

AGL RESOURCES INC  
Form U-13-60  
May 02, 2005

---

---

Form U-13-60  
Mutual and Subsidiary Service Companies  
Revised February 7, 1980

**ANNUAL REPORT**

For the Year Ended

December 31, 2004

To The

**U.S. SECURITIES AND EXCHANGE COMMISSION**

OF

**AGL SERVICES COMPANY**  
(Exact Name of Reporting Company)

Subsidiary Service Company  
("Mutual" or "Subsidiary")

Date of Incorporation: July 25, 2000

If not Incorporated, Date of Organization \_\_\_\_\_

State or Sovereign Power Under Which Incorporated or Organized: State of Georgia

Location of Principal Executive Offices of Reporting Company:

**Ten Peachtree Place, N.W.**  
**Atlanta, Georgia 30309**

Name, title, and address of officers to whom correspondence concerning this report should be addressed:

**Bryan E. Seas**  
**Vice President and Controller**  
**Ten Peachtree Place, N.W.**  
**Atlanta, Georgia 30309**

Name of Principal Holding Company Whose Subsidiaries are served by Reporting Company:

**AGL RESOURCES INC.**

---

INSTRUCTIONS FOR USE OF FORM U-13-60

1. **Time of Filing.** Rule 94 provides that on or before the first day of May in each calendar year, each mutual service company and each subsidiary service company as to which the Commission shall have made a favorable finding pursuant to Rule 88, and every service company whose application for approval or declaration pursuant to Rule 88 is pending shall file with the Commission an annual report on form U-13-60 and in accordance with the Instructions for that form.
  2. **Number of Copies.** Each annual report shall be filed in duplicate. The company should prepare and retain at least one extra copy for itself in case correspondence with reference to the report become necessary.
  3. **Period Covered by Report.** The first report filed by any company shall cover the period from the date the Uniform System of Accounts was required to be made effective as to that company under Rules 82 and 93 to the end of that calendar year. Subsequent reports should cover a calendar year.
  4. **Report Format.** Reports shall be submitted on the forms prepared by the Commission. If the space provided on any sheet of such form is inadequate, additional sheets may be inserted of the same size as a sheet of the form or folded to such size.
  5. **Money Amounts Displayed.** All money amounts required to be shown in financial statements may be expressed in whole dollars, in thousands of dollars or in hundred thousands of dollars, as appropriate and subject to provisions of Regulation S-X ( 210.3-01(b)).
  6. **Deficits Displayed.** Deficits and other like entries shall be indicated by the use of either brackets or a parenthesis with corresponding reference in footnotes. (Regulation S-X,210.3-01(c))
  7. **Major Amendments or Corrections.** Any company desiring to amend or correct a major omission or error in a report after it has been filed with the Commission shall submit an amended report including only those pages, schedules, and entries that are to be amended or corrected. A cover letter shall be submitted requesting the Commission to incorporate the amended report changes and shall be signed by a duly authorized officer of the company.
  8. **Definitions.** Definitions contained in Instruction 01-8 to the Uniform System of Accounts for Mutual Service companies and Subsidiary Service companies, Public Utility Holding Company Act of 1935, as amended February 2, 1979 shall be applicable to words or terms used specifically within this Form U-13-60.
  9. **Organization Chart.** The service company shall submit with each annual report a copy of its current organization chart.
  10. **Methods of Allocation.** The service company shall submit with each annual report a listing of the currently effective methods of allocation being used by the service company and on file with the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935.
  11. **Annual Statement of Compensation for Use of Capital Billed.** The service company shall submit with each annual report a copy of the annual statement supplied to each associate company in support of the amount of compensation for use of capital billed during the calendar year.
-

**LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS**

| <b>Description of Schedules and Accounts</b>   | <b>Schedule or Account Number</b> | <b>Page Number</b> |
|--|-----------------------------------|--------------------|
| COMPARATIVE BALANCE SHEET  | SCHEDULE I                        | 4-5                |
| SERVICES COMPANY PROPERTY  | SCHEDULE II                       | 6                  |
| ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF SERVICES COMPANY PROPERTY | SCHEDULE III                      | 7                  |
| INVESTMENTS  | SCHEDULE IV                       | 8                  |
| ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES   | SCHEDULE V                        | 9-10               |
| FUEL STOCK EXPENSES UNDISTRIBUTED  | SCHEDULE VI                       | 11                 |
| STORES EXPENSE UNDISTRIBUTED   | SCHEDULE VII                      | 12                 |
| MISCELLANEOUS CURRENT AND ACCRUED ASSETS   | SCHEDULE VIII                     | 13                 |
| MISCELLANEOUS DEFERRED DEBITS  | SCHEDULE IX                       | 14                 |
| RESEARCH, DEVELOPMENT, OR DEMONSTRATION EXPENDITURES                                 | SCHEDULE X                        | 15                 |
| PROPRIETARY CAPITAL  | SCHEDULE XI                       | 16                 |
| LONG-TERM DEBT   | SCHEDULE XII                      | 17                 |
| CURRENT AND ACCRUED LIABILITIES  | SCHEDULE XIII                     | 18                 |
| NOTES TO FINANCIAL STATEMENTS  | SCHEDULE XIV                      | 19-23              |
| COMPARATIVE INCOME STATEMENT   | SCHEDULE XV                       | 24-25              |
| ANALYSIS OF BILLING - ASSOCIATE COMPANIES  | ACCOUNT 457                       | 26                 |
| ANALYSIS OF BILLING - NONASSOCIATE COMPANIES   | ACCOUNT 458                       | 27                 |
| ANALYSIS OF CHARGES FOR SERVICES - ASSOCIATE AND NONASSOCIATE COMPANIES              | SCHEDULE XVI                      | 28-29              |
| SCHEDULE OF EXPENSE BY DEPARTMENT OR SERVICE FUNCTION                                | SCHEDULE XVII                     | 30-41              |
| DEPARTMENTAL ANALYSIS OF SALARIES  | ACCOUNT 920                       | 42                 |
| OUTSIDE SERVICES EMPLOYED  | ACCOUNT 923                       | 43-44              |
| EMPLOYEE PENSIONS AND BENEFITS   | ACCOUNT 926                       | 45                 |
| GENERAL ADVERTISING EXPENSES   | ACCOUNT 930.1                     | 46                 |
| MISCELLANEOUS GENERAL EXPENSES   | ACCOUNT 930.2                     | 47                 |
| RENTS  | ACCOUNT 931                       | 48                 |
| TAXES OTHER THAN INCOME TAXES  | ACCOUNT 408                       | 49                 |
| DONATIONS  | ACCOUNT 426.1                     | 50                 |

|   |                |       |
|---|----------------|-------|
| OTHER DEDUCTIONS  | ACCOUNT 426.5  | 51    |
| NOTES TO STATEMENT OF INCOME                                  | SCHEDULE XVIII | 52    |
| ORGANIZATION CHART  |                | 53    |
| METHODS OF ALLOCATION   |                | 54-55 |
| ANNUAL STATEMENT OF COMPENSATION FOR<br>USE OF CAPITAL BILLED |                | 56    |

---

## ANNUAL REPORT OF AGL SERVICES COMPANY

SCHEDULE I  
COMPARATIVE BALANCE SHEET

Give balance sheet of the Company as of December 31 of the current and prior year.

| <b>Account</b>                    | <b>Assets and Other Debts</b>   | <b>Balance At 12/31/04</b> | <b>Balance At 12/31/03</b> |
|-----------------------------------|---|----------------------------|----------------------------|
| <b>Service Company Property</b>   |   |                            |                            |
| 121                               | Nonutility Property (Schedule II)   | 83,071,709                 | 96,381,153                 |
| 107                               | Construction WIP  | 8,978,465                  | 7,822,101                  |
|                                   | <b>Total Other Property</b>   | <b>92,050,174</b>          | <b>104,203,254</b>         |
| 108                               | Less Accumulated provision for depreciation<br>and amortization of service company property<br>(Schedule III) | <b>(26,334,781)</b>        | <b>(26,204,623)</b>        |
|                                   | <b>Net Service Company Property</b>   | <b>65,715,393</b>          | <b>77,998,631</b>          |
| <b>Investments</b>                |   |                            |                            |
| 123                               | Investments in associated companies<br>(Schedule IV)  | -                          | -                          |
| 124                               | Other investments (Schedule IV)   | -                          | -                          |
|                                   | <b>Total Investments</b>  | <b>-</b>                   | <b>-</b>                   |
| <b>Current and Accrued Assets</b> |   |                            |                            |
| 131                               | Cash  | 8,566,666                  | 15,950,968                 |
| 134                               | Special Deposits  | -                          | -                          |
| 135                               | Working Funds   | -                          | -                          |
| 136                               | Temporary cash investments (Schedule IV)  | -                          | -                          |
| 141                               | Notes Receivable  | -                          | -                          |
| 143                               | Accounts Receivable   | 1,327,142                  | 383,943                    |
| 144                               | (less) Accum. Prov. For Uncollectible<br>Acct. - Credit   | (945)                      | -                          |
| 145                               | Notes Receivable from Assoc. Companies  | -                          | -                          |
| 146                               | Accounts Receivable from Assoc. Companies (Schedule<br>V)   | -                          | 345,058                    |
| 152                               | Fuel stock expenses undistributed (Schedule VI)   | -                          | -                          |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|                                      |  |                   |                   |
|--------------------------------------|--|-------------------|-------------------|
| 154                                  | Materials and Supplies   | 43,035            | 1,904             |
| 163                                  | Stores expense undistributed (Schedule VII)                          | 1,800             | 1,800             |
| 165                                  | Prepayments  | 4,534,108         | 3,669,645         |
| 174                                  | Miscellaneous current and accrued assets<br>(Schedule VIII)          | -                 | -                 |
|                                      | <b>Total Current and Accrued Assets</b>                              | <b>14,471,805</b> | <b>20,353,318</b> |
| <b>Deferred Debits</b>               |  |                   |                   |
| 181                                  | Unamortized debt expense   | -                 | -                 |
| 182.3                                | Other Regulatory Assets  | -                 | -                 |
| 184                                  | Clearing account   | 89,699            | 53,386            |
| 186                                  | Miscellaneous deferred debits (Schedule IX)                          | 754,916           | 112,203           |
| 188                                  | Research, development, or demonstration<br>expenditures (Schedule X) | -                 | -                 |
| 190                                  | Accumulated deferred income taxes                                    | -                 | -                 |
|                                      | <b>Total Deferred Debits</b>   | <b>844,615</b>    | <b>165,589</b>    |
| <b>Total Assets and Other Debits</b> |  | <b>81,031,813</b> | <b>98,517,538</b> |

## ANNUAL REPORT OF AGL SERVICES COMPANY

SCHEDULE I  
COMPARATIVE BALANCE SHEET (Continued)

| Account                                | Liabilities and Proprietary Capital                           | Balance At 12/31/04  | Balance At 12/31/03  |
|--|---|----------------------|----------------------|
| <b>Proprietary Capital</b>             |   |                      |                      |
| 201                                    | Common stock issued (Schedule XI)                             | (100)                | (100)                |
| 207                                    | Premium on Capital stock                                      | (5,722,447)          | (2,641,505)          |
| 208                                    | Other Paid-In-Capital   | 2,340,706            | 3,393,544            |
| 216                                    | Unappropriated retained earnings (Schedule XI)                | 56,896,443           | 43,396,539           |
|  | <b>Total Proprietary Capital</b>                              | <b>53,514,602</b>    | <b>44,148,478</b>    |
| <b>Other Noncurrent Liabilities</b>    |   |                      |                      |
| 228.2                                  | Accumulated Provision for Injuries and Damages                | -                    | (2,159,785)          |
| 228.3                                  | Accumulated Provisions for pensions and benefits              | (28,679,151)         | (26,792,045)         |
|  | <b>Total Other Noncurrent Liabilities</b>                     | <b>(28,679,151)</b>  | <b>(28,951,830)</b>  |
| <b>Current and Accrued Liabilities</b> |   |                      |                      |
| 231                                    | Notes payable   | -                    | -                    |
| 232                                    | Accounts payable  | (43,829,439)         | (32,413,365)         |
| 233                                    | Notes payable to associated companies (Schedule XIII)         | -                    | -                    |
| 234                                    | Accounts payable to associated companies (Schedule XIII)      | (64,196,526)         | (106,143,442)        |
| 236                                    | Taxes accrued   | 7,362,381            | 31,674,290           |
| 237                                    | Interest accrued  | -                    | -                    |
| 238                                    | Dividends declared  | -                    | -                    |
| 241                                    | Tax collections payable                                       | (10,560)             | (606,941)            |
| 242                                    | Miscellaneous current and accrued liabilities (Schedule XIII) | (3,834,871)          | (2,077,188)          |
|  | <b>Total Current and Accrued Liabilities</b>                  | <b>(104,509,016)</b> | <b>(109,566,646)</b> |
| <b>Deferred Credits</b>                |   |                      |                      |
| 252                                    | Customer advances for construction                            | -                    | -                    |
| 253                                    | Other deferred credits  | (792,334)            | (331,569)            |
| 255                                    | Accumulated deferred investment tax credits                   | -                    | -                    |
|  | <b>Total Deferred Credits</b>                                 | <b>(792,334)</b>     | <b>(331,569)</b>     |



| <b>Accumulated Deferred Income Taxes</b> |  |                     |                     |
|--|--|---------------------|---------------------|
| 281 /1                                   | Accumulated deferred income taxes - Accelerated<br>amortization property | (565,915)           | (3,815,971)         |
| 283                                      | Accumulated deferred income taxes - other                                | -                   | -                   |
|  | <b>Total Accumulated Deferred Income Taxes</b>                           | <b>(565,915)</b>    | <b>(3,815,971)</b>  |
|  | <b>Total Liabilities and Proprietary Capital</b>                         | <b>(81,031,813)</b> | <b>(98,517,538)</b> |

/1 The FERC account #281 balances are accumulated deferred income tax assets for AGL Services Company. They are recorded in the liability section of the balance sheet because on a consolidated basis these accounts are liabilities for AGL Resources Inc.

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE II

## SERVICE COMPANY PROPERTY

| Account | Description                     | Balance At<br>12/31/03 | Additions         | Retirements<br>or Sale | Other<br>Changes<br>1/ | Balance<br>At<br>12/31/04 |
|---------|---------------------------------|------------------------|-------------------|------------------------|------------------------|---------------------------|
| 363.5   | Other Equipment                 | 964,212                | -                 | (5,706)                | -                      | 958,506                   |
| 369     | Transmission Plant              | -                      | 33,166            | -                      | -                      | 33,166                    |
| 379     | Measuring & Reg. Station Equip. | 96,984                 | 2,427             | -                      | -                      | 99,411                    |
| 390     | Structures and Improvements     | 13,791,732             | 3,673,513         | (467,926)              | (673,560)              | 16,323,759                |
| 391     | Office Furniture and Equipment  | 73,376,904             | 3,479,340         | (8,308,358)            | (8,061,871)            | 60,486,015                |
| 393     | Stores Equipment                | 12,681                 | -                 | (6,540)                | -                      | 6,141                     |
| 394     | Tools, Shop, & Garage Equipment | 1,215,988              | -                 | (501,774)              | -                      | 714,214                   |
| 395     | Laboratory Equipment            | 44,755                 | -                 | (3,090)                | 401                    | 42,066                    |
| 396     | Power Operated Equipment        | 5,046                  | -                 | (5,046)                | -                      | -                         |
| 397     | Communication Equipment         | 4,244,419              | 550,592           | (2,498,539)            | -                      | 2,296,472                 |
| 398     | Miscellaneous Equipment         | 2,628,432              | 143,804           | (551,722)              | (108,555)              | 2,111,959                 |
| 107     | Construction Work In Progress   | 7,822,101              | 7,889,608         | -                      | (6,733,244)            | 8,978,465                 |
|         | <b>Total</b>                    | <b>104,203,254</b>     | <b>15,772,450</b> | <b>(12,348,701)</b>    | <b>(15,576,829)</b>    | <b>92,050,174</b>         |

1/ The totals in the column labeled "Other Changes" represent assets transferred to/from associated companies.

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year December 31, 2004

## SCHEDULE III

ACCUMULATED PROVISION FOR DEPRECIATION AND  
AMORTIZATION OF SERVICE COMPANY PROPERTY

| Account | Description                     | Balance<br>At<br>12/31/03 | Additions<br>Charges<br>To Acct.<br>#403 | Retirements<br>or Sale | Other<br>Changes and<br>(Deductions) | Balance<br>At<br>12/31/04 |
|---------|---------------------------------|---------------------------|--|------------------------|--------------------------------------|---------------------------|
| 363.5   | Other Equipment                 | 50,995                    | 35,826                                   | (1,916)                | (37)                                 | 84,868                    |
| 379     | Measuring & Reg. Station Equip. | 3,435                     | 1,996                                    | -                      | -                                    | 5,431                     |
| 390     | Structures and Improvements     | 1,211,930                 | 949,911                                  | (4,301)                | 986                                  | 2,158,526                 |
| 391     | Office Furniture and Equipment  | 20,752,666                | 11,362,423                               | (8,372,822)            | (440,812)                            | 23,301,455                |
| 393     | Stores Equipment                | 5,202                     | 751                                      | (5,749)                | -                                    | 204                       |
| 394     | Tools, Shop, & Garage Equipment | 490,259                   | 74,564                                   | (428,380)              | -                                    | 136,444                   |
| 395     | Laboratory Equipment            | 26,129                    | 2,992                                    | (2,361)                | 418                                  | 27,178                    |
| 396     | Power Operated Equipment        | 11,495                    | 631                                      | (4,640)                | -                                    | 7,487                     |
| 397     | Communication Equipment         | 2,899,704                 | 146,236                                  | (2,217,578)            | (742,776)                            | 85,586                    |
| 398     | Miscellaneous Equipment         | 752,808                   | 260,221                                  | (469,175)              | (16,250)                             | 527,603                   |
|         | <b>Total</b>                    | <b>26,204,623</b>         | <b>12,835,551</b>                        | <b>(11,506,922)</b>    | <b>(1,198,471)</b>                   | <b>26,334,781</b>         |

1/The totals in the column labeled "Other Changes and (Deduct)" represent transfers of assets to/from the services company to associated companies.

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year December 31, 2004

SCHEDULE IV

INVESTMENTS

INSTRUCTIONS: Complete the following schedule concerning investments.

Under Account 124, "Other Investments", state each investment separately, with description, including the name of issuing company, number of shares or principal amount, etc.

Under Account 136, "Temporary Cash Investments", list each investment separately.

| <b>Account</b>           | <b>Description</b>                | <b>Balance At 12/31/04</b> | <b>Balance At 12/31/03</b> |
|--------------------------|-----------------------------------|----------------------------|----------------------------|
| 123                      | Investment In Associate Companies | -                          | -                          |
| 124                      | Other Investments                 | -                          | -                          |
| 136                      | Temporary Cash Investments        | -                          | -                          |
| <b>Not Applicable</b>    |                                   |                            |                            |
| <b>Total Investments</b> |                                   | -                          | -                          |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE V

## ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

| Account    | Description  | Balance At 12/31/04 | Balance At 12/31/03 |
|------------|--|---------------------|---------------------|
| <b>146</b> | <b>Account Receivable From Associate Companies</b> |                     |                     |
|            | AGL Investments, Inc.                              | -                   | 19,124,558          |
|            | Chattanooga Gas Company                            | 3,082,129           | 13,030,681          |
|            | Atlanta Gas Light Company                          | 209,643,619         | (226,193)           |
|            | Virginia Natural Gas, Inc.                         | -                   | 17,900,012          |
|            | Trustees Investments, Inc.                         | -                   | 147,525             |
|            | Georgia Gas Company                                | -                   | 386,002             |
|            | AGL Rome Holdings, Inc.                            | -                   | 1,574,992           |
|            | AGL Propane Services, Inc.                         | -                   | 2,968,304           |
|            | Southeastern LNG, Inc.                             | -                   | 328,502             |
|            | Customer Care Services, Inc.                       | 5,721,040           | 948,867             |
|            | Sequent Energy Management, LP                      | -                   | 20,877,891          |
|            | Pivotal Energy Services, Inc.                      | 75,315              | 90                  |
|            | Pinnacle LNG, Inc.                                 | -                   | 100                 |
|            | Georgia Natural Gas Company                        | 48,132,756          | -                   |
|            | AGL Peaking Services                               | 2,413,931           | -                   |
|            | AGL Energy Corporation                             | 64,995              | -                   |
|            | Sequent Holdings, LLC                              | 15,976              | -                   |
|            | Global Energy Resources Insurance Company          | 1,711,139           | -                   |
|            | AGL Capital Trust II                               | 6,699,410           | -                   |
|            | Sequent LLC  | 4,411,386           | -                   |
|            | Pivotal Propane of Virginia, Inc.                  | 23,707,289          | -                   |
|            | Distribution Operations Corporation                | 4,084,831           | -                   |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|                                       |               |                |
|---------------------------------------|---------------|----------------|
| Jefferson Island Storage and Hub      | 81,393,688    | -              |
| Appliance Business Florida Plumbing   | 48,688        | -              |
| Appliance Business Florida Service    | 7,379,287     | -              |
| Appliance Business New Jersey Service | 242,758       | -              |
| Florida City Gas                      | 75,103,078    | -              |
| Elkton Gas Services                   | 6,843,692     | -              |
| Elizabethtown Gas Company             | 262,271,961   | -              |
| NUI Capital, Inc.                     | 5,284,407     | -              |
| NUI Energy Brokers, Inc.              | 783,382       | -              |
| NUI Energy, Inc.                      | 535,069       | -              |
| NUI Energy Solutions, Inc.            | 230,754       | -              |
| NUI Headquarters                      | 23,137,984    | -              |
| NUI Saltville Storage, Inc.           | 10,907,256    | -              |
| Utility Business Services, Inc.       | 3,981,321     | -              |
| NUI Utilities Inc.                    | 4,534,338     | -              |
| Virginia Gas Storage Company          | 732,910       | -              |
| AGL Capital Trust                     | 640,671       | -              |
| AGL Capital Corporation               | (793,815,060) | (76,716,273)   |
| <b>Total</b>                          | <b>(0)</b>    | <b>345,058</b> |

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHEDULE V (continued)

ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

**Description**

**Total Payments**

**Analysis of Convenience or Accommodation Payments:**

-

---

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHEDULE VI

FUEL STOCK EXPENSES UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company. Under the section headed "Summary" listed below give an overall report of the fuel functions performed by the service company.

| <b>Account</b> | <b>Description</b>                | <b>Labor</b> | <b>Expenses</b> | <b>Total</b> |
|----------------|-----------------------------------|--------------|-----------------|--------------|
| 152            | Fuel Stock Expenses Undistributed | -            | -               | -            |

---



ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHEDULE VII

STORES EXPENSE UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

| <b>Account</b> | <b>Description</b>            | <b>Labor</b> | <b>Expenses</b> |
|----------------|-------------------------------|--------------|-----------------|
| 163            | Stores Expenses Undistributed | -            | 1,800           |

---

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHEDULE VIII

MISCELLANEOUS CURRENT AND ACCRUED ASSETS

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

| <b>Account</b> | <b>Description</b>                       | <b>Balance At 12/31/04</b> | <b>Balance At 12/31/03</b> |
|----------------|--|----------------------------|----------------------------|
| 174            | Miscellaneous Current and Accrued Assets | -                          | -                          |

---

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE IX

## MISCELLANEOUS DEFERRED DEBIT

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each class.

| Account | Description                           | Balance At 12/31/04 | Balance At 12/31/03 |
|---------|---------------------------------------|---------------------|---------------------|
| 186     | <b>Miscellaneous Deferred Debits:</b> |                     |                     |
|         | Software License                      | 3,024               | 343                 |
|         | PCB Research                          | 51,133              | 25,523              |
|         | Coop Mktg TRANSCO                     | (21,695)            | (21,695)            |
|         | Coop Mktg SONAT                       | (89,990)            | (297,143)           |
|         | Robur Commercialization Project       | (90,850)            | (90,850)            |
|         | Caroline Street Facility Project      | -                   | 16,293              |
|         | Other Work in Progress-Misc           | 903,294             | 479,732             |
|         | Other Items                           | -                   | -                   |
|         | <b>Total</b>                          | <b>754,916</b>      | <b>112,203</b>      |

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHEDULE X

RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES

INSTRUCTIONS: Provide a description of each material research, development, or demonstration project that incurred cost by the service company during year.

| Account | Description   | Amount |
|---------|---|--------|
| 188     | Research, Development or Demonstration Expenditures | -      |

---

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XI

## PROPRIETARY CAPITAL

| Account      | Class Of Stock      | Number of<br>Shares<br>Authorized | Par or<br>Stated<br>Value<br>Per<br>Share | Outstanding<br>At 12/31/04 |
|--------------|---------------------|-----------------------------------|---|----------------------------|
| 201          | Common Stock Issued | 100                               | 1   | 100                        |
| <b>Total</b> |                     | <b>100</b>                        | <b>1</b>                                  | <b>100</b>                 |

INSTRUCTIONS: Classify amounts in each account with brief explanation, disclosing the general nature of transactions that gave rise to the reported amounts.

| Account | Description                    | Amount |
|---------|--------------------------------|--------|
| 211     | Miscellaneous Paid-In-Capital  | -      |
| 215     | Appropriated Retained earnings | -      |

## Not Applicable

INSTRUCTIONS: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing non-associates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

| Account | Description                      | Balance<br>At<br>12/31/02 | Net<br>Income<br>or (Loss) | Other<br>Changes | Dividends<br>Paid | Balance<br>At<br>12/31/03 |
|---------|----------------------------------|---------------------------|----------------------------|------------------|-------------------|---------------------------|
| 216     | Unappropriated Retained Earnings | 49,186,353                | 597,850                    | (8,203,939)      | 1,816,275         | 43,396,539                |

/1

|              |                   |                |                    |                  |                   |
|--------------|-------------------|----------------|--------------------|------------------|-------------------|
| <b>Total</b> | <b>49,186,353</b> | <b>597,850</b> | <b>(8,203,939)</b> | <b>1,816,275</b> | <b>43,396,539</b> |
|--------------|-------------------|----------------|--------------------|------------------|-------------------|

---

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHEDULE XII

LONG-TERM DEBT

INSTRUCTION: Advances from associate companies should be reported separately for advances on notes, and advances on open account. Name of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 - Other Long-Term Debt provide the name of creditor company or organization, terms of the obligation, date of maturity, interest rate, and the amount authorized and outstanding.

| Account               | Description                       | Amount |
|-----------------------|-----------------------------------|--------|
| 223                   | Advances From Associate Companies | -      |
| 224                   | Other Long Term Debt              | -      |
| <b>Not Applicable</b> |                                   |        |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XIII

## CURRENT AND ACCRUED LIABILITIES

INSTRUCTIONS: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilities. Items less than \$10,000 may be grouped, showing the number of items in each group.

| Account | Description                                   | Balance At 12/31/04 | Balance At 12/31/03 |
|---------|---|---------------------|---------------------|
| 233     | <b>Note Payable To Associate Companies</b>    |                     |                     |
|         | <b>Not Applicable</b>                         |                     |                     |
| 234     | <b>Account Payable To Associate Companies</b> |                     |                     |
|         | AGL Investments, Inc.                         | (23,241,435)        | -                   |
|         | Chattanooga Gas Company                       | -                   | -                   |
|         | Trustees Investments, Inc.                    | (1,427,646)         | -                   |
|         | Georgia Gas Company                           | (387,022)           | -                   |
|         | AGL Rome Holdings, Inc.                       | (1,264,300)         | -                   |
|         | AGL Propane Services, Inc.                    | (31,766,669)        | -                   |
|         | Atlanta Gas Light Company                     | -                   | (359,225,135)       |
|         | Virginia Natural Gas, Inc.                    | (35,390,116)        | (7,754,771)         |
|         | Southeastern LNG, Inc.                        | (357,234)           | -                   |
|         | Sequent Energy Management, LP                 | (40,357,313)        | -                   |
|         | Pivotal Energy Services, Inc.                 | -                   | -                   |
|         | Pinnacle LNG, Inc.                            | (90)                | -                   |
|         | TIC Enterprises, LLC.                         | (1,577,786)         | -                   |
|         | Virginia Gas Distribution Company             | (1,470,842)         | -                   |
|         | Virginia Gas Company                          | (12,814,385)        | -                   |
|         | Georgia Natural Gas Company                   | -                   | (12,090,266)        |
|         | AGL Peaking Services, Inc.                    | -                   | (2,987,621)         |



Edgar Filing: AGL RESOURCES INC - Form U-13-60

|   |                     |                      |
|---|---------------------|----------------------|
| AGL Capital Trust I                       | -                   | (488,365)            |
| AGL Energy Corporation                    | -                   | (43,564)             |
| Global Energy Resources Insurance Company | -                   | (2,181,786)          |
| AGL Capital Trust II                      | -                   | (6,003,883)          |
| Sequent LLC                               | -                   | (6,143,591)          |
| Pivotal Propane of Virginia, Inc.         | -                   | (202,724)            |
| Distribution Operations Corporation       | -                   | (2,028)              |
| Virginia Gas Pipeline Company             | (15,147,039)        | -                    |
| AGL Capital Corporation                   | 101,005,351         | 290,980,292          |
| <b>TOTAL</b>                              | <b>(64,196,526)</b> | <b>(106,143,442)</b> |

242 **Miscellaneous Current and Accrued Liabilities**

|  |                    |                    |
|--|--------------------|--------------------|
| Unclaimed Customer Credit & Checks       | -                  | 23,249             |
| Accrued Relocation Liability             | (2,069,550)        | (114,284)          |
| Escheat - Deposit Balance - 2001         | (633,344)          | (692,407)          |
| Retired Savings Plus - Company Matching  | (151,356)          | (156,448)          |
| Retired Savings Plus - Employee Matching | (275,560)          | (285,297)          |
| Retired Savings Plus - General Matching  | (84,224)           | (72,829)           |
| NSP Employee Contribution                | (192,821)          | (371,121)          |
| NSP Company Contribution                 | (428,016)          | (408,050)          |
| <b>TOTAL</b>                             | <b>(3,834,871)</b> | <b>(2,077,188)</b> |

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHEDULE XIV

NOTES TO FINANCIAL STATEMENTS

INSTRUCTIONS: The space below is provided for important notes regarding the financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**General**

AGL Services Company (the "Company") is a subsidiary of AGL Resources Inc. ("AGL Resources") which renders services to AGL Resources and its subsidiaries. The Company was established in accordance with the Public Utility Holding Company Act of 1935 (PUHCA). All the costs associated with the Company are allocated to the operating segments in accordance with PUHCA. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

**Property, Plant and Equipment**

Property, plant and equipment includes property that is in use and under construction, and is reported at cost. A gain or loss is recorded for retired or otherwise disposed of property.

**Depreciation Expense**

Depreciation expense for the Company is computed on a straight-line basis over a period of 1 to 35 years.

**Use of Accounting Estimates**

Management makes estimates and assumptions when preparing financial statements. Those estimates and assumptions affect various matters, including:

- reported amounts of certain assets and liabilities in the Company's balance sheets as of the dates of the financial statements
- disclosure of contingent assets and liabilities as of the dates of the financial statements
- reported amounts of certain expenses in the Company's statement of income during the reported periods

Those estimates involve judgments with respect to, among other things, future economic factors that are difficult to predict and are beyond management's control. Consequently, actual amounts could differ from estimates.



## 2. INCOME TAX

The Company has two categories of income taxes in its balance sheets and statements of income: current and deferred. The Company's current income tax expense consists of federal and state income tax less applicable tax credits. The Company's deferred income tax expense generally is equal to the changes in the deferred income tax liability during the year.

### Accumulated Deferred Income Tax Assets and Liabilities

The Company reports some of its assets and liabilities differently for financial accounting purposes than it does for income tax purposes. The tax effects of the difference in those items are reported as deferred income tax assets or liabilities in The Company's balance sheets. The assets and liabilities are measured utilizing income tax rates that are currently in effect.

Components of income tax expense shown in the Comparative Income statement for the year ended December 31, 2004 are as follows:

| <b>INCLUDED IN EXPENSES:</b> | <b>Amount</b> |
|------------------------------|---------------|
| <b>Current Income Taxes</b>  |               |
| Federal                      | (1,969,526)   |
| State                        | 193,837       |
| <b>Deferred Income Taxes</b> |               |
| Federal                      | 3,629,585     |
| State                        | 426,312       |
| PUHCA tax expense            | 82,576        |
| AGSC Allocate tax expenses   | (2,362,784)   |
| <b>TOTAL</b>                 | <b>-</b>      |

Reconciliation between the statutory federal income tax rate and the effective rate for the year ended December 31, 2004 is as follows:

| <b>Income Tax Expenses:</b>                         | <b>Amount</b> |
|---|---------------|
| Computed tax expense                                | -             |
| State income tax, net of federal income tax benefit | 403,097       |
| Other - net   | (403,097)     |
| <b>TOTAL</b>  | <b>-</b>      |

Components that give rise to the net accumulated deferred income tax liability, as of December 31, 2004 are as follows:

| <b>Accumulated Deferred Income Tax</b> | <b>Amount</b>    |
|--|------------------|
| Federal                                | (1,167,471)      |
| State                                  | 601,556          |
| <b>TOTAL</b>                           | <b>(565,915)</b> |

---

**3. SERVICE AGREEMENTS**

The Company has entered into agreements under which it renders services at cost, to AGL Resources and its subsidiaries. The Company's affiliates include the following: AGL Resources Inc., Trustees Investment, Inc., AGL Peaking Services, Inc., AGL Rome Holdings, Inc., AGL Energy Corporation, AGL Propane Services, Inc., Virginia Natural Gas, Inc., AGL Investments, Inc., AGL Networks, LLC, AGL Capital Corporation, Southeastern LNG, Inc., Customer Care Services, Inc., Global Energy Resources Insurance Company, Sequent Energy Management, LP, Sequent Energy Marketing, LP, Georgia Natural Gas Company, Atlanta Gas Light Company, Chattanooga Gas Company, Sequent LLC, Georgia Gas Company, AGL Capital Trust, AGL Capital Trust II, Sequent Holdings, LLC., Pivotal Propane of Virginia, Pivotal Energy Services, Inc., Corporate Tax Planning, Pinnacle LNG, Inc. The Company's services include Engineering, Finance, Treasury, Tax, Accounting, Internal Audit, Public Relations, Employee Relations, Marketing, Information Resources, Purchasing, and other services with respect to business and operations.

**4. EMPLOYEE BENEFIT PLANS**

Substantially all of The Company's employees are eligible to participate in its employee benefit plans.

**Pension Benefit**

All employees of The Company are covered under a defined benefit retirement plan ("Retirement Plan") sponsored by AGL Resources Inc. A defined benefit plan specifies the amount of benefits an eligible plan participant eventually will receive using information about the participant. The Company generally calculates the benefits under the Retirement Plan based on age, years of service, and pay. The Company's employees do not contribute to the Retirement Plan. The Company funds the plan by contributing annually the amount required by applicable regulations and as recommended by its actuary. The Company calculates the amount of funding using an actuarial method called the projected unit credit cost method. The Retirement Plan's assets consist primarily of marketable securities, corporate obligations, U.S. government obligations, insurance contracts, mutual funds, and cash equivalents.

**Postretirement Benefits**

The Company also participates in an AGL Resources Inc. sponsored defined benefit postretirement health care and life insurance plans, which cover nearly all employees if they reach retirement age while working for The Company. The benefits under these plans are generally calculated based on age and years of service. Some retirees contribute a portion of health care plan costs. Retirees do not contribute toward the cost of the life insurance plan.

**Employee Savings Plan Benefits**

The Company participates in an AGL Resources Inc. sponsored RSP Plan, a defined contribution benefit plan. In a defined contribution benefit plan, the benefits a participant ultimately receives come from regular contributions to a participant account. Under the RSP Plan, The Company made matching contributions to participant accounts in the amount of \$1,968,437.

AGL Resources Inc. NSP, an unfunded, nonqualified plan similar to the RSP Plan, in which The Company participates, provides an opportunity for eligible employees to contribute additional amounts for retirement savings

once they have reached the maximum contribution amount in the RSP Plan. The Company contributions to the NSP were not significant.

**5. MONEY POOL**

The parent Company and its subsidiaries participate in the System Money Pool (Pool), which is administered by the Services Company on behalf of the participants. The operation of the Pool was authorized by the Securities and Exchange Commission in PUHCA release No. 35-27243 (File No. 70-9707).

Participants contribute the amount of their available funds each day to the Pool. The funds requirements of the participants, with the exception of the Parent Company, are satisfied by advances from the Pool.

---

At December 31, 2004, the detail of the Pool balance by affiliate was as follows:

| <b>INVESTMENT IN POOL:</b>                | <b>Amount</b>      |
|---|--------------------|
| Chattanooga Gas Company                   | 3,082,129          |
| Atlanta Gas Light Company                 | 209,643,619        |
| Customer Care Services, Inc.              | 5,721,040          |
| Pivotal Energy Services, Inc.             | 75,315             |
| Georgia Natural Gas Company               | 48,132,756         |
| AGL Peaking Services                      | 2,413,931          |
| AGL Energy Corporation                    | 64,995             |
| Sequent Holdings, LLC                     | 15,976             |
| Global Energy Resources Insurance Company | 1,711,139          |
| AGL Capital Trust II                      | 6,699,410          |
| Sequent LLC                               | 4,411,386          |
| Pivotal Propane of Virginia, Inc.         | 23,707,289         |
| Distribution Operations Corporation       | 4,084,831          |
| Jefferson Island Storage and Hub          | 81,393,688         |
| Appliance Business Florida Plumbing       | 48,688             |
| Appliance Business Florida Service        | 7,379,287          |
| Appliance Business New Jersey Service     | 242,758            |
| Florida City Gas                          | 75,103,078         |
| Elkton Gas Services                       | 6,843,692          |
| Elizabethtown Gas Company                 | 262,271,961        |
| NUI Capital, Inc.                         | 5,284,407          |
| NUI Energy Brokers, Inc.                  | 783,382            |
| NUI Energy, Inc.                          | 535,069            |
| NUI Energy Solutions, Inc.                | 230,754            |
| NUI Headquarters                          | 23,137,984         |
| NUI Saltville Storage, Inc.               | 10,907,256         |
| Utility Business Services, Inc.           | 3,981,321          |
| NUI Utilities Inc.                        | 4,534,338          |
| Virginia Gas Storage Company              | 732,910            |
| AGL Capital Trust                         | 640,671            |
| AGL Capital Corporation                   | 178,630,311        |
| <b>Sub Total</b>                          | <b>229,398,403</b> |





**LESS BORROWINGS FROM POOL:**

|                                   |                     |
|-----------------------------------|---------------------|
| AGL Investments, Inc.             | (23,241,435)        |
| Trustees Investments, Inc.        | (1,427,646)         |
| Georgia Gas Company               | (387,022)           |
| AGL Rome Holdings, Inc.           | (1,264,300)         |
| AGL Propane Services, Inc.        | (31,766,669)        |
| Virginia Natural Gas, Inc.        | (35,390,116)        |
| Southeastern LNG, Inc.            | (357,234)           |
| Sequent Energy Management, LP     | (40,357,313)        |
| Pinnacle LNG, Inc.                | (90)                |
| TIC Enterprises, LLC.             | (1,577,786)         |
| Virginia Gas Distribution Company | (1,470,842)         |
| Virginia Gas Company              | (12,814,385)        |
| Virginia Gas Pipeline Company     | (15,147,039)        |
| AGL Capital Corporation           | 101,005,351         |
| <b>Sub Total</b>                  | <b>(64,196,526)</b> |
| <b>TOTAL</b>                      | <b>293,594,929</b>  |

**6.****RENTAL EXPENSES**

Rental expenses that the Company incurred were primarily for office space, computer equipment and fleet. The total rent expense for the twelve months ended December 31, 2004 was \$11,186,710.

The minimum annual rentals under noncancelable operating leases are as follows:

|   |                            |
|---|----------------------------|
| § | fiscal 2005 - \$19,381,008 |
| § | fiscal 2006 - \$14,504,276 |
| § | fiscal 2007 - \$12,673,080 |
| § | fiscal 2008 - \$8,926,137  |
| § | fiscal 2009 - \$8,374,674  |
| § | thereafter - \$24,142,828  |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For Year December 31, 2004

## SCHEDULE XV

## COMPARATIVE INCOME STATEMENT

| ACCOUNT         | DESCRIPTION  | Year Ending 12/31/04 | Year Ending 12/31/03 |
|-----------------|--|----------------------|----------------------|
| <b>INCOME</b>   |  |                      |                      |
| 457             | Services rendered to associate companies (allocations)           | (155,454,185)        | (135,958,851)        |
|                 | <b>Operating Revenue</b>   | <b>(155,454,185)</b> | <b>(135,958,851)</b> |
| <b>EXPENSES</b> |  |                      |                      |
| 403             | Depreciation Expense   | 9,137,853            | 9,429,102            |
| 404.3           | Amortization of other limited-term gas plant                     | 171,222              | (1,768)              |
| 408.1           | Taxes other than income taxes, utility operating income          | 3,742,283            | 2,437,393            |
| 409.1           | Income taxes, utility operating income                           | (1,775,689)          | 15,211,535           |
| 410.1           | Provision for deferred income taxes, utility operating income    | 1,775,689            | (14,698,425)         |
| 411.6           | Gains on Disposition of Utility Plant                            | 3,706,762            | -                    |
| 419             | Interest and dividend income                                     | (192,155)            | (88,014)             |
| 421             | Miscellaneous income or loss                                     | (1,218,980)          | (4,231,858)          |
| 426.1           | Donations  | 987,705              | 470,844              |
| 426.4           | Expenditures for certain civic, political and related activities | 102                  | 136                  |
| 426.5           | Other donations  | 423,327              | 852,188              |
| 431             | Other interest expense   | 2,268,893            | (3,839,437)          |
| 488             | Miscellaneous service revenue                                    | 89,664               | (158,458)            |
| 493             | Rent from gas property   | (5,850)              | (5,400)              |
| 495             | Other utility operating income                                   | -                    | 745,680              |
| 804             | Natural Gas City Gate Purchases                                  | -                    | (62)                 |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|       |   |           |           |
|-------|---|-----------|-----------|
| 807   | Purchased Gas Expenses  | -         | (50,303)  |
| 840   | LNG Supervision/Eng   | 163,693   | 295,209   |
| 841   | Operation Supervision and Engineering                             | 1,209,434 | 1,053,607 |
| 843.2 | Maintenance of Structures and Improvements                        | 38,836    | 1,587     |
| 843.3 | Maintenance of Gas Holders  | 211       | 8,049     |
| 843.4 | Maintenance of Purification Equipment                             | 126,410   | 62,493    |
| 843.5 | Maintenance of Liquefaction Equipment                             | 283,757   | 154,761   |
| 843.6 | Maintenance of Vaporizing Equipment                               | 73,810    | 122,501   |
| 843.7 | Maintenance of Compressor Equipment                               | 90,432    | 182,311   |
| 843.9 | Maintenance of Other Equipment                                    | 300,197   | 339,346   |
| 870   | Operation Supervision and Engineering                             | 58,222    | 1,336,626 |
| 871   | Distribution Load Dispatching                                     | 5,120     | 1,011,166 |
| 874   | Mains and Services Expenses                                       | 513,070   | 681,263   |
| 875   | Measuring and Regulating Station Expenses-General                 | -         | 459,853   |
| 877   | Measuring and Regulating Station Expenses-City Gate Check Station | 544,101   | 680,630   |
| 878   | Meter and House Regulator Expenses                                | 693       | 48,870    |
| 879   | Customer Installation Expenses                                    | 67        | -         |
| 880   | Other Expenses  | 210,050   | 962,068   |
| 887   | Maintenance of Mains  | 68,960    | 62,985    |
| 888   | Maintenance of Compressor Station Equipment                       | 1,913     | -         |
| 889   | Maintenance of Meas. and Reg. Sta. Equip.-General                 | 27,763    | 71,968    |
| 892   | Maintenance of Services   | 39,095    | 38,439    |
| 893   | Maintenance of Meters and House Regulators                        | 114,708   | 210,202   |

|       |  |                    |                    |
|-------|--|--------------------|--------------------|
| 894   | Maintenance of Other Equipment           | 51,509             | 40,443             |
| 902   | Meter Reading Expenses                   | -                  | 6,168              |
| 903   | Customer Records and Collection Expenses | 86,916             | 185,641            |
| 905   | Miscellaneous Customer Accounts Expenses | 117,332            | 199,798            |
| 907   | Supervision                              | 89                 | 429                |
| 908   | Customer Assistance Expenses             | 1,168,443          | 5,881,823          |
| 909   | Informational and Instructional Expenses | (82)               | 356                |
| 912   | Demonstrating and Selling Expenses       | 25,957             | 15,021             |
| 913   | Advertising Expenses                     | 1,470,669          | 1,322,725          |
| 916   | Miscellaneous Sales Expenses             | 36,194             | 365,458            |
| 920   | Administrative and General Salaries      | 44,117,815         | 34,522,531         |
| 921   | Office Supplies and Expenses             | 11,023,474         | 12,670,108         |
| 922   | Administrative Expenses Transferred-Cr.  | (7,340,431)        | (8,241,249)        |
| 923   | Outside Services Employed                | 24,554,795         | 17,773,039         |
| 924   | Property Insurance                       | 4,150,592          | 4,141,193          |
| 925   | Injuries and Damages                     | 1,721,463          | 1,754,116          |
| 926   | Employee Pensions and Benefits           | 30,030,823         | 31,136,806         |
| 930.2 | Miscellaneous General Expenses           | 3,920,682          | 5,074,051          |
| 931   | Rents                                    | 7,160,722          | 6,810,164          |
| 932   | Maintenance of General Plant             | 10,175,857         | 9,040,994          |
|       | <b>Operating Expenses</b>                | <b>155,454,186</b> | <b>136,556,702</b> |
|       | <b>Net Income</b>                        | <b>1</b>           | <b>597,851</b>     |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## ANALYSIS OF BILLING

## ASSOCIATE COMPANIES

## ACCOUNT 457

| NAME OF ASSOCIATE COMPANY      | DIRECT          | INDIRECT        | COMPENSATION          | TOTAL            |
|--------------------------------|-----------------|-----------------|-----------------------|------------------|
|                                | COST<br>CHARGED | COST<br>CHARGED | FOR USE OF<br>CAPITAL | AMOUNT<br>BILLED |
|                                | 457-1           | 457-2           | 457-3                 |                  |
| AGL Resources Inc.             | 448,381         | 10,412,109      | 235,488               | 11,095,977       |
| AGL Investments, Inc.          | (73,866)        | 8,705           | 5                     | (65,156)         |
| Sequent LLC                    | (413)           | 154,400         | 113                   | 154,100          |
| Georgia Natural Gas Company    | 357,622         | 2,785,259       | 179,682               | 3,322,563        |
| Atlanta Gas Light Company      | 24,684,864      | 75,240,974      | 1,187,472             | 101,113,310      |
| Chattanooga Gas Company        | 1,479,627       | 5,082,007       | 78,626                | 6,640,259        |
| Trustees Investments, Inc.     | 432             | 2,066           | 170                   | 2,667            |
| Investments HighLevel Present  | (125)           | 44,044          | -                     | 43,919           |
| AGL Peaking Services           | 504             | 5,421           | 396                   | 6,321            |
| AGL Capital Trust              | 9,717           | 121,395         | 8,190                 | 139,302          |
| AGL Rome Holding, Inc.         | 0               | 309             | 22                    | 332              |
| AGL Energy Corporation         | 10              | 450             | 20                    | 480              |
| AGL Propane Services, Inc.     | 83,816          | 31,974          | 916                   | 116,705          |
| HighLevel Presentation Reclass | 11,121          | (3,919,174)     | -                     | (3,908,054)      |
| Virginia Natural Gas           | 4,776,841       | 17,592,034      | 344,989               | 22,713,865       |
| AGL Networks, LLC              | 723,869         | 1,167,535       | 26,462                | 1,917,866        |
| AGL Capital Corporation        | 41,271          | 51,000          | 2,082                 | 94,353           |
| Southeastern LNG, Inc.         | 13              | 3,142           | 140                   | 3,295            |
| Customer Care Services Company | 3               | (455)           | (50)                  | (503)            |
| Global Energy Res Insurance Co | 849             | 6,911           | 47                    | 7,808            |
| AGL Capital Trust II           | 19,131          | 246,275         | 16,134                | 281,540          |
| Sequent Energy Mngmt, LP-Corp  | 1,479,802       | 4,706,353       | 119,176               | 6,305,330        |
| Sequent Holdings, LLC          | 4,348           | 11,160          | 198                   | 15,705           |
| Pivotal Propane of Virginia In | 1,547           | 85,920          | 870                   | 88,337           |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|                                |                   |                    |                  |                    |
|--------------------------------|-------------------|--------------------|------------------|--------------------|
| Pivotal Energy Services, Inc.  | 55,691            | 8,118              | 9                | 63,817             |
| Distribution Operations Corp   | (10,722)          | 3,778,803          | -                | 3,768,081          |
| Wholesale Corp Highlevel Pre   | (273)             | 96,327             | -                | 96,053             |
| Jefferson Island Storage & Hub | 161,668           | 122,567            | -                | 284,235            |
| Appliance Bus FL Plumbing      | 78                | (27,383)           | -                | (27,305)           |
| Appliance Bus FL Service       | 6,932             | (231,250)          | -                | (224,318)          |
| Appliance Bus NJ Service       | 5,074             | (498,207)          | -                | (493,133)          |
| Florida City Gas               | (3,939)           | 520,982            | -                | 517,042            |
| Elkton Gas Services            | 1,523             | 62,424             | -                | 63,946             |
| Elizabethtown Gas Company      | 79,747            | 1,753,019          | -                | 1,832,765          |
| NUI Energy Brokers             | (17)              | 5,895              | -                | 5,879              |
| NUI Headquarters               | 124,220           | 1,409,758          | 67,736           | 1,601,713          |
| Utility Business Services      | 3,744             | (305,910)          | -                | (302,165)          |
| NUI Utilities Inc.             | (97,174)          | (1,839,385)        | -                | (1,936,559)        |
| Virginia Gas-Distribution      | (18)              | 6,466              | -                | 6,447              |
| Virginia Gas                   | 5,637             | (5,280)            | -                | 357                |
| Virginia Gas - Pipeline        | (261)             | 91,947             | -                | 91,686             |
| Virginia Gas - Storage         | (44)              | 15,362             | -                | 15,318             |
| <b>Total</b>                   | <b>34,381,225</b> | <b>118,804,067</b> | <b>2,268,893</b> | <b>155,454,185</b> |

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

ANALYSIS OF BILLING

NONASSOCIATE COMPANIES  
ACCOUNT 458

| <b>NAME OF NONASSOCIATE<br/>COMPANY</b> | <b>DIRECT<br/>COST<br/>CHARGED</b> | <b>INDIRECT<br/>COST<br/>CHARGED</b> | <b>COMPENSATION<br/>FOR USE OF<br/>CAPITAL</b> | <b>TOTAL<br/>AMOUNT<br/>BILLED</b> | <b>EFFECT<br/>OF<br/>MARKET<br/>RATE<br/>BILLING<br/>(SEE<br/>NOTE)</b> |
|---|------------------------------------|--------------------------------------|--|------------------------------------|---|
|---|------------------------------------|--------------------------------------|--|------------------------------------|---|

NOT APPLICABLE

---



## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XVI

ANALYSIS OF CHARGES FOR SERVICE  
ASSOCIATE AND NONASSOCIATE COMPANIES

| ACCOUNT                          | DESCRIPTION  | DIRECT<br>COST | INDIRECT<br>COST | TOTAL       |
|----------------------------------|--|----------------|------------------|-------------|
| <b>ASSOCIATE COMPANY CHARGES</b> |  |                |                  |             |
| 403                              | Depreciation Expense   | 2,010,328      | 7,127,525        | 9,137,853   |
| 404.3                            | Amortization of other limited-term gas plant                     | 37,669         | 133,553          | 171,222     |
| 408.1                            | Taxes other than income taxes, utility operating income          | 823,302        | 2,918,981        | 3,742,283   |
| 409.1                            | Income taxes, utility operating income                           | (390,652)      | (1,385,037)      | (1,775,689) |
| 410.1                            | Provision for deferred income taxes, utility operating income    | 390,652        | 1,385,037        | 1,775,689   |
| 411.6                            | Gains on Disposition of Utility Plant                            | 815,488        | 2,891,275        | 3,706,762   |
| 419                              | Interest and dividend income                                     | (42,274)       | (149,881)        | (192,155)   |
| 421                              | Miscellaneous income or loss                                     | (268,176)      | (950,805)        | (1,218,980) |
| 426.1                            | Donations  | 217,295        | 770,410          | 987,705     |
| 426.4                            | Expenditures for certain civic, political and related activities | 22             | 80               | 102         |
| 426.5                            | Other donations  | 93,132         | 330,195          | 423,327     |
| 431                              | Other interest expense   | 499,156        | 1,769,736        | 2,268,893   |
| 488                              | Miscellaneous service revenue                                    | 19,726         | 69,938           | 89,664      |
| 493                              | Rent from gas property   | (1,287)        | (4,563)          | (5,850)     |
| 840                              | LNG Supervision/Eng  | 36,012         | 127,680          | 163,693     |
| 841                              | Operation Supervision and Engineering                            | 266,076        | 943,359          | 1,209,434   |
| 843.2                            | Maintenance of Structures and Improvements                       | 8,544          | 30,292           | 38,836      |
| 843.3                            | Maintenance of Gas Holders                                       | 46             | 165              | 211         |
| 843.4                            | Maintenance of Purification Equipment                            | 27,810         | 98,600           | 126,410     |
| 843.5                            | Maintenance of Liquefaction Equipment                            | 62,426         | 221,330          | 283,757     |
| 843.6                            | Maintenance of Vaporizing Equipment                              | 16,238         | 57,572           | 73,810      |
| 843.7                            | Maintenance of Compressor Equipment                              | 19,895         | 70,537           | 90,432      |
| 843.9                            | Maintenance of Other Equipment                                   | 66,043         | 234,154          | 300,197     |
| 870                              | Operation Supervision and Engineering                            | 12,809         | 45,413           | 58,222      |
| 871                              | Distribution Load Dispatching                                    | 1,126          | 3,994            | 5,120       |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|     |   |         |         |           |
|-----|---|---------|---------|-----------|
| 874 | Mains and Services Expenses                                       | 112,875 | 400,194 | 513,070   |
| 877 | Measuring and Regulating Station Expenses-City Gate Check Station | 119,702 | 424,399 | 544,101   |
| 878 | Meter and House Regulator Expenses                                | 152     | 540     | 693       |
| 879 | Customer Installation Expenses                                    | 15      | 52      | 67        |
| 880 | Other Expenses  | 46,211  | 163,839 | 210,050   |
| 887 | Maintenance of Mains  | 15,171  | 53,789  | 68,960    |
| 888 | Maintenance of Compressor Station Equipment                       | 421     | 1,492   | 1,913     |
| 889 | Maintenance of Meas. and Reg. Sta. Equip.-General                 | 6,108   | 21,655  | 27,763    |
| 892 | Maintenance of Services   | 8,601   | 30,494  | 39,095    |
| 893 | Maintenance of Meters and House Regulators                        | 25,236  | 89,473  | 114,708   |
| 894 | Maintenance of Other Equipment                                    | 11,332  | 40,177  | 51,509    |
| 903 | Customer Records and Collection Expenses                          | 19,122  | 67,795  | 86,916    |
| 905 | Miscellaneous Customer Accounts Expenses                          | 25,813  | 91,519  | 117,332   |
| 907 | Supervision   | 20      | 69      |           |
| 908 | Customer Assistance Expenses                                      | 257,057 | 911,385 | 1,168,443 |
| 909 | Informational and Instructional Expenses                          | (18)    | (64)    | (82)      |

---

| ACCOUNT | DESCRIPTION                             | DIRECT COST | INDIRECT COST | TOTAL       |
|---------|---|-------------|---------------|-------------|
| 912     | Demonstrating and Selling Expenses      | 5,711       | 20,247        | 25,957      |
| 913     | Advertising Expenses                    | 323,547     | 1,147,122     | 1,470,669   |
| 916     | Miscellaneous Sales Expenses            | 7,963       | 28,231        | 36,194      |
| 920     | Administrative and General Salaries     | 9,705,919   | 34,411,896    | 44,117,815  |
| 921     | Office Supplies and Expenses            | 2,425,164   | 8,598,310     | 11,023,474  |
| 922     | Administrative Expenses Transferred-Cr. | (1,614,895) | (5,725,536)   | (7,340,431) |
| 924     | Property Insurance                      | 913,130     | 3,237,462     | 4,150,592   |
| 925     | Injuries and Damages                    | 378,722     | 1,342,741     | 1,721,463   |
| 926     | Employee Pensions and Benefits          | 6,606,781   | 23,424,042    | 30,030,823  |
| 930.2   | Miscellaneous General Expenses          | 862,550     | 3,058,132     | 3,920,682   |
| 931     | Rents                                   | 1,575,359   | 5,585,363     | 7,160,722   |
| 932     | Maintenance of General Plant            | 2,238,689   | 7,937,168     | 10,175,857  |
| 923     | Outside Services Employed               | 24,554,795  | 1,473,078     | 26,027,872  |
| 924     | Property Insurance                      | 4,150,592   | -             | 4,150,592   |
| 925     | Injuries and Damages                    | 1,721,463   | -             | 1,721,463   |
| 926     | Employee Pensions and Benefits          | 30,030,823  | (1,410)       | 30,029,413  |
| 930.2   | Miscellaneous General Expenses          | 3,920,682   | 464,125       | 4,384,808   |
| 931     | Rents                                   | 7,160,722   | 6,069,540     | 13,230,262  |
| 932     | Maintenance of General Plant            | 10,175,857  | 5,850,553     | 16,026,410  |

**TOTAL COST OF SERVICE****115,914,854 135,110,151 251,024,917****NON-ASSOCIATE COMPANY CHARGES**

NOT APPLICABLE

**1/** Direct and Indirect cost are captured only at the business unit level as reported on the schedule "Analysis of Billing" on page 26. Of the total cost, direct cost is 22% and indirect cost is 78%.

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XVII

SCHEDULE OF EXPENSES DISTRIBUTED BY  
DEPARTMENT OR SERVICE FUNCTION

| ACCOUNT         | DESCRIPTION  | TOTAL<br>AMOUNT | BUSINESS<br>SUPPORT | CUSTOMER<br>SERVICE |
|-----------------|--|-----------------|---------------------|---------------------|
| <b>EXPENSES</b> |  |                 |                     |                     |
| 403             | Depreciation Expense   | 9,137,853       | 1,750,047           | 316,298             |
| 404.3           | Amortization of other limited-term gas plant                     | 171,222         | -                   | -                   |
| 408.1           | Taxes other than income taxes, utility operating income          | 3,742,283       | 206,018             | 409,660             |
| 409.1           | Income taxes, utility operating income                           | (1,775,689)     | -                   | -                   |
| 410.1           | Provision for deferred income taxes, utility operating income    | 1,775,689       | -                   | -                   |
| 411.6           | Gains on Disposition of Utility Plant                            | 3,706,762       | 453,880             | -                   |
| 419             | Interest and dividend income                                     | (192,155)       | -                   | -                   |
| 421             | Miscellaneous income or loss                                     | (1,218,980)     | (137,335)           | (4,000)             |
| 426.1           | Donations  | 987,705         | 137,335             | 4,000               |
| 426.4           | Expenditures for certain civic, political and related activities | 102             | -                   | -                   |
| 426.5           | Other donations  | 423,327         | -                   | -                   |
| 431             | Other interest expense   | 2,268,893       | -                   | -                   |
| 488             | Miscellaneous service revenue                                    | 89,664          | -                   | 256                 |
| 493             | Rent from gas property   | (5,850)         | -                   | -                   |
| 840             | LNG Supervision/Eng  | 163,693         | -                   | -                   |
| 841             | Operation Supervision and Engineering                            | 1,209,434       | -                   | -                   |
| 843.2           | Maintenance of Structures and Improvements                       | 38,836          | -                   | -                   |
| 843.3           | Maintenance of Gas Holders                                       | 211             | -                   | -                   |
| 843.4           | Maintenance of Purification Equipment                            | 126,410         | -                   | -                   |
| 843.5           | Maintenance of Liquefaction Equipment                            | 283,757         | -                   | -                   |
| 843.6           | Maintenance of Vaporizing Equipment                              | 73,810          | -                   | -                   |
| 843.7           | Maintenance of Compressor Equipment                              | 90,432          | -                   | -                   |
| 843.9           | Maintenance of Other Equipment                                   | 300,197         | -                   | -                   |
| 870             | Operation Supervision and Engineering                            | 58,222          | -                   | -                   |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|     |  |           |       |           |
|-----|--|-----------|-------|-----------|
| 871 | Distribution Load Dispatching  | 5,120     | -     | -         |
| 874 | Mains and Services Expenses  | 513,070   | -     | -         |
| 877 | Measuring and Regulating Station Expenses-City Gate<br>Check Station | 544,101   | -     | -         |
| 878 | Meter and House Regulator Expenses                                   | 693       | -     | -         |
| 879 | Customer Installations Expenses                                      | 67        | -     | -         |
| 880 | Other Expenses   | 210,050   | -     | 89,845    |
| 887 | Maintenance of Mains   | 68,960    | 125   | -         |
| 888 | Maintenance of Compressor Station Equipment                          | 1,913     | -     | -         |
| 889 | Maintenance of Meas. and Reg. Sta. Equip.-General                    | 27,763    | -     | -         |
| 892 | Maintenance of Services  | 39,095    | 125   | -         |
| 893 | Maintenance of Meters and House Regulators                           | 114,708   | -     | -         |
| 894 | Maintenance of Other Equipment                                       | 51,509    | -     | -         |
| 903 | Customer Records and Collection Expenses                             | 86,916    | 2,724 | -         |
| 905 | Miscellaneous Customer Accounts Expenses                             | 117,332   | -     | 15,457    |
| 907 | Supervision  | 88        | -     | -         |
| 908 | Customer Assistance Expenses   | 1,168,443 | -     | 1,140,487 |
| 909 | Informational and Instructional Expenses                             | (82)      | -     | -         |

---

| <b>ACCOUNT</b>                | <b>DESCRIPTION</b>                      | <b>TOTAL<br/>AMOUNT</b> | <b>BUSINESS<br/>SUPPORT</b> | <b>CUSTOMER<br/>SERVICE</b> |
|-------------------------------|---|-------------------------|-----------------------------|-----------------------------|
| 912                           | Demonstrating and Selling Expenses      | 25,957                  | -                           | -                           |
| 913                           | Advertising Expenses                    | 1,470,669               | 810                         | -                           |
| 916                           | Miscellaneous Sales Expenses            | 36,194                  | -                           | -                           |
| 920                           | Administrative and General Salaries     | 44,117,815              | 2,289,234                   | 5,306,521                   |
| 921                           | Office Supplies and Expenses            | 11,023,474              | 915,682                     | 531,746                     |
| 922                           | Administrative Expenses Transferred-Cr. | (7,340,431)             | (72,369)                    | (367,473)                   |
| 923                           | Outside Services Employed               | 24,554,795              | 1,473,078                   | 106,883                     |
| 924                           | Property Insurance                      | 4,150,592               | -                           | -                           |
| 925                           | Injuries and Damages                    | 1,721,463               | -                           | -                           |
| 926                           | Employee Pensions and Benefits          | 30,030,823              | (1,410)                     | (74,419)                    |
| 930.2                         | Miscellaneous General Expenses          | 3,920,682               | 464,125                     | 950                         |
| 931                           | Rents                                   | 7,160,722               | 6,069,540                   | 25,567                      |
| 932                           | Maintenance of General Plant            | 10,175,857              | 5,850,553                   | 782                         |
| <b>TOTAL O&amp;M EXPENSES</b> |   | <b>155,454,185</b>      | <b>19,402,162</b>           | <b>7,502,559</b>            |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XVII (Continued)

SCHEDULE OF EXPENSES DISTRIBUTED BY  
DEPARTMENT OR SERVICE FUNCTION

| ACCOUNT         | DESCRIPTION  | EMPLOYEE |             |           |
|-----------------|--|----------|-------------|-----------|
|                 |  | SERVICE  | ENGINEERING | EXECUTIVE |
| <b>EXPENSES</b> |  |          |             |           |
| 403             | Depreciation Expense   | 369,543  | 156,504     | -         |
| 404.3           | Amortization of other limited-term gas plant                     | -        | -           | -         |
| 408.1           | Taxes other than income taxes, utility operating income          | 214,973  | 691,159     | 94,952    |
| 409.1           | Income taxes, utility operating income                           | -        | -           | -         |
| 410.1           | Provision for deferred income taxes, utility operating income    | -        | -           | -         |
| 411.6           | Gains on Disposition of Utility Plant                            | 62,718   | (22,132)    | -         |
| 419             | Interest and dividend income                                     | -        | -           | -         |
| 421             | Miscellaneous income or loss                                     | (15,000) | (3,977)     | (80,050)  |
| 426.1           | Donations  | 15,000   | 3,127       | 67,500    |
| 426.4           | Expenditures for certain civic, political and related activities | -        | 90          | -         |
| 426.5           | Other donations  | -        | 760         | 12,550    |
| 431             | Other interest expense   | -        | -           | -         |
| 488             | Miscellaneous service revenue                                    | -        | (149,442)   | -         |
| 493             | Rent from gas property   | -        | -           | -         |
| 840             | LNG Supervision/Eng  | -        | -           | -         |
| 841             | Operation Supervision and Engineering                            | -        | -           | -         |
| 843.2           | Maintenance of Structures and Improvements                       | -        | -           | -         |
| 843.3           | Maintenance of Gas Holders                                       | -        | -           | -         |
| 843.4           | Maintenance of Purification Equipment                            | -        | -           | -         |
| 843.5           | Maintenance of Liquefaction Equipment                            | -        | -           | -         |
| 843.6           | Maintenance of Vaporizing Equipment                              | -        | -           | -         |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|       |  |   |         |   |
|-------|--|---|---------|---|
| 843.7 | Maintenance of Compressor Equipment                                  | - | -       | - |
| 843.9 | Maintenance of Other Equipment                                       | - | -       | - |
| 870   | Operation Supervision and Engineering                                | - | 58,222  | - |
| 871   | Distribution Load Dispatching  | - | (11)    | - |
| 874   | Mains and Services Expenses  | - | 508,724 | - |
| 877   | Measuring and Regulating Station Expenses-City<br>Gate Check Station | - | -       | - |
| 878   | Meter and House Regulator Expenses                                   | - | 502     | - |
| 879   | Customer Installations Expenses                                      | - | 67      | - |
| 880   | Other Expenses   | - | 41,278  | - |
| 887   | Maintenance of Mains   | - | 67,489  | - |
| 888   | Maintenance of Compressor Station Equipment                          | - | -       | - |
| 889   | Maintenance of Meas. and Reg. Sta. Equip.-General                    | - | -       | - |
| 892   | Maintenance of Services  | - | 38,970  | - |
| 893   | Maintenance of Meters and House Regulators                           | - | 156     | - |
| 894   | Maintenance of Other Equipment                                       | - | -       | - |
| 903   | Customer Records and Collection Expenses                             | - | 82,662  | - |
| 905   | Miscellaneous Customer Accounts Expenses                             | - | 50      | - |
| 907   | Supervision  | - | 88      | - |
| 908   | Customer Assistance Expenses   | - | -       | - |
| 909   | Informational and Instructional Expenses                             | - | (82)    | - |



| ACCOUNT                       | DESCRIPTION                             | EMPLOYEE          |                  |                  |
|-------------------------------|---|-------------------|------------------|------------------|
|                               |   | SERVICE           | ENGINEERING      | EXECUTIVE        |
| 912                           | Demonstrating and Selling Expenses      | -                 | -                | -                |
| 913                           | Advertising Expenses                    | -                 | -                | -                |
| 916                           | Miscellaneous Sales Expenses            | -                 | -                | -                |
| 920                           | Administrative and General Salaries     | 2,343,550         | 5,807,982        | 1,279,020        |
| 921                           | Office Supplies and Expenses            | 731,514           | 1,510,835        | 244,744          |
| 922                           | Administrative Expenses Transferred-Cr. | (174,932)         | (4,890,481)      | (91,894)         |
| 923                           | Outside Services Employed               | 3,336,565         | 647,941          | 405,184          |
| 924                           | Property Insurance                      | 1,594             | -                | -                |
| 925                           | Injuries and Damages                    | -                 | -                | -                |
| 926                           | Employee Pensions and Benefits          | 28,531,230        | 427,474          | (29,677)         |
| 930.2                         | Miscellaneous General Expenses          | 81,861            | 42,838           | 193,043          |
| 931                           | Rents                                   | 7,300             | 18,117           | (289)            |
| 932                           | Maintenance of General Plant            | (5,459)           | (257,828)        | -                |
| <b>TOTAL O&amp;M EXPENSES</b> |   | <b>35,500,456</b> | <b>4,781,083</b> | <b>2,095,082</b> |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XVII (Continued)

SCHEDULE OF EXPENSES DISTRIBUTED BY  
DEPARTMENT OR SERVICE FUNCTION

| ACCOUNT         | DESCRIPTION  | EXTERNAL<br>RELATIONS | FINANCIAL<br>SERVICES | GAS SUPPORT<br>MANAGEMENT |
|-----------------|--|-----------------------|-----------------------|---------------------------|
| <b>EXPENSES</b> |  |                       |                       |                           |
| 403             | Depreciation Expense   | 29                    | 692,380               | 208,273                   |
| 404.3           | Amortization of other limited-term gas plant                     | -                     | -                     | -                         |
| 408.1           | Taxes other than income taxes, utility operating income          | 63,710                | 335,573               | 509,604                   |
| 409.1           | Income taxes, utility operating income                           | -                     | -                     | -                         |
| 410.1           | Provision for deferred income taxes, utility operating income    | -                     | -                     | -                         |
| 411.6           | Gains on Disposition of Utility Plant                            | 472                   | 197                   | 80,825                    |
| 419             | Interest and dividend income                                     | -                     | -                     | -                         |
| 421             | Miscellaneous income or loss                                     | (1,098,680)           | (1,100)               | (2,750)                   |
| 426.1           | Donations  | 727,794               | 1,100                 | 2,750                     |
| 426.4           | Expenditures for certain civic, political and related activities | 12                    | -                     | -                         |
| 426.5           | Other donations  | 370,875               | -                     | -                         |
| 431             | Other interest expense   | -                     | 45,229                | -                         |
| 488             | Miscellaneous service revenue                                    | -                     | -                     | 773                       |
| 493             | Rent from gas property   | -                     | -                     | (5,850)                   |
| 495             | Other utility operating income                                   | -                     | -                     | -                         |
| 804             | Natural Gas City Gate Purchases                                  | -                     | -                     | -                         |
| 807             | Purchased Gas Expenses   | -                     | -                     | -                         |
| 840             | LNG Supervision/Eng  | -                     | -                     | 163,693                   |
| 841             | Operation Supervision and Engineering                            | -                     | -                     | 1,209,434                 |
| 843.2           | Maintenance of Structures and Improvements                       | -                     | -                     | 38,836                    |
| 843.3           | Maintenance of Gas Holders                                       | -                     | -                     | 211                       |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|       |   |   |        |         |
|-------|---|---|--------|---------|
| 843.4 | Maintenance of Purification Equipment                             | - | -      | 126,410 |
| 843.5 | Maintenance of Liquefaction Equipment                             | - | -      | 283,757 |
| 843.6 | Maintenance of Vaporizing Equipment                               | - | -      | 73,810  |
| 843.7 | Maintenance of Compressor Equipment                               | - | -      | 90,432  |
| 843.9 | Maintenance of Other Equipment                                    | - | -      | 300,197 |
| 870   | Operation Supervision and Engineering                             | - | -      | -       |
| 871   | Distribution Load Dispatching                                     | - | -      | 5,132   |
| 874   | Mains and Services Expenses                                       | - | 1,038  | 1,740   |
| 875   | Measuring and Regulating Station Expenses-General                 | - | -      | -       |
| 877   | Measuring and Regulating Station Expenses-City Gate Check Station | - | -      | 540,966 |
| 878   | Meter and House Regulator Expenses                                | - | -      | 191     |
| 879   | Customer Installations Expenses                                   | - | -      | -       |
| 880   | Other Expenses  | - | 256    | 8,933   |
| 887   | Maintenance of Mains  | - | -      | 426     |
| 888   | Maintenance of Compressor Station Equipment                       | - | -      | 1,913   |
| 889   | Maintenance of Meas. and Reg. Sta. Equip.-General                 | - | -      | 27,763  |
| 892   | Maintenance of Services   | - | -      | -       |
| 893   | Maintenance of Meters and House Regulators                        | - | -      | 114,457 |
| 894   | Maintenance of Other Equipment                                    | - | -      | 51,509  |
| 902   | Meter Reading Expenses  | - | -      | -       |
| 903   | Customer Records and Collection Expenses                          | - | -      | -       |
| 905   | Miscellaneous Customer Accounts Expenses                          | - | 71,644 | 30,181  |

| ACCOUNT | DESCRIPTION                              | EXTERNAL<br>RELATIONS | FINANCIAL<br>SERVICES | GAS SUPPORT<br>MANAGEMENT |
|---------|--|-----------------------|-----------------------|---------------------------|
| 907     | Supervision                              | -                     | -                     | -                         |
| 908     | Customer Assistance Expenses             | -                     | -                     | 27,956                    |
| 909     | Informational and Instructional Expenses | -                     | -                     | -                         |
| 912     | Demonstrating and Selling Expenses       | -                     | -                     | -                         |
| 913     | Advertising Expenses                     | -                     | -                     | -                         |
| 916     | Miscellaneous Sales Expenses             | -                     | -                     | -                         |
| 920     | Administrative and General Salaries      | 1,122,860             | 4,623,130             | 4,356,027                 |
| 921     | Office Supplies and Expenses             | 736,560               | 739,303               | 734,214                   |
| 922     | Administrative Expenses Transferred-Cr.  | (76,485)              | (318,887)             | (286,067)                 |
| 923     | Outside Services Employed                | 63,050                | 3,312,412             | 190,574                   |
| 924     | Property Insurance                       | -                     | -                     | -                         |
| 925     | Injuries and Damages                     | -                     | -                     | -                         |
| 926     | Employee Pensions and Benefits           | 126,954               | 1,013,903             | 9,697                     |
| 930.2   | Miscellaneous General Expenses           | 81,350                | 495,224               | (26,342)                  |
| 931     | Rents                                    | 4                     | 25,728                | 21,108                    |
| 932     | Maintenance of General Plant             | 3,981                 | 842                   | (85,860)                  |
|         | <b>TOTAL O&amp;M EXPENSES</b>            | <b>2,122,486</b>      | <b>11,037,971</b>     | <b>8,804,923</b>          |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XVII (Continued)

SCHEDULE OF EXPENSES DISTRIBUTED BY  
DEPARTMENT OR SERVICE FUNCTION

| ACCOUNT         | DESCRIPTION  | INFORMATION<br>TECHNOLOGY | INTERNAL<br>AUDIT | INVESTOR<br>RELATIONS |
|-----------------|--|---------------------------|-------------------|-----------------------|
| <b>EXPENSES</b> |  |                           |                   |                       |
| 403             | Depreciation Expense   | 5,068,405                 | -                 | -                     |
| 404.3           | Amortization of other limited-term gas plant                     | -                         | -                 | -                     |
| 408.1           | Taxes other than income taxes, utility operating income          | 821,848                   | 35,420            | 4,984                 |
| 409.1           | Income taxes, utility operating income                           | -                         | -                 | -                     |
| 410.1           | Provision for deferred income taxes, utility operating income    | -                         | -                 | -                     |
| 411.6           | Gains on Disposition of Utility Plant                            | 3,648,980                 | -                 | -                     |
| 419             | Interest and dividend income                                     | -                         | -                 | -                     |
| 421             | Miscellaneous income or loss                                     | (10,000)                  | -                 | (1,000)               |
| 426.1           | Donations  | 10,000                    | -                 | 1,000                 |
| 426.4           | Expenditures for certain civic, political and related activities | -                         | -                 | -                     |
| 426.5           | Other donations  | -                         | -                 | -                     |
| 431             | Other interest expense   | -                         | -                 | -                     |
| 488             | Miscellaneous service revenue                                    | -                         | -                 | -                     |
| 493             | Rent from gas property   | -                         | -                 | -                     |
| 840             | LNG Supervision/Eng  | -                         | -                 | -                     |
| 841             | Operation Supervision and Engineering                            | -                         | -                 | -                     |
| 843.2           | Maintenance of Structures and Improvements                       | -                         | -                 | -                     |
| 843.3           | Maintenance of Gas Holders                                       | -                         | -                 | -                     |
| 843.4           | Maintenance of Purification Equipment                            | -                         | -                 | -                     |
| 843.5           | Maintenance of Liquefaction Equipment                            | -                         | -                 | -                     |
| 843.6           | Maintenance of Vaporizing Equipment                              | -                         | -                 | -                     |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|       |  |        |   |   |
|-------|--|--------|---|---|
| 843.7 | Maintenance of Compressor Equipment                                  | -      | - | - |
| 843.9 | Maintenance of Other Equipment                                       | -      | - | - |
| 870   | Operation Supervision and Engineering                                | -      | - | - |
| 871   | Distribution Load Dispatching  | -      | - | - |
| 874   | Mains and Services Expenses  | 1,567  | - | - |
| 877   | Measuring and Regulating Station Expenses-City<br>Gate Check Station | -      | - | - |
| 878   | Meter and House Regulator Expenses                                   | -      | - | - |
| 879   | Customer Installations Expenses                                      | -      | - | - |
| 880   | Other Expenses   | 69,738 | - | - |
| 887   | Maintenance of Mains   | -      | - | - |
| 888   | Maintenance of Compressor Station Equipment                          | -      | - | - |
| 889   | Maintenance of Meas. and Reg. Sta. Equip.-General                    | -      | - | - |
| 892   | Maintenance of Services  | -      | - | - |
| 893   | Maintenance of Meters and House Regulators                           | -      | - | - |
| 894   | Maintenance of Other Equipment                                       | -      | - | - |
| 903   | Customer Records and Collection Expenses                             | -      | - | - |
| 905   | Miscellaneous Customer Accounts Expenses                             | -      | - | - |
| 907   | Supervision  | -      | - | - |
| 908   | Customer Assistance Expenses   | -      | - | - |
| 909   | Informational and Instructional Expenses                             | -      | - | - |

| ACCOUNT                       | DESCRIPTION                             | INFORMATION TECHNOLOGY | INTERNAL AUDIT   | INVESTOR RELATIONS |
|-------------------------------|---|------------------------|------------------|--------------------|
| 912                           | Demonstrating and Selling Expenses      | -                      | -                | -                  |
| 913                           | Advertising Expenses                    | 2,096                  | -                | -                  |
| 916                           | Miscellaneous Sales Expenses            | -                      | -                | -                  |
| 920                           | Administrative and General Salaries     | 10,997,766             | 606,390          | 121,306            |
| 921                           | Office Supplies and Expenses            | 3,749,150              | 50,641           | 124,925            |
| 922                           | Administrative Expenses Transferred-Cr. | (647,455)              | (42,023)         | (11,868)           |
| 923                           | Outside Services Employed               | 10,934,119             | 657,216          | 114,804            |
| 924                           | Property Insurance                      | -                      | -                | -                  |
| 925                           | Injuries and Damages                    | -                      | -                | -                  |
| 926                           | Employee Pensions and Benefits          | (217,654)              | (12,682)         | (2,648)            |
| 930.2                         | Miscellaneous General Expenses          | 79,819                 | 136              | 5,880              |
| 931                           | Rents                                   | 824,394                | 283              | (144)              |
| 932                           | Maintenance of General Plant            | 4,664,265              | -                | -                  |
| <b>TOTAL O&amp;M EXPENSES</b> |   | <b>39,997,038</b>      | <b>1,295,382</b> | <b>357,237</b>     |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XVII (Continued)

SCHEDULE OF EXPENSES DISTRIBUTED BY  
DEPARTMENT OR SERVICE FUNCTION

| ACCOUNT  | DESCRIPTION  | RATES &  |           |            |
|----------|--|----------|-----------|------------|
|          |  | LEGAL    | MARKETING | REGULATION |
| EXPENSES |  |          |           |            |
| 403      | Depreciation Expense   | 4,122    | 317,008   | -          |
| 404.3    | Amortization of other limited-term gas plant                     | -        | -         | -          |
| 408.1    | Taxes other than income taxes, utility operating income          | 131,864  | 95,214    | 49,853     |
| 409.1    | Income taxes, utility operating income                           | -        | -         | -          |
| 410.1    | Provision for deferred income taxes, utility operating income    | -        | -         | -          |
| 411.6    | Gains on Disposition of Utility Plant                            | 953      | 352       | -          |
| 419      | Interest and dividend income                                     | -        | -         | -          |
| 421      | Miscellaneous income or loss                                     | (19,860) | (999)     | (31,036)   |
| 426.1    | Donations  | 11,000   | -         | 3,000      |
| 426.4    | Expenditures for certain civic, political and related activities | -        | -         | -          |
| 426.5    | Other donations  | 8,860    | 999       | 28,036     |
| 431      | Other interest expense   | -        | -         | -          |
| 488      | Miscellaneous service revenue                                    | -        | 238,076   | -          |
| 493      | Rent from gas property   | -        | -         | -          |
| 840      | LNG Supervision/Eng  | -        | -         | -          |
| 841      | Operation Supervision and Engineering                            | -        | -         | -          |
| 843.2    | Maintenance of Structures and Improvements                       | -        | -         | -          |
| 843.3    | Maintenance of Gas Holders                                       | -        | -         | -          |
| 843.4    | Maintenance of Purification Equipment                            | -        | -         | -          |
| 843.5    | Maintenance of Liquefaction Equipment                            | -        | -         | -          |
| 843.6    | Maintenance of Vaporizing Equipment                              | -        | -         | -          |
| 843.7    | Maintenance of Compressor Equipment                              | -        | -         | -          |



Edgar Filing: AGL RESOURCES INC - Form U-13-60

|       |  |   |       |   |
|-------|--|---|-------|---|
| 843.9 | Maintenance of Other Equipment                                       | - | -     | - |
| 870   | Operation Supervision and Engineering                                | - | -     | - |
| 871   | Distribution Load Dispatching  | - | -     | - |
| 874   | Mains and Services Expenses  | - | -     | - |
| 877   | Measuring and Regulating Station Expenses-City Gate<br>Check Station | - | 3,135 | - |
| 878   | Meter and House Regulator Expenses                                   | - | -     | - |
| 879   | Customer Installations Expenses                                      | - | -     | - |
| 880   | Other Expenses   | - | -     | - |
| 887   | Maintenance of Mains   | - | 920   | - |
| 888   | Maintenance of Compressor Station Equipment                          | - | -     | - |
| 889   | Maintenance of Meas. and Reg. Sta. Equip.-General                    | - | -     | - |
| 892   | Maintenance of Services  | - | -     | - |
| 893   | Maintenance of Meters and House Regulators                           | - | 95    | - |
| 894   | Maintenance of Other Equipment                                       | - | -     | - |
| 903   | Customer Records and Collection Expenses                             | - | 1,530 | - |
| 905   | Miscellaneous Customer Accounts Expenses                             | - | -     | - |
| 907   | Supervision  | - | -     | - |
| 908   | Customer Assistance Expenses   | - | -     | - |
| 909   | Informational and Instructional Expenses                             | - | -     | - |

---

| ACCOUNT                       | DESCRIPTION                             | LEGAL             | MARKETING        | RATES &<br>REGULATION |
|-------------------------------|---|-------------------|------------------|-----------------------|
| 912                           | Demonstrating and Selling Expenses      | -                 | 25,957           | -                     |
| 913                           | Advertising Expenses                    | -                 | 1,056,391        | -                     |
| 916                           | Miscellaneous Sales Expenses            | -                 | 36,194           | -                     |
| 920                           | Administrative and General Salaries     | 2,014,807         | 1,554,323        | 912,344               |
| 921                           | Office Supplies and Expenses            | 247,398           | 366,430          | 155,627               |
| 922                           | Administrative Expenses Transferred-Cr. | (142,844)         | (98,664)         | (63,650)              |
| 923                           | Outside Services Employed               | 1,774,652         | 778,469          | 371,072               |
| 924                           | Property Insurance                      | 4,148,523         | 475              | -                     |
| 925                           | Injuries and Damages                    | 1,759,799         | -                | -                     |
| 926                           | Employee Pensions and Benefits          | 74,413            | (31,289)         | 111,090               |
| 930.2                         | Miscellaneous General Expenses          | 1,827,677         | 24,366           | (19,069)              |
| 931                           | Rents                                   | (144)             | 168,792          | 464                   |
| 932                           | Maintenance of General Plant            | -                 | 4,580            | -                     |
| <b>TOTAL O&amp;M EXPENSES</b> |   | <b>11,841,218</b> | <b>4,542,355</b> | <b>1,517,731</b>      |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## SCHEDULE XVII (Continued)

SCHEDULE OF EXPENSES DISTRIBUTED BY  
DEPARTMENT OR SERVICE FUNCTION

| ACCOUNT | DESCRIPTION<br><br>EXPENSES                                      | OTHER       |
|---------|--|-------------|
| 403     | Depreciation Expense   | 255,246     |
| 404.3   | Amortization of other limited-term gas plant                     | 171,222     |
| 408.1   | Taxes other than income taxes, utility operating income          | 76,942      |
| 409.1   | Income taxes, utility operating income                           | (1,775,689) |
| 410.1   | Provision for deferred income taxes, utility operating income    | 1,775,689   |
| 411.6   | Gains on Disposition of Utility Plant                            | (519,483)   |
| 419     | Interest and dividend income                                     | (192,155)   |
| 421     | Miscellaneous income or loss                                     | 186,807     |
| 426.1   | Donations  | 4,100       |
| 426.4   | Expenditures for certain civic, political and related activities | -           |
| 426.5   | Other donations  | 1,248       |
| 431     | Other interest expense   | 2,223,664   |
| 488     | Miscellaneous service revenue                                    | -           |
| 493     | Rent from gas property   | -           |
| 840     | LNG Supervision/Eng  | -           |
| 841     | Operation Supervision and Engineering                            | -           |
| 843.2   | Maintenance of Structures and Improvements                       | -           |
| 843.3   | Maintenance of Gas Holders                                       | -           |
| 843.4   | Maintenance of Purification Equipment                            | -           |
| 843.5   | Maintenance of Liquefaction Equipment                            | -           |
| 843.6   | Maintenance of Vaporizing Equipment                              | -           |
| 843.7   | Maintenance of Compressor Equipment                              | -           |
| 843.9   | Maintenance of Other Equipment                                   | -           |
| 870     | Operation Supervision and Engineering                            | -           |

Edgar Filing: AGL RESOURCES INC - Form U-13-60

|     |   |   |
|-----|---|---|
| 871 | Distribution Load Dispatching                                     | - |
| 874 | Mains and Services Expenses                                       | - |
| 877 | Measuring and Regulating Station Expenses-City Gate Check Station | - |
| 878 | Meter and House Regulator Expenses                                | - |
| 879 | Customer Installations Expenses                                   | - |
| 880 | Other Expenses  | - |
| 887 | Maintenance of Mains  | - |
| 888 | Maintenance of Compressor Station Equipment                       | - |
| 889 | Maintenance of Meas. and Reg. Sta. Equip.-General                 | - |
| 892 | Maintenance of Services   | - |
| 893 | Maintenance of Meters and House Regulators                        | - |
| 894 | Maintenance of Other Equipment                                    | - |
| 903 | Customer Records and Collection Expenses                          | - |
| 905 | Miscellaneous Customer Accounts Expenses                          | - |
| 907 | Supervision   | - |
| 908 | Customer Assistance Expenses                                      | - |
| 909 | Informational and Instructional Expenses                          | - |

---

| <b>ACCOUNT</b>                | <b>DESCRIPTION</b>                      | <b>OTHER</b>     |
|-------------------------------|---|------------------|
| 912                           | Demonstrating and Selling Expenses      | -                |
| 913                           | Advertising Expenses                    | 411,373          |
| 916                           | Miscellaneous Sales Expenses            | -                |
| 920                           | Administrative and General Salaries     | 782,554          |
| 921                           | Office Supplies and Expenses            | 184,705          |
| 922                           | Administrative Expenses Transferred-Cr. | (55,338)         |
| 923                           | Outside Services Employed               | 388,777          |
| 924                           | Property Insurance                      | -                |
| 925                           | Injuries and Damages                    | (38,336)         |
| 926                           | Employee Pensions and Benefits          | 105,840          |
| 930.2                         | Miscellaneous General Expenses          | 668,825          |
| 931                           | Rents                                   | -                |
| 932                           | Maintenance of General Plant            | -                |
| <b>TOTAL O&amp;M EXPENSES</b> |   | <b>4,655,991</b> |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## DEPARTMENTAL ANALYSIS OF SALARIES

ACCOUNT 920  
DEPARTMENTAL SALARY EXPENSE

| NAME OF DEPARTMENT<br>Indicate each department or<br>service function | INCLUDED IN AMOUNT BILLED TO  |                   |                     | PERSONNEL<br>END OF<br>YEAR |                   |
|---|-------------------------------|-------------------|---------------------|-----------------------------|-------------------|
|   | TOTAL<br>AMOUNT<br>Acct. #920 | PARENT<br>COMPANY | OTHER<br>ASSOCIATES |                             | NON<br>ASSOCIATES |
|   |                               | / 1               |                     |                             |                   |
| Business Support  | 2,289,234                     | 58,375            | 2,230,859           | -                           | 40                |
| Customer Service  | 5,306,521                     | 135,316           | 5,171,205           | -                           | 118               |
| Employee Service  | 2,343,550                     | 59,761            | 2,283,789           | -                           | 48                |
| Engineering   | 5,807,982                     | 148,104           | 5,659,878           | -                           | 170               |
| Executive   | 1,279,020                     | 32,615            | 1,246,405           | -                           | 6                 |
| External Relations  | 1,122,860                     | 28,633            | 1,094,227           | -                           | 13                |
| Financial Services  | 4,623,130                     | 117,890           | 4,505,240           | -                           | 63                |
| Gas Support Management  | 4,356,027                     | 111,079           | 4,244,948           | -                           | 116               |
| Information Technology  | 10,997,766                    | 280,443           | 10,717,323          | -                           | 143               |
| Internal Audit  | 606,390                       | 15,463            | 590,927             | -                           | 10                |
| Investor Relations  | 121,306                       | 3,093             | 118,213             | -                           | 1                 |
| Legal   | 2,014,807                     | 51,378            | 1,963,429           | -                           | 25                |
| Marketing   | 1,554,323                     | 39,635            | 1,514,688           | -                           | 16                |
| Rates & Regulations   | 912,344                       | 23,265            | 889,079             | -                           | 11                |
| Other   | 782,554                       | 19,955            | 762,599             | -                           | 9                 |
| <b>TOTAL</b>  | <b>44,117,814</b>             | <b>1,125,004</b>  | <b>42,992,810</b>   | <b>-</b>                    | <b>789</b>        |

/1 The parent company (AGL Resources Inc.) receives 7% of total allocated cost from the Services Company as shown on page 26. Since we only capture these cost at the business unit level, the cost were split 93%, 7% between other associate company

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the year Ended December 31, 2004

## OUTSIDE SERVICES EMPLOYED

## ACCOUNT 923

INSTRUCTIONS: Provide a breakdown by subaccount of outside services employed. If the aggregated amount paid to any one payee and included within one subaccount is less than \$100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

| FROM WHOM PURCHASED                      | DESCRIPTION OF LARGEST INVOICE | RELATIONSHIP<br>"A" = ASSOCIATE<br>"NA" =<br>NONASSOCIATE | AMOUNT           |
|--|--------------------------------|---|------------------|
| <b>Legal</b>                             |                                |   |                  |
| Alston & Bird                            | Legal Services                 | NA  | 239,747          |
| Judith S. Kim                            | Legal Services                 | NA  | 105,845          |
| Leboeuf, Lamb, Green & Macrak, LLP       | Legal Services                 | NA  | 116,864          |
| Littler Mendelson, PC                    | Legal Services                 | NA  | 203,346          |
| Several other items less than \$100,000  | Legal Services                 | NA  | 50,778           |
| <b>Subtotal - Legal Services</b>         |                                |   | <b>716,580</b>   |
| <b>Audit &amp; Consulting</b>            |                                |   |                  |
| Deloitte                                 | Auditing                       | NA  | 120,065          |
| Ernst & Young                            | Consulting                     | NA  | 1,459,933        |
| PriceWaterHouseCoopers                   | Auditing                       | NA  | 1,052,637        |
| Several other items less than \$100,000  | Consulting                     | NA  | 77,393           |
| <b>Subtotal - Audit &amp; Consulting</b> |                                |   | <b>2,710,028</b> |
| <b>Information Technology</b>            |                                |   |                  |
| Axiom                                    | Consulting                     | NA  | 3,437,428        |
| Axiom/Access Communications Systems      | Consulting                     | NA  | 321,834          |
| Capstone Consulting Partners, nc.        | Consulting                     | NA  | 1,814,876        |
| David Jewell                             | Contractor                     | NA  | 188,694          |

## Edgar Filing: AGL RESOURCES INC - Form U-13-60

|  |            |    |                   |
|--|------------|----|-------------------|
| LogicaCAM Professional Services          | Consulting | NA | 2,150,360         |
| P&P                                      | Consulting | NA | 357,063           |
| Sapient                                  | Contractor | NA | 1,094,924         |
| Skybridge                                | Consulting | NA | 257,511           |
| Sungard Recovery Services                | Consulting | NA | 235,020           |
| Several other items less than \$100,000  | Consulting | NA | 807,258           |
| <b>Subtotal - Information Technology</b> |            |    | <b>10,664,968</b> |

**Human Resources & Other**

|                               |                       |    |         |
|-------------------------------|-----------------------|----|---------|
| Accenture                     | Consulting            | NA | 142,792 |
| Aligned Leadership Group      | Consulting            | NA | 119,063 |
| Atlanta Health Systems        | Professional Services | NA | 188,332 |
| Baker Auto                    | Professional Services | NA | 130,720 |
| Continental Promotional Group | Consulting            | NA | 106,317 |
| Corestaff Services            | Professional Services | NA | 449,964 |
| Epstein, Becker & Green PC    | Professional Services | NA | 256,265 |
| Equiserve                     | Professional Services | NA | 148,987 |
| Griswold                      | Consulting            | NA | 145,406 |

---



## ANNUAL REPORT OF AGL SERVICES COMPANY

For the year Ended December 31, 2004

## OUTSIDE SERVICES EMPLOYED

ACCOUNT 923 (Continued)

INSTRUCTIONS: Provide a breakdown by subaccount of outside services employed. If the aggregated amount paid to any one payee and included within one subaccount is less than \$100,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

| FROM WHOM PURCHASED                           | DESCRIPTION OF<br>LARGEST<br>INVOICE | RELATIONSHIP<br>"A" = ASSOCIATE<br>"NA" =<br>NONASSOCIATE | AMOUNT           |
|---|--------------------------------------|---|------------------|
| Dan Hennig                                    | Contractor                           | NA  | 502,054          |
| Intellinet                                    | Contractor                           | NA  | 516,440          |
| Lukens Energy Group                           | Consulting                           | NA  | 206,607          |
| Marsh USA Inc                                 | Consulting                           | NA  | 253,773          |
| McKenneys                                     | Professional Services                | NA  | 134,455          |
| Mercer Human Resources                        | Consulting                           | NA  | 344,824          |
| Millennium Benefits Consulting                | Consulting                           | NA  | 136,552          |
| Parsons Group                                 | Contractor                           | NA  | 271,764          |
| PCK Resources                                 | Contractor                           | NA  | 205,655          |
| Prudential                                    | Consulting                           | NA  | 144,000          |
| Right Management                              | Contractor                           | NA  | 115,758          |
| Sperduto & Associates                         | Contractor                           | NA  | 236,663          |
| The Meridian Institute                        | Consulting                           | NA  | 273,312          |
| Titus   | Professional Services                | NA  | 445,160          |
| Towers Perrin                                 | Contractor                           | NA  | 220,973          |
| Untralink Benefit                             | Professional Services                | NA  | 198,784          |
| Weltner Company                               | Consulting                           | NA  | 101,036          |
| Several other items less than \$100,000       | Consulting                           | NA  | 2,714,248        |
| <b>Subtotal - Human Resources &amp; Other</b> |                                      |   | <b>8,709,904</b> |

| <b>Facilities</b>                       |            |    |                   |
|---|------------|----|-------------------|
| Eurest                                  | Contractor | NA | 236,229           |
| More Business Solutions                 | Contractor | NA | 548,346           |
| Ten Peechtree Place & Association       | Contractor | NA | 121,428           |
| Several other items less than \$100,000 | Contractor | NA | 847,312           |
| <b>Subtotal - Facilities</b>            |            |    | <b>1,753,315</b>  |
|   |            |    |                   |
| <b>TOTAL</b>                            |            |    | <b>24,554,795</b> |

---

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended Dcember 31, 2004

EMPLOYEE PENSION AND BENEFITS

ACCOUNT 926

INSTRUCTIONS: Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to \$25,000.

| Description                                       | Amount            |
|---|-------------------|
| Pensions  | 1,107,143         |
| Flex Benefit Deductions - Employee Contribution   | (1,508,954)       |
| Post Retirement Medical and Life Benefits         | 347,894           |
| Educational Assistance Plan                       | 130,401           |
| Employee Savings Plan/ESOP - Company Contribution | 2,283,941         |
| Bonus   | 19,848,803        |
| Group Insurance                                   | 5,890,155         |
| Flexible Credit Benefits - Company Contributions  | 573               |
| Other (Other Employee Fringe Benefits)            | 1,930,867         |
| <b>Total</b>                                      | <b>30,030,823</b> |

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

GENERAL ADVERTISING EXPENSES

ACCOUNT 930.1

INSTRUCTIONS: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses", classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

**DESCRIPTION**

**NAME OF PAYEE**

**AMOUNT**

Not Applicable

**TOTAL**

---

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

MISCELLANEOUS GENERAL EXPENSES

ACCOUNT 930.2

INSTRUCTIONS: provide a list of amounts included in Account 930.2, "Miscellaneous General Expenses", classifying the items according to their nature. Payments and expenses permitted by Section 321 (b) (2) of the Federal Election Campaign Act, as amended by Public Law 94-284 in 1976 (2 U.S.C.S 441 (b) (2) shall be separately classified.

| DECSRIPTION                         | AMOUNT           |
|-------------------------------------|------------------|
| Dues & Membership                   | 160,250          |
| Communications Materials            | 611,643          |
| Misc Repairs                        | 284,221          |
| Legal Cost                          | 116,682          |
| Annual Report and Printing Cost     | 756,715          |
| Computer Software and Hardware Cost | 160,785          |
| Board of Directors Expenses         | 492,765          |
| Commisions                          | 42,073           |
| Consulting Cost                     | 341,730          |
| Public Relations                    | 119,600          |
| Employee Benefits                   | 356,499          |
| Workers Comp Fees & Assesment       | 64,786           |
| Misc. Expenses                      | 412,933          |
| <hr/>                               |                  |
| <b>TOTAL</b>                        | <b>3,920,682</b> |

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

RENTS

ACCOUNT 931

INSTRUCTIONS: Provide a listing of the amount included in Account 931, "Rents", classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts.

| DESCRIPTION  | AMOUNT           |
|--|------------------|
| Computer, Data Processing and other Communication Equipment rental | 1,016,389        |
| Office Rents   | 6,144,332        |
|  |                  |
| <b>TOTAL</b>   | <b>7,160,722</b> |

---

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## TAXES OTHER THAN INCOME

## ACCOUNT 408

INSTRUCTIONS: Provide an analysis of Account 408, "Taxes Other Than Income Taxes". Separate the analysis into two groups: (1) other than U.S. Government taxes, and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts thereof. Provide a subtotal for each class of tax.

| KIND OF TAX                             | AMOUNT           |
|---|------------------|
| <b>OTHER THAN U.S. GOVERNMENT TAXES</b> |                  |
| State Unemployment                      | 31,377           |
| Property Tax                            | 150,001          |
| <b>Subtotal - Other</b>                 | <b>181,378</b>   |
| <b>U.S. GOVERNMENT TAXES</b>            |                  |
| Fed. Insurance Contribution Act.        | 3,378,147        |
| Federal Unemployment                    | 182,758          |
| <b>Subtotal - U.S. Government</b>       | <b>3,560,905</b> |
| <b>TOTAL</b>                            | <b>3,742,283</b> |

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004  
DONATIONS

ACCOUNT 426.1

INSTRUCTIONS: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be shown in lieu of details.

| NAME OF RECIPIENT             | PURPOSE OF DONATION | AMOUNT         |
|-------------------------------|---------------------|----------------|
| American Red Cross            | Civic & Charitable  | 26,000         |
| Chris Homes                   | Civic & Charitable  | 3,500          |
| Fernbank Museum               | Civic & Charitable  | 5,000          |
| United Way                    | Civic & Charitable  | 656,250        |
| Novare Biltmore               | Civic & Charitable  | 14,678         |
| YMCA                          | Civic & Charitable  | 4,500          |
|                               | Civic & Charitable  | 21,050         |
| Atlanta History Center        | Program Support     | 8,200          |
| CEAF Wolff Research           | Program Support     | 3,000          |
| G8 Summit                     | Program Support     | 25,000         |
| Woodruff                      | Program Support     | 3,500          |
| The Georgia Conservancy       | Program Support     | 6,000          |
| Other Items Less Than \$3,000 | Education           | 2,600          |
| Other Items Less Than \$3,000 | Civic & Charitable  | 199,427        |
| Other Items Less Than \$3,000 | Program Support     | 9,000          |
| <b>TOTAL</b>                  |                     | <b>987,705</b> |



## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## OTHER DEDUCTIONS

## ACCOUNT 426.5

INSTRUCTIONS: Provide a listing of the amount included in Account 426.5, "Other Deductions", classifying such expenses according to their nature.

| DESCRIPTION                  | NAME OF PAYEE                    | AMOUNT         |
|------------------------------|----------------------------------|----------------|
| <b>Lost Discounts</b>        | Various Payees                   | 1,248          |
|                              | <b>Subtotal</b>                  | <b>1,248</b>   |
| <b>Governmental Affaires</b> |                                  |                |
|                              | BOLLER, SEWELL                   | 90,690         |
|                              | GEORGIA CHAMBER OF<br>COMMERCE   | 23,116         |
|                              | GEORGIALINK                      | 33,000         |
|                              | J L MORGAN COMPANY               | 75,000         |
|                              | STEVE BIVE                       | 36,000         |
|                              | SOUTHEASTERN LEGAL<br>FOUNDATION | 5,000          |
|                              | MCKENNA LONG &<br>ALDRIDGE, LLP  | 8,860          |
|                              | EMPLOYEE RELATED<br>EXPENSES     | 150,413        |
|                              | <b>Subtotal</b>                  | <b>422,079</b> |
|                              | <b>TOTAL</b>                     | <b>423,327</b> |

ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

SCHRDULE XVIII

NOTES TO STATEMENT OF INCOME

INSTRUCTIONS: The space below is provided for important notes regarding the statement of income or any account thereof. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

See notes to Financial Statements, Schedule XIV, page 19-23

---

ANNUAL REPORT OF AGL SERVICES COMPANY

ORGANIZATION CHART

**OFFICERS:**

Paula R. Reynolds, President

Richard T. O'Brien, Executive Vice President and Chief Financial Officer

Paul R. Shlanta, Senior Vice President and Corporate Secretary

Andrew W. Evans, Vice President and Treasurer

Jeffrey P. Brown, Vice President, Associate General Counsel

Myra Coleman, Corporate Secretary

**DIRECTORS:**

Paul R. Shlanta

Richard T. O'Brien

Paula R. Reynolds

---

ANNUAL REPORT OF AGL SERVICES COMPANY

METHOD OF ALLOCATION

**1. Charge Back Methodology** - Currently AGL Services Company (“The Company”) charges AGL Resources and its subsidiaries for the actual cost of services it provides. The following three key business requirements have been established in order to provide more accountability between the services provided and the costs charged to the operating companies, and to allocate costs on an equitable and accurate methodology in accordance with SEC PUHCA:

- The Company’s methodology to charge each operating company for the cost of providing services is primarily based upon the number of service hours provided to each operating company and/or specific O&M project;
- The charge back methodology consist of three steps (Direct Charge, Direct Assignment and Distributed/Allocated); and
- The three-step methodology charges back actual costs during the same period in which they were incurred.

The following is a summary of the three-step charge back methodology:

**Direct Charge**

- Costs associated with specific O&M projects entered into between The Company and an operating company will be accumulated by service provider and charged directly to the department within the operating company. For example, Engineering Services provides bridge maintenance services to Atlanta Gas Light Company’s Georgia Field Operations. Therefore, the costs associated with the bridge maintenance services would be charged directly to Georgia Field Operations.
- Costs associated with Benefits, Fleet, Information Systems and Technology (IS&T) and Facilities will be charged directly to the departments within the operating company. Additionally, such costs will be charged directly to the departments within The Company to fully load the costs of the service providers. The costs will be charged out at a standard rate based upon a specific controllable driver. The drivers are number of employees and payroll dollars (Benefits), number of vehicles (Fleet), and square footage (Facilities). With respect to IS&T, drivers for the number of employees, personal computers, computer and application user sign-ons and end-use customers are utilized.

In accordance with the FERC system of accounts, a portion of the Fleet costs will be included in O&M. Additionally, Benefit costs will be included in O&M. The remaining expenses for Fleet and Facilities will be included below the line in the charge back general ledger accounts.

Currently, Fleet, IS&T and Facilities costs are charged out utilizing the above methodology. However, Benefits costs are not charged out utilizing standard rates. Instead, Benefits costs are allocated through shared services utilizing payroll dollars. However, Benefits costs does not include pension and postretirement expenses as these expenses are charged directly to the operating companies and the Company based on an actuarial study. For those pension and postretirement costs charged to the Company, they are internally allocated within the Company’s service provider departments based on payroll dollars in order to fully load the costs of the service providers.

Accounting credit will be given to the departments who provided these services to the operating companies.



**Direct Assignment**

The remaining costs (total operating expenses net of direct charges) will be charged to the operating companies based upon the percentage of time spent providing services to each operating company. The percentages will be calculated from cumulative hours tracked by operating company within The Company's general ledger statistical accounts. As with direct charges, accounting credit will be given to the departments who provided these services to the operating companies.

**Distributed/Allocated**

·The remaining costs (total operating expenses net of direct charges and direct assignments) will be charged to the operating companies utilizing a methodology to allocate or distribute the costs. These remaining costs are associated with unassigned time or time spent providing internal services.

The primary difference between allocated and distributed relates to the type of driver utilized. If there is causal relationship between the service provided and the allocation driver, this process is referred to as distributed. For example, remaining costs related to customer service activities will be distributed to the operating companies based upon a "number of end-use customers" driver.

However, if a logical causal relationship does not exist between the service provided and a driver, then the remaining expenses are allocated. For example, costs associated with Investor Relations benefits all operating companies as a whole. Additionally, there is no driver common to all operating companies, which establishes a logical casual relationship with the services provided. Therefore, the remaining expenses related to Investor Relations will be allocated based upon the Composite Ratio.

·As with direct charges and direct assignments, accounting credit will be given to the departments who provided these services to the operating companies.

·On a quarterly basis, The Company will generate an invoice to be provided to each operating company. The invoice will be broken down by service provider, and categorize costs between direct charge, direct assignment, distributed and allocated.

---

## ANNUAL REPORT OF AGL SERVICES COMPANY

For the Year Ended December 31, 2004

## ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

All interest was billed to each associate company either on the appropriate fixed percentage allocation basis or on the salary allocation basis in accordance with the SEC orders and service contracts. The total interest that was billed to each associate company is as follows:

| NAME OF ASSOCIATE COMPANY      | COMPENSATION<br>FOR USE OF<br>CAPITAL<br>457-3 |
|--------------------------------|--|
| AGL Resources Inc.             | 235,488  |
| AGL Investments, Inc.          | 5  |
| Sequent LLC                    | 113  |
| Georgia Natural Gas Company    | 179,682  |
| Atlanta Gas Light Company      | 1,187,472                                      |
| Chattanooga Gas Company        | 78,626   |
| Trustees Investments, Inc.     | 170  |
| AGL Peaking Services           | 396  |
| AGL Capital Trust              | 8,190  |
| AGL Rome Holding, Inc.         | 22   |
| AGL Energy Corporation         | 20   |
| AGL Propane Services, Inc.     | 916  |
| Virginia Natural Gas           | 344,989  |
| AGL Networks, LLC              | 26,462   |
| AGL Capital Corporation        | 2,082  |
| Southeastern LNG, Inc.         | 140  |
| Customer Care Services Company | (50)   |
| Global Energy Res Insurance Co | 47   |
| AGL Capital Trust II           | 16,134   |
| Sequent Energy Mngmt, LP-Corp  | 119,176  |
| Sequent Holdings, LLC          | 198  |
| Pivotal Propane of Virginia In | 870  |
| Pivotal Energy Services, Inc.  | 9  |

|                  |                  |
|------------------|------------------|
| NUI Headquarters | 67,736           |
| <b>Total</b>     | <b>2,268,893</b> |

---



ANNUAL REPORT OF AGL SERVICES COMPANY

SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized.

AGL SERVICES COMPANY  
(Name of Reporting Company)

/s/ Bryan E. Seas  
(Signature of Signing Officer)

Bryan E. Seas  
Vice President and  
Controller  
(Print Name and Title of Signing Officer)

Date: May 2, 2005

---