AGL RESOURCES INC
Form 11-K
June 27, 2014

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

FORM 11-K

þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

OR

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

For the transition period from to

Commission File Number 1-14174

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Nicor Gas Thrift Plan

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

AGL Resources Inc.
Ten Peachtree Place
Atlanta, Georgia 30309

Nicor Gas
Thrift Plan

Financial Statements and Supplemental Schedules
As of December 31, 2013 and 2012 and
For the Year Ended December 31, 2013

Nicor Gas
Thrift Plan
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Note: Other schedules required by Section 2520.103-10 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Plan Administrator
Nicor Gas Thrift Plan
Naperville, Illinois

We have audited the accompanying statement of net assets available for benefits of the Nicor Gas Thrift Plan (the "Plan") as of December 31, 2013, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules, Schedule H Line 4a – Schedule of Delinquent Participant Contributions and Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of and for the year ended December 31, 2013 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic 2013 financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 2013 financial statements taken as a whole.

/s/ BDO USA, LLP

Atlanta, Georgia
June 27, 2014

Report of Independent Registered Public Accounting Firm

To the Plan Administrator
Nicor Gas Thrift Plan
Naperville, Illinois

We have audited the accompanying statement of net assets available for benefits of Nicor Gas Thrift Plan (the “Plan”) as of December 31, 2012. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 in conformity with U.S. generally accepted accounting principles.

/s/ Crowe Horwath LLP

Oak Brook, Illinois
June 27, 2013

Nicor Gas
Thrift Plan
Statements of Net Assets Available for Benefits
As of December 31, 2013 and 2012

	2013	2012
Assets:		
Investments, at fair value:		
Registered investment companies	$ 107,917,266	$ -
Collective trust	45,542,881	-
AGL Resources Inc. common stock	9,342,042	-
Participant-directed investments in Master Trust	-	158,203,868
Total investments	162,802,189	158,203,868
Receivables:		
Notes receivable from participants	5,470,253	5,369,867
Employer contributions	337,373	331,212
Due from broker for securities sold	69,330	-
Total receivables	5,876,956	5,701,079
Net assets reflecting investments at fair value	168,679,145	163,904,947
Adjustment from fair value to contract value for the fully benefit-responsive investment contract	(551,132)	(2,853,525)
Net assets available for benefits	$ 168,128,013	$ 161,051,422

The accompanying notes are an integral part of these statements.

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Nicor Gas
Thrift Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2013

		2013
Additions:		
Net increase in Plan assets from investment activities of the Master Trust	$	10,313,981
Investment income:		
Net appreciation in fair value of investments		11,380,061
Dividends from registered investment companies		2,693,709
Interest income from the collective trust		357,574
Dividends from AGL Resources Inc. common stock		131,885
Other		6,757
Total investment income		14,569,986
Interest income on notes receivable from participants		218,530
Contributions:		
Participant		4,668,733
Employer		2,111,528
Total contributions		6,780,261
Total additions		31,882,758
Deductions:		
Benefits paid to participants		(22,721,406)
Administrative expenses		(97,869)
Total deductions		(22,819,275)
Net increase before transfers out to other plans		9,063,483
Transfers out to other plans		(1,986,892)
Net increase		7,076,591
Net assets available for benefits:		
Beginning of year		161,051,422
End of year	$	168,128,013

The accompanying notes are an integral part of these statements.

Nicor Gas
Thrift Plan
Notes to Financial Statements

1. Plan Description

The following description of the Nicor Gas Thrift Plan (the "Plan") is provided for general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General
The Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is designed to provide retirement benefits to substantially all employees of Northern Illinois Gas Company (doing business as Nicor Gas Company) (the "Company" or "Plan Sponsor") represented by a collective bargaining agreement. Employees are eligible to participate in the Plan after completing four months of service.

The Plan Sponsor is a wholly owned subsidiary of AGL Resources Inc. The Plan consists of both a profit sharing plan and an employee stock ownership plan ("ESOP"). The ESOP consists of the portion of the Plan which is invested in AGL Resources Inc. common stock. Both the ESOP and non-ESOP portion of the Plan are intended to constitute a single plan.

Through June 28, 2013, Plan investments were commingled with those of the Nicor Companies Savings Investment Plan and held for safekeeping and investment by the Nicor Companies Savings Investment Plan and Nicor Gas Thrift Plan Master Trust (the "Master Trust"). Each of the participating plans had an interest in the net assets of the Master Trust and changes therein. The Plan's interest in the net assets of the Master Trust was based on the beginning of year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Investment income and administrative expenses relating to the Master Trust were allocated to individual plans based upon their interests in each of the underlying participant-directed investments. The Administrative Committee (the "Committee") approved the termination of the Master Trust effective June 28, 2013.

Effective June 28, 2013, the funds of the Plan are held for safekeeping and investment by Bank of America, N.A.

Administration
The Plan is administered by the Committee which is appointed by the Company's Board of Directors. The Committee has the sole discretion and authority to interpret the provisions of the Plan, including determinations as to eligibility, amounts of benefits payable, and the resolution of all factual questions arising in connection with the administration of the Plan.

The Vanguard Fiduciary Trust Company ("VFTC") acted as Trustee for the Master Trust and held the investments of the Plan under the terms of a trust agreement through June 28, 2013. The VFTC also acted as investment manager for certain assets of the Plan. Effective June 28, 2013, the Committee engaged Bank of America, N.A. to maintain a trust under which contributions to the Plan are invested in various investment funds and AGL Resources Inc. common stock. Merrill Lynch, Pierce, Fenner & Smith, Inc. Retirement Group serves in the role of record keeper and custodian for the Plan effective June 28, 2013.

Contributions

Employee Contributions. Participants may elect to make either: 1) pre-tax contributions, 2) Roth after-tax contributions or 3) traditional after-tax contributions, or a combination thereof. The amount a participant elects to contribute will be withheld from his or her compensation through payroll deductions, and such contributions will be transferred by the Company to the Trustee of the Plan at each payroll period and will be credited to the participant's account as soon as administratively practicable after such transfer. An automatic pre-tax contribution deferral of 3% of eligible compensation will be provided for employees hired or rehired on or after January 1, 2010, when no other election is made. Effective July 1, 2013, the automatic enrollment will become effective on the first day of the first full pay period beginning 30 days after the eligible new employee enters the Plan.

Participants who have attained age 50 before the end of the Plan year are eligible to make additional catch-up contributions. The Plan also accepts certain rollover contributions representing distributions from other qualified plans. Participants direct the investment of their contributions, Company contributions and account balances into various investment options offered by the Plan. To the extent a participant does not elect to invest their account balances in any investment fund, the Plan has designated a qualified default investment fund. Maximum contributions cannot exceed limits as set forth in the Internal Revenue Code ("IRC").

Company Contributions. Generally, on behalf of each participant who makes contributions, the Company will make a matching contribution each payroll period. The matching contribution will be equal to 60% of the participant's first 6% of contributions. For employees hired on and after January 1, 1998, the Company makes an additional non-discretionary annual contribution, subject to service requirements, up to 1.4% of the participant's eligible pay, if they are an employee as of the last day of the plan year. Effective March 1, 2014, the annual non-discretionary annual contribution increased to 1.5% of the participant's eligible pay and employees eligible for the non-discretionary annual contribution will receive a one-time additional Company contribution of $750 for the 2014 plan year.

Participant Accounts
Each participant's account is credited with the participant's contributions and allocations of the Company's matching contributions, as well as allocations of the Company's non-discretionary annual contribution, and Plan earnings. A participant is entitled to the benefits that can be provided from the participant's vested account.

Vesting
A participant's contributions and earnings thereon, and all AGL Resources Inc. common stock dividends are vested immediately. The Company's contributions and earnings thereon are vested upon occurrence of any one of the following:

- Completion of three years of vesting service;
- Attainment of age 65 while employed by the Company;
- Permanent disablement while employed by the Company; or
- Death while employed by the Company.

Withdrawals
A participant's traditional after-tax contributions (including earnings) may be withdrawn. Participants also may be eligible for hardship withdrawals from their pre-tax contributions and Roth after-tax contributions (but not the earnings on those contributions earned after 1988) if they meet certain "immediate and heavy financial need" hardship requirements. An additional 10% income tax generally will be imposed on the taxable portion of the withdrawal unless the participant has reached age 59 ½ (or has satisfied certain other criteria established in the IRC) at the time of withdrawal. Additionally, participants over age 59 ½ are permitted to take a distribution from the Plan without an early withdrawal penalty.

Distribution of Benefits
The Plan provides that distribution of benefits may be made as soon as practicable after an employee's death or separation from service. If the distribution is $1,000 or less, the Committee may make an immediate distribution without the consent of the participant. Otherwise, a participant may delay the distribution of his or her account until the participant reaches age 70½. Effective January 1, 2014, for participants who do not choose a method of distribution for balances of more than $1,000 but not over $5,000, the account balance will be automatically rolled over by the Plan to an individual retirement account ("IRA") with Merrill Lynch upon separation of service.

Generally, a participant's distribution will be made in a single sum of cash. To the extent a participant's account is invested in AGL Resources Inc. common stock on the date of distribution, at the option of the participant, the distribution may be made in the form of whole shares of AGL Resources Inc. common stock (and cash representing any fractional share). In addition to the lump sum option, partial distributions, and monthly, quarterly, semi-annual, or annual installments of a fixed amount or period are allowed.

Distributions of cash or AGL Resources Inc. common stock from a participant's account (other than amounts attributable to the participant's Roth after-tax or traditional after-tax contributions) which are made upon the participant's termination of employment or death, generally will be taxable in the year of distribution. Such distributions will, generally, be subject to 20% federal income tax withholding.

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Notes Receivable from Participants
Participants may borrow from their participant accounts. Such borrowings represent loans to the participant and notes receivable to the Plan. The minimum loan amount to a participant is $1,000 and may not exceed the lesser of 1) $50,000 minus the participant's highest outstanding loan balance during the previous twelve months, or 2) 50% of the participant's vested account balance less the participant's highest outstanding loan balance during the previous twelve months. Participants generally repay loans through payroll withholdings over a period not to exceed 5 years. The notes receivable from participants are secured by the vested portion of the participant's account and bear interest at fixed rates that range from 4.25% to 9.25%. The interest rate is established at the date of the loan and is based on the prime rate plus 1%. The interest rate remains fixed over the life of the loan and interest is computed monthly.

A participant may not have more than two loans outstanding at any time. In the event that a participant terminates employment for any reason, any outstanding loan balance will become due and payable in full at that time. However, the Plan provides that the Committee may take certain actions (as appropriate) to allow the participant to cure a default on a Plan loan.

Forfeited Accounts
Any forfeited amounts resulting from employees terminating prior to completion of the vesting period, may be used to reduce future Company contributions or may be applied to Plan expenses incurred with respect to administering the Plan. Forfeited non-vested accounts totaled $512 at December 31, 2013 and $23,725 at December 31, 2012. No forfeitures were applied to Plan expenses during 2013. In 2013, the Plan used $29,022 of the forfeited non-vested account balances to decrease Company contributions.

Administrative Expenses
Loan origination and maintenance fees associated with notes receivable from participants, overnight check service fees, and the Plan's investment advisory and shareholder servicing fees are paid by the Plan and are reflected in the financial statements as administrative expenses. Investment management fees are charged to the Plan as a reduction of investment return and included in the investment income (loss) reported by the Plan. All other expenses of the Plan are paid by the Company.

2. Summary of Accounting Policies

Basis of Accounting
The financial statements of the Plan are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Investment Valuation
The Plan's investments are reported at fair value. The Plan states its interest in the investments of the Master Trust based upon the estimated fair values of the underlying participant-directed investments held in the Master Trust. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 – Fair Value Measurements for discussion of fair value. The Plan's Investment Committee determines the Plan's valuation policies utilizing information provided by the investment advisors and custodians.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

The Statements of Net Assets Available for Benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a fair value basis except for fully benefit-responsive contracts through a collective trust which are on a contract value basis.

The collective trust is fully benefit-responsive to the participants. The difference between the valuation of fully benefit-responsive investments at fair value and contract value is reflected over time through the crediting rate. Contract value represents contributions made plus interest accrued at the contract rate, less withdrawals. To the extent the underlying portfolio has unrealized and/or realized gains/losses, an adjustment is made when reconciling from fair value to contract value. As a result, the future crediting rate may be different than the current market rate. The crediting rate of the contract resets every quarter based on the performance of the underlying investment portfolio. The average crediting interest rate for the Invesco Stable Value Trust was 1.5% at December 31, 2013 and the average yield for this fund was 1.5% for 2013. The average crediting interest rate for the Vanguard Retirement Savings Trust III ("VRST") was 2.4% at December 31, 2012 and the average yield for this fund was 2.2% for 2012.

The existence of certain conditions can limit the collective trust's ability to transact at contract value. Specifically, any event outside the normal operation of the collective trust that causes a withdrawal from an investment contract may result in a negative market value adjustment with respect to the withdrawal. Examples of such events include, but are not limited to, partial or complete legal termination of the collective trust or a unitholder, tax disqualification of the collective trust or unitholder and certain collective trust amendments if issuers' consent is not obtained.