

AGL RESOURCES INC
Form 10-Q
November 01, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 September 30, 2007

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 1-14174

AGL RESOURCES INC.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of incorporation or
organization)

58-2210952

(I.R.S. Employer Identification No.)

Ten Peachtree Place NE, Atlanta, Georgia 30309

(Address and zip code of principal executive offices)

404-584-4000

(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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

Edgar Filing: AGL RESOURCES INC - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding as of October 26, 2007
Common Stock, \$5.00 Par Value	76,576,917

AGL RESOURCES INC.

Quarterly Report on Form 10-Q

For the Quarter Ended September 30, 2007

TABLE OF CONTENTS

Item Number	Page(s)
PART I - FINANCIAL INFORMATION	3
Condensed Consolidated Financial 1 Statements (Unaudited)	3-6
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Income</u>	4
<u>Condensed Consolidated Statements of Common Shareholders' Equity</u>	5
<u>Condensed Consolidated Statements of Cash Flows</u>	6
Notes to Condensed Consolidated Financial Statements	7-16
<u>Note 1 - Accounting Policies and Methods of Application</u>	7-9
<u>Note 2 - Risk Management</u>	9
<u>Note 3 - Regulatory Assets and Liabilities</u>	10
<u>Note 4 - Employee Benefit Plans</u>	10-11
<u>Note 5 - Common Shareholders' Equity</u>	11
<u>Note 6 - Debt</u>	12
<u>Note 7 - Commitments and Contingencies</u>	13
<u>Note 8 - Income Taxes</u>	13
<u>Note 9 - Segment Information</u>	14-16
<u>Management's Discussion and Analysis of Financial Condition and Results of 2 Operations</u>	17-30
<u>Forward-Looking Statements</u>	17
<u>Overview</u>	17
<u>Distribution Operations</u>	17-18
<u>Retail Energy Operations</u>	18
<u>Wholesale Services</u>	19
<u>Energy Investments</u>	19
<u>Corporate</u>	20
<u>Executive Summary</u>	20
<u>Results of Operations</u>	20-26
<u>Liquidity and Capital Resources</u>	26-29
<u>Critical Accounting Policies and Estimates</u>	30

Accounting Developments 30

Quantitative and Qualitative Disclosures

3 About Market Risk 30-33

4 Controls and Procedures 33

PART II - OTHER INFORMATION

1 Legal Proceedings 33

Unregistered Sales of Equity Securities

2 and Use of Proceeds 34

6 Exhibits 35

SIGNATURE 36

Table of Contents**PART I - Financial Information****Item 1. Financial Statements**

AGL RESOURCES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>In millions, except share data</i>	September 30, 2007	As of December 31, 2006	September 30, 2006
Current assets			
Cash and cash equivalents	\$ 17	\$ 20	\$ 14
Inventories	654	597	627
Energy marketing receivables	365	505	344
Receivables (less allowance for uncollectible accounts of \$15 at Sept. 30, 2007, \$15 at Dec. 31, 2006 and \$16 at Sept. 30, 2006)	141	375	156
Energy marketing and risk management assets	83	159	174
Unrecovered pipeline replacement program costs	27	27	26
Unrecovered environmental remediation costs	24	27	28
Other	117	112	143
Total current assets	1,428	1,822	1,512
Property, plant and equipment			
Property, plant and equipment	5,142	4,976	4,943
Less accumulated depreciation	1,610	1,540	1,538
Property, plant and equipment-net	3,532	3,436	3,405
Deferred debits and other assets			
Goodwill	420	420	420
Unrecovered pipeline replacement program costs	261	247	258
Unrecovered environmental remediation costs	132	143	151
Other	67	79	89
Total deferred debits and other assets	880	889	918
Total assets	\$ 5,840	\$ 6,147	\$ 5,835
Current liabilities			