

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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IN RE:)
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APPLICATION OF CHATTANOOGA)
GAS COMPANY, A DIVISION OF)
PIEDMONT NATURAL GAS COMPANY,)
INC., FOR AN ADJUSTMENT OF ITS)
RATES AND CHARGES, THE)
APPROVAL OF REVISED TARIFFS AND)
APPROVAL OF REVISED SERVICE)
REGULATIONS)
)

T.R.A. DOCKET ROOM

DOCKET NO. 04-00034

**CONSUMER ADVOCATE'S RESPONSE TO CHATTANOOGA GAS'S MOTION TO
PLACE TARIFF INTO EFFECT AND WAIVE BOND**

Comes Paul G Summers, Attorney General for State of Tennessee, through the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate"), and hereby files its response to Chattanooga Gas's request to put its proposed rates into effect prior to a rate-making hearing. See Order Establishing Schedule for Responses to Chattanooga's Motion Filed July 9, 2004 and Reply Thereto at page 1 (Chattanooga has made a "request in the form of a letter, advising the Authority, pursuant to Tenn. Code Ann. § 65-5-203(b)(1), that Chattanooga intends to place a tariff into effect "for billing cycles after August 1, 2004," which would serve to place into effect a portion of rates proposed for approval in this docket.").

To the extent that the TRA determines that Tennessee law allows Chattanooga Gas to put its proposed rates into effect prior to a rate case hearing, it should be allowed to do so. The

Consumer Advocate, however, would note the recent acquisition of a gas company, NUI Corporation, by Chattanooga Gas's parent company, AGL Resources, Inc., which acquisition has created, in effect, a new application. A copy of the news release announcing the acquisition of NUI is attached as **EXHIBIT 1**. Among other things, this acquisition, announced on July 15, 2004, will materially impact the cost allocations among the various AGL subsidiaries. If proper cost allocations are not made, consumers of Tennessee will be paying for costs related to the newly acquired company, NUI.

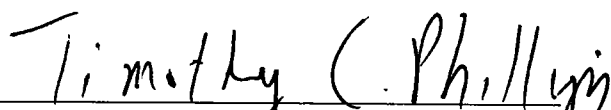
Furthermore, the newly acquired company, NUI Corporation, owns a subsidiary, NUI Energy Brokers ("NUIEB"), that has recently been investigated by the New Jersey Attorney General's Office and the New Jersey Board of Public Utilities for misconduct in energy purchases which, according to a press release, resulted in a \$28 million refund to customers, a \$2 million fine to the Board of Public Utilities and a \$500,000 fine to the Attorney General See **EXHIBIT 2**. Given the magnitude of these fines and refunds, the Consumer Advocate hereby asks for a complete explanation of these practices and an assurance that these practices were not and will not be part of any practices by Chattanooga Gas and/or AGL Resources.

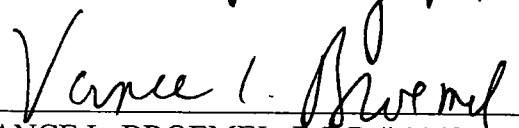
In the event that the TRA does allow the rates to go into effect prior to a rate-making hearing, the Consumer Advocate would inform the TRA that the Consumer Advocate does not believe that a bond should be required of Chattanooga Gas so long as the period without bond does not extend beyond the time the TRA makes a decision in rate-making proceeding. It is interesting to note, however, that Chattanooga Gas is eager to waive the rule regarding a bond although it was completely unwilling to relax the TRA rule regarding the 40 question limit on

discovery requests when the Consumer Advocate sought to ask more than 40 questions. The Consumer Advocate reserves the right to oppose the imposition of rates without bond after the time the TRA reaches a decision in this case.

With regard to Chattanooga Gas's request to recover expenses incurred in putting certain rates into effect before a full rate-making hearing, the Consumer Advocate would reserve its right to verify those costs and challenge them on the grounds of both accuracy and prudence if warranted. Such an award should not be made outside the rate case proceeding.

RESPECTFULLY SUBMITTED,


TIMOTHY C. PHILLIPS, B.P.R. # 012751
Assistant Attorney General *by Vance Broemel*


VANCE L. BROEMEL, B.P.R.# 11421
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202
(615) 741-3533

Dated July 18th 2004

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing has been served via the methods indicated on this 18th day of July, 2004, to the following:

Via first-class U.S. mail, postage prepaid:

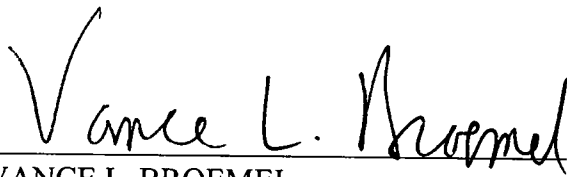
Dale Grimes
c/o Dale Grimes
Bass, Berry & Sims
AmSouth Center
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001

Chattanooga Gas Company
c/o Archie Hickerson
AGL Resources, Location 1686
P.O. Box 4569
Atlanta, GA 30302-4569

Henry Walker, Esq.
Boult Cummings, et al.
414 Union Street, #1600
Nashville, TN 37219-8062

Richard Collier, Esq
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

D. Billye Sanders, Esq.
Waller, Lansden, Dortch & Davis, PLLC
511 Union Street, Suite 2100
Nashville, TN 37219-1760


VANCE L BROEMEL
Assistant Attorney General

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News Release

AGL Resources to Acquire NUI Corporation, Addition of Urban Utility Operations in New Jersey, Florida and Maryland Expands Geographic Footprint

ATLANTA--(BUSINESS WIRE)--July 15, 2004--AGL Resources (NYSE ATG) today announced that its board of directors has approved a definitive merger agreement under which the company will acquire all the outstanding shares of NUI Corporation (NYSE NUI) for \$13.70 per share in cash, or \$220 million in the aggregate based on approximately 16 million shares currently outstanding, and the assumption of NUI's outstanding debt at closing. At March 31st, NUI had approximately \$607 million in debt and \$136 million of cash on its balance sheet, bringing the current net value of the acquisition to \$691 million.

NUI is a diversified energy company that operates natural gas utilities and natural gas storage and pipeline businesses. The company, which in the past year has shed a majority of its non-regulated businesses, provides natural gas to approximately 367,000 residential, commercial and industrial customers in New Jersey, Florida, Maryland and Virginia.

The acquisition will strengthen AGL Resources' position as a preeminent operator of natural gas utility assets in the Eastern United States by incrementally expanding its base of strong urban utility operations. With this acquisition, AGL Resources - named by Platts Global Energy as the 2003 Gas Company of the Year - will

- Expand its geographic footprint along the East Coast, reaching from Florida to New Jersey,
- Increase its customer base by approximately 20 percent to a total of more than 2.2 million customers,
- Modernize operations and upgrade service quality to NUI's customers,
- Acquire strategic natural gas storage assets and pipeline connections,
- Enhance its asset management capabilities, and
- Expect to see earnings accretion within the first full year after closing, based on AGL Resources' experience integrating Virginia Natural Gas.

"Today's announcement is the culmination of a multi-month process to identify an appropriate strategic opportunity in the regulated sphere," said Paula G. Rosput, AGL Resources' chairman, president and chief executive officer. "We've spent the time necessary to understand NUI's operations and the challenges the company has faced in recent months. We have a clear line of sight to improving NUI's business to a level on par with our other utilities. We have a patient and deliberate growth strategy, and this transaction exemplifies that disciplined approach. We will apply that same discipline toward consolidating NUI's operations and assets for the benefit of all our stakeholders."

"We have developed a track record of strong financial performance in large part because of our ability to run utility operations exceptionally well," said Richard T. O'Brien, AGL Resources executive vice president and chief financial officer. "This transaction provides an incremental opportunity to build on that track record and enhance shareholder value. We look forward to working cooperatively with the regulatory and governmental agencies to close the transaction in a reasonably short timeframe and remove the uncertainty that has hung over NUI since it announced its intention to sell the company almost one year ago."

The transaction is subject to the approval of NUI's shareholders, the Securities and Exchange Commission, the state regulatory agencies of New Jersey, Florida, Maryland and Virginia, the expiration of the Hart-Scott-Rodino waiting period, and various other closing conditions. The merger agreement has been included as an exhibit to AGL Resources' Current Report on Form 8-K to be filed today with the Securities and Exchange Commission. Upon closing, NUI Corporation's operations will become wholly owned subsidiaries of AGL Resources.

The purchase of NUI shares will be funded primarily through the issuance of equity, and AGL Resources expects to refinance a portion of NUI's outstanding debt upon closing. AGL Resources expects to maintain its strong investment-grade ratings and its current dividend policy post-acquisition.

Morgan Stanley acted as financial advisor, and LeBoeuf, Lamb, Greene & MacRae, L L P acted as legal counsel to AGL Resources.

Investor Conference Call and Webcast

The AGL Resources management team will host a webcast and conference call to discuss the transaction on Thursday, July 15, 2004, at 10 a.m. EDT. The webcast can be accessed via the Investor Information section of the AGL Resources' corporate website at www.aglresources.com. The toll-free dial-in number for the call is 888-396-2386, with a passcode of 78691349. The replay number is 888-286-8010, with a passcode of 40359013. The replay and archived webcast will be available from two hours after the call until midnight on July 22, 2004. The news release and conference call slides also will be available on the website under the Investor Information section.

AGL Resources

AGL Resources is an Atlanta-based energy services holding company. Its utility subsidiaries - Atlanta Gas Light, Virginia Natural Gas and Chattanooga Gas - serve more than 1.8 million customers in three states. Houston-based subsidiary Sequent Energy Management provides natural gas asset management services, including wholesale trading, marketing, gathering and transportation services as well as third-party asset management. As a member of the SouthStar partnership, AGL Resources markets natural gas to consumers in Georgia under the Georgia Natural Gas brand. For more information, visit www.aglresources.com.

Forward Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (i) statements about the benefits of the transaction between AGL Resources and NUI Corporation, including future financial and operating results, cost savings, enhanced revenues, and accretion to reported earnings that may be realized from the transaction, (ii) statements with respect to the parties' plans, objectives, expectations and intentions and other statements that are not historical facts, and (iii) other statements identified by words such as "believes", "expects", "anticipates", "estimates", "intends", "plans", "targets" and similar expressions. These statements are based upon the current beliefs and expectations of AGL Resources' and NUI Corporation's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in such forward-looking statements: (1) the risk that conditions imposed by the definitive merger agreement may not be met causing the transaction not to close, (2) the risk that the businesses of AGL Resources and NUI Corporation will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, (3) expected revenue synergies and cost savings from the transaction may not be fully realized or realized within the expected time frame, (4) revenues following the transaction may be lower than expected, (5) the ability to obtain governmental approvals of the transaction on the proposed terms and schedule, and (6) the failure of NUI Corporation's shareholders to approve the transaction. Additional factors that could cause AGL

Resources' and NUI Corporations' results to differ materially from those described in the forward-looking statements can be found in the companies' respective Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to AGL Resources and NUI Corporation or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements referenced above. AGL Resources and NUI Corporation do not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

CONTACT AGL Resources, Atlanta
Investor Relations
Steve Cave, 404-584-3801
or
Media Relations
Nick Gold, 404-584-3457 or 404-275-9501

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NUI Corp Announces Resolution of Investigation by New Jersey State Attorney General's Office

BEDMINSTER, N J --(BUSINESS WIRE)--June 30, 2004--NUI Corporation (NYSE NUI) today announced that its wholesale energy trading subsidiary, NUI Energy Brokers, Inc (NUIEB), has entered into a plea agreement with the New Jersey Attorney General's Office relating to certain transactions at NUIEB Pursuant to the plea agreement, NUIEB pleaded guilty today to Misconduct by a Corporate Official NUIEB expects to pay a \$500,000 fine in connection with the plea NUI has entered into a separate agreement with the New Jersey State Attorney General's Office pursuant to which NUI has agreed to develop, fund and operate certain community service programs

This concludes the investigation by the Attorney General's Office of NUI Corporation and its subsidiaries The New Jersey Board of Public Utilities (NJBPU) concluded a similar review of NUI and NUIEB in April, with the conclusion of a focused audit of the company that ended with the NJBPU ordering a \$28 million refund to customers and a \$2 million fine

Craig G Matthews, NUI President and Chief Executive Officer, stated, "When I joined the company, the NUI Board made it clear that we were to conclude the various investigations into the company and proceed with the sale process These agreements with the New Jersey State Attorney General and the settlement with the New Jersey Board of Public Utilities brings closure to the investigations by these parties of the company's energy trading business The completion of these investigations should help facilitate the sale of the company "

NUI expects to sign a definitive agreement with a purchaser of the company in the third quarter of calendar 2004

NUI Corporation, based in Bedminster, NJ, is an energy company that operates natural gas utilities and businesses involved in natural gas storage and pipeline activities NUI Utilities' divisions include Elizabethtown Gas in New Jersey, City Gas Company of Florida and Elkton Gas in Maryland

This press release contains forward-looking statements, including statements related to potential buyers and the potential sale of NUI Corporation and to the potential penalties relating to NUIEB's guilty plea These statements are based on management's current expectations and information currently available and are believed to be reasonable and are made in good faith However, the forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in the statements Factors that may make the actual results differ from anticipated results include, but are not limited to, the ability of the company to identify a buyer of the company and negotiate a definitive agreement for the sale of NUI Corporation, the actual amount of any fines or penalties imposed and the terms of sentencing in connection with NUIEB's plea, those factors set forth in NUI Corporation's Form 10-K, Form 10-Q and its other filings with the Securities and Exchange Commission, and other uncertainties, all of which are difficult to predict and some of which are beyond NUI Corporation's control For these reasons, you should not rely on these forward-looking statements when making investment decisions The words "expect," "believe," "project," "anticipate," "intend," "should," "could," "will," and variations of such words and similar expressions, are intended to identify forward-looking statements NUI Corporation does not undertake any obligation to update publicly any forward-looking statement, either as a result of new information, future events or otherwise

CONTACT NUI Corporation
Investor
Linda S Lennox
Director, Investor Relations