

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2006-05-08** | Period of Report: **2006-05-08**  
SEC Accession No. **0001004155-06-000082**

([HTML Version](#) on [secdatabase.com](http://secdatabase.com))

FILER

**AGL RESOURCES INC**

CIK: **1004155** | IRS No.: **582210952** | State of Incorpor.: **GA** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-14174** | Film No.: **06815555**  
SIC: **4924** Natural gas distribution

Mailing Address  
*TEN PEACHTREE PLACE  
DEPT. 1109  
ATLANTA GA 30309*

Business Address  
*TEN PEACHTREE PLACE  
ATLANTA GA 30309  
4045844000*

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

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): May 8, 2006

**AGL RESOURCES INC.**

(Exact name of registrant as specified in its charter)

<b>Georgia</b>	<b>1-14174</b>	<b>58-2210952</b>
(State or other jurisdiction of incorporation)	(Commission File No.)	(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)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01 Regulation FD Disclosure**

On May 8, 2006, John W. Somerhalder II, President and Chief Executive Officer of AGL Resources Inc. will speak at the American Gas Association Financial Forum being held in Scottsdale, Arizona. The presentation is expected to begin at 2 p.m. Pacific Time, and will be available via a live audio webcast on the “Investor Relations” section of the AGL Resources website at [www.aglresources.com](http://www.aglresources.com). The presentation will include slides attached hereto as Exhibit 99.1 and incorporated by reference herein.

The information in the preceding paragraph, as well as Exhibit 99.1 referenced therein, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 unless AGL Resources Inc. expressly so incorporates such information by reference.

**Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

**Exhibit No.**

**Description**

99.1

American Gas Association Financial Forum presentation

---

**SIGNATURE**

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 hereunto duly authorized.

**AGL RESOURCES INC.**

(Registrant)

Date: May 8, 2006

/s/ Paul R. Shlanta

Paul R. Shlanta

Executive Vice President, General Counsel  
and Chief Ethics and Compliance Officer

---

## Exhibit Index

**Exhibit No.**

**Description**

---

99.1

American Gas Association Financial Forum presentation



**American Gas Association**

Financial Forum  
Scottsdale, Arizona  
May 2006

**NYSE: ATG**

**[www.aglresources.com](http://www.aglresources.com)**

## Important Note to Investors: Forward-Looking Statements

---

Statements in this presentation that are not historical facts, including statements regarding our estimates, beliefs, expectations, intentions, strategies or projections, may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve matters that are not historical facts and because these statements involve anticipated events or conditions, forward-looking statements often include words such as "anticipate," "assume," "can," "could," "estimate," "expect," "forecast," "indicate," "intend," "may," "plan," "predict," "project," "future," "seek," "should," "target," "will," "would," or similar expressions. Our expectations are not guarantees and are based on currently available competitive, financial and economic data along with our operating plans. While we believe that our expectations are reasonable in view of the currently available information, our expectations are subject to future events, risks and uncertainties, and there are several factors - many beyond our control - that could cause results to differ significantly from our expectations. Such events, risks and uncertainties include, but are not limited to, changes in price, supply and demand for natural gas and related products, impact of changes in state and federal legislation and regulation, actions taken by government agencies on rates and other matters, concentration of credit risk, utility and energy industry consolidation, impact of acquisitions and divestitures, direct or indirect effects on AGL Resources' business, financial condition or liquidity resulting from a change in our credit ratings or the credit ratings of our counterparties or competitors, interest rate fluctuations, financial market conditions and general economic conditions, uncertainties about environmental issues and the related impact of such issues, impacts of changes in weather upon the temperature-sensitive portions of the business, impacts of natural disaster such as hurricanes upon the supply or price of gas, acts of war or terrorism, and other factors which can be found in our filings with the Securities and Exchange Commission. Forward-looking statements are only as of the date they are made, and we do not undertake any obligation to update these statements to reflect subsequent changes.



## Important Note to Investors:

### Non-GAAP Measures

---

Company management evaluates segment financial performance based on earnings before interest and taxes (EBIT), which includes the effects of corporate expense allocations. EBIT is a non-GAAP (accounting principles generally accepted in the United States of America) financial measure. Items that are not included in EBIT are financing costs, including debt and interest expense, income taxes and the cumulative effect of changes in accounting principles. The company evaluates each of these items on a consolidated level and believes EBIT is a useful measurement of our performance because it provides information that can be used to evaluate the effectiveness of our businesses from an operational perspective, exclusive of the costs to finance those activities and exclusive of income taxes, neither of which is directly relevant to the efficiency of those operations.

Operating margin is a non-GAAP measure calculated as revenues minus cost of gas, excluding operation and maintenance expense, depreciation and amortization, and taxes other than income taxes. These items are included in the company's calculation of operating income. The company believes operating margin is a better indicator than operating revenues of the contribution resulting from customer growth, since cost of gas is generally passed directly through to customers.

EBIT and operating margin should not be considered as alternatives to, or more meaningful indicators of, the company's operating performance than operating income or net income as determined in accordance with GAAP. In addition, the company's EBIT or operating margin may not be comparable to similarly titled measures of another company.

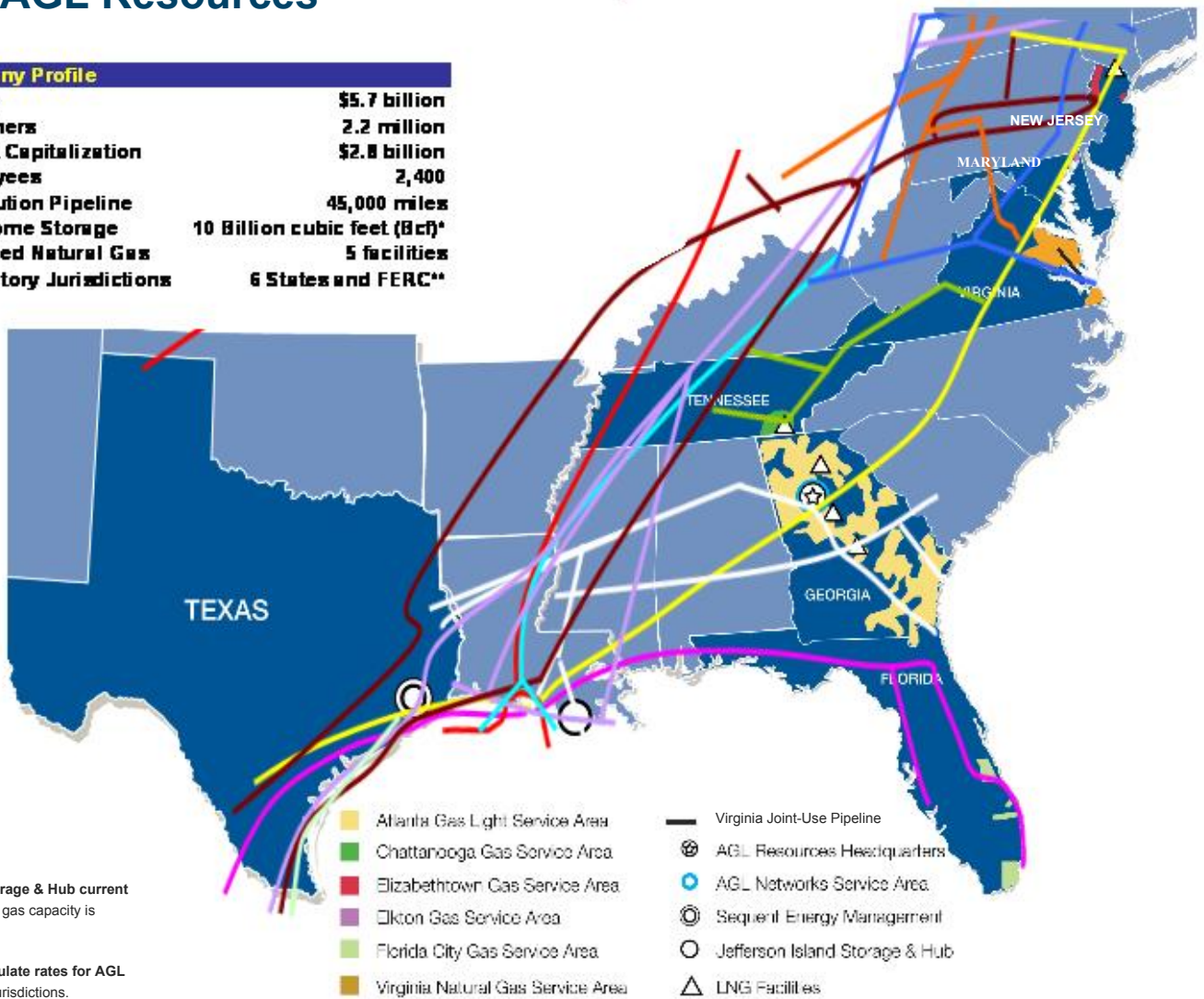




# AGL Resources

## Company Profile

<b>Assets</b>	<b>\$5.7 billion</b>
<b>Customers</b>	<b>2.2 million</b>
<b>Market Capitalization</b>	<b>\$2.8 billion</b>
<b>Employees</b>	<b>2,400</b>
<b>Distribution Pipeline</b>	<b>45,000 miles</b>
<b>Salt-Dome Storage</b>	<b>10 Billion cubic feet (Bcf)*</b>
<b>Liquefied Natural Gas</b>	<b>5 facilities</b>
<b>Regulatory Jurisdictions</b>	<b>6 States and FERC**</b>



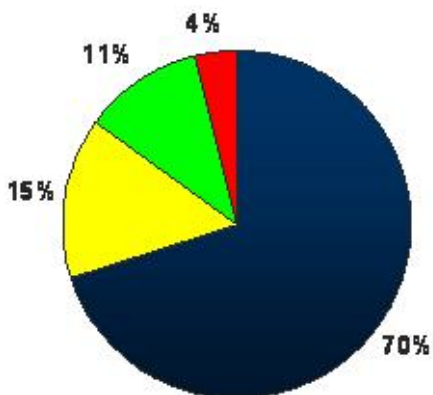
\*Jefferson Island Storage & Hub current total capacity; working gas capacity is 7.2 Bcf.

\*\*FERC does not regulate rates for AGL Resources' six utility jurisdictions.

# Strong Base of Regulated Earnings and Assets

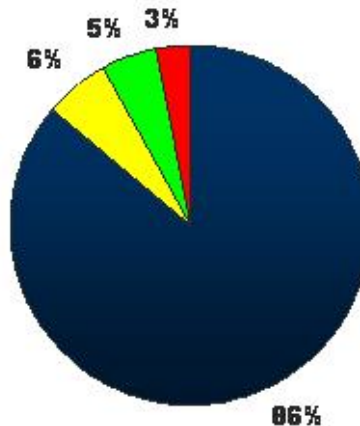
If SouthStar is considered part of the regulated business, 85% of earnings, and more than 90% of assets, are in regulated operations

**2005 EBIT**



■ Distr. Ops. ■ South Star ■ Sequent ■ Investments

**2005 Assets\***



■ Distr. Ops. ■ South Star ■ Sequent ■ Investments

\*As of December 31, 2005.



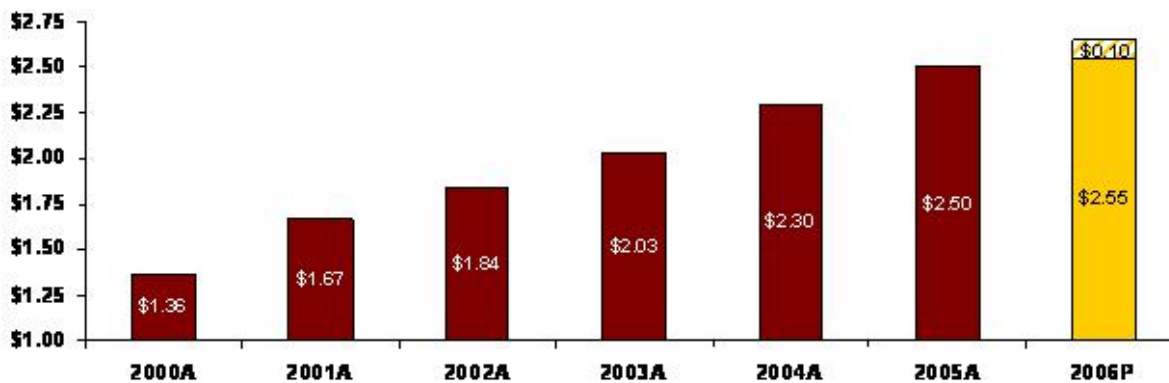
# Consistent Track Record of Growing Earnings

CAGR EPS 2000-2005: 12.3%

## 2000 – 2006 EPS

(Calendar Year)

2006  
Guidance:  
\$2.55 - \$2.65



## Strong 1Q 2006 Performance

	<b>Three Months Ended March 31, 2006</b>	
<i>In \$ millions, except per share amounts</i>	<b>2006</b>	<b>2005</b>
<b>Operating Income</b>	<b>\$228</b>	<b>\$181</b>
<b>Earnings Before Income Taxes</b>	<b>\$177</b>	<b>\$143</b>
<b>Income Taxes</b>	<b>\$67</b>	<b>\$55</b>
<b>Net Income</b>	<b>\$110</b>	<b>\$88</b>
<b>Earnings Per Basic Share</b>	<b>\$1.42</b>	<b>\$1.15</b>
<b>Earnings Per Diluted Share</b>	<b>\$1.41</b>	<b>\$1.14</b>

- 25% net income increase
- 1-million share increase in weighted average basic shares outstanding
- Increase driven by strong contributions from Wholesale Services and Retail Energy Operations segments



# 1Q 2006 Earnings Contribution By Segment

<b>EBIT By Segment</b>	<b>Three Months Ended March 31, 2006</b>	
	<b>2006</b>	<b>2005</b>
<i>In \$ millions, except per share amounts</i>		
<b>Distribution Operations</b>	<b>\$ 123</b>	<b>\$ 123</b>
<b>Retail Energy Operations</b>	<b>54</b>	<b>40</b>
<b>Wholesale Services</b>	<b>32</b>	<b>4</b>
<b>Energy Investments</b>	<b>2</b>	<b>5</b>
<b>Corporate</b>	<b>(4)</b>	<b>(3)</b>
<b>Total EBIT</b>	<b>\$ 207</b>	<b>\$ 169</b>

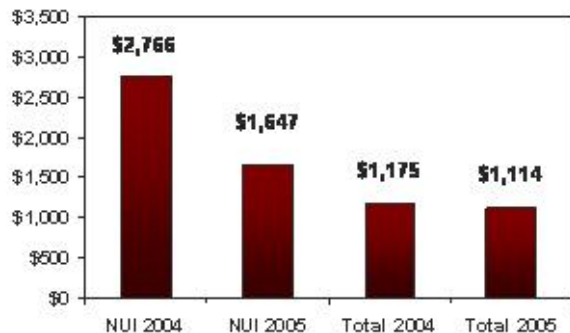
- **Distribution Operations** – lower expenses helped offset impacts of bad debt and conservation (O&M per customer declined 10%)
- **Retail Energy Operations** – strong asset management results
- **Wholesale Services** – significant margin-capture opportunities in volatile market

*Note: EBIT is a non-GAAP measure. Reconciliation of non-GAAP financial measures referenced in this presentation and the company's first-quarter 2006 earnings press release are available on the company's Web site at [www.aglresources.com](http://www.aglresources.com) under the Investor Relations section.*

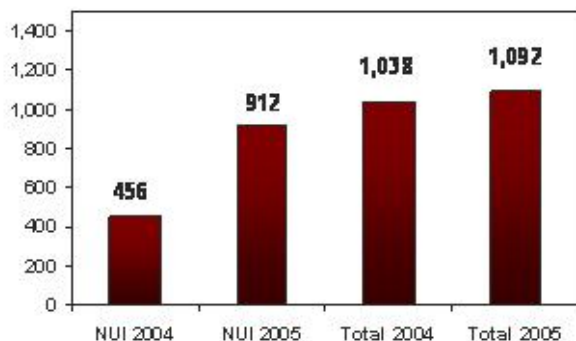


# Track Record of Business Process Improvement and Integration Success

Net Cost Per New Meter



Customers Per Employee



## NUI Acquisition Results

- Accretive to earnings within 9 months
- Consolidated all primary corporate (HR, finance/accounting, etc.) and operational functions (call center, dispatch, etc.)
- Divested appliance businesses in New Jersey and Florida
- Sold Saltville interest, Virginia Gas Distribution and UBS (billing services)
- Sequent manages NUI assets
- Brought NUI utility operating metrics to a level more in line with our other franchises
- Developing scalable integration model to apply to future growth opportunities



# Continued Regulatory Stability

## Recent Developments:

- **Georgia**

- Sequent Asset Management agreement extended through March 2008

- **Virginia**

- Sequent Asset Management agreement extended through March 2009
- Ongoing PBR proceeding – Hearing examiner recommendation and Commission decision expected in 2Q 2006

	Atlanta Gas Light Company	Virginia Natural Gas	Elizabethtown Gas Company	Florida City Gas	Chattanooga Gas Company	Elkton Gas
<b>Most Recent Decision</b>	04/29/05	10/25/96	11/22/02	02/19/04	10/01/04	06/04/92
<b>Authorized ROE</b>	10.9%	10.9%	10%	11.25%	10.20%	12.5%
<b>PBR</b>	5 years	Proposed PBR	5 years	Traditional	Traditional	Traditional
<b>Expires</b>	05/01/10	01/01/11*	01/01/10			
<b>Sharing</b>	Rate Freeze	Rate Freeze*	Rate Freeze through 2009 Over 11% shared 75%/25% between Customer/Company for 2008 and 2009			

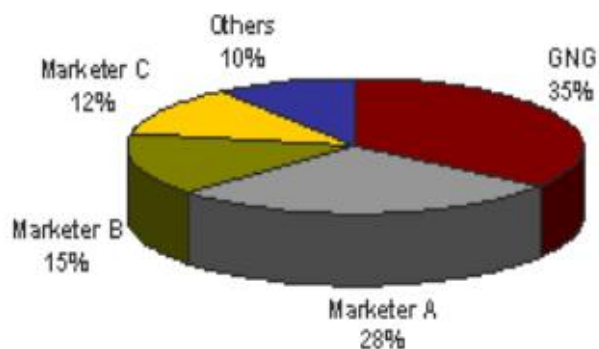
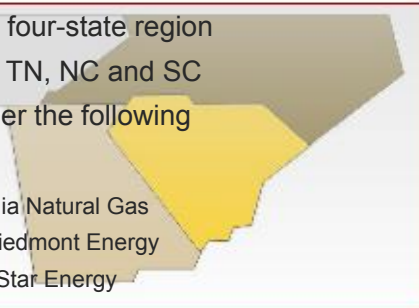
\* VNG Proposal as filed and supported by parties of the settlement



# SouthStar Energy Services

- Operates in a four-state region including GA, TN, NC and SC
- Operates under the following trade names:

- GA – Georgia Natural Gas
- SC, NC – Piedmont Energy
- TN – SouthStar Energy



- One of the largest deregulated retail natural gas companies in the U.S., with a strong portfolio of pipeline and storage assets in the Southeast
- Serves more than one-half million (536,000) residential, commercial and industrial customers
- Largest Georgia marketer with 35% market share
- Consistently among the lowest-priced marketers in the Georgia market
- Bad debt expense has consistently been less than 1% of total revenues in recent years; 1Q 2006 level was 1.3%, a manageable level
- Scalable model that could be applied in other retail markets





# Sequent Energy Management

## Business Focus

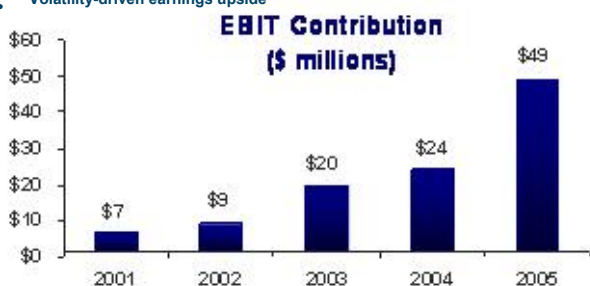
- Asset Management/Origination
- Trading/Marketing
- Producer Services

## Market Focus

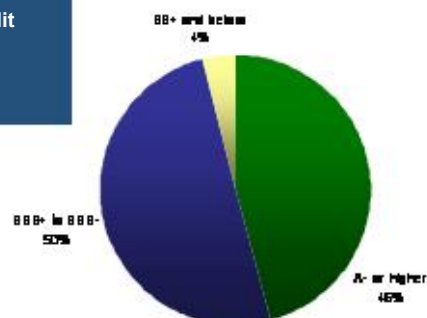
- Primary markets include the Southeast, Mid-West, Mid-Atlantic and Northeast regions

## Key Characteristics

- Low-risk arbitrage business with net flat book
- Single commodity: natural gas
- Strong portfolio credit quality – weighted-average rating of A-
- Volatility-driven earnings upside

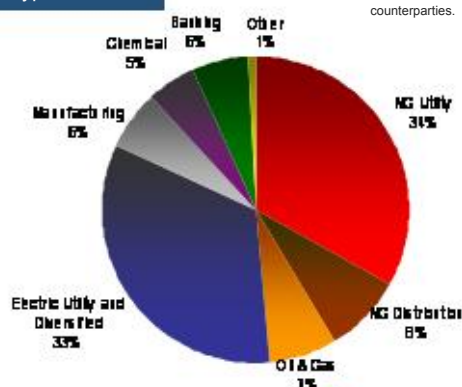


## Counterparty Credit Ratings As a Percent of Credit Exposure



Note: Ratings include internally assigned ratings for non-rated counterparties.

## Credit Exposure by Counterparty Type



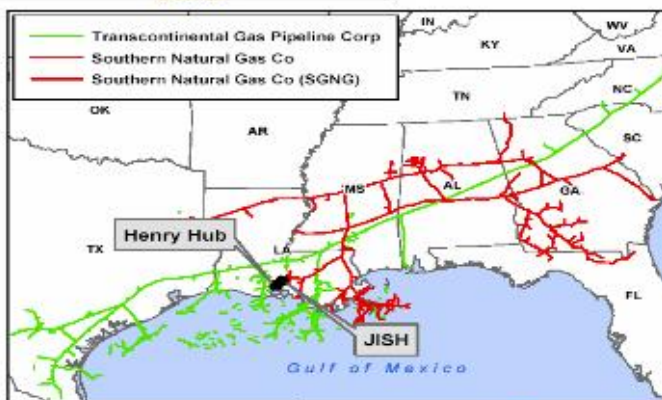
# Jefferson Island Expansion on Track

## Jefferson Island Storage & Hub

(JISH)

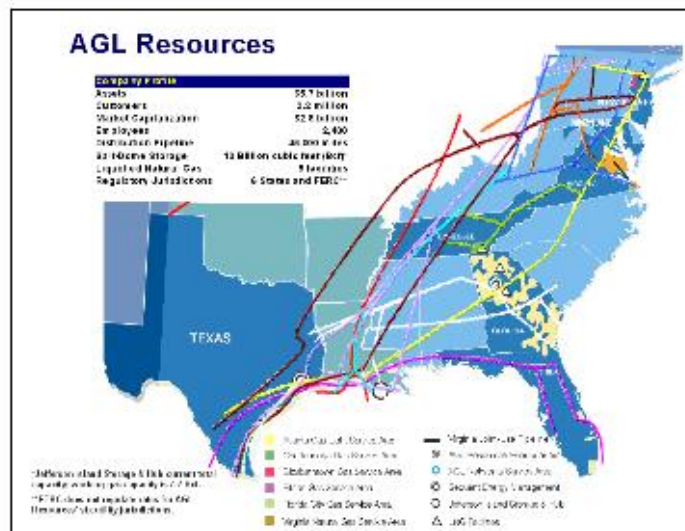
- Acquired October 2004
- Salt-cavern storage facility 10 miles NE of Henry Hub
- Working gas capacity of 7.2 MMDth
- Accretive to earnings immediately
- Fully subscribed – diverse portfolio
- Expanding to 19.2 MMDth through construction of two additional caverns – capital cost of up to \$160 million
- Construction process has begun
- Third cavern is subscribed upon commercial operation

Three Dimensional Sonar Survey



# Where Are the Growth Opportunities?

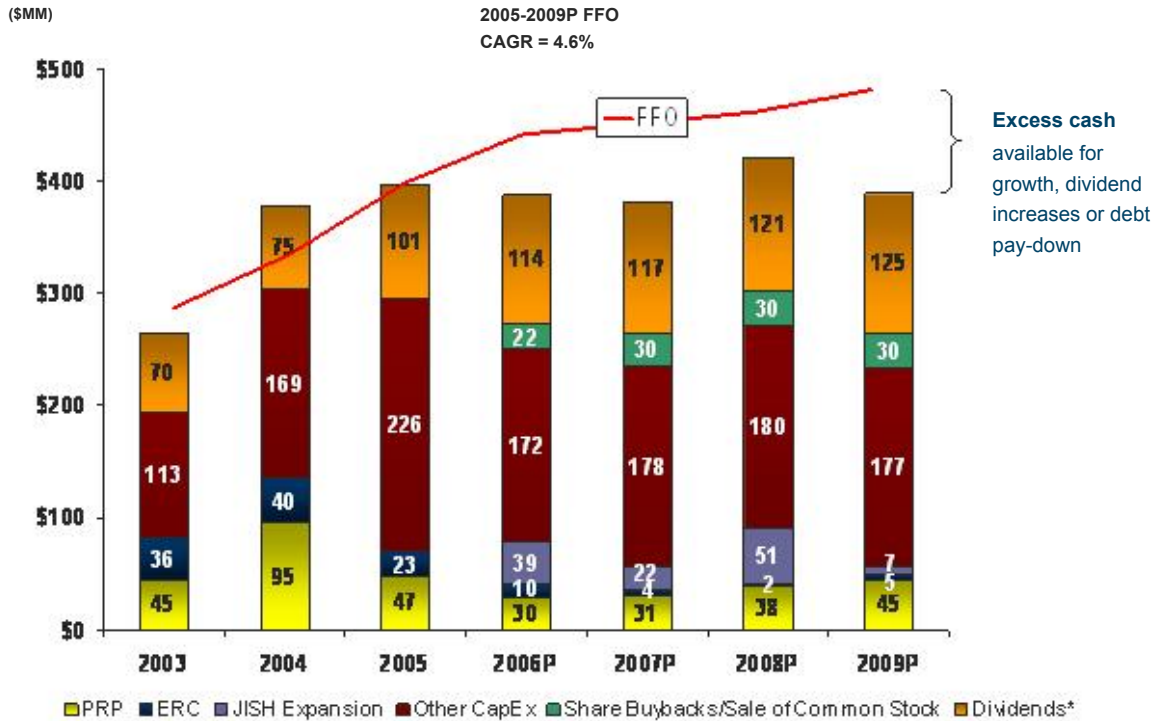
- **Medium- to large-scale urban LDC franchises**
  - \_ Scalable operations (customer density)
  - \_ Significant operational improvement opportunities
  - \_ Regulatory bias is toward under-earning companies
  - \_ Reasonable regulatory environment
  - \_ Geographic fit
- **Peaking/storage investments**
  - \_ Incremental storage capacity to serve growing market demand
  - \_ Pipeline assets
  - \_ LNG
- **Financial bias is toward companies that are:**
  - \_ Selling at relatively low multiple of rate base
    - Can only earn on rate base
    - Reduces goodwill allotment
    - Most modern transactions at 1.5 to 1.9 times
  - \_ Selling at a reasonable multiple of cash flow and earnings



# Gulf Coast Infrastructure Opportunities



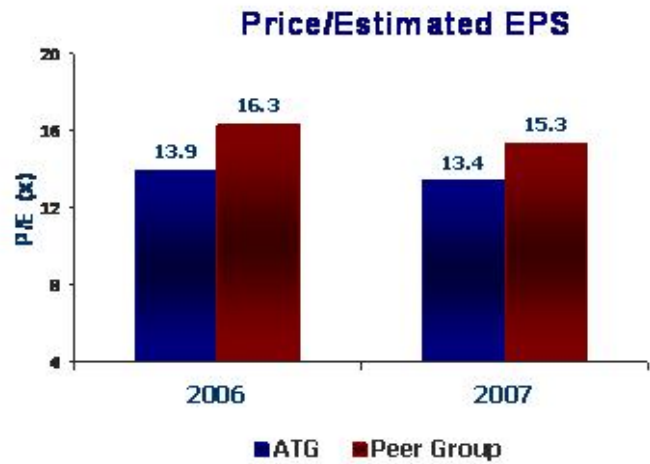
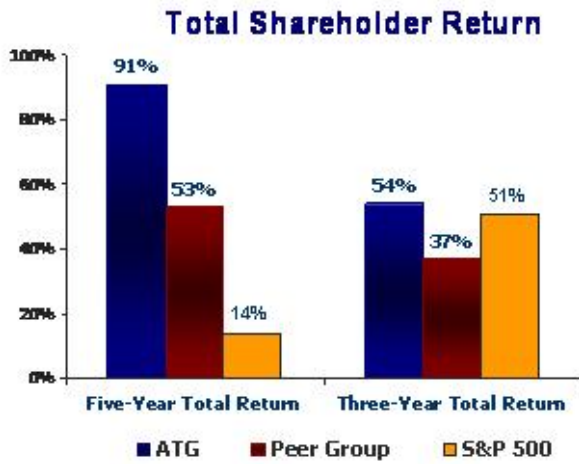
# Significant Future Cash Flow Generation



\*Assumes \$0.04 dividend increase  
2007-2009



# Strong Performance ... Still Undervalued



Source: Thomson Financial and Bloomberg;  
P/E data as of May 5, 2006; total return data  
as of April 30, 2006.



# AGL Resources in 2006

---

- **Low-risk platform provides strong foundation for growth**
- **Track record of performance through superior execution**
- **Constructive regulatory and legislative environments**
- **Solid, stable and sustainable earnings growth**
- **Future earnings and cash flow visibility**
- **Value-oriented investment**





AGL Resources



