

AGL RESOURCES INC
Form U-9C-3
May 30, 2003

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, 2003

AGL Resources Inc.
(Name of registered holding company)

Ten Peachtree Place

Atlanta, Georgia 30309

(Address of principal executive offices)

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

Richard T. O'Brien

Executive Vice President and Chief Financial Officer

AGL Resources Inc.

Ten Peachtree Place

Atlanta, Georgia 30309

404-584-9470

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ITEM 1 - ORGANIZATION CHART

| Name of Reporting Company | Energy or Gas | Date of Organization | State of Organization | % of Voting | Nature of Business |
|---------------------------|------------------|-------------------------|--------------------------|----------------|-----------------------|
|---------------------------|------------------|-------------------------|--------------------------|----------------|-----------------------|

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| | Related Company | | | Securities Held | (a) |
|--|------------------------|------------|----------|------------------------|------------|
| AGL Resources Inc. (AGL Resources) (b) | | 11/27/1995 | Georgia | | RHC |
| AGL Investments, Inc. (AGLI) (b) | | 11/27/1995 | Georgia | 100% | IHC |
| Sequent, LLC (Sequent) | Energy | 01/29/2001 | Georgia | 100% | IHC |
| Sequent Energy Management, LP (SEM) | Energy | 06/29/2001 | Georgia | 1% | (c) |
| Sequent Energy Marketing, LP * | Energy | 07/12/2001 | Georgia | 1% | Inactive |
| Sequent Holdings, LLC | Energy | 06/29/2001 | Georgia | 100% | IHC |
| SEM | Energy | 06/29/2001 | Georgia | 99% | (c) |
| Sequent Energy Marketing, LP * | Energy | 07/12/2001 | Georgia | 99% | Inactive |
| Southeastern LNG, Inc. | Gas | 11/14/2000 | Georgia | 100% | (d) |
| Georgia Natural Gas Company (GNG) | Gas | 09/10/1996 | Georgia | 100% | (e) |
| SouthStar Energy Services, LLC | Gas | 07/13/1998 | Delaware | 50% | (f) |
| AGL Peaking Services, Inc. * | Gas | 11/21/1997 | Georgia | 100% | (g) |

*

This company was inactive during the reporting period ended March 31, 2003.

(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 energy-related and gas-related companies as indicated.

(c)

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

(d)

Southeastern LNG, Inc. owns and operates a fleet of liquefied natural gas tankers.

(e)

GNG owns a noncontrolling 70% financial interest in SouthStar Energy Services, LLC (SouthStar), a joint venture with a subsidiary of Piedmont Natural Gas Company. Although AGL Resources owns 70% of SouthStar, most matters of significance require the unanimous vote of each owner s representative to the governing board of SouthStar. Prior to March 11, 2003, GNG owned 50% of SouthStar, with subsidiaries of Piedmont Natural Gas Company and Dynegy

Holdings Inc. owning 20% and 30%, respectively.

(f)

SouthStar markets natural gas and related services to retail customers, principally in Georgia. SouthStar is the largest retail marketer of natural gas in Georgia with a market share of 38% and operates under the trade name Georgia Natural Gas.

(g)

During September 2001, AGL Peaking Services, Inc. (AGL Peaking) terminated its investment in Etowah LNG Company, LLC (Etowah), a joint venture with Southern Natural Gas Company. Etowah was formed for the purpose of constructing, owning, and operating a liquefied natural gas peaking facility. AGL Peaking owns property formerly designated for the peaking facility, but has no active operations.

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ITEM 2 - ISSUANCES AND RENEWALS OF SECURITIES AND CAPITAL CONTRIBUTIONS

| Company issuing security | Type of security issued | Principal amount of security | Issue or renewal | Cost of capital | Person to whom security was issued | Collateral given with security | Consideration received for each security |
|---------------------------------|--------------------------------|-------------------------------------|-------------------------|------------------------|---|---------------------------------------|---|
|---------------------------------|--------------------------------|-------------------------------------|-------------------------|------------------------|---|---------------------------------------|---|

No reportable issues.

| Company contributing capital | Company receiving capital | Amount of capital contribution |
|-------------------------------------|----------------------------------|---------------------------------------|
|-------------------------------------|----------------------------------|---------------------------------------|

No reportable capital contributions.

ITEM 3 - ASSOCIATE TRANSACTIONS

Part I - Transactions Performed by Reporting Companies on Behalf of Associate Companies (in thousands)

| Reporting Company Rendering Services | Associate Company Receiving Services (a) | Types of Services Rendered | Direct Costs Charged | Indirect Costs Charged | Cost of Capital | Total Amount Billed |
|---|---|---------------------------------------|-----------------------------|-------------------------------|------------------------|----------------------------|
| SEM | Atlanta Gas Light Company | Gas procurement, scheduling and other | \$ 57 | -- | -- | \$ 57 |
| SEM | Virginia Natural Gas, Inc. | Gas procurement, scheduling and other | \$ 80 | -- | -- | \$ 80 |
| SEM | Chattanooga Gas Company | Gas procurement, scheduling and other | \$ 37 | -- | -- | \$ 37 |
| SEM | Atlanta Gas Light Company | Gas Transmission Storage Management | ** | ** | ** | ** |
| SEM | Virginia Natural Gas, Inc. | Gas Transmission Storage Management | ** | ** | ** | ** |
| SEM | Chattanooga Gas Company | Gas Transmission Storage Management | ** | ** | ** | ** |

(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.

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Represents information filed separately with the Commission pursuant to a request for confidential treatment pursuant to Rule 104 of the Public Utility Holding Company Act of 1935, as amended.

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Part II - Transactions Performed by Associate Companies on Behalf of Reporting Companies (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 (b) | \$ 1,020 | \$ 144 | \$ 19 | \$ 1,183 |
| AGSC | Southeastern LNG, Inc. | Support (c) | \$ 9 | \$ 1 | - | \$ 10 |
| AGSC | GNG | Support (d) | \$ 53 | \$ 19 | \$ 1 | \$ 73 |
| AGSC | AGL Peaking | Support (e) | - | \$ 2 | - | \$ 2 |

(a)

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.

(b)

Southeastern LNG, Inc. receives support services from 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.

(c)

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.

(d)

AGL Peaking receives support services from 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 December 31, 2002 ⁽¹⁾ | \$2,045,701 | | Line 1 |
| Total capitalization multiplied by 15% (Line 1 multiplied by 0.15) | 306,855 | | Line 2 |
| Greater of \$50 million or line 2 | | \$306,855 | Line 3 |
| Total current aggregate investment ⁽²⁾ (categorized by major line of energy-related business) | | | |
| Sequent organization ⁽³⁾ | 9,793 | | |
| Total current aggregate investment | | 9,793 | 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) | | \$297,062 | |

Investments in gas-related companies (in thousands):

| | | | |
|--|--------|-----------|--------|
| Total current aggregate investment ⁽²⁾ (categorized by major line of gas-related business) | | | |
| GNG | 9,870 | | |
| SouthStar ⁽³⁾ | 72,224 | | |
| AGL Peaking | 1,987 | | |
| Southeastern LNG, Inc. | 550 | | |
| Total current aggregate investment | | 84,631 | Line 5 |
| 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 5) | | \$222,224 | |

(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, and retained earnings.

(3) GNG's portion of SouthStar's owner's equity.

ITEM 5 - OTHER INVESTMENTS

| Major Line of Energy-Related Business | Other Investment in Last U-9C-3 Report | Other Investment in this U-9C-3 Report | Reason for Difference in Other Investment |
|---------------------------------------|--|--|---|
|---------------------------------------|--|--|---|

None

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ITEM 6 - FINANCIAL STATEMENTS AND EXHIBITS

A

Financial Statements

| | |
|-------------|---|
| Exhibit I | Balance Sheets of Sequent; SEM; Sequent Holdings, LLC; Southeastern LNG, Inc.; GNG, and AGL Peaking as of March 31, 2003 (Submitted under confidential treatment request pursuant to Rule 104(b)) |
| Exhibit Ia | Balance Sheet of SouthStar as of March 31, 2003 (Submitted under confidential treatment request pursuant to Rule 104(b)) |
| Exhibit II | Income Statement for the Three Months Ended March 31, 2003 for Sequent; SEM; Southeastern LNG, Inc.; GNG and AGL Peaking (Submitted under confidential treatment request pursuant to Rule 104(b)) |
| Exhibit IIa | Income Statement for the Three Months Ended March 31, 2003 for SouthStar (Submitted under confidential treatment request pursuant to Rule 104(b)) |

B

Exhibits

| | |
|-------------|---|
| Exhibit III | The certificate as to filing with interested state commissions is attached hereto as Exhibit III. |
| Exhibit IV | Gas Transmission Storage Management Agreement between SEM and Atlanta Gas Light Company (Submitted under confidential treatment request pursuant to Rule 104(b)) |
| Exhibit V | Gas Transmission Storage Management Agreement between SEM and Virginia Natural Gas, Inc. (Submitted under confidential treatment request pursuant to Rule 104(b)) |
| Exhibit VI | Gas Transmission Storage Management Agreement between SEM and Chattanooga Gas Company (Submitted under confidential treatment request pursuant to Rule 104(b)) |

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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/ Richard T. O Brien

Richard T. O Brien
Executive Vice President and
Chief Financial Officer

May 30, 2003

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