

AGL RESOURCES INC
Form U-9C-3
May 28, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM U-9C-3

QUARTERLY REPORT PURSUANT TO RULE 58 OF
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, AS AMENDED

For the Quarter Ended March 31, 2004

AGL Resources Inc.
(Name of registered holding company)

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Ten Peachtree Place

Atlanta, Georgia 30309

(Address of principal executive offices)

Inquiries concerning this Form U-9C-3 may be directed to:

Bryan E. Seas

Vice President and Controller

AGL Resources Inc.

Ten Peachtree Place

Atlanta, Georgia 30309

404-584-4000

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ITEM 1 - ORGANIZATION CHART

| Name of Reporting Company | Energy or Gas Related Company | Date of Organization | State of Organization | % of Voting Securities Held | Nature of Business (a) |
|--|--------------------------------------|-----------------------------|------------------------------|------------------------------------|-------------------------------|
| AGL Resources Inc. (AGL Resources) (b) | | 11/27/1995 | Georgia | | RHC |

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| | | | | | |
|--|-----|------------|----------|------|----------|
| AGL Investments, Inc. (AGLI) (b) | | 11/27/1995 | Georgia | 100% | IHC |
| Sequent, LLC (Sequent) | Gas | 01/29/2001 | Georgia | 100% | IHC |
| Sequent Energy Management, LP (SEM) | Gas | 06/29/2001 | Georgia | 1% | (c) |
| Sequent Energy Marketing, LP * | Gas | 07/12/2001 | Georgia | 1% | Inactive |
| Sequent Holdings, LLC | Gas | 06/29/2001 | Georgia | 100% | IHC |
| SEM | Gas | 06/29/2001 | Georgia | 99% | (c) |
| Sequent Energy Marketing, LP * | Gas | 07/12/2001 | Georgia | 99% | Inactive |
| Southeastern LNG, Inc. * | Gas | 11/14/2000 | Georgia | 100% | (d) |
| Georgia Gas Company * | Gas | 06/10/1968 | Georgia | 100% | Inactive |
| Pivotal Energy Services, Inc. * | Gas | 08/24/2001 | Georgia | 100% | Inactive |
| Georgia Energy Company * | Gas | 02/04/1981 | Georgia | ** | ** |
| Pinnacle LNG, Inc. * | Gas | 02/12/2003 | Georgia | 100% | Inactive |
| Georgia Natural Gas Company (GNG) | Gas | 09/10/1996 | Georgia | 100% | (e) |
| SouthStar Energy Services, LLC (SouthStar) | Gas | 07/13/1998 | Delaware | 50% | (f) |
| TES, Inc. * | Gas | 10/15/1996 | Georgia | ** | ** |
| Pivotal Propane of Virginia, Inc. | Gas | 09/26/2003 | Delaware | 100% | (g) |
| Atlanta Gas Light Services, Inc. * | Gas | 06/10/1968 | Georgia | ** | ** |
| Georgia Natural Gas Services, Inc. * | Gas | 09/24/1998 | Georgia | ** | ** |
| AGL Peaking Services, Inc. * | Gas | 11/21/1997 | Georgia | 100% | (h) |
| AGL Interstate Pipeline Company * | Gas | 11/21/1997 | Georgia | 100% | Inactive |

*

This company was inactive during the reporting period ended March 31, 2004.

**

Incorporated, but not organized, as of March 31, 2004.

(a)

The following acronyms are used in Item 1: RHC registered holding company, IHC intermediate holding company.

(b)

AGL Resources and AGLI are not reporting companies but are included in this Item 1 because they hold securities, directly or indirectly, in the gas-related companies as indicated.

(c)

SEM is an asset optimization, producer services, and wholesale marketing and risk management subsidiary.

(d)

Through September 2003, Southeastern LNG, Inc. owned and operated a fleet of liquefied natural gas tankers. Southeastern LNG, Inc. sold its entire fleet of tankers in October 2003 and currently has no active operations.

(e)

GNG currently owns a non-controlling 70% financial interest in SouthStar and Piedmont Natural Gas Company, Inc. (Piedmont) owns the remaining 30%. Our 70% interest is non-controlling because all significant management decisions require approval by both owners. On March 29, 2004, AGL Resources executed an amended and restated partnership agreement with Piedmont. This amended and restated partnership agreement calls for SouthStar's future earnings starting in 2004 to be allocated 75% to GNG and 25% to Piedmont. In addition, the partners executed a services agreement, which provides that AGL Services Company will provide and administer accounting, treasury, internal audit, human resources and information technology functions.

(f)

SouthStar is the largest retail marketer of natural gas in Georgia with a market share of approximately 37% and operates under the trade name Georgia Natural Gas.

(g)

Formed to construct a propane air facility in the VNG service area to serve VNG's peaking needs.

(h)

AGL Peaking Services, Inc. (AGL Peaking) owns property formerly designated for a liquefied natural gas peaking facility, but has no active operations.

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ITEM 2 - ISSUANCES AND RENEWALS OF SECURITIES AND CAPITAL CONTRIBUTIONS

There were no reportable issuances of securities or capital contributions made by the reporting entities during the quarter ended March 31, 2004.

ITEM 3 - ASSOCIATE TRANSACTIONS**Part I - Transactions Performed by Reporting Companies on Behalf of Associate Companies for the Quarter Ended March 31, 2004 (in thousands)**

| Reporting Company Rendering Services | Associate Company Receiving Services | Types of Services Rendered | Direct Costs Charged (b) | Indirect Costs Charged (b) | Cost of Capital (b) | Total Amount Billed (b) |
|---|---|---------------------------------------|---------------------------------|-----------------------------------|----------------------------|--------------------------------|
| SEM | Atlanta Gas Light Company | Gas procurement, scheduling and other | \$ 67 | -- | -- | \$ 67 |
| SEM | Virginia Natural Gas, Inc. | Gas procurement, scheduling and other | 58 | -- | -- | 58 |
| SEM | Chattanooga Gas Company | Gas procurement, scheduling and other | 44 | -- | -- | 44 |
| SEM | Atlanta Gas Light Company | Gas Transmission Storage Management | 529 | -- | -- | 529 |
| SEM | Chattanooga Gas Company | Gas Transmission Storage Management | 1,180 | -- | -- | 1,180 |

(a)

All services are being provided at cost and are being billed (with the exception of certain direct billings) through AGL Services Company (AGSC). As per Rules 80 and 81, energy purchases are not reported hereunder.

(b)

The Receiving Company makes available idle or underutilized gas transportation and storage capacity for use by the Serving Company, as agent for the Receiving Company, in return for which the Serving Company pays for costs incurred and shares the profits with the Receiving Company in accordance with approval by the appropriate state commissions.

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Part II - Transactions Performed by Associate Companies on Behalf of Reporting Companies for the Quarter Ended March 31, 2004 (in thousands)

| Associate Company Rendering Services | Reporting Company Receiving Services | Types of Services Rendered | Direct Costs Charged | Indirect Costs Charged | Cost of Capital | Total Amount Billed |
|---|---|-----------------------------------|-----------------------------|-------------------------------|------------------------|----------------------------|
| AGSC | SEM | Support (c) | \$ 626 | \$ 1,254 | \$ 21 | \$ 1,901 |
| AGSC | Southeastern LNG, Inc. | Support (d) | 1 | 2 | -- | 3 |
| AGSC | Pivotal Energy Services, Inc. | Support (d) | 9 | -- | -- | 9 |
| AGSC | GNG | Support (e) | 128 | 475 | 30 | 633 |
| AGSC | Pivotal Propane of Virginia, Inc. | Support (d) | 9 | -- | -- | 9 |
| AGSC | AGL Peaking | Support (d) | -- | 2 | -- | 2 |

(c)

Sequent receives support services (i.e. accounting, information services, human resources, payroll, etc.) from AGSC which are billed pursuant to a standard at-cost service agreement with AGSC. Detailed information with respect to transactions under the agreement is not provided in this report but will be provided by Form U-13-60.

(d)

Southeastern LNG, Inc.; Pivotal Energy Services, Inc.; Pivotal Propane of Virginia, Inc.; and AGL Peaking Services receive support services from AGSC. Detailed information with respect to these transactions is not provided in this report but will be provided by Form U-13-60.

(e)

GNG receives support services (i.e. accounting, legal, risk management, etc.) from AGSC which are billed pursuant to a standard at-cost service agreement with AGSC. Detailed information with respect to transactions under the agreement is not provided in this report but will be provided by Form U-13-60.

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ITEM 4 - SUMMARY OF AGGREGATE INVESTMENT**Investments in energy-related companies (in thousands):**

| | | |
|--|-------------|--------|
| Total consolidated capitalization of AGL Resources as of March 31, 2004 ⁽¹⁾ | \$2,105,295 | Line 1 |
| Total capitalization multiplied by 15% (Line 1 multiplied by 0.15) | 315,794 | Line 2 |
| Greater of \$50 million or line 2 | \$315,794 | Line 3 |
| Total current aggregate investment | | |
| (categorized by major line of energy-related business) | | |
| Total current aggregate investment | - | Line 4 |
| Difference between the greater of \$50 million or 15% of capitalization | | |
| and the total aggregate investment of the registered holding company system (line 3 less line 4) | \$315,794 | Line 5 |

Investments in gas-related companies (in thousands):Total current aggregate investment ⁽²⁾

(categorized by major line of gas-related business)

| | | |
|---|----------|--|
| Sequent organization ⁽³⁾ | (65,978) | |
| Southeastern LNG, Inc. ⁽³⁾ | (1) | |
| Pivotal Energy Services, Inc. | 3 | |
| GNG (includes SouthStar) ⁽⁴⁾ | 59,052 | |
| Pivotal Propane of Virginia, Inc. | 5,185 | |
| AGL Peaking | 3,866 | |
| Total current aggregate investment | 2,127 | |

(1) Total capitalization consists of common shareholders' equity, long-term debt including current portion, preferred stock, and short-term debt.

- (2) Total current aggregate investment consists of common stock owned by system companies, premium on common stock, retained earnings, and net intercompany payables/(receivables).
- (3) Aggregate investment as of March 31, 2004 is negative because these entities have a net intercompany receivable.
- (4) Through calendar 2003, AGL Resources accounted for its 70% non-controlling financial interest in SouthStar using the equity method of accounting. On March 31, 2004, AGL Resources adopted FIN 46R which resulted in the consolidation of SouthStar's accounts with GNG's accounts in AGL Resources' condensed consolidated financial statements. AGL Resources recorded Piedmont's portion of SouthStar's capital as a minority interest on the condensed consolidated balance sheet in the amount of \$26.9 million.

ITEM 5 - OTHER INVESTMENTS

None.

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ITEM 6 - FINANCIAL STATEMENTS AND EXHIBITS

A

Financial Statements

- | | |
|-------------|--|
| Exhibit 1.1 | Balance Sheets of Sequent; SEM; Sequent Holdings, LLC; Southeastern LNG, Inc.; Pivotal Energy Services, Inc.; GNG; Pivotal Propane of Virginia, Inc. and AGL Peaking as of March 31, 2004 (Submitted under confidential treatment request pursuant to Rule 104(b)) |
| Exhibit 1.2 | Balance Sheet of SouthStar as of March 31, 2004 (Submitted under confidential treatment request pursuant to Rule 104(b)) |
| Exhibit 2.1 | |

Income Statements for the Three Months Ended March 31, 2004 for Sequent; SEM; Sequent Holdings, LLC; Southeastern LNG, Inc.; Pivotal Energy Services, Inc.; GNG; Pivotal Propane of Virginia, Inc. and AGL Peaking (Submitted under confidential treatment request pursuant to Rule 104(b))

Exhibit 2.2

Income Statements for the Three Months Ended March 31, 2004 for SouthStar (Submitted under confidential treatment request pursuant to Rule 104(b))

B

Exhibits

Exhibit 3

The certificate as to filing with interested state commissions is attached hereto as Exhibit 3.

#

SIGNATURE

The undersigned registered holding company has duly caused this quarterly report to be signed on its behalf by the undersigned officer thereunto duly authorized pursuant to the requirements of the Public Utility Holding Company Act of 1935, as amended.

AGL RESOURCES INC.

By: /s/ Bryan E. Seas

Bryan E. Seas
Vice President and Controller

May 28, 2004

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EXHIBIT INDEX

A

Financial Statements

B

Exhibits

Exhibit 3

The certificate as to filing with interested state commissions is attached hereto as Exhibit 3.

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