costs and the estimated amounts that have been billed to customers. Under- or over-recoveries are deferred when they arise and are recovered from or refunded to customers in subsequent periods.

The Company's subsidiaries, NUI Energy Brokers and NUI Energy, mark-to-market through the income statement all trading positions, including forward sales and purchase commitments. (See Note 7 for a further description of the Company's use of derivative financial instruments.)

Environmental Reserve. The Company, with the aid of environmental consultants, regularly assesses the potential future costs associated with conducting investigative activities at each of the Company's sites and implementing appropriate remedial actions, as well as the likelihood of whether such actions will be necessary. The Company records a reserve if it is probable that a liability will be incurred and the amount of the liability can be reasonably estimated.

Stock Compensation. The Company follows the accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations in accounting for its employee stock-based compensation. The Company has elected to adopt the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" (SFAS 123), which requires proforma disclosure of the effect of adopting the accounting under SFAS 123. If the Company had adopted SFAS 123, there would not have been a material effect on the results of operations or financial position.

Income Taxes. The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", which requires the liability method to be used to account for deferred income taxes. Under this method, deferred income taxes related to tax and accounting basis differences are recognized at the statutory income tax rates in effect when the tax is expected to be paid.

Investment tax credits, which were generated principally in connection with additions to utility plant made prior to January 1, 1986, are being amortized over the estimated service lives of the properties that gave rise to the credits.

Regulatory Assets and Liabilities. The Company's utility operations follow the accounting for regulated enterprises prescribed by Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS 71). In general, SFAS 71 requires deferral of certain costs and obligations, based upon orders received from regulators, to be recovered from or refunded to customers in future periods. The following represents the Company's regulatory assets and liabilities deferred in the accompanying consolidated balance sheet as of September 30, 1999 and 1998 (in thousands):

	1999	1998
Regulatory Assets		
Environmental investigation and remediation costs	$35,950	$34,686
Unrecovered gas costs	1,082	2,265
Postretirement and other employee benefits	8,877	10,663
Deferred piping allowances	1,692	2,108
Other	4,014	753
	$51,615	$50,475
Regulatory Liabilities		
Net overcollection of income taxes	$5,183	$5,425
Refunds to customers	2,928	2,478
Other	426	302
	$8,537	$8,205

In the event that the provisions of SFAS 71 were no longer applicable, the Company would recognize a write-off of net regulatory assets (regulatory assets less regulatory liabilities) that would result in a charge to net income, which would be classified as an extraordinary item. However, although the gas distribution industry is becoming increasingly competitive, the Company's utility operations continue to recover their costs through cost-based rates established by the public utility commissions. As a result, the Company believes that the accounting prescribed under SFAS 71 remains appropriate.

Cash Equivalents. Cash equivalents consist of a money market account which invests in securities with original maturities of three months or less.

Net Income Per Share of Common Stock. Net income per share of common stock is based on the weighted average number of shares of NUI common stock outstanding. The Company follows the provisions of Statement of Financial Accounting Standards No. 128, "Earnings per Share", which requires computing and presenting basic and diluted earnings per share. The Company does not have other classes of stock or dilutive common stock equivalents. As such, there is no difference between basic and diluted earnings per share.

New Accounting Standards. In June 1999, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133". The Statement defers for one year the effective date of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). The rule requires that the Company adopt SFAS 133 in fiscal 2001. SFAS 133 was issued in June 1998 and establishes accounting and reporting standards regarding derivative instruments. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value as either an asset or liability, and that changes in the fair value be recognized currently in earnings unless certain criteria are met. At this time, the Company has elected not to adopt SFAS 133 prior to its effective date. Since both NUI Energy Brokers and NUI Energy currently utilize mark-to-market accounting, it is not anticipated that the adoption of SFAS 133 will have a material impact on net income when adopted.

2. Purchase of ITG

On November 12, 1999, the Company closed on its acquisition of International Telephone Group, Inc. (ITG). The acquisition was treated as a merger whereby ITG merged with and into a subsidiary of the Company. The purchase price totaled $3.8 million and included the issuance of 113,200 shares of NUI common stock, with the remainder paid in cash. ITG is a full service telephone company that provides its customers with a single service solution for all their telecommunication requirements including local, long distance, cellular, internet, and data communications services. The Agreement and Plan of Merger contains a provision whereby the previous shareholders of ITG will receive an additional $1.0 million in NUI common stock if ITG achieves certain revenue targets no later than December 31, 2003.

The acquisition is being accounted for as a purchase. The excess of the purchase price over the net assets of ITG is estimated to be approximately $4.5 million, which includes the additional earnings contingency noted above, and is expected to be amortized on a straight-line basis over a 20-year period.

3. Restructuring and Other Non-Recurring Items

In 1998, the Company commenced a reorganization effort that included early retirement programs for both non-bargaining and bargaining unit employees, as well as other workforce reductions. The reorganization efforts resulted in accounting charges and gains that were incurred in both fiscal 1999 and 1998. In fiscal 1999, the Company recognized approximately $4.0 million of pre-tax, non-recurring gains primarily relating to these reorganization efforts. In fiscal 1998, the Company incurred approximately $9.7 million of pre-tax, non-recurring charges primarily related to the reorganization effort. Specific detail on these non-recurring items follows.

In June 1998, the Company offered an early retirement program to its non-bargaining unit personnel. The program was accepted by 74 of the eligible 77 employees. In accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" (SFAS 88), the Company recorded a special termination charge of approximately $7.3 million during fiscal 1998 when the cost was recognizable. In March 1999, the Company recorded a settlement gain of approximately $6.8 million as a result of satisfaction of all future liabilities associated with these employees.

In January 1999, the Company offered an early retirement program to its bargaining unit employees in New Jersey. The program was accepted by 32 of the eligible 35 employees. In accordance with SFAS 88, the Company recorded a special termination charge of approximately $1.8 million in the second quarter of fiscal 1999 associated with these retirements. In June 1999, the Company recorded a settlement gain of approximately $3.2 million as the result of satisfaction of all future liabilities associated with these employees. Also in June 1999, the Company recorded an additional $0.6 million of other benefit expenses associated with these employees.

In fiscal 1999, the Company also recorded approximately $1.8 million of charges relating to the write-off of certain regulatory assets which will not be recovered through rates, as well as $1.8 million of charges relating to other items which were deemed to be separate from recurring earnings.

In fiscal 1998, the Company also recorded approximately $1.5 million of other benefit expenses associated with employees that accepted the early retirement program and approximately $0.9 million of other charges associated with the reorganization of the Company.

4. Capitalization

Long-Term Debt. On December 8, 1998, the Company issued $40 million of tax-exempt Gas Facilities Revenue Bonds at an interest rate of 5.25 percent. These bonds will mature in November 2033 and the proceeds will be used to finance a portion of the Company's capital expenditure program in New Jersey.

The Company deposits in trust the unexpended portion of the net proceeds from its Gas Facilities Revenue Bonds until drawn upon for eligible expenditures. As of September 30, 1999 and September 30, 1998, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were $32.0 million and $7.1 million, respectively, and are classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

The Company is scheduled to repay $20 million of Medium-Term Notes in August 2002.

Preferred Stock. The Company has 5,000,000 shares of authorized but unissued preferred stock. Shares of Series A Junior Participating Preferred Stock have been reserved for possible future issuance in connection with the Company's Shareholder Rights Plan, described below.

Shareholder Rights Plan. In November 1995, the Company's Board of Directors adopted a Shareholder Rights Plan under which shareholders of NUI common stock were issued as a dividend one right to buy one one-hundredth of a share of Series A Junior Participating Preferred Stock at a purchase price of $50 (Right) for each share of common stock held. The Rights initially attach to the shares of NUI common stock and can be exercised or transferred only if a person or group (an Acquirer), with certain exceptions, acquires, or commences a tender offer to acquire beneficial ownership of 15 percent or more of NUI common stock. Each Right, except those held by the Acquirer, may be used by the non-acquiring shareholders to purchase, at the Right's exercise price, shares of NUI common stock having a market value equivalent to twice the Right's exercise price, thus substantially reducing the Acquirer's ownership percentage.

The Company may redeem the Rights at $0.001 per Right at any time prior to the occurrence of any such event. All Rights expire on November 27, 2005.

Common Stock. The Company periodically issues shares of common stock in connection with NUI Direct, the Company's dividend reinvestment and stock purchase plan, and various employee benefit plans. Effective May 26, 1998, several of these plans commenced purchasing shares on the open market to fulfill the plans' requirements. Under the terms of these plans, the Company may periodically change the method of purchasing shares from open market purchases to purchases directly from the Company, or vice versa.

At September 30, 1999, shares reserved for issuance under the Company's common stock plans were: NUI Direct, 62,855; Savings and Investment Plan, 122,135; 1996 Stock Option and Stock Award Plan, 383,004; 1996 Employee Stock Purchase Plan, 122,253; and the 1996 Director Stock Purchase Plan, 23,083.

Stock Plans. The Company's Board of Directors believes that the interests of both directors and management should be closely aligned with those of shareholders. As a result, under the 1996 Stock Option and Stock Award Plan, and the 1996 Director Stock Purchase Plan, the Company has a long-term compensation program for directors, executive officers and key employees involving shares of NUI common stock.

Restricted shares of stock granted as long-term compensation for executive officers and key employees amounted to 75,900 in fiscal 1999, 74,600 in fiscal 1998 and 69,800 shares in fiscal 1997. As of September 30, 1999, a total of 147,809 shares of restricted stock that have been granted as long-term compensation are subject to future vesting requirements, and are restricted from resale.

Executive officers and key employees are eligible to be granted options for the purchase of NUI common stock at prices equal to the market price per share on the date of grant. The option must be exercised within 10 years from the date of grant. As of September 30, 1999 there were 5,000 options outstanding and exercisable at a price of $17.625 per share. During fiscal 1998, 4,800 options were exercised at a price of $15.77 per share. There were no other transactions during the last three fiscal years.

Dividend Restrictions. The Company's long-term debt agreements include, among other things, restrictions as to the payment of cash dividends. Under the most restrictive of these provisions, the Company was permitted to pay approximately $54 million of cash dividends at September 30, 1999.

5. Notes Payable to Banks

At September 30, 1999, the Company's outstanding notes payable to banks were $73.6 million with a combined weighted average interest rate of 5.8 percent. Unused lines of credit at September 30, 1999 were approximately $62.4 million.

The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were $68.2 million at 5.3 percent in fiscal 1999, $66.8 million at 5.7 percent in fiscal 1998 and $66.0 million at 5.5 percent in fiscal 1997.

6. Leases

Utility plant held under capital leases amounted to $24.3 million at September 30, 1999 and $24.6 million at September 30, 1998, with related accumulated amortization of $15.6 million and $14.3 million, respectively. These properties consist principally of leasehold improvements and office furniture and fixtures. A summary of future minimum payments for properties held under capital leases follows (in thousands):

2000	$7,981
2001	1,316
2002	1,093
2003	574
2004	126
2005 and thereafter	--
Total future minimum payments	11,090
Amount representing interest	(715)
Current portion of capital lease obligations	(7,776)
Capital lease obligations	$2,599

Minimum payments under noncancelable operating leases, which relate principally to office space, are approximately $3.3 million in each of fiscal years 2000 through 2004. Rents charged to operations expense were $5.1 million in fiscal 1999, $5.8 million in fiscal 1998 and $5.5 million in fiscal 1997.

7. Financial Instruments

Derivatives. The Company's wholesale trading subsidiary, NUI Energy Brokers, utilizes the following financial instruments to provide competitive energy supplies and enhance the Company's profitability: forward contracts, which commit the Company to purchase or sell physical natural gas in the future; swap agreements, which require payments to (or receipt of payments from) counterparties based on the differential between a fixed price and an index price of natural gas; and futures and options contracts, bought on the New York Mercantile Exchange (NYMEX), to buy or sell natural gas at a fixed price in the future.

NUI Energy Brokers accounts for its risk management activities by marking-to-market all trading positions, and calculating a value-at-risk, on a daily basis. The values used for these calculations reflect NYMEX settlement prices, established pricing models, and quoted market volatilities. The Company manages open positions with a strict Risk Management Policy that limits its exposure to market risks and requires that any breach of policy be reported to senior management.

Margin requirements for natural gas futures contracts are recorded in other current assets. Realized and unrealized gains and losses are recorded in the consolidated statement of income under purchased gas and fuel. At September 30, 1999, NUI Energy Brokers' futures positions consisted of 2,793 long contracts and 2,715 short contracts at prices ranging from $2.080 to $3.223 per Mcf, none of which extend beyond December 2001, representing 55,080 MMcf of natural gas. Their options positions consisted of 1,339 puts and calls at varying strike prices, none of which extend beyond August 2000. In addition, NUI Energy Brokers has forward sales and purchase commitments associated with contracts totaling approximately 192,000 MMcf of natural gas, with terms extending through December 2005. During fiscal 1999, NUI Energy Brokers reduced their margin deposits with brokers by approximately $1.2 million to $4.3 million. Net realized and unrealized gains on derivative trading for fiscals 1999 and 1998 totaled $9.0 million and $2.8 million, respectively, which have been included in income.

The Company is exposed to credit risk in the event of default or non-performance by one of its trading partners. The Company adheres to credit policies that management believes minimizes overall credit risk.

Other Financial Instruments. The fair value of the Company's cash equivalents, funds for construction held by trustee and notes payable to banks are approximately equivalent to their carrying value. The carrying value of the Company's long-term debt exceeded its fair value by approximately $2 million as of September 30, 1999, while the carrying value was lower than its fair value by approximately $19 million as of September 30, 1998. The fair value of long-term debt was estimated based on quoted market prices for the same or similar issues.

8. Consolidated Taxes

The provision for Federal and State income taxes was comprised of the following (in thousands):

	1999	1998	1997
Currently payable -			
Federal	$5,759	$6,747	$7,205
State	4,265	2,166	595
Deferred -			
Federal	7,454	357	3,246
State	139	(99)	(59)
Amortization of investment tax credits	(459)	(461)	(464)
Total provision for income taxes	$17,158	$8,710	$10,523

The components of the Company's net deferred Federal tax liability (asset) as of September 30, 1999 and 1998 are as follows (in thousands):

	1999	1998
Depreciation and other utility plant differences	$59,434	$55,093
Plant acquisition adjustments	9,627	10,023
Alternative minimum tax credit	(3,614)	(5,008)
Unamortized investment tax credit	(2,140)	(1,823)
Deferred charges and regulatory assets	3,948	5,522
Energy taxes	580	1,953
Pension	4,723	2,491
Other	(2,607)	(5,754)
	$69,951	$62,497

The alternative minimum tax credit can be carried forward indefinitely to reduce the Company's future tax liability.

The Company's effective income tax rates differ from the statutory Federal income tax rates due to the following (in thousands):

	1999	1998	1997
Pre-tax income	$41,718	$21,024	$30,172
Federal income taxes computed at Federal statutory tax rate of 35%	14,601	7,358	10,560
Increase (reduction) resulting from:			
Excess of book over tax depreciation	341	357	354
Amortization of investment tax credits	(459)	(461)	(464)
Federal benefit of state tax provision	(1,541)	(723)	(188)
Other, net	(188)	112	(275)
Total provision for Federal income taxes	12,754	6,643	9,987
Provision for State income taxes	4,404	2,067	536
Total provision for income taxes	17,158	8,710	10,523
(Less) provision included in other income and expense	(554)	(320)	(1,146)
Provision for income taxes included in operating expenses	$16,604	$8,390	$9,377

9. Retirement Benefits

During the current year, the Company was required to adopt Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits" (SFAS 132). SFAS 132 amended the disclosure requirements of the Company's pension and postretirement benefits information, while not changing the manner in which these items are recorded.

Pension Benefits. The Company has non-contributory defined benefit retirement plans which cover all of its employees other than the City Gas of Florida union employees who participate in a union-sponsored multi-employer plan. The Company funds its plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974 and makes contributions to the union sponsored plan in accordance with its contractual obligations. Benefits paid under the Company's plans are based on years of service and levels of compensation. The Company's actuarial calculation of pension expense is based on the projected unit cost method.

The changes in the pension benefit obligation for the Company's plans were as follows (in thousands):

	1999	1998
Benefit obligation at beginning of year	$114,233	$88,942
Service cost	2,446	2,370
Interest cost	6,281	6,459
Amendments	5,990	8,583
Actuarial (gain) loss	(9,603)	14,797
Benefits paid	(38,502)	(6,918)
Benefit obligation at end of year	$80,845	$114,233

The change in the Company's plan assets were as follows (in thousands):

	1999	1998
Fair value of plan assets at beginning of year	$140,975	$137,290
Actual return on plan assets	46,450	10,603
Benefits paid	(38,502)	(6,918)
Fair value of plan assets at end of year	$148,923	$140,975

The reconciliation of the funded status of the Company's funded plans as of September 30, 1999 and 1998 was as follows (in thousands):

	1999	1998
Funded status	$80,845	$114,233
Market value of plan assets	148,923	140,975
Plan assets in excess of projected benefit obligation	68,078	26,742
Unrecognized net gain	(52,484)	(20,973)
Unrecognized prior service cost	3,361	543
Unrecognized net transition asset	(967)	(1,967)
Pension prepayment	$17,988	$ 4,345

The projected benefit obligation was calculated using a discount rate of 7.5 percent in fiscal 1999 and 6.5 percent in fiscal 1998, and an assumed annual increase in compensation levels of 4 percent in both fiscal 1999 and fiscal 1998. The expected long-term rate of return on assets was calculated at 9.75 percent in both fiscal 1999 and 1998. The assets of the Company's funded plans are invested primarily in publicly traded fixed income and equity securities.

The components of pension expense for the Company's plans were as follows (in thousands):

	1999	1998	1997
Service cost	$2,446	$2,370	$1,849
Interest cost	6,281	6,459	6,480
Expected return on plan assets	(13,048)	(13,111)	(36,984)
Net amortization and deferral	(1,069)	(2,407)	26,089
Special termination benefits	1,799	7,301	1,150
Settlement gain	(10,051)	-	-
Pension (credit) expense	$(13,642)	$ 612	$(1,416)

Certain key employees also participate in an unfunded supplemental retirement plan. The projected benefit obligation under this plan was $6.5 million as of September 30, 1999 and $5.8 million as of September 30, 1998, and the expense for this plan was approximately $0.7 million in both fiscals 1999 and 1998, and $0.6 million in fiscal 1997.

Postretirement Benefits Other Than Pensions. The Company provides certain health care benefits to all retirees receiving benefits under a Company pension plan other than the City Gas Company of Florida plan, who reach retirement age while working for the Company.

The Company accounts for these plans under Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106), which, among other things, requires companies to accrue the expected cost of providing other postretirement benefits to employees and their beneficiaries during the years that eligible employees render the necessary service. The Company does not currently fund these future benefits.

The changes in the postretirement benefit obligation for the Company's plans were as follows (in thousands):

	1999	1998
Benefit obligation at beginning of year	$31,421	$22,933
Service cost	1,243	813
Interest cost	2,087	1,683
Actuarial (gain) loss	(4,174)	6,997
Benefits paid	(1,345)	(1,035)
Other	15	30
Benefit obligation at end of year	$29,247	$31,421

The change in the Company's plan assets were as follows (in thousands):

	1999	1998
Fair value of plan assets at beginning of year	$ -	$ -
Employer contributions	2,830	1,014
Plan participants' contributions	15	21
Benefits paid	(1,345)	(1,035)
Fair value of plan assets at end of year	$1,500	$ -

The reconciliation of the funded status of the Company's postretirement plans other than pensions as of September 30, 1999 and 1998, was as follows (in thousands):

	1999	1998
Funded status	$27,747	$31,421
Unrecognized transition obligation	(9,616)	(11,603)
Unrecognized net (loss)	(3,568)	(8,204)
Accrued postretirement benefit obligation	$14,563	$11,614

The components of postretirement benefit expense other than pensions for the years ended September 30, 1999 and 1998, were as follows (in thousands):

	1999	1998
Service cost	$1,242	$ 813
Interest cost	2,089	1,683
Amortization of transition obligation	730	774
Other	217	8
Net postretirement expense	$4,278	$3,278

The health care trend rate assumption is 9.4 percent in 2000 gradually decreasing to 5.5 percent for the year 2006 and later. The discount rate used to compute the accumulated postretirement benefit obligation was 7.5 percent in fiscal 1999 and 6.5 percent in fiscal 1998. An increase in the health care trend rate assumption by one percentage point in all years would increase the accumulated postretirement benefit obligation by approximately $4.7 million and the aggregate annual service and interest costs by approximately $0.8 million.

On September 23, 1998, the New Jersey Board of Public Utilities (NJBPU) issued an order approving the Company's petition to increase its base rates in New Jersey by approximately $2.4 million annually to recover postretirement benefits computed under SFAS 106. The rate increase was effective October 1, 1998 and allows for previously deferred costs, as well as future SFAS 106 costs, to be recovered over a rolling 15-year period. The Company has previously received an order from the North Carolina Utilities Commission to include in rates the amount of postretirement benefit expense other than pensions computed under SFAS 106.

The Company continually evaluates alternative ways to manage these benefits and control their costs. Any changes in the plan or revisions to assumptions that affect the amount of expected future benefit may have a significant effect on the amount of the reported obligation and the annual deferral and expense.

10. Business Segment Information

During the current fiscal year, the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 is based on disclosing information under the "management approach" which relates to the way management uses information to evaluate performance, make operating decisions and allocate resources among the various segments. The adoption of SFAS 131 did not affect the results of operations or financial position of the Company, but did affect the disclosure of segment information for each of the fiscal years presented.

The Company's operations are organized and managed by three primary segments: Distribution Services, Energy Sales and Services and Customer Services. The Distribution Services segment distributes natural gas in six states through the Company's regulated utility divisions. The Energy Sales and Services segment reflects the operations of the Company's NUI Energy, NUI Energy Brokers and NUI Energy Solutions subsidiaries, as well as off-system sales by the utility divisions. The Customer Services segment provides appliance repair and maintenance, mapping services to outside utilities and payment processing and collections primarily for water and waste-water usage. The Company also has corporate operations that do not generate any revenues or operating margins.

The following table provides information concerning the major segments of the Company for each of the three fiscal years ended September 30, 1999, 1998 and 1997. Revenues and operating margins include intersegment sales to affiliated entities, which are eliminated in consolidation. Identifiable assets include only those attributable to the operations of each segment. All of the Company's operations are in the United States and therefore do not need separate disclosure by geographic region. Certain reclassifications have been made to prior year segment data to conform with the current year's presentation.

(Dollars in thousands)	1999	1998	1997
Revenues:			
Distribution Services	$378,099	$390,046	$417,422
Energy Sales & Services	462,415	427,300	180,111
Customer Services	19,112	17,696	15,209
Intersegment Revenues	(31,452)	(7,006)	(4,146)
Total Revenues	$828,174	$828,036	$608,596
Operating Margins:			
Distribution Services	$162,264	$158,412	$153,115
Energy Sales & Services	13,319	5,441	6,429
Customer Services	19,112	17,696	15,209
Intersegment Operating Margins	(2,032)	(1,973)	(1,915)
Total Operating Margins	$192,663	$179,576	$172,838
Pre-Tax Operating Income:			
Distribution Services	$49,551	$50,704	$45,646
Energy Sales & Services	6,585	(1,744)	1,081
Customer Services	1,404	726	(1,032)
Total Pre-Tax Operating Income	$57,540	$49,686	$45,695
Depreciation & Amortization:			
Distribution Services	$22,577	$20,904	$20,024
Energy Sales & Services	238	243	50
Customer Services	2,140	2,221	2,006
Total Depreciation & Amortization	$24,955	$23,368	$22,080
Identifiable Assets:			
Distribution Services	$710,743	$678,776	$714,161
Energy Sales & Services	70,220	39,849	28,638
Customer Services	14,976	14,866	14,885
Total Identifiable Assets	$795,939	$733,491	$757,684
Capital Expenditures:			
Distribution Services	$39,471	$54,809	$41,223
Energy Sales & Services	495	457	506
Customer Services	2,440	1,682	1,289
Total Capital Expenditures	$42,406	$56,948	$43,018

A reconciliation of the Company's segment pre-tax operating income, depreciation and amortization, identifiable assets and capital expenditures to amounts reported on the consolidated financial statements is as follows:

(Dollars in thousands)	1999	1998	1997
Segment Pre-Tax Operating Income	$57,540	$49,686	$45,695
Non-segment pre-tax operating (loss) income	(1,407)	(676)	123
Non-recurring items	3,954	(9,686)	-
Operating income taxes	(16,604)	(8,390)	(9,377)
Operating income	$43,483	$30,934	$36,441
Segment Depreciation & Amortization	$24,955	$23,368	$22,080
Non-segment depreciation & amortization	1,984	1,584	952
Depreciation & Amortization	$26,939	$24,952	$23,032
Segment Identifiable Assets	$795,939	$733,491	$757,684
Non-segment identifiable assets	48,287	43,356	45,981
Total Assets	$844,226	$776,847	$803,665
Segment Capital Expenditures	$42,406	$56,948	$43,018
Non-segment capital expenditures	5,523	3,918	9,261
Total Capital Expenditures	$47,929	$60,866	$52,279

11. Commitments and Contingencies

Commitments. Capital expenditures are expected to be approximately $51 million in fiscal 2000.

Environmental Matters. The Company is subject to federal and state laws with respect to water, air quality, solid waste disposal and employee health and safety matters, and to environmental regulations issued by the United States Environmental Protection Agency (EPA), the New Jersey Department of Environmental Protection (NJDEP) and other federal and state agencies.

The Company owns, or previously owned, certain properties on which manufactured gas plants (MGP) were operated by the Company or by other parties in the past. In New Jersey, the Company has reported the presence of the six MGP sites to the EPA, the NJDEP and the New Jersey Board of Public Utilities (NJBPU). In 1991, the NJDEP issued an Administrative Consent Order for the MGP site located at South Street in Elizabeth, New Jersey, wherein the Company agreed to conduct a remedial investigation and to design and implement a remediation plan. In 1992 and 1993, the Company entered into a Memorandum of Agreement with the NJDEP for each of the other five New Jersey MGP sites. Pursuant to the terms and conditions of the Administrative Consent Order and the Memoranda of Agreement, the Company is conducting remedial activities at all six sites with oversight from the NJDEP.

The Company also owns, or previously owned, 10 former MGP facilities located in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. The Company has joined with other North Carolina utilities to form the North Carolina Manufactured Gas Plant Group (the MGP Group). The MGP Group has entered into a Memorandum of Understanding with the North Carolina Department of Environment, Health and Natural Resources (NCDEHNR) to develop a uniform program and framework for the investigation and remediation of MGP sites in North Carolina. The Memorandum of Understanding contemplates that the actual investigation and remediation of specific sites will be addressed pursuant to Administrative Consent Orders between the NCDEHNR and the responsible parties. The NCDEHNR has sought the investigation and remediation of sites owned by members of the MGP Group and has entered into Administrative Consent Orders with respect to four such sites. None of these four sites are currently or were previously owned by the Company.

Based on the most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which is the minimum amount that the Company expects to expend during the next 20 years. The reserve is net of approximately $4 million, which will be borne by a prior owner and operator of two of the New Jersey sites in accordance with a cost sharing agreement. Of this reserve, approximately $30 million relates to the six New Jersey MGP sites and approximately $4 million relates to the 10 sites located outside New Jersey. However, the Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial activities, if necessary, with respect to all of its MGP sites may exceed this reserve by an amount that could range up to an additional $24 million and be incurred during a future period of time that may range up to 50 years. Of this additional $24 million in possible future expenditures, approximately $12 million relates to the New Jersey MGP sites and approximately $12 million relates to the sites located outside New Jersey. As compared with the $34 million reserve currently recorded on the Company's books as discussed above, the Company believes that it is less likely that this additional $24 million will be incurred and therefore has not recorded it on its books.

The Company's prudently incurred remediation costs for the New Jersey MGP sites have been authorized by the NJBPU to be recoverable in rates. The most recent NJBPU base rate order permits the Company to utilize full deferred accounting for expenditures related to its New Jersey sites and provides for the recovery of $130,000 annually. As of July 1996, the Company is also able to recover MGP expenditures over a rolling seven-year period through its NJBPU approved MGP Remediation Adjustment Clause. As a result, the Company has begun rate recovery of approximately $5.5 million of environmental costs incurred through June 30, 1998. Recovery of an additional $2.0 million in environmental costs incurred between July 1, 1998 and June 30, 1999 is currently pending NJBPU approval. Accordingly, the Company has recorded a regulatory asset of approximately $34 million as of September 30, 1999, reflecting the future recovery of environmental remediation liabilities related to New Jersey MGP sites. The Company has also been successful in recovering a portion of MGP remediation costs incurred for the New Jersey sites from the Company's insurance carriers and continues to pursue additional recovery. With respect to costs associated with the remaining MGP sites located outside New Jersey, the Company intends to pursue recovery from ratepayers, former owners and operators, and insurance carriers, although the Company is not able to express a belief as to whether any or all of these recovery efforts will be successful. The Company is working with the regulatory agencies to prudently manage its MGP costs so as to mitigate the impact of such costs on both ratepayers and shareholders.

Gas Procurement Contracts. Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $68.6 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. As a result of the forthcoming unbundling of natural gas services in New Jersey, these contracts may result in the realization of stranded costs by the Company. Management believes the outcome of these actions will not have a material adverse effect on the Company's results. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 2.7 billion cubic feet (Bcf) per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

Other. The Company is involved in various claims and litigation incidental to its business. In the opinion of management, none of these claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

12. Unaudited Quarterly Financial Data

The quarterly financial data presented below reflects the seasonal nature of the Company's operations which normally results in higher earnings during the heating season, which is primarily in the first two fiscal quarters. (in thousands, except per share amounts):

	Fiscal Quarters			
	First	Second	Third	Fourth
1999:				
Operating Revenues	$229,598	$254,562	$160,678	$183,336
Operating Income	12,416	22,556	6,575	1,936
Net Income (Loss)	6,918	17,762	2,424	(2,544)
Net Income (Loss) Per Share	0.55	1.40	0.19	(0.20)
1998:				
Operating Revenues	$235,938	$258,798	$169,004	$164,296
Operating Income (Loss)	11,907	19,673	4,009	(4,655)
Net Income (Loss)	7,421	15,063	(432)	(9,738)
Net Income (Loss) Per Share	0.60	1.20	(0.03)	(0.77)

During the second quarter of fiscal 1999, the company recorded after-tax non-recurring income and other non-recurring items totaling $1.3 million ($2.1 million before income taxes), or $0.10 per share (see Note 3).

During the third quarter of fiscal 1999, the company recorded after-tax non-recurring income and other non-recurring items totaling $1.1 million ($1.9 million before income taxes), or $0.08 per share (see Note 3).

During the fourth quarter of fiscal 1998, the Company recorded after-tax restructuring and other non-recurring charges totaling $5.9 million ($9.7 million before income taxes), or $0.47 per share (see Note 3).

Quarterly net income (loss) per share in both fiscal 1999 and fiscal 1998 does not total to the annual amounts due to rounding and to changes in the average common shares outstanding.

SCHEDULE II

NUI Corporation and Subsidiaries
Valuation and Qualifying Accounts
For each of the Three Years in the
Period Ended September 30, 1999
(Dollars in thousands)

Description	Balance, Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Other	Deductions	Balance, End of Period
1999					
Allowance for doubtful accounts	$ 1,714	$ 1,832	$ 699[a]	$ 2,514[b]	$ 1,697
Environmental remediation reserve	$ 33,981	--	--	--	$ 33,981
Restructuring reserve	$ 556	149	--	705	$ 0
1998					
Allowance for doubtful accounts	$ 2,318	$ 2,942	$ 224[a]	$ 3,770[b]	$ 1,714
Environmental remediation reserve	$ 33,981	--	--	--	$ 33,981
Restructuring reserve	$ 0	1,008	--	452	$ 556
1997					
Allowance for doubtful accounts	$ 2,288	$ 2,305	$ 1,088[a]	$ 3,363[b]	$ 2,318
Environmental remediation reserve	$ 33,981	--	--	--	$ 33,981

[a] Recoveries

[b] Uncollectible amounts written off.

EXHIBIT NO. 12

NUI CORPORATION AND SUBSIDIARIES
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in thousands)

	Year Ended September 30, 1999	1998	1997	1996	1995
Income from continuing operations before income taxes	$41,718	$21,024	$30,172	$23,040	$ 8,644
Less:					
Adjustment related to equity investments	(631)	(402)	(2,317)	--	--
Add:					
Interest element of rentals charged to income (a)	3,144	3,239	3,299	2,930	3,220
Interest expense	21,836	20,496	21,374	19,808	20,032
Earnings as defined	$66,067	$44,357	$52,528	$45,782	$31,896
Interest expense	21,836	20,496	21,374	19,808	19,814
Capitalized interest	83	272	186	150	218
Interest element of rentals charged to income (a)	3,144	3,239	3,299	2,930	3,220
Fixed charges as defined	$25,063	$24,007	$24,859	$22,888	$23,252
Consolidated ratio of earnings to fixed charges	2.64	1.85	2.11	2.00	1.37

(a) Includes the interest element of rentals where determinable plus 1/3 of rental expense where no readily defined interest element can be determined.

EXHIBIT NO. 21

SUBSIDIARIES OF NUI CORPORATION

NUI Capital Corp. (a Florida Corporation) is a wholly-owned subsidiary of NUI Corporation.

NUI Energy, Inc. (a Delaware Corporation), NUI Energy Brokers, Inc. (a Delaware Corporation), Utility Business Services, Inc. (a New Jersey Corporation), NUI Environmental Group, Inc. (a New Jersey Corporation), NUI Energy Solutions Inc. (a New Jersey Corporation), NUI Sales Management, Inc. (a Delaware Corporation), NUI International, Inc. (a Delaware Corporation) and International Telephone Group, Inc. (a New Jersey Corporation) are wholly-owned subsidiaries of NUI Capital Corp.

NUI/Caritrade International, L.L.C. (a Delaware Limited Liability Company) is a wholly-owned subsidiary of NUI International, Inc.

EXHIBIT NO. 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated November 9, 1999, included in the Form 10-K, into the Company's previously filed Registration Statements File No. 33-56509 relating to Amendment No. 1 to Form S-3 Registration Statement, File No. 33-51459 relating to NUI Direct, File No. 33-57183 relating to the Savings and Investment Plan, File No. 33-24169 relating to the 1988 Stock Plan, File No. 333-02425 relating to the 1996 Stock Option and Stock Award Plan, File No. 333-02421 relating to the Employee Stock Purchase Plan, File No. 333-02423 relating to the 1996 Director Stock Purchase Plan, and File No. 333-92817 relating to Form S-3 Registration Statement.

ARTHUR ANDERSEN LLP

New York, New York
December 20, 1999

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Bedminster, State of New Jersey, on the day of December 20, 1999

NUI CORPORATION

By: JAMES R. VAN HORN
Chief Administrative Officer,
General Counsel and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

JOHN KEAN, JR.	President, Chief Executive Officer and Director (Principal executive officer)	December 20 , 1999
JOHN KEAN	Chairman and Director	December 20, 1999
A. MARK ABRAMOVIC	Senior Vice President, Chief Operating Officer and Chief Financial Officer (Principal financial and accounting officer)	December 20, 1999
JAMES J. FORESE	Director	December 20 , 1999
DR. VERA KING FARRIS	Director	December 20, 1999
J. RUSSELL HAWKINS	Director	December 20, 1999
BERNARD S. LEE	Director	December 20, 1999
R. V. WHISNAND	Director	December 20, 1999
JOHN WINTHROP	Director	December 20, 1999

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to____________________

Commission File Number 1-8353 ________________

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	**22-1869941**
(State of incorporation)	(IRS employer identification no.)

550 Route 202-206, PO Box 760, Bedminster, New Jersey 07921-0760
(Address of principal executive offices, including zip code)

(908) 781-0500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 2000: Common Stock, No Par Value: 12,842,177 shares outstanding.

NUI Corporation and Subsidiaries
Consolidated Statement of Income (Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended December 31, 1999	1998
Operating Margins		
Operating revenues	$233,692	$229,598
Less – Purchased gas and fuel	175,010	174,921
Energy taxes	4,138	4,028
	54,544	50,649
Other Operating Expenses		
Operations and maintenance	26,422	24,422
Depreciation and amortization	7,613	6,915
Other taxes	2,181	1,973
	36,216	33,310
Pre-Tax Operating Income	18,328	17,339
Other Income and Expense		
Equity in earnings (losses) of TIC Enterprises, LLC, net	227	(158)
Other	42	67
	269	(91)
Interest Expense	5,625	5,439
Net Income Before Income Taxes	12,972	11,809
Income Taxes	5,335	4,891
Net Income	$ 7,637	$ 6,918
Net Income Per Share of Common Stock	$ 0.60	$ 0.55
Dividends Per Share of Common Stock	$ 0.245	$ 0.245
Weighted Average Number of Shares of Common Stock Outstanding	12,776,434	12,673,187

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Balance Sheet
(Dollars in thousands)

	December 31, 1999 (Unaudited)	September 30, 1999 (*)
ASSETS		
Utility Plant		
Utility plant, at original cost	$788,782	$779,131
Accumulated depreciation and amortization	(263,197)	(256,898)
Unamortized plant acquisition adjustments	29,828	30,242
	555,413	552,475
Funds for Construction Held by Trustee	36,661	37,413
Investment in TIC Enterprises, LLC, net	25,132	24,905
Other Investments	1,350	1,385
Current Assets		
Cash and cash equivalents	3,192	1,561
Accounts receivable (less allowance for doubtful accounts of $1,823 and $1,697, respectively)	110,514	85,056
Fuel inventories, at average cost	20,309	28,573
Unrecovered purchased gas costs	10,846	901
Prepayments and other	55,307	50,108
	200,168	166,199
Other Assets		
Regulatory assets	51,095	51,615
Deferred charges	14,533	10,234
	65,628	61,849
	$884,352	$844,226
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	$245,083	$237,318
Preferred stock	-	-
Long-term debt	268,920	268,911
	514,003	506,229
Capital Lease Obligations	2,864	2,599
Current Liabilities		
Notes payable to banks	98,805	73,615
Current portion of capital lease obligations	7,559	7,776
Accounts payable, customer deposits and accrued liabilities	105,005	108,023
Federal income and other taxes	13,263	4,359
	224,632	193,773
Deferred Credits and Other Liabilities		
Deferred Federal income taxes	71,223	69,951
Unamortized investment tax credits	5,136	5,251
Environmental remediation reserve	33,865	33,981
Regulatory and other liabilities	32,629	32,442
	142,853	141,625
	$884,352	$844,226

**Derived from audited financial statements.*
See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Cash Flows (Unaudited)
(Dollars in thousands)

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998
Operating Activities		
Net income	$7,637	$6,918
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	7,620	6,915
Deferred Federal income taxes	1,272	1,272
Amortization of deferred investment tax credits	(115)	(115)
Other	857	693
Effect of changes in:		
Accounts receivable, net	(24,100)	(53,226)
Fuel inventories	8,264	6,324
Accounts payable, deposits and accruals	(5,194)	18,705
(Under) over recovered purchased gas costs	(9,945)	943
Other	3,389	863
Net cash used in operating activities	(10,315)	(10,708)
Financing Activities		
Proceeds from sales of common stock, net of treasury stock purchased	79	105
Dividends to shareholders	(3,163)	(3,106)
Proceeds from issuance of long-term debt	-	40,000
Funds for construction held by trustee, net	1,196	(35,881)
Principal payments under capital lease obligations	(595)	(445)
Net short-term borrowings	24,955	18,750
Net cash provided by financing activities	22,472	19,423
Investing Activities		
Cash expenditures for utility plant	(9,867)	(8,447)
Investment in ITG	(688)	-
Other	29	(118)
Net cash used in investing activities	(10,526)	(8,565)
Net increase in cash and cash equivalents	$1,631	$150
Cash and Cash Equivalents		
At beginning of period	$1,561	$929
At end of period	$3,192	$1,079
Supplemental Disclosures of Cash Flows		
Income taxes paid (refunds received), net	$(3,385)	$(805)
Interest paid	$6,815	$5,994

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

1. Basis of Presentation

The consolidated financial statements include all operating divisions and subsidiaries of NUI Corporation (collectively referred to as the Company). The Company is a multi-state energy sales, services and distribution, and telecommunications company. Its utility operations distribute natural gas and related services in six states along the eastern seaboard and comprise Elizabethtown Gas (New Jersey), City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company's non-regulated subsidiaries include NUI Energy, Inc. (NUI Energy), an energy retailer; NUI Energy Brokers, Inc. (NUI Energy Brokers), an energy wholesaler; NUI Energy Solutions, Inc. (NUI Energy Solutions), an energy project development and consulting entity; NUI Environmental Group, Inc., an environmental project development subsidiary; Utility Business Services, Inc. (UBS), a customer and geographic information systems and services subsidiary; and International Telephone Group, Inc. (ITG), a telecommunications services subsidiary (see Note 3). The Company also provides sales outsourcing through its 49 percent equity interest in TIC Enterprises, LLC (TIC). All intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements contained herein have been prepared without audit in accordance with the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for interim periods. All adjustments made were of a normal recurring nature. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. The consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto that are included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1999.

The Company is subject to regulation as an operating utility by the public utility commissions of the states in which it operates. Because of the seasonal nature of gas utility operations, the results for interim periods are not necessarily indicative of the results for an entire year.

2. Common Shareholders' Equity

The components of common shareholders' equity were as follows (dollars in thousands):

	December 31, 1999	September 30, 1999
Common stock, no par value	$212,798	$209,984
Shares held in treasury	(2,246)	(2,311)
Retained earnings	35,854	31,380
Unearned employee compensation	(1,323)	(1,735)
Total common shareholders' equity	$245,083	$237,318

3. Purchase of ITG

On November 12, 1999, the Company closed on its acquisition of International Telephone Group, Inc. (ITG). The acquisition was treated as a merger whereby ITG merged with and into a subsidiary of the Company. The purchase price totaled $3.8 million and included the issuance of 113,200 shares of NUI common stock, with the remainder paid in cash. ITG is a full service telephone company that provides its customers with a single service solution for all their telecommunication requirements including local, long distance, cellular, internet, and data communications services. The Agreement and Plan of Merger contains a provision whereby the previous shareholders of ITG will receive an additional $1.0 million in NUI common stock if ITG achieves certain revenue targets no later than December 31, 2003.

The acquisition is being accounted for as a purchase. The excess of the purchase price over the net assets of ITG is estimated to be approximately $4.5 million, which includes the additional earnings contingency noted above, and is expected to be amortized on a straight-line basis over a 20-year period.

4. Contingencies

Environmental Matters. The Company is subject to federal and state laws with respect to water, air quality, solid waste disposal and employee health and safety matters, and to environmental regulations issued by the United States Environmental Protection Agency (EPA), the New Jersey Department of Environmental Protection (NJDEP) and other federal and state agencies.

The Company owns, or previously owned, certain properties on which manufactured gas plants (MGP) were operated by the Company or by other parties in the past. In New Jersey, the Company has reported the presence of the six MGP sites to the EPA, the NJDEP and the New Jersey Board of Public Utilities (NJBPU). In 1991, the NJDEP issued an Administrative Consent Order for the MGP site located at South Street in Elizabeth, New Jersey, wherein the Company agreed to conduct a remedial investigation and to design and implement a remediation plan. In 1992 and 1993, the Company entered into a Memorandum of Agreement with the NJDEP for each of the other five New Jersey MGP sites. Pursuant to the terms and conditions of the Administrative Consent Order and the Memoranda of Agreement, the Company is conducting remedial activities at all six sites with oversight from the NJDEP.

The Company also owns, or previously owned, 10 former MGP facilities located in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. The Company has joined with other North Carolina utilities to form the North Carolina Manufactured Gas Plant Group (the MGP Group). The MGP Group has entered into a Memorandum of Understanding with the North Carolina Department of Environment, Health and Natural Resources (NCDEHNR) to develop a uniform program and framework for the investigation and remediation of MGP sites in North Carolina. The Memorandum of Understanding contemplates that the actual investigation and remediation of specific sites will be addressed pursuant to Administrative Consent Orders between the NCDEHNR and the responsible parties. The NCDEHNR has sought the investigation and remediation of sites owned by members of the MGP Group and has entered into Administrative Consent Orders with respect to four such sites. None of these four sites are currently or were previously owned by the Company.

Based on the most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which is the minimum amount that the Company expects to expend during the next 20 years. Of this reserve, approximately $30 million relates to the six New Jersey MGP sites and approximately $4 million relates to the 10 sites located outside New Jersey. However, the Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial activities, if necessary, with respect to all of its MGP sites may exceed this reserve by an amount that could range up to an additional $24 million and be incurred during a future period of time that may range up to 50 years. Of this additional $24 million in possible future expenditures, approximately $12 million relates to the New Jersey MGP sites and approximately $12 million relates to the sites located outside New Jersey. As compared with the $34 million reserve currently recorded on the Company's books as discussed above, the Company believes that it is less likely that this additional $24 million will be incurred and therefore has not recorded it on its books.

The Company's prudently incurred remediation costs for the New Jersey MGP sites have been authorized by the NJBPU to be recoverable in rates. The most recent NJBPU base rate order permits the Company to utilize full deferred accounting for expenditures related to its New Jersey sites and provides for the recovery of $130,000 annually. The Company is also able to recover MGP expenditures over a rolling seven-year period through its NJBPU approved MGP Remediation Adjustment Clause. As a result, the Company has begun rate recovery of approximately $5.5 million of environmental costs incurred through June 30, 1998. Recovery of an additional $2.0 million in environmental costs incurred between July 1, 1998 and June 30, 1999 is currently pending NJBPU approval. Accordingly, the Company has recorded regulatory assets of approximately $36 million as of December 31, 1999, reflecting the future recovery of environmental remediation liabilities related to New Jersey MGP sites. The Company has also been successful in recovering a portion of MGP remediation costs incurred for the New Jersey sites from the Company's insurance carriers and continues to pursue additional recovery. With respect to costs associated with the remaining MGP sites located outside New Jersey, the Company intends to pursue recovery from ratepayers, former owners and operators, and insurance carriers, although the Company is not able to express a belief as to whether any or all of these recovery efforts will be successful. The Company is working with the regulatory agencies to prudently manage its MGP costs so as to mitigate the impact of such costs on both ratepayers and shareholders.

Gas Procurement Contracts. Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $68 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. As a result of the forthcoming unbundling of natural gas services in New Jersey, these contracts may result in the realization of stranded costs by the Company. Management believes the outcome of these actions will not have a material adverse effect on the Company's results. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 2.6 billion cubic feet (Bcf) per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

Other. The Company is involved in various claims and litigation incidental to its business. In the opinion of management, none of these claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

5. Business Segment Information

The Company's operations are organized and managed by three primary segments: Distribution Services, Energy Sales and Services and Customer Services. The Distribution Services segment distributes natural gas in six states through the Company's regulated utility divisions. The Energy Sales and Services segment reflects the operations of the Company's NUI Energy, NUI Energy Brokers and NUI Energy Solutions subsidiaries, as well as off-system sales by the utility divisions. The Customer Services segment provides appliance leasing, repair and maintenance, mapping services to utilities and payment processing and collections primarily for water and waste-water usage, and telecommunications services. The Company also has corporate operations that do not generate any revenues or operating margins.

The following table provides information concerning the major segments of the Company for three-month periods ended December 31, 1999 and 1998. Revenues include intersegment sales to affiliated entities, which are eliminated in consolidation. All of the Company's operations are in the United States and therefore do not need separate disclosure by geographic region.

(Dollars in thousands)	Three Months Ended December 31, 1999	1998
Revenues:		
Distribution Services	$109,405	$105,831
Energy Sales and Services	128,997	124,312
Customer Services	7,278	4,677
Intersegment Revenues	(11,988)	(5,222)
Total Revenues	$233,692	$229,598
Pre-Tax Operating Income:		
Distribution Services	$16,403	$16,844
Energy Sales and Services	1,398	588
Customer Services	431	155
Total Pre-Tax Operating Income	$18,232	$17,587

A reconciliation of the Company's segment pre-tax operating income to amounts reported on the consolidated financial statements is as follows:

(Dollars in thousands)	Three Months Ended December 31, 1999	1998
Segment Pre-Tax Operating Income	$18,232	$17,587
Non-segment pre-tax operating income (loss)	96	(248)
Pre-Tax Operating Income	$18,328	$17,339

NUI Corporation and Subsidiaries
Summary Consolidated Operating Data

	Three Months Ended December 31,	
	1999	1998
Operating Revenues (Dollars in thousands)		
Firm Sales:		
Residential	$57,211	$56,594
Commercial	25,837	25,768
Industrial	2,363	3,153
Interruptible Sales	13,184	10,797
Unregulated Sales	118,867	119,427
Transportation Services	10,261	9,458
Customer Service, Appliance Leasing and Other	5,969	4,401
	$233,692	$229,598
Gas Sold or Transported (MMcf)		
Firm Sales:		
Residential	6,815	6,254
Commercial	3,489	3,315
Industrial	377	632
Interruptible Sales	3,591	3,549
Unregulated Sales	41,269	48,177
Transportation Services	8,449	7,235
	63,990	69,162
Average Utility Customers Served		
Firm Sales:		
Residential	347,696	342,553
Commercial	23,519	23,216
Industrial	243	277
Interruptible Sales	47	62
Transportation	3,657	3,418
	375,162	369,526
Degree Days in New Jersey		
Actual	1,530	1,466
Normal	1,829	1,832
Percentage variance from normal	16% warmer	20% warmer
Employees (period end)	1,060	1,056

NUI Corporation and Subsidiaries
Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis refers to NUI Corporation and all of its operating divisions and subsidiaries (collectively referred to as the Company). The Company is a multi-state energy sales, services and distribution, and telecommunications company. Its utility operations distribute natural gas and related services in six states along the eastern seaboard and comprise Elizabethtown Gas (New Jersey), City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company's non-regulated subsidiaries include NUI Energy, Inc. (NUI Energy), an energy retailer; NUI Energy Brokers, Inc. (NUI Energy Brokers), an energy wholesaler; NUI Energy Solutions, Inc., an energy project development and consulting entity; NUI Environmental Group, Inc., an environmental project development subsidiary; Utility Business Services, Inc. (UBS), a customer and geographical information systems and services subsidiary; and International Telephone Group, Inc. (ITG), a telecommunications services subsidiary. The Company also provides sales outsourcing through its 49 percent equity interest in TIC Enterprises, LLC (TIC).

Results of Operations

Three-Month Periods Ended December 31, 1999 and 1998

Net Income. Net income for the three-month period ended December 31, 1999 was $7.6 million, or $0.60 per share, as compared with net income of $6.9 million, or $0.55 per share, for the period ended December 31, 1998. The increase in the current period was primarily due to higher margins and other income, partially offset by higher operations and maintenance expenses, depreciation, and interest expenses.

Operating Revenues and Operating Margins. The Company's operating revenues include amounts billed for the cost of purchased gas pursuant to purchased gas adjustment clauses. Such clauses enable the Company to pass through to its customers, via periodic adjustments to customers' bills, increased or decreased costs incurred by the Company for purchased gas without affecting operating margins. Since the Company's utility operations do not earn a profit on the sale of the gas commodity, the Company's level of regulated operating revenues is not necessarily indicative of financial performance.

The Company's operating revenues increased by $4.1 million, or 2 percent, for the three-month period ended December 31, 1999 as compared with the three-month period ended December 31, 1998. The Company's Distribution Services' revenue increased by approximately $3.6 million, mainly due to customer growth and slightly colder weather as compared to last year. Weather in New Jersey was approximately 16 percent warmer than normal for the three-month period ending December 31, 1999, but was 4 percent colder compared to the prior year period. Customer Services' revenue increased by approximately $1.1 million, net of intercompany transactions, mainly due to the recent acquisition of ITG (see Note 3 of the Notes to the Consolidated Financial Statements). These increases were partially offset by a decrease of approximately $0.6 million, net of intercompany transactions, in Energy Sales and Services' revenue, mainly due to a decrease in unregulated sales by NUI Energy Brokers.

The Company's operating margins increased by $3.9 million, or 8 percent, for the three-month period ended December 31, 1999 as compared with the three-month period ended December 31, 1998. The increase was primarily attributable to an increase of approximately $1.4 million in the Company's Distribution Services segment as a result of customer growth and slightly colder weather as compared to last year. The Company has weather normalization clauses in its New Jersey and North Carolina tariffs, which are designed to help stabilize the Company's results by increasing amounts charged to customers when weather has been warmer than normal and by decreasing amounts charged when weather has been colder than normal. As a result of weather normalization clauses, operating margins were approximately $2.1 million and $2.5 million higher in the fiscal 2000 and 1999 periods, respectively, than they otherwise would have been without such clauses. Operating margins from the Company's Energy Sales and Services segment increased by approximately $1.4 million due to favorable market conditions in the wholesale trading operations of the Company. Operating margins increased in the Customer Services segment by approximately $1.1 million, net of intercompany transactions, due to higher sales from UBS and the recent acquisition of ITG (see Note 3 of the Notes to the Consolidated Financial Statements).

Other Operating Expenses. Operations and maintenance expenses increased approximately $2.0 million, or 8 percent, for the three-month period ended December 31, 1999 as compared with the three-month period ended December 31, 1998. The increase was primarily the result of higher benefits costs, operating expenses of ITG since its acquisition date (see Note 3 of the Notes to the Consolidated Financial Statements), and higher materials and supplies expenses associated with the increased activity in the appliance service business. These increases were partially offset by decreases in rents and lease expense due to a reduction in the costs of leased software.

Depreciation and amortization increased approximately $0.7 million in the current period primarily due to additional plant in service.

Other Income and Expense. Other income and expense increased approximately $0.2 million for the three-month period ended December 31, 1999 as compared with the three-month period ended December 31, 1998. The increase reflects improved results from TIC of approximately $0.4 million as a result of higher revenues from TIC's various sales programs.

Regulatory Matters

On April 30, 1999, the Company made a filing with the New Jersey Board of Public Utilities (NJBPU) which will enable all customers in New Jersey to choose an alternative supplier of natural gas. This filing was a result of the "Electric Discount and Energy Competition Act" legislation, which was signed into law in New Jersey on February 9, 1999. The legislation has several provisions that affect gas utilities. It provides all gas customers with the ability to choose an alternate natural gas supplier by December 31, 1999. At the same time, the utility will continue to provide basic gas service through December 2002 when the NJBPU will decide if the gas supply function should be made competitive. The NJBPU will also conduct proceedings to determine whether customers should be afforded the option of contracting with an alternative provider of billing, meter reading and other customer account services that may be deemed competitive by December 31, 2000. On January 19, 2000, the NJBPU approved a Phase I stipulation that enables all customers to choose an alternative supplier of natural gas while the utility continues to provide basic gas supply services. As part of the settlement, the Company has agreed to make a filing by February 29, 2000 to address additional issues raised in the April filing.

Financing Activities and Resources

The Company's net use of cash in operating activities was $10.3 million and $10.7 million for the three-month periods ended December 31, 1999 and 1998, respectively. The change in the three-month period ended December 31, 1999 was primarily due to an increase in unrecovered gas costs under the Company's purchased gas adjustment clause and the timing of payments to gas suppliers, partially offset by improved collections on receivables.

Because the Company's business is highly seasonal, short-term debt is used to meet seasonal working capital requirements. The Company also borrows under its bank lines of credit to finance portions of its capital expenditures, pending refinancing through the issuance of equity or long-term indebtedness at a later date, depending upon prevailing market conditions.

Short-Term Debt. The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were $85.9 million at 6.07 percent for the three-month period ended December 31, 1999 and $98.5 million at 5.73 percent for the three-month period ended December 31, 1998. At December 31, 1999, the Company had outstanding notes payable to banks amounting to $98.8 million and available unused lines of credit amounting to $37.4 million. Notes payable to banks increased as of December 31, 1999 as compared to the balance outstanding at September 30, 1999, due to seasonal borrowing requirements.

Long-Term Debt and Funds for Construction Held by Trustee. On December 8, 1998, the Company issued $40 million of tax-exempt Gas Facilities Revenue Bonds at an interest rate of 5.25 percent. These bonds will mature in November 2033 and the proceeds will be used to finance a portion of the Company's capital expenditure program in New Jersey.

The Company deposits in trust the unexpended portion of the net proceeds from its Gas Facilities Revenue Bonds until drawn upon for eligible expenditures. As of December 31, 1999, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were $30.8 million and are classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

Common Stock. The Company periodically issues shares of common stock in connection with NUI Direct, the Company's dividend reinvestment plan and certain employee benefit plans. Effective May 26, 1998, several of these plans commenced purchasing shares on the open market to fulfill the plans' requirements. Under the terms of these plans, the Company may periodically change the method of purchasing shares from open market purchases to purchases directly from the Company, or vice versa. The proceeds from such issuances were not significant in both the three-month periods ended December 31, 1999 and 1998 due to the plans purchasing shares directly in the open market rather than from the Company.

On November 12, 1999, the Company issued 113,200 shares of NUI common stock that was used for the purchase of ITG (see Note 3 of the Notes to the Consolidated Financial Statements).

Dividends. The Company's long-term debt agreements include, among other things, restrictions as to the payment of cash dividends. Under the most restrictive of these provisions, the Company is permitted to pay approximately $55.9 million of cash dividends at December 31, 1999.

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were $10.5 million for the three-month period ended December 31, 1999 as compared to $8.4 million for the three-month period ended December 31, 1998. Capital expenditures are expected to be approximately $51.1 million for all of fiscal 2000, as compared with a total of $47.9 million in fiscal 1999.

The Company owns or previously owned six former manufactured gas plant (MGP) sites in the state of New Jersey and ten former MGP sites in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which is the minimum amount that the Company expects it will expend in the next 20 years to remediate the Company's MGP sites. Of this reserve, approximately $30 million relates to New Jersey MGP sites and approximately $4 million relates to the MGP sites located outside New Jersey. However, the Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial actions, if necessary, with respect to all of its MGP sites may exceed this reserve by an amount that could range up to an additional $24 million and be incurred during a future period of time that may range up to 50 years. Of this $24 million in possible additional expenditures, approximately $12 million relates to the New Jersey MGP sites and approximately $12 million relates to the remaining MGP sites. As compared with the $34 million reserve currently recorded on the Company's books as discussed above, the Company believes that it is less likely that this additional $24 million will be incurred and therefore has not recorded it on its books. The Company believes that all costs associated with the New Jersey MGP sites will be recoverable in rates or from insurance carriers. In New Jersey, the Company is currently recovering environmental costs on an annual basis through base rates and over a rolling seven-year period through its MGP Remediation Adjustment Clause. As a result, the Company has begun rate recovery of approximately $5.5 million of environmental costs incurred through June 30, 1998. Recovery of an additional $2.0 million in environmental costs incurred between July 1, 1998 and June 30, 1999 is currently pending NJBPU approval. With respect to costs that may be associated with the MGP sites located outside the state of New Jersey, the Company intends to pursue recovery from ratepayers, former owners and operators of the sites and from insurance carriers. However, the Company is not able, at this time, to express a belief as to whether any or all of these recovery efforts will ultimately be successful.

Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $68 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. As a result of the forthcoming unbundling of natural gas services in New Jersey, these contracts may result in the realization of stranded costs by the Company. Management believes the outcome of these actions will not have a material adverse effect on the Company's results. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 2.6 billion cubic feet (Bcf) per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The Company is scheduled to repay $20 million of Medium-Term Notes in August 2002.

Market Risk Exposure

The Company's wholesale trading subsidiary, NUI Energy Brokers, uses derivatives for multiple purposes: i) to hedge price commitments and minimize the risk of fluctuating gas prices, ii) to take advantage of market information and opportunities in the marketplace, and iii) to fulfill its trading strategies and, therefore, ensure favorable prices and margins. These derivative instruments include forwards, futures, options and swaps.

The risk associated with uncovered derivative positions is closely monitored on a daily basis, and controlled in accordance with NUI Energy Brokers' Risk Management Policy. This policy has been approved by the Company's Board of Directors and dictates policies and procedures for all trading activities. The policy defines both value-at-risk (VaR) and loss limits, and all traders are required to read and follow this policy. At the end of each day, all trading positions are marked-to-market and a VaR is calculated. This information, as well as the status of all limits, is disseminated to senior management daily.

NUI Energy Brokers utilizes the variance/covariance VaR methodology. Using a 95 percent confidence interval and a one day time horizon, as of December 31, 1999, NUI Energy Brokers' VaR was $202,000.

Year 2000

The Company had developed readiness plans to address the possible exposures related to the impact on its computer systems of the Year 2000. Since entering the Year 2000, the Company has not experienced any major disruptions to its business nor is it aware of any significant Year 2000-related disruptions impacting its customers and suppliers.

The Company will continue to monitor its critical systems for Year 2000-related issues that could arise anytime throughout the year, such as leap year or customer and vendor problems. Contingency plans, supplementing existing disaster recovery and business continuity plans, have been developed as necessary for the Company's own systems and its third-party relationships, in response to its assessments, remediation and testing activities and will be used as necessary for ongoing problems. The specific actions identified include measures such as manual workarounds, deployment of backup or secondary technologies, rearranging work schedules, and substitution of suppliers, as appropriate. The Company believes that due to its planning activities, the likelihood of major consequences in the future due to the Year 2000 should be greatly reduced.

The total estimated costs incurred associated with Year 2000 readiness activities are approximately $3.5 million, a majority of which were incurred prior to the current fiscal year. Approximately 50 percent of these costs were related to capital projects. The Company has, and where necessary will continue to, fund these costs from the operations of the Company.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company cautions that, while it believes such statements to be reasonable and are made in good faith, such forward-looking statements almost always vary from actual results, and the differences between assumptions made in making such statements and actual results can be material, depending upon the circumstances. Factors, which may make the actual results differ from anticipated results include, but are not limited to, economic conditions; unforeseen competition; weather conditions; fluctuations in the price of natural gas and other forms of energy; the outcome of certain assumptions made in regard to Year 2000 issues; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Company. Accordingly, investors should not rely upon these forward-looking statements in making investment decisions.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit No.	Description of Exhibit	Reference
27	Financial Data Schedule	Filed herewith

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NUI CORPORATION

February 11, 2000

JOHN KEAN, JR.
President and Chief Executive Officer

February 11 , 2000

A. MARK ABRAMOVIC
Sr. Vice President, Chief Operating Officer &
Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NUI CORPORATION

February 11, 2000

John Kean, Jr.
President and Chief Executive Officer

February 11, 2000

A. Mark Abramovic
Sr. Vice President, Chief Operating Officer & Chief Financial Officer

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ______________________

Commission File Number 1-8353 ________________

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	**22-1869941**
(State of incorporation)	(IRS employer identification no.)

550 Route 202-206, PO Box 760, Bedminster, New Jersey 07921-0760
(Address of principal executive offices, including zip code)

(908) 781-0500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of each of the registrant's classes of common stock, as of April 30, 2000: Common Stock, No Par Value: 12,968,242 shares outstanding.

NUI Corporation and Subsidiaries
Consolidated Statement of Income (Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31		Six Months Ended March 31	
	2000	1999	2000	1999
Operating Margins				
Operating revenues	$279,908	$254,562	$513,600	$484,160
Less - Purchased gas and fuel	201,422	180,008	376,432	354,929
Energy taxes	5,086	5,495	9,224	9,523
	73,400	69,059	127,944	119,708
Other Operating Expenses				
Operations and maintenance	28,276	26,704	54,698	51,126
Depreciation and amortization	7,317	6,869	14,930	13,784
Restructuring and other non-recurring items	-	(2,114)	-	(2,114)
Other taxes	2,648	2,713	4,829	4,686
Income taxes	12,291	12,331	17,532	17,254
	50,532	46,503	91,989	84,736
Operating Income	22,868	22,556	35,955	34,972
Other Income and Expense, Net				
Equity in earnings of TIC Enterprises, LLC, net	387	413	614	256
Other	(25)	42	17	109
Income taxes	(127)	(159)	(221)	(128)
	235	296	410	237
Interest Expense	5,386	5,090	11,011	10,529
Net Income	$17,717	$17,762	$25,354	$24,680
Net Income Per Share of Common Stock	$1.37	$1.40	$1.97	$1.94
Dividends Per Share of Common Stock	$0.245	$0.245	$0.49	$0.49
Weighted Average Number of Shares of Common Stock Outstanding	12,946,392	12,719,055	12,891,259	12,695,869

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Balance Sheet
(Dollars in thousands)

	March 31, 2000 (Unaudited)	September 30, 1999 (*)
ASSETS		
Utility Plant		
Utility plant, at original cost	$800,969	$779,131
Accumulated depreciation and amortization	(271,436)	(256,898)
Unamortized plant acquisition adjustments	30,012	30,242
	559,545	552,475
Funds for Construction Held by Trustee	32,173	37,413
Investment in TIC Enterprises, LLC, net	25,530	24,905
Other Investments	1,312	1,385
Current Assets		
Cash and cash equivalents	3,144	1,561
Accounts receivable (less allowance for doubtful accounts of $1,823 and $1,697, respectively)	122,240	85,056
Fuel inventories, at average cost	7,271	28,573
Unrecovered purchased gas costs	-	901
Prepayments and other	54,322	50,108
	186,977	166,199
Other Assets		
Regulatory assets	50,471	51,615
Deferred charges	14,640	10,234
	65,111	61,849
	$870,648	$844,226
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	$260,374	$237,318
Preferred stock	-	-
Long-term debt	268,929	268,911
	529,303	506,229
Capital Lease Obligations	2,972	2,599
Current Liabilities		
Notes payable to banks	49,245	73,615
Current portion of capital lease obligations	7,392	7,776
Accounts payable, customer deposits and accrued liabilities	107,807	108,023
Overrecovered purchased gas costs	9,049	-
Federal income and other taxes	20,361	4,359
	193,854	193,773
Deferred Credits and Other Liabilities		
Deferred Federal income taxes	72,496	69,951
Unamortized investment tax credits	5,021	5,251
Environmental remediation reserve	33,798	33,981
Regulatory and other liabilities	33,204	32,442
	144,519	141,625
	$870,648	$844,226

**Derived from audited financial statements.*
See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Cash Flows (Unaudited)
(Dollars in thousands)

	Six Months Ended March 31, 2000	Six Months Ended March 31, 1999
Operating Activities		
Net income	$25,354	$24,680
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	15,653	14,190
Deferred Federal income taxes	2,545	2,545
Non-cash portion of restructuring and other non-recurring items	-	(2,114)
Amortization of deferred investment tax credits	(230)	(230)
Other	(439)	1,151
Effect of changes in:		
Accounts receivable, net	(35,826)	(50,347)
Fuel inventories	21,302	25,657
Accounts payable, deposits and accruals	(2,392)	9,941
Overrecovered purchased gas costs	9,950	25,874
Other	11,068	6,761
Net cash provided by operating activities	46,985	58,108
Financing Activities		
Proceeds from sales of common stock, net of treasury stock purchased	2,471	155
Dividends to shareholders	(6,331)	(6,217)
Proceeds from issuance of long-term debt	-	39,795
Funds for construction held by trustee, net	6,297	(33,810)
Principal payments under capital lease obligations	(1,223)	(902)
Net short-term borrowings	(24,605)	(36,985)
Net cash used in financing activities	(23,391)	(37,964)
Investing Activities		
Cash expenditures for utility plant	(20,511)	(16,759)
Investment in NUI Telecom	(730)	-
Other	(770)	(1,979)
Net cash used in investing activities	(22,011)	(18,738)
Net increase in cash and cash equivalents	$1,583	$1,406
Cash and Cash Equivalents		
At beginning of period	$1,561	$929
At end of period	$3,144	$2,335
Supplemental Disclosures of Cash Flows		
Income taxes paid, net	$613	$4,118
Interest paid	$11,742	$10,639

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

1. Basis of Presentation

The consolidated financial statements include all operating divisions and subsidiaries of NUI Corporation (collectively referred to as the Company). The Company is a multi-state energy sales, services and distribution, and telecommunications company. Its utility operations distribute natural gas and related services in six states along the eastern seaboard and comprise Elizabethtown Gas (New Jersey), City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company's non-regulated subsidiaries include NUI Energy, Inc. (NUI Energy), an energy retailer; NUI Energy Brokers, Inc. (NUI Energy Brokers), an energy wholesaler; NUI Energy Solutions, Inc. (NUI Energy Solutions), an energy project development and consulting entity; NUI Environmental Group, Inc., an environmental project development subsidiary; Utility Business Services, Inc., a customer and geographic information systems and services subsidiary; and NUI Telecom, Inc., a telecommunications services subsidiary (see Note 3). The Company also provides sales outsourcing through its 49 percent equity interest in TIC Enterprises, LLC. All intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements contained herein have been prepared without audit in accordance with the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for interim periods. All adjustments made were of a normal recurring nature. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. The consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto that are included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1999.

The Company is subject to regulation as an operating utility by the public utility commissions of the states in which it operates. Because of the seasonal nature of gas utility operations, the results for interim periods are not necessarily indicative of the results for an entire year.

2. Common Shareholders' Equity

The components of common shareholders' equity were as follows (dollars in thousands):

	March 31, 2000	September 30, 1999
Common stock, no par value	$215,190	$209,984
Shares held in treasury	(2,246)	(2,311)
Retained earnings	50,403	31,380
Unearned employee compensation	(2,973)	(1,735)
Total common shareholders' equity	$260,374	$237,318

3. Purchase of NUI Telecom

On November 12, 1999, the Company closed on its acquisition of International Telephone Group, Inc. (ITG). The acquisition was treated as a merger whereby ITG merged with and into a subsidiary of the Company. ITG subsequently changed its name to NUI Telecom, Inc. The purchase price totaled $3.8 million and included the issuance of 113,200 shares of NUI common stock, with the remainder paid in cash. NUI Telecom is a full service telephone company that provides its customers with a single service solution for all their telecommunication requirements including local, long distance, cellular, internet, and data communications services. The Agreement and Plan of Merger contains a provision whereby the previous shareholders of NUI Telecom will receive an additional $1.0 million in NUI common stock if NUI Telecom achieves certain revenue targets no later than December 31, 2003.

The acquisition is being accounted for as a purchase. The excess of the purchase price over the net assets of NUI Telecom is estimated to be approximately $4.5 million, which includes the additional earnings contingency noted above, and is expected to be amortized on a straight-line basis over a 20-year period.

4. Restructuring and Other Non-Recurring Items

The Company recognized approximately $2.1 million of pre-tax, non-recurring items in the second quarter of fiscal 1999 relating primarily to the recognition of a settlement gain on the Company's 1998 early retirement program, partially offset by a special termination charge on the 1999 New Jersey bargaining unit early retirement program, the write-off of certain non-recoverable regulatory assets, and other charges deemed to be separate from recurring operations.

In June 1998, the Company offered an early retirement program to its non-bargaining unit personnel. The program was accepted by 74 of the eligible 77 employees. In accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" (SFAS 88), the Company recorded a special termination charge during fiscal 1998 when the cost was recognizable. In March 1999, the Company recorded a settlement gain of approximately $6.8 million as the result of satisfaction of all future liabilities associated with these employees.

In January 1999, the Company offered an early retirement program to its bargaining unit employees in New Jersey. The program was accepted by 32 of the eligible 35 employees. In accordance with SFAS 88, the Company recorded a special termination charge of approximately $2.0 million associated with these retirements in the second quarter of fiscal 1999.

The Company also recorded approximately $1.1 million of charges, in the second quarter of fiscal 1999, relating to the write-off of certain regulatory assets which will not be recovered through rates, as well as other items which were deemed to be separate from recurring earnings.

5. Contingencies

Environmental Matters. The Company is subject to federal and state laws with respect to water, air quality, solid waste disposal and employee health and safety matters, and to environmental regulations issued by the United States Environmental Protection Agency (EPA), the New Jersey Department of Environmental Protection (NJDEP) and other federal and state agencies.

The Company owns, or previously owned, certain properties on which manufactured gas plants (MGP) were operated by the Company or by other parties in the past. In New Jersey, the Company has reported the presence of the six MGP sites to the EPA, the NJDEP and the New Jersey Board of Public Utilities (NJBPU). In 1991, the NJDEP issued an Administrative Consent Order for the MGP site located at South Street in Elizabeth, New Jersey, wherein the Company agreed to conduct a remedial investigation and to design and implement a remediation plan. In 1992 and 1993, the Company entered into a Memorandum of Agreement with the NJDEP for each of the other five New Jersey MGP sites. Pursuant to the terms and conditions of the Administrative Consent Order and the Memoranda of Agreement, the Company is conducting remedial activities at all six sites with oversight from the NJDEP.

The Company also owns, or previously owned, 10 former MGP facilities located in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. The Company has joined with other North Carolina utilities to form the North Carolina Manufactured Gas Plant Group (the MGP Group). The MGP Group has entered into a Memorandum of Understanding with the North Carolina Department of Environment, Health and Natural Resources (NCDEHNR) to develop a uniform program and framework for the investigation and remediation of MGP sites in North Carolina. The Memorandum of Understanding contemplates that the actual investigation and remediation of specific sites will be addressed pursuant to Administrative Consent Orders between the NCDEHNR and the responsible parties. The NCDEHNR has sought the investigation and remediation of sites owned by members of the MGP Group and has entered into Administrative Consent Orders with respect to four such sites. None of these four sites are currently or were previously owned by the Company.

Based on the most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which is the minimum amount that the Company expects to expend during the next 20 years. Of this reserve, approximately $30 million relates to the six New Jersey MGP sites and approximately $4 million relates to the 10 sites located outside New Jersey. However, the Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial activities, if necessary, with respect to all of its MGP sites may exceed this reserve by an amount that could range up to an additional $24 million and be incurred during a future period of time that may range up to 50 years. Of this additional $24 million in possible future expenditures, approximately $12 million relates to the New Jersey MGP sites and approximately $12 million relates to the sites located outside New Jersey. As compared with the $34 million reserve currently recorded on the Company's books as discussed above, the Company believes that it is less likely that this additional $24 million will be incurred and therefore has not recorded it on its books.

The Company's prudently incurred remediation costs for the New Jersey MGP sites have been authorized by the NJBPU to be recoverable in rates. The most recent NJBPU base rate order permits the Company to utilize full deferred accounting for expenditures related to its New Jersey sites and provides for the recovery of $130,000 annually. The Company is also able to recover MGP expenditures over a rolling seven-year period through its NJBPU approved MGP Remediation Adjustment Clause. As a result, the Company has begun rate recovery of approximately $5.5 million of environmental costs incurred through June 30, 1998. Recovery of an additional $2.0 million in environmental costs incurred between July 1, 1998 and June 30, 1999 is currently pending NJBPU approval. Accordingly, the Company has recorded regulatory assets of approximately $35 million as of March 31, 2000, reflecting the future recovery of environmental remediation liabilities related to New Jersey MGP sites. The Company has also been successful in recovering a portion of MGP remediation costs incurred for the New Jersey sites from the Company's insurance carriers and continues to pursue additional recovery. With respect to costs associated with the remaining MGP sites located outside New Jersey, the Company intends to pursue recovery from ratepayers, former owners and operators, and insurance carriers, although the Company is not able to express a belief as to whether any or all of these recovery efforts will be successful. The Company is working with the regulatory agencies to prudently manage its MGP costs so as to mitigate the impact of such costs on both ratepayers and shareholders.

Gas Procurement Contracts. Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $68 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. As a result of the forthcoming unbundling of natural gas services in New Jersey, these contracts may result in the realization of stranded costs by the Company. Management believes the outcome of these actions will not have a material adverse effect on the Company's results. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 2.6 billion cubic feet (Bcf) per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

Other. The Company is involved in various claims and litigation incidental to its business. In the opinion of management, none of these claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

6. Business Segment Information

The Company's operations are organized and managed by three primary segments: Distribution Services, Energy Sales and Services and Customer Services. The Distribution Services segment distributes natural gas in six states through the Company's regulated utility divisions. The Energy Sales and Services segment reflects the operations of the Company's NUI Energy, NUI Energy Brokers and NUI Energy Solutions subsidiaries, as well as off-system sales by the utility divisions. The Customer Services segment provides appliance leasing, repair and maintenance, mapping services to utilities and payment processing and collections primarily for water and waste-water usage, and telecommunications services. The Company also has corporate operations that do not generate any revenues or operating margins.

The following table provides information concerning the major segments of the Company for the three and six-month periods ended March 31, 2000 and 1999. Revenues include intersegment sales to affiliated entities, which are eliminated in consolidation. All of the Company's operations are in the United States and therefore do not need separate disclosure by geographic region.

	Three Months Ended March 31,		Six Months Ended March 31,	
(Dollars in thousands)	2000	1999	2000	1999
Revenues:				
Distribution Services	$153,991	$147,078	$263,396	$252,909
Energy Sales and Services	134,077	112,998	263,074	237,310
Customer Services	7,893	3,299	15,171	7,976
Intersegment Revenues	(16,053)	(8,813)	(28,041)	(14,035)
Total Revenues	$279,908	$254,562	$513,600	$484,160
Pre-Tax Operating Income (Loss):				
Distribution Services	$33,736	$32,726	$50,139	$49,570
Energy Sales and Services	2,263	3,151	3,661	3,739
Customer Services	(146)	(879)	285	(724)
Total Pre-Tax Operating Income (Loss)	$35,853	$34,998	$54,085	$52,585

A reconciliation of the Company's segment pre-tax operating income to amounts reported on the consolidated financial statements is as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
(Dollars in thousands)	2000	1999	2000	1999
Segment Pre-Tax Operating Income	$35,853	$34,998	$54,085	$52,585
Non-segment pre-tax operating loss	(694)	(2,225)	(598)	(2,473)
Pre-Tax Operating Income	$35,159	$32,773	$53,487	$50,112

NUI Corporation and Subsidiaries
Summary Consolidated Operating Data

	Three Months Ended March 31,		Six Months Ended March 31,	
	2000	1999	2000	1999
Operating Revenues (Dollars in thousands)				
Firm Sales:				
Residential	$88,830	$84,861	$146,041	$141,455
Commercial	35,062	34,418	60,899	60,186
Industrial	3,178	2,670	5,541	5,823
Interruptible Sales	13,434	11,712	26,618	22,509
Unregulated Sales	119,948	104,821	238,815	224,248
Transportation Services	13,136	11,381	23,397	20,839
Customer Service, Appliance Leasing and Other	6,320	4,699	12,289	9,100
	$279,908	$254,562	$513,600	$484,160
Gas Sold or Transported (MMcf)				
Firm Sales:				
Residential	10,737	10,246	17,552	16,500
Commercial	4,606	4,653	8,095	7,968
Industrial	438	421	815	1,053
Interruptible Sales	3,773	4,216	7,364	7,765
Unregulated Sales	39,088	48,235	80,357	96,412
Transportation Services	11,857	9,194	20,306	16,429
	70,499	76,965	134,489	146,127
Average Utility Customers Served				
Firm Sales:				
Residential	349,904	345,043	348,800	343,798
Commercial	23,953	23,502	23,736	23,359
Industrial	241	269	242	273
Interruptible Sales	45	62	46	62
Transportation	3,631	3,538	3,644	3,478
	377,774	372,414	376,468	370,970
Degree Days in New Jersey				
Actual	2,398	2,417	3,928	3,883
Normal	2,748	2,745	4,578	4,577
Percentage variance from normal	13% warmer	12% warmer	14% warmer	15% warmer
Employees (period end)			1,077	1,051

NUI Corporation and Subsidiaries
Management's Discussion and Analysis of Financial Condition
and Results of Operations

The following discussion and analysis refers to NUI Corporation and all of its operating divisions and subsidiaries (collectively referred to as the Company). The Company is a multi-state energy sales, services and distribution, and telecommunications company. Its utility operations distribute natural gas and related services in six states along the eastern seaboard and comprise Elizabethtown Gas (New Jersey), City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company's non-regulated subsidiaries include NUI Energy, Inc. (NUI Energy), an energy retailer; NUI Energy Brokers, Inc. (NUI Energy Brokers), an energy wholesaler; NUI Energy Solutions, Inc., an energy project development and consulting entity; NUI Environmental Group, Inc., an environmental project development subsidiary; Utility Business Services, Inc. (UBS), a customer and geographical information systems and services subsidiary; and NUI Telecom, Inc., a telecommunications services subsidiary. The Company also provides sales outsourcing through its 49 percent equity interest in TIC Enterprises, LLC (TIC).

Results of Operations

Three-Month Periods Ended March 31, 2000 and 1999

Net Income. Net income for the three-month period ended March 31, 2000 was $17.7 million, or $1.37 per share, as compared with net income of $17.8 million, or $1.40 per share, for the period ended March 31, 1999. Net income in the prior period was affected by non-recurring items, which contributed $1.3 million, or $0.10 per share. These items were primarily associated with the Company's early retirement programs (see Note 4 of the Notes to the Consolidated Financial Statements). Absent these non-recurring items, net income would have been $16.5 million, or $1.30 per share. The increase in recurring earnings in the current period was attributable to higher margins, partially offset by higher operations and maintenance expenses, interest, depreciation and amortization, and other income.

Net income per share in the current period was also affected by the increased number of outstanding shares of common stock over the prior year period, primarily related to the purchase of NUI Telecom (see Note 3 of the Notes to the Consolidated Financial Statements).

Operating Revenues and Operating Margins. The Company's operating revenues include amounts billed for the cost of purchased gas pursuant to purchased gas adjustment clauses. Such clauses enable the Company to pass through to its customers, via periodic adjustments to customers' bills, increased or decreased costs incurred by the Company for purchased gas without affecting operating margins. Since the Company's utility operations do not earn a profit on the sale of the gas commodity, the Company's level of regulated operating revenues is not necessarily indicative of financial performance.

The Company's operating revenues increased by $25.3 million, or 10 percent, for the three-month period ended March 31, 2000 as compared with the three-month period ended March 31, 1999. The Company's Distribution Services' revenue increased by approximately $6.9 million, mainly due to customer growth. Weather in New Jersey was approximately 13 percent warmer than normal for the three-month period ending March 31, 2000 and was 1 percent warmer compared to the prior year period. Customer Services' revenue increased by approximately $3.1 million, net of intercompany transactions, mainly due to the recent acquisition of NUI Telecom (see Note 3 of the Notes to the Consolidated Financial Statements). Energy Sales and Services' revenue increased by approximately $15.3 million, net of intercompany transactions, mainly due to an increase in unregulated off-system sales by the Company's utility divisions.

The Company's operating margins increased by $4.3 million, or 6 percent, for the three-month period ended March 31, 2000 as compared with the three-month period ended March 31, 1999. The increase was primarily attributable to an increase of approximately $1.8 million in the Company's Distribution Services segment as a result of customer growth. The Company has weather normalization clauses in its New Jersey and North Carolina tariffs, which are designed to help stabilize the Company's results by increasing amounts charged to customers when weather has been warmer than normal and by decreasing amounts charged when weather has been colder than normal. As a result of weather normalization clauses, operating margins were approximately $2.7 million and $2.5 million higher in the fiscal 2000 and 1999 periods, respectively, than they otherwise would have been without such clauses. Operating margins from the Company's Energy Sales and Services segment decreased by approximately $0.6 million due to slightly unfavorable market conditions in the wholesale trading operations of the Company. Operating margins increased in the Customer Services segment by approximately $3.1 million, net of intercompany transactions, due to higher sales from UBS and the recent acquisition of NUI Telecom (see Note 3 of the Notes to the Consolidated Financial Statements).

Other Operating Expenses. Operations and maintenance expenses increased approximately $1.6 million, or 6 percent, for the three-month period ended March 31, 2000 as compared with the three-month period ended March 31, 1999. The increase was primarily the result of operating expenses of NUI Telecom since its acquisition date (see Note 3 of the Notes to the Consolidated Financial Statements). Absent the addition of expenses from NUI Telecom, operations and maintenance expenses would have been flat compared to the prior period.

Six-Month Periods Ended March 31, 2000 and 1999

Net Income. Net income for the six-month period ended March 31, 2000 was $25.4 million, or $1.97 per share, as compared with net income of $24.7 million, or $1.94 per share, for the period ended March 31, 1999. The increase in the current period was primarily due to higher margins and other income, partially offset by higher operations and maintenance expenses, depreciation, interest expenses and the effect of non-recurring items, in the prior period, which contributed $1.3 million, or $0.10 per share to net income. These non-recurring items were primarily associated with the Company's early retirement programs (see Note 4 of the Notes to the Consolidated Financial Statements). Absent these non-recurring items, net income would have been $23.4 million, or $1.84 per share.

Net income per share in the current period was also affected by the increased number of outstanding shares of common stock over the prior year period, primarily related to the purchase of NUI Telecom (see Note 3 of the Notes to the Consolidated Financial Statements).

Operating Revenues and Operating Margins. The Company's operating revenues increased by $29.4 million, or 6 percent, for the six-month period ended March 31, 2000 as compared with the six-month period ended March 31, 1999. The Company's Distribution Services' revenue increased by approximately $10.5 million, mainly due to customer growth. Customer Services' revenue increased by approximately $4.2 million, net of intercompany transactions, mainly due to the recent acquisition of NUI Telecom (see Note 3 of the Notes to the Consolidated Financial Statements). Energy Sales and Services' revenue increased by approximately $14.7 million, net of intercompany transactions, mainly due to an increase in unregulated off-system sales by the Company's utility divisions.

The Company's operating margins increased by $8.2 million, or 7 percent, for the six-month period ended March 31, 2000 as compared with the six-month period ended March 31, 1999. The increase was primarily attributable to an increase of approximately $3.2 million in the Company's Distribution Services segment as a result of customer growth. As a result of weather normalization clauses, operating margins were approximately $4.9 million and $5.0 million higher in the fiscal 2000 and 1999 periods, respectively, than they otherwise would have been without such clauses. Operating margins from the Company's Energy Sales and Services segment increased by approximately $0.8 million. Operating margins increased in the Customer Services segment by approximately $4.2 million, net of intercompany transactions, due to higher sales from UBS and the recent acquisition of NUI Telecom (see Note 3 of the Notes to the Consolidated Financial Statements).

Other Operating Expenses. Operations and maintenance expenses increased approximately $3.6 million, or 7 percent, for the six-month period ended March 31, 2000 as compared with the six-month period ended March 31, 1999. The increase was primarily the result of operating expenses of NUI Telecom since its acquisition date (see Note 3 of the Notes to the Consolidated Financial Statements), higher bad debt expense due to the increase in operating revenues, and higher materials and supplies expenses associated with the increased activity in the appliance service business. These increases were partially offset by decreases in the costs of telephone and computer systems.

Depreciation and amortization increased approximately $1.1 million in the current period primarily due to additional plant in service.

Regulatory Matters

On April 30, 1999, the Company made a filing with the New Jersey Board of Public Utilities (NJBPU) which will enable all customers in New Jersey to choose an alternative supplier of natural gas. This filing was in accordance with the "Electric Discount and Energy Competition Act" legislation, which was signed into law in New Jersey on February 9, 1999. The legislation has several provisions that affect gas utilities. It provides all gas customers with the ability to choose an alternate natural gas supplier. At the same time, the utility will continue to provide basic gas service through December 2002 when the NJBPU will decide if the gas supply function should be made competitive. In accordance with the legislation and with a NJBPU order dated March 2, 2000, the Company filed testimony on March 17, 2000 in a proceeding to determine whether customers should be afforded the option of contracting with an alternative provider of billing, meter reading and other customer account services that may be deemed competitive by December 31, 2000.

In January 2000, the NJBPU approved a Phase I stipulation that enables all customers to choose an alternative supplier of natural gas while the utility continues to provide basic gas supply services. The Company is currently awaiting the formal issuance of a NJBPU order. As part of the settlement, the Company has agreed to make a filing within one week of the issuance of the NJBPU order to address additional issues raised in the April 1999 filing.

Financing Activities and Resources

The Company's net cash provided by operating activities was $49.0 million and $58.1 million for the six-month periods ended March 31, 2000 and 1999, respectively. The change in the six-month period ended March 31, 2000 was primarily due to a reduction in overrecovered gas costs under the Company's purchased gas adjustment clause, partially offset by timing of payments to gas suppliers and collections on receivables.

Because the Company's business is highly seasonal, short-term debt is used to meet seasonal working capital requirements. The Company also borrows under its bank lines of credit to finance portions of its capital expenditures, pending refinancing through the issuance of equity or long-term indebtedness at a later date, depending upon prevailing market conditions.

Short-Term Debt. The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were $79.5 million at 6.8 percent for the six-month period ended March 31, 2000 and $86.1 million at 5.7 percent for the six-month period ended March 31, 1999. At March 31, 2000, the Company had outstanding notes payable to banks amounting to $49.2 million and available unused lines of credit amounting to $106.8 million. Notes payable to banks decreased as of March 31, 2000 as compared to the balance outstanding at September 30, 1999, due to seasonal borrowing requirements.

Long-Term Debt and Funds for Construction Held by Trustee. On December 8, 1998, the Company issued $40 million of tax-exempt Gas Facilities Revenue Bonds at an interest rate of 5.25 percent. These bonds will mature in November 2033 and the proceeds will be used to finance a portion of the Company's capital expenditure program in New Jersey.

The Company deposits in trust the unexpended portion of the net proceeds from its Gas Facilities Revenue Bonds until drawn upon for eligible expenditures. As of March 31, 2000, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were $25.7 million and are classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

Common Stock. The Company periodically issues shares of common stock in connection with NUI Direct, the Company's dividend reinvestment plan and certain employee benefit plans. Effective May 26, 1998, several of these plans commenced purchasing shares on the open market to fulfill the plans' requirements. Under the terms of these plans, the Company may periodically change the method of purchasing shares from open market purchases to purchases directly from the Company, or vice versa. The proceeds from such issuances amounted to were not significant in both the six-month periods ended March 31, 2000 and 1999 due to the plans purchasing shares directly in the open market rather than from the Company.

On November 12, 1999, the Company issued 113,200 shares of NUI common stock that was used for the purchase of NUI Telecom (see Note 3 of the Notes to the Consolidated Financial Statements).

Dividends. The Company's long-term debt agreements include, among other things, restrictions as to the payment of cash dividends. Under the most restrictive of these provisions, the Company is permitted to pay approximately $70.7 million of cash dividends at March 31, 2000.

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were $21.7 million for the six-month period ended March 31, 2000 as compared to $16.8 million for the six-month period ended March 31, 1999. Capital expenditures are expected to be approximately $48.6 million for all of fiscal 2000, as compared with a total of $47.9 million in fiscal 1999.

The Company owns or previously owned six former manufactured gas plant (MGP) sites in the state of New Jersey and ten former MGP sites in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which is the minimum amount that the Company expects it will expend in the next 20 years to remediate the Company's MGP sites. Of this reserve, approximately $30 million relates to New Jersey MGP sites and approximately $4 million relates to the MGP sites located outside New Jersey. However, the Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial actions, if necessary, with respect to all of its MGP sites may exceed this reserve by an amount that could range up to an additional $24 million and be incurred during a future period of time that may range up to 50 years. Of this $24 million in possible additional expenditures, approximately $12 million relates to the New Jersey MGP sites and approximately $12 million relates to the remaining MGP sites. As compared with the $34 million reserve currently recorded on the Company's books as discussed above, the Company believes that it is less likely that this additional $24 million will be incurred and therefore has not recorded it on its books. The Company believes that all costs associated with the New Jersey MGP sites will be recoverable in rates or from insurance carriers. In New Jersey, the Company is currently recovering environmental costs on an annual basis through base rates and over a rolling seven-year period through its MGP Remediation Adjustment Clause. As a result, the Company has begun rate recovery of approximately $5.5 million of environmental costs incurred through June 30, 1998. Recovery of an additional $2.0 million in environmental costs incurred between July 1, 1998 and June 30, 1999 is currently pending NJBPU approval. With respect to costs that may be associated with the MGP sites located outside the state of New Jersey, the Company intends to pursue recovery from ratepayers, former owners and operators of the sites and from insurance carriers. However, the Company is not able, at this time, to express a belief as to whether any or all of these recovery efforts will ultimately be successful.

Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $68 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. As a result of the forthcoming unbundling of natural gas services in New Jersey, these contracts may result in the realization of stranded costs by the Company. Management believes the outcome of these actions will not have a material adverse effect on the Company's results. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 2.6 billion cubic feet (Bcf) per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The Company is scheduled to repay $20 million of Medium-Term Notes in August 2002.

Market Risk Exposure

The Company's wholesale trading subsidiary, NUI Energy Brokers, uses derivatives for multiple purposes: i) to hedge price commitments and minimize the risk of fluctuating gas prices, ii) to take advantage of market information and opportunities in the marketplace, and iii) to fulfill its trading strategies and, therefore, ensure favorable prices and margins. These derivative instruments include forwards, futures, options and swaps.

The risk associated with uncovered derivative positions is closely monitored on a daily basis, and controlled in accordance with NUI Energy Brokers' Risk Management Policy. This policy has been approved by the Company's Board of Directors and dictates policies and procedures for all trading activities. The policy defines both value-at-risk (VaR) and loss limits, and all traders are required to read and follow this policy. At the end of each day, all trading positions are marked-to-market and a VaR is calculated. This information, as well as the status of all limits, is disseminated to senior management daily.

NUI Energy Brokers utilizes the variance/covariance VaR methodology. Using a 95 percent confidence interval and a one day time horizon, as of March 31, 2000, NUI Energy Brokers' VaR was $72,000.

Year 2000

The Company had developed readiness plans to address the possible exposures related to the impact on its computer systems of the Year 2000. Since entering the Year 2000, the Company has not experienced any major disruptions to its business nor is it aware of any significant Year 2000-related disruptions impacting its customers and suppliers.

The Company will continue to monitor its critical systems for Year 2000-related issues that could arise anytime throughout the year, such as customer or vendor problems. Contingency plans, supplementing existing disaster recovery and business continuity plans, have been developed as necessary for the Company's own systems and its third-party relationships, in response to its assessments, remediation and testing activities and will be used as necessary for ongoing problems. The specific actions identified include measures such as manual workarounds, deployment of backup or secondary technologies, rearranging work schedules, and substitution of suppliers, as appropriate. The Company believes that due to its planning activities, the likelihood of major consequences in the future due to the Year 2000 should be greatly reduced.

The total estimated costs incurred associated with Year 2000 readiness activities are approximately $3.5 million, a majority of which were incurred prior to the current fiscal year. Approximately 50 percent of these costs were related to capital projects. The Company has, and where necessary will continue to, fund these costs from the operations of the Company.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. The Company cautions that, while it believes such statements to be reasonable and are made in good faith, such forward-looking statements almost always vary from actual results, and the differences between assumptions made in making such statements and actual results can be material, depending upon the circumstances. Factors, which may make the actual results differ from anticipated results include, but are not limited to, economic conditions; unforeseen competition; weather conditions; fluctuations in the price of natural gas and other forms of energy; the outcome of certain assumptions made in regard to Year 2000 issues; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Company. Accordingly, investors should not rely upon these forward-looking statements in making investment decisions.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a vote of Security Holders

The following matters were presented for submission to a vote of security holders through the solicitation of proxies or otherwise during the second quarter of fiscal 2000.

The Annual Meeting of Shareholders of NUI Corporation was held on March 27, 2000. Proxies for the Annual Meeting were solicited pursuant to Regulation 14A and there was no solicitation in opposition to management's nominees. At the meeting, the shareholders approved an agreement to reorganize the Company's corporate structure, elected directors and ratified the appointment of independent public accountants.

The total votes were as follows:

	For	Against or Withheld	Abstain
(1) Approval of the reorganization of the corporate structure	8,595,769	153,863	68,621
(2) Election of directors to serve for three-year terms:			
James J. Forese	10,789,936	255,937	
R. Van Whisnand	10,791,317	254,556	
(3) Ratification the appointment of Arthur Andersen LLP as independent public accountants	10,895,236	116,306	34,329

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit No.	Description of Exhibit	Reference
27	Financial Data Schedule	Filed herewith

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NUI CORPORATION

May 12, 2000	JOHN KEAN, JR. President and Chief Executive Officer
May 12 , 2000	A. MARK ABRAMOVIC Sr. Vice President, Chief Operating Officer & Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NUI CORPORATION

May 12, 2000

John Kean, Jr.
President and Chief Executive Officer

May 12, 2000

A. Mark Abramovic
Sr. Vice President, Chief Operating Officer &
Chief Financial Officer

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of City Gas Company of Florida, (a Division of NUI Corporation) to issue and sell securities during the twelve months ending September 30, 2001	))))))	DOCKET NO. FILED: August 9, 2000

APPLICATION OF CITY GAS COMPANY OF FLORIDA,
(A DIVISION OF NUI CORPORATION) FOR AUTHORITY
FOR NUI CORPORATION TO ISSUE AND SELL SECURITIES

EXHIBIT B-1
ESTIMATED PROJECTED SOURCES AND USES OF FUNDS FOR NUI FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2001

NUI CORPORATION
ESTIMATED CONSOLIDATED SOURCES AND USES OF FUNDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2001
(dollars in thousands)

Exhibit B-1

SOURCES OF FUNDS	
NET INCOME	$ 30,400
DEPRECIATION AND AMORTIZATION	30,500
CONSTRUCTION FUNDS, NET	11,400
PROCEEDS FROM SALE OF COMMON STOCK	25,500
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	70,000
DEFERRED FEDERAL INCOME TAXES	1,000
OTHER NON-CASH CHARGES TO INCOME	1,000
	169,800
USES OF FUNDS	
CAPITAL EXPENDITURES	(67,600)
DIVIDENDS TO SHAREHOLDERS	(12,800)
PURCHASE OF VIRGINIA GAS COMPANY	(22,000)
REPAYMENT OF LONG-TERM DEBT	(30,000)
REPAYMENTS OF CAPITAL LEASES	(1,700)
WORKING CAPITAL CHANGES	(20,000)
AMORTIZATION OF ITC	(450)
OTHER	(2,000)
	(156,550)
NET REPAYMENTS OF SHORT-TERM DEBT	$ 13,250

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application of City Gas Company of Florida, (a Division of NUI Corporation) to issue and sell securities during the twelve months ending September 30, 2001	))))))	DOCKET NO. FILED: August 9, 2000

APPLICATION OF CITY GAS COMPANY OF FLORIDA, (A DIVISION OF NUI CORPORATION) FOR AUTHORITY <u>FOR NUI CORPORATION TO ISSUE AND SELL SECURITIES</u>

EXHIBIT B-2
ESTIMATED CONSTRUCTION SPENDING FOR CITY GAS COMPANYOF FLORIDA FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2001

CITY GAS COMPANY OF FLORIDA
2001 CAPITAL BUDGET

Division	Project Name	Amount
Dist Admin	East/West Project	17,804,800
Miami Div	Dolphin Mall	90,000
Miami Div	Doral Park Plaza	95,000
Miami Div	NW 7th Street	140,000
Miami Div	Montaney Power	600,000
Miami Div	Hotel Row- NW 25th Street	150,000
Miami Div	Preferred Freezer-Medley	10,000
Miami Div	Shoppes of Merrick Place	100,000
Miami Div	Dade County School JJ @ Doral	100,000
Miami Div	Tarmac	50,000
Miami Div	SF Reception Center	320,000
Miami Div	Flying Foods	180,000
Miami Div	Ivax	10,000
Miami Div	Municipal Improvements	395,000
Miami Div	Galvanize Replacement	366,000
Brevard Div	PAFB South Housing-unplatted	75,000
Brevard Div	Grand Haven	141,659
Brevard Div	Ashwood PH1-D	15,750
Brevard Div	Ashwood PH1-E	19,500
Brevard Div	Baytree PH2 Stage 2	22,342
Brevard Div	Canary Isles	13,139
Brevard Div	Chelsea Park PH4	31,500
Brevard Div	Clearlake Cove	6,216
Brevard Div	Courtyards PH2	27,735
Brevard Div	Forest Creek PH2	23,625
Brevard Div	Grand Isle PH2	43,703
Brevard Div	Herons Landing PH2 UNIT4	7,875
Brevard Div	Lansing Isle PH5	16,819
Brevard Div	Magnolia Pt PH2	15,142
Brevard Div	Oceanside Village PH3	53,625
Brevard Div	Osprey PH4	10,875
Brevard Div	Sawgrass PH2	94,502
Brevard Div	Ventana PH2	8,968
Brevard Div	Williamsburg Way	45,750
Brevard Div	Windsong Est.	10,954
Brevard Div	Municipal Improvements	212,335
Brevard Div	Telemetry Improvements	80,000
PSL Div	Tortise Cay	69,475
PSL Div	Heatherwood II	49,750
PSL Div	Forest Lakes	109,225
PSL Div	Lake Charles	32,500
PSL Div	Cascades	130,000
PSL Div	Heatherwood III	39,250
Vero Div	Airlite	352,850
Vero Div	System Improvements	240,000
	Total Projects	**22,410,864**
	Various (Mains, Services, Meters, Etc.)	5,375,859
	Total Projected 2001 Budget	**27,786,723**