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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	)	**DOCKET NO. 04-00034**

AFFIDAVIT

I, Steve Brown, for the Consumer Advocate and Protection Division of the Attorney General's Office, hereby certify that the attached Direct Testimony represents my opinion in the above-referenced case and the opinion of the Consumer Advocate and Protection Division.

STEVE BROWN
Economist

Sworn to and subscribed before me
this 19th day of July, 2004.

NOTARY PUBLIC

My commission expires. 9-22-07

73058

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CAPD DIRECT TESTIMONY - COST-OF-CAPITAL
DOCKET NO. 04-00034

I. Introduction

Q_1. **Please state your name.**

A_1. Steve Brown.

Q_2. **Where do you work and what is your job title?**

A_2. I am an Economist in the Consumer Advocate and Protection Division, Office of the Attorney General.

Q_3. **What are your responsibilities as an Economist?**

A_3. I review companies' petitions for rate changes and follow the economic conditions that affect the companies.

Q_4. **What experience do you have regarding utilities?**

A_4. In 1995 I began work as an economist in the Consumer Advocate and Protection Division (CAPD) of the Attorney General's Office. I have also appeared as a witness for CAPD in several cases before the Tennessee Regulatory Authority (TRA). From 1986 to 1995 I was employed by the Iowa Utilities Board as Chief of the Bureau of Energy Efficiency, Auditing and Research, and Utility Specialist and State Liaison Officer to the U.S. Nuclear Regulatory Commission. From 1984 to 1986 I worked for Houston Lighting & Power as Supervisor of Rate Design. From 1982 to 1984 I worked for Arizona Electric Power Cooperative as a Rate Analyst. From 1979 to 1982 I worked for Tri-State Generation and Transmission Association as Power Requirements Supervisor and Rate Specialist. Since 1979 my work spanned many issues including cost of service studies, rate design issues, telecommunications issues and matters related to the disposal of nuclear waste.

Q_5. **What is your educational background?**

A_5. I have an M.S. in Regulatory Economics from the University of Wyoming, an M.A. and Ph.D. in International Relations with a specialty in International Economics from the University of Denver, and a B.A. from Colorado State University.

Q_6. **Dr. Brown, have you authored any articles relating to your profession?**

A_6. Yes, my articles have appeared in Public Utilities Fortnightly.

Q_7. **Are you and have you been a member of any professional organizations, Dr. Brown?**

A_7. Yes, I am a past member of the NARUC Staff Committee on Management Analysis, a past trustee of and a member of the Board for the Automatic Meter Reading Association, and a current member of the National Association of Business Economists.

Q_8. Have you studied mathematics and statistics as part of your education?

A_8. Yes.

Q_9. Dr. Brown, do you use mathematics and statistics in combination with economics as part of your profession?

A_9. Yes.

Q_10. What were you asked to do with respect to this case?

A_10. I was asked to form opinions on: 1) the appropriate comparable companies which are the basis for setting prices that Chattanooga's ratepayers will bear as a result of this case; 2) the capital structure and the components of the capital structure used to determine prices for natural gas consumers in Chattanooga; 3) the effect of AGL Resources' Holding Company, which is a registered holding company bound by the Federal Public Utility Holding Company Act (PUHCA), on the economic conditions presented in this case by AGL's wholly-owned subsidiary Chattanooga Gas Company(CGC); 4) whether AGL Resources' Holding Company is in compliance PUHCA; 5) the cost-of-capital which includes determining the appropriate capital structure, the appropriate market-based common equity return, the cost of long-term-debt, the cost of short-term-debt; and 6) to assist in the evaluation of testimony offered by other witnesses in this docket.

II. Summary

Q_11. **Please provide a summary of your testimony.**

A_11. My testimony is in two parts: public testimony and confidential testimony. The confidential testimony is filed separately. In my public testimony I give several opinions that I formed by comparing the financial information the company filed in this case with financial information available in the public records of the TRA, the United States Securities and Exchange Commission (SEC), and the Virginia State Corporation Commission (VSCC). The public records of the Georgia Public Service Commission (GPSC), which regulates AGL Resources in Georgia, do not have the same degree of internet access provided by the SEC and VSCC. Thus the GPSC's public records were not a source for my opinions.

In late 2000 AGL Resources became a registered public utility holding company, and therefore became subject to the SEC's extensive filing requirements for companies subject the Public Utility Holding Company Act (PUHCA). The change in regulatory status was triggered when AGL Resources purchased Virginia Natural Gas (VNG), a natural gas distribution company in Virginia. At the same time CGC became a direct operating subsidiary of the parent holding company. This was a substantial change from the earlier corporate relationships where AGL Resources had been a holding company exempted from PUHCA regulation and where CGC operated as a subsidiary of Atlanta Gas Light. The change in corporate organization allowed CGC to take part in substantial business transactions with non-utility subsidiaries of the holding company.

Because of the change in corporate organization, I examined the public records of the TRA, the SEC and the VSCC as a means to verify the information presented by CGC and AGL Resources in this rate case.

The information in the public records of the SEC, VSCC and the TRA, as well as the SEC's rules, has led to the several opinions in my testimony.

1. AGL Resources' financial reporting procedures are inaccurate with respect to the equity return of CGC. Thus, there is no good reason to accept CGC's assertion that its current and projected equity return is low enough to justify a rate increase. The inaccurate financial reporting of equity returns is proven by AGL Resources filings with the SEC, the VSCC and the TRA. From September 2002 to December 2003 CGC's equity return declined by 2.48% and VNG's equity return increased by 2.65%. This abrupt and large reversal of equity returns prompted me to examine AGL's public records in detail.

For the twelve-month period ending September 2002 CGC's actual return for on equity was 10.53% and VNG's actual equity return 8.73%. By December 2003 CGC's actual equity return declined to 8.05%, and AGL Resources subsequently filed a rate case in Tennessee. From September 2002 to May 2003 VNG's equity return improved from 8.73% to 10.9%, but at the same time VNG's cash flow declined by $2 million. By December 2003 VNG's actual equity return improved to 11.38%, but at the same time there was no improvement in VNG's cash flow and no change in VNG's capital structure. For cash flow to decline by $2 million while the equity return improves by 2.65% is unlikely.

As a result of AGL Resources' procedures, CGC and VNG quickly traded places in the profitability ranking of AGL Resources' distribution subsidiaries. Also, where a low return in Tennessee caused AGL resources to file a rate case, a low equity return did not cause a rate-case filing in Virginia. Other specific details supporting my opinion, that AGL's financial procedures are inaccurate with respect to the actual profitability of its regulated subsidiaries CGC and VNG, are provided in Section V, page 29 of my testimony.

2. In 2003 AGL Resources engaged in a purely discretionary activity through its subsidiary, Sequent, to manage CGC's "idle" assets where such discretionary activity occurred in Tennessee under the provisions of a tariff known as the Interruptible Margin Credit Rider (IMCR). In 2003 the IMCR tariff allowed profits from the "idle" capacity transactions to be split equally between Sequent and CGC. According to public documents filed by AGL Resources with the TRA on February 27, 2004, Sequent and CGC shared profits of approximately $2.4 million, thus Sequent received a management fee of approximately $1.2 million for putting CGC's "idle" assets to work in 2003.

Transactions between Sequent and all of its gas distribution subsidiaries appear in the SEC's U-9C-3, a public record which summarizes transactions between a holding company's subsidiaries and which is filed quarterly with the SEC by AGL Resources. According to the U-9C-3, Sequent manages the idle assets of each gas distribution subsidiary. Sequent's fee in 2003 for managing CGC's idle assets was not limited to $1.2 million. Additional amounts of "direct costs" were charged to CGC by Sequent for Sequent's management of CGC's "idle" assets. The amounts were redacted from the SEC's public records but are revealed in my confidential testimony.

The presence of additional "direct costs" in the SEC's public records puts the IMCR tariff and Sequent's idle-asset-management in a new light. If those redacted amounts exceed $1.2 million (CGC's share of the profits from Sequent's management of CGC's "idle" capacity) then the IMCR tariff has created a net loss for CGC, lowering its income and equity return. If there is such a loss, then AGL Resources' discretionary activity (carried out through Sequent and the IMCR tariff) is contributing to AGL Resources' perceived need to increase CGC's rates. If Sequent's transactions have imposed economic loss on CGC and thus created a financial need for a rate increase to CGC's consumers, then AGL Resources is not complying with PUHCA. Details supporting my opinion are in Section VI, page 55 of my testimony.

3. The usual way for the holding company to transfer profit from the subsidiary is by the subsidiary paying dividends to the parent. However, the SEC's records show that the holding company is transferring profit from the subsidiary by retaining operating expense credits at the parent rather than distributing them to the subsidiary, thus preventing the subsidiary's operating expenses from declining and consequently making CGC's equity return lower than it would be otherwise.

SEC form U-13-60 is a record of the billings between the parent and the subsidiary. I examined AGL's U-13-60 for years 2002 and 2003 and discovered that the parent company had a negative cost or credit of approximately $8.2 million in the parent company's indirect cost category in 2003. The total costs billed to the subsidiaries barely changed from 2002 to 2003. The U-13-60 shows that AGL Services Company's total billing to CGC for 2003 was $6.391 million and for 2002 the amount was $6.068 million. These figures match the annual shared services operating expenses in CGC's TRA form 303 for 2002 and 2003, therefore, CGC did not share in the $8.2 million credited to the parent. In my opinion there is no good reason to accept CGC's assertion that its current and projected equity return is confiscatory while at the same time the parent company retains $8.2 million of operating expense credits that should be distributed to the subsidiaries.

The U-13-60 tables are shown below and discussed in Section VI of my testimony.

AGL Resources SEC Form U-13-60 Filed May 2003				
For the Year Ended December 31 2002				
ANALYSIS OF BILLING				
ASSOCIATE COMPANIES				
ACCOUNT 457				
NAME OF ASSOCIATE COMPANY	DIRECT COSTS	INDIRECT COSTS	COMPENS ATION FOR	TOTAL AMOUNT
	457-1	457-2	457 3	/1
AGL Resources Inc	860 069	336 380	0	1 196 449
Atlanta Gas Light Company	65 727 080	39 437 252	1 490 702	106 655 034
Chattanooga Gas Company	3 520 968	2 459 340	88 300	6 068 608
Virginia Natural Gas, Inc	6 722 911	9 365 947	362 157	16 451 015
Sequent Energy Management, LP- Corp	1 060 243	1 031 212	53 535	2 144 991
AGL Capital Corporation	35 189	20 213	1 675	57 078
AGL Capital Trust	22 630	112 125	11 269	146 024
AGL Capital Trust II	-	207 070	22 167	229 237
AGL Energy Corporation	18 002	1 476	15	19 493
AGL Investments, Inc	692 346	49 366	1 432	743 144
AGL Networks LLC	870 371	353 340	13 943	1 237 655
AGL Peaking Services Inc	952	5 628	583	7 164
AGL Propane Services, Inc	77,149	63 729	4 724	145 602
AGL Rome Holdings Inc	547	1 596	151	2 294
Customer Care Services Company	5 085	5 488	456	11 029
Georgia Natural Gas Company	199 539	91 081	8 544	299 164
Global Energy Resources Insurance Corporation	-	1 269	141	1 410
Southeastern LNG, Inc	53 016	3 015	321	56 351
Trustees Investment Inc	48 128	27 484	1 319	76 928
Others- Not Shown				
TOTAL	79,933 762	53,574 111	2,061,518	135,569,391

Negative Entry In 2003

AGL Resources SEC Form U-13-60 Filed May 4 2004				
For the Year Ended December 31 2003				
ANALYSIS OF BILLING				
ASSOCIATE COMPANIES				
ACCOUNT 457				
NAME OF ASSOCIATE COMPANY	DIRECT COSTS	INDIRECT COSTS	COMPENS ATION FOR	TOTAL AMOUNT
	457-1	457-2	457-3	/1
AGL Resources Inc	4 657 610	-8,136,765	-	-3 479 155
Atlanta Gas Light Company	50 430 737	54 241 138	1 352 780	106 024,656
Chattanooga Gas Company	3 402 886	2 916 541	71 899	6 391 326
Virginia Natural Gas, Inc	4 450,523	13 050 512	299 055	17 800 090
Sequent Energy Management LP- Corp	3 109 861	2 097 161	103 959	5 310 981
AGL Capital Corporation	93 683	20 462	1,930	116 075
AGL Capital Trust	20 218	91 814	8 561	120 593
AGL Capital Trust II	1 400	167 776	16 971	186 146
AGL Energy Corporation	14 070	250	19	14 338
AGL Investments, Inc	107 889	35 404	1 680	144 973
AGL Networks, LLC	1 824 567	574 802	24 229	2 423 598
AGL Peaking Services Inc	34	4 487	418	4 940
AGL Propane Services Inc	292 680	44 375	3 532	340 587
AGL Rome Holdings, Inc	9	1 205	109	1 324
Customer Care Services Company	1 348	7 801	709	9 857
Georgia Natural Gas Company	354 444	80 471	7 987	442 902
Global Energy Resources Insurance Corporation	298	452	44	794
Southeastern LNG, Inc	42 937	3 422	357	46 717
Trustees Investment Inc	26 151	26 395	1 061	
Others- Not Shown				
TOTAL	68 835,848	65,227,703	1,895,300	135,958 851

4. AGL Resources and CGC substantially overstate the total cost of debt in this rate case. The company proposes a total debt cost of 6.65%, where "total debt" represents all forms of debt in this rate case - short-term debt, long-term debt, and preferred stock. AGL Resources actual total cost of debt was just 6.09% in 2002. AGL Resources expected its total cost of debt to be just 6% by the end of 2003 and just 5.5% by the end of 2004. Supporting details on the cost of short-term debt and preferred stock are provided in Sections VII and VIII of my testimony.

5. AGL Resources and CGC substantially understate the company's expected reliance on short-term debt. On January 26 the company filed a proposed capital structure with a short-term debt ratio of 4.3%. In contrast, AGL Resources has capitalized its operating subsidiary in Virginia with an 18% short-term ratio in two different financing cases before the VSCC. To the extent that short-term debt is the least costly form of debt in the capital structure, CGC's proposed 4.3% short-term ratio would substantially raise prices for CGC's ratepayers. In March 2004, the parent company petitioned the SEC to approve CGC's issuance of $250 million in short-term debt via another subsidiary with the holding company. The petition confirms that CGC's reliance on short-term debt will be much higher than the 4.3% ratio the company filed in this case. Section IV, page 19 of my testimony provides details.

6. Section VIII of my testimony shows that AGL Resources singles out CGC to bear the burden of very-high cost preferred stock, despite AGL Resources choosing not to allocate preferred stock to VNG even though AGL Resources has been through two different financing cases in Virginia. When one subsidiary's rates incorporate preferred stock while the other's does not, the parent is shifting costs between its subsidiaries through its rate-case by selectively choosing the subsidiary to bear the cost.

7. In my opinion the understatement of CGC's expected reliance on short-term debt and the arbitrary assignment of preferred stock to CGC but not VNG, prove that CGC's proposed capital structure is arbitrary. My opinion is further supported by the capital structure of the comparable companies. Taken as a whole over three reporting years of 2001, 2002, and 2003, the comparable companies have a capital structure of 12.9% short-term debt, 42.5% common equity, and 44.6% long-term debt. In addition, my capital structure is similar to AGL Resources actual capital structure, while CGC's proposed capital structure is quite different than its parent's. Capital structure is discussed in my testimony at Section IV.

8. My equity ratio is derived by including short-term debt in the calculation of the equity ratio. In its rate-case petition the company calculates equity ratios by excluding short-term debt from the calculation, but this contradicts of the company's position in its SEC filing of March 2004, which I have already described. In that filing AGL Resources agrees to use short-term debt in the calculation of the equity ratio.

9. My capital structure's source is the United States' Securities and Exchange Commission's database, commonly known as "Edgar," which is publicly available over the Internet. More specifically, the capital structure is taken from each comparable company's SEC form 10-K for each comparable company's most recent fiscal year. Each form 10-K has the benefit of being audited. I use the SEC's data as a means of building in accountability and objectivity into the capital structure.

In contrast, the company's capital structure is derived from a publication named Value Line, which disclaims responsibility: "THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMMISSIONS HEREIN [Value Line's emphasis]."

10. It is my opinion that the company's capital structure is 42.5% equity, 12.9% short-term debt, 44.6% long-term debt, and 0.0% preferred stock. In my opinion the cost of equity is 8.35%; the cost of short-term debt is 1.26%; the cost of long-term debt is 6.74%.. The company's overall cost of capital is 6.72%, well below the overall return of 8.84% proposed by the company. My equity cost of 8.35% is well below the equity cost of 11.25% proposed by the company. My overall cost of debt, including short and long-term, is 5.51%, well below the company's proposed total debt cost of 6.65%.

11. As part of its rate case, the company suggests that it needs a rate increase because there has been no increase since 1995. This argument has no economic merit because a utility's economic viability is not measured by its prices but by its rate of return. That CGC has waited until 2004 to request a rate increase means that CGC believes it earned a satisfactory return for several years. The absence of a rate increase since 1995 does not mean that consumers have paid less than fair prices for CGC's services or that consumers have somehow underpaid for the benefit they receive from CGC's gas service. Paragraphs 5 and 6 of CGC's rate case petition show the company's reliance on the rate of return as the justification for a rate increase.

> 5. As shown on Exhibit MJM-1 to this Petition, using current rates during the attrition period (the 12 months ending June 30, 2005), Chattanooga Gas is projected to earn net operating income of $5,687,380 on a rate base of $95,564,212, which results in an overall rate of return of 5.95%. Such a return is not fair and reasonable and is confiscatory. Without rate relief, Chattanooga Gas will incur a deficiency during the attrition period of approximately $4.6 million.
>
> 6. Chattanooga Gas proposes rates that will allow it a reasonable opportunity to alleviate the projected deficit of approximately $4.6 million and to achieve an overall rate of return of 8.84% and a return on equity of 11.25%.

III. Comparable Companies

Q_12. What purpose do "comparable companies" serve in the regulatory setting of prices?

A_12. The "comparable companies" principle is a long-standing regulatory tool which has the effect of establishing utility equity costs and ultimately the prices borne by consumers. The principle entails the selection of natural gas companies to stand in as substitutes for CGC or its parent, AGL Resources, so that prices are based the economic behavior of comparable companies.

Q_13. What comparable companies has CGC's cost-of-capital witness, Dr. Morin, chosen to use in this case?

A_13. Dr. Morin has not explicitly identified comparable companies.

For example, in his exhibit RAM-2 he lists 15 natural gas companies, 33 gas-electric combination companies and 66 electric power companies. The list of 15 natural gas companies is repeated in Dr. Morin's exhibit RAM-9.

Q_14. **In your opinion, which companies form the basis of his recommended rate of return in this case?**

A_14. In my opinion the 15 natural gas companies are the basis of his recommended rate of return. I have that opinion because in his testimony at page 4 lines 15-16, Dr. Morin testifies, "My recommended rate of return is also predicated on a capital structure consisting of 49%." Dr. Morin provides capital structures for the 15 natural gas companies appearing in his exhibit RAM-9, but he provides no capital structure for the 99 other companies. Thus they are not a basis for his return.

In my opinion none of electric companies and none of the combination companies are comparable to either CGC or AGL Resources. However, any dispute over their comparability has already been resolved by Dr. Morin. He predicates his return on a capital structure derived from the 15 natural gas companies, but at the same time he does not provide capital structures for the companies listed in his "Exhibit RAM-2," pages 2 and 3. Therefore, it is clear that Dr. Morin has in effect identified the 15 natural gas companies listed in exhibits RAM-9 and RAM-2 page 1 as the comparable companies.

Q_15. **Of the 15 natural gas companies in Dr. Morin's exhibit RAM-9, which do you accept as a basis for setting rates in this case?**

A_15. Of the 15 companies, I accept 10 as the basis to establish rates. I exclude AGL Resources because it is a 100 percent owner of CGC. Because AGL Resources controls CGC, it is reasonable to remove AGL Resources from the group of comparable companies so the group's capital structure is independent of AGL's. I exclude Amerigas because it sells only propane gas, and I do not know of any state utility agency in the United States which regulates the sales price of propane to individual purchasers. In addition, on November 7, 2003 AGL Resources announced that its AGL Propane Services subsidiary was selling its interests in Heritage Propane Partners, L.P. Thus AGL Resources is not in the propane business. I also exclude Amerigas because it is 100% owned by UGI.

I exclude UGI because it is an international energy conglomerate. According to its Securities and Exchange Form 10-K filed on December 23, 2003, the company derives only 17% of its revenues from gas sales in the United States, a contrast with CGC and AGL Resources, which get over 90% of their revenues from natural gas sales. In addition, of UGI's $2 billion of assets, over 53% is tied up in Amerigas, which sells propane.

I exclude Energen because it has not been through a rate case since 1982. In his testimony at page 54 lines 9-10, Dr. Morin opines that the "principle objective of regulation is to act as a substitute for the market place and emulate the returns for industries in the competitive market." However, the usual way to reach that objective is through contested rate cases with expert witness testimony and cross-examination. Energen has not been through that process for 22 years. According to Energen's SEC Form 10-K filed December 12 1995:

> *"As a public utility in the state of Alabama, Alagasco is subject to regulation by the Alabama Public Service Commission (APSC), which has adopted several innovative approaches to rate regulation, including Alagasco's Rate Stabilization and Equalization (RSE) rate-setting process. Implemented in 1983 and modified in 1985, 1987, and 1990, RSE replaced the traditional utility rate case ... Under Alagasco's current RSE order, which became effective December 1990, Alagasco's allowed ROE range is 13 15 percent to 13 65 percent "*

That particular regime continues to this day, according to Energen's 10-K filed in December 2003:

> *"On June 10, 2002, the APSC extended RSE for a six-year period, through January 1, 2008. Under the APSC order, Alagasco's allowed range of return on average equity remains 13.15 percent to 13.65 percent throughout the term of the order "*

I also exclude Southern Union because it is a pipeline company. In 2003 Southern Union bought the bankrupt Panhandle Eastern pipeline system and over 50% of Southern Union's assets are tied up in the pipeline. This is a contrast with CGC and AGL Resources, both of whom have their assets tied up primarily in distribution systems. Schedule 1 pages 1 to 4 display the information on Amerigas, UGI, Energen and Southern Union.

IV. Capital Structure

Q_16. **What capital structure does Dr. Morin employ to achieve his results?**

A_16. Dr. Morin testifies at page 52 lines 10-12 to "a capital structure consisting of 49% common equity and 51% debt." However, these figures do not represent the entire capital structure.

For example, Mr. Morley, in his testimony at page 18 lines 1-2 and in his Schedule 2 represents Dr. Morin's capital structure as being 95.7% of CGC's total capital structure.

Q_17. **In your opinion why did Mr. Morley derive a short-term debt ratio for CGC?**

A_17. In my opinion Mr. Morley derived a short-term debt ratio because Dr. Morin's common equity ratio of 49% in his exhibit RAM-9 does not include the effect of short-term debt.

Q_18. What has Dr. Morin testified to regarding short-term debt?

A_18. Dr. Morin testifies at page 21 lines 4-7:

> *"Long-term rates are the relevant benchmarks when determining the cost of common rather than short-term. .rates. Short-term rates are volatile [and]fluctuate wildly "*

Q_19. Do you agree with Dr. Morin's assessment of short-term rates being volatile?

A_19. No, I disagree. If short-term rates are sufficiently lower than long-term rates, short-term debt can be useful. As CGC's and AGL Resources' own behavior suggest, they are willing to rely heavily on short-term debt. My Schedule 2, pages 1 to 3, displays portions of an SEC release relevant to this case.

For example, according to the SEC's Release No. 35-27812 of March 10, 2004 AGL Resources on behalf of its distribution subsidiaries, Atlanta Gas Light Company and CGC, petitioned the SEC to allow each subsidiary to respectively issue short-term debt of $750 million for Atlanta Gas Light and $250 million for CGC.

Q_20. **Does the SEC release indicate if the subsidiary's equity ratio is to be calculated by including short-term debt in the capital structure?**

A_20. Yes. In the release at page 13 footnote 3 says:

> *"Applicants would calculate the Common Stock Equity Ratio to total capitalization ratio as follows: common stock equity [/] (common stock equity + preferred stock + gross debt). Gross debt is the sum of long-tem debt, short-term debt and current maturities "*

Q_21. **Did AGL Resources, CGC or Dr. Morin apply the SEC's method to the calculation of the equity ratio testified to by Dr. Morin?**

A_21. No, they did not apply the SEC's method.

Q_22. **In your opinion is the SEC's method reasonable?**

A_22. Yes. In my opinion the SEC's method is reasonable.

Any capital structure's equity ratio should be calculated using all forms of debt that comprise total indebtedness. If a certain class of debt were left out of the capital structure, the prices set through a regulatory proceeding will be higher than they need to be, and the market would not be fully informed about a company's financial condition. It is standard procedure for equity ratios to be calculated on the basis of total debt. Otherwise the capital structure is misleading.

For example, if a capital structure is based on just part of the debt and all of the equity, the capital structure will be inaccurate. In this case the equity ratio would be higher than it really is, giving a company a financial appearance of needing more of a price increase than otherwise.

Q_23. **How do you know that AGL Resources, CGC or Dr. Morin did not apply the SEC's method to the calculation of the equity ratio testified to by Dr. Morin?**

A_23. I know they did not apply the method because I applied the method to AGL Resources and the 10 comparable companies. My results, shown in my Schedule 3 pages 1 to 11 show different capital structures than those employed by Dr. Morin.

For example, Dr. Morin shows NICOR having an equity ratio of 65% but that figure declines to 48.5% when short-term debt is included.

A summary appears in my Schedule 4. As a group, the 10 comparable companies are summarized into a single capital structure for the years 2001, 2002 and 2003. The summary shows consistent results from year-to-year for the group taken as a whole. The equity ratio for each year is approximately 42.5% and there is almost no variation in that ratio. Short-term varies from a minimum of 10.6% to a maximum of 15.6% with an average of 12.9%.

Q_24. **How do these results compare to AGL Resources' current equity and short-term debt ratios now and in the near future?**

A_24. These results are a good match to AGL's ratios.

For example, my Schedule 5 page 1 displays AGL Resources capital structure as of December 31, 2003 as provided in its most recent SEC Form 10-K. My Schedule 5 contains a copy of a slide AGL presented at its investor conference of November 17 and 18 2003. The slide depicts various components of what AGL Resources designates as "debt." To the left of the slide are calculations I made on the basis of the data in the slide, and below those calculations are the ratios from my comparable company analysis. Clearly the results of my comparable company analysis are a sound basis for the capital structure in this case.

Q_25. What is the source of the data in your capital structure?

A_25. The source of my data is each company's SEC form 10-K for 2003 and 2001. The 2003 10-K provides data for 2003 and 2002. The 2001 10-K provides data for 2001.

Q_26. Why did you use the 10-K form?

A_26. I used the 10-K because it is audited. My Schedule 6 pages 1-10 display portions of the auditors' statements from each SEC form 10-K for 2003. In every case the auditors write that the results shown in the 10-K are a "fair" representation of the company's financial condition.

Q_27. Does Dr. Morin's testimony refer to auditors' statements?

A_27. No. Dr. Morin does not refer to any statement by an auditor.

Q_28. What is the source of the equity ratios listed in Dr. Morin's Exhibit RAM-9?

A_28. The source of equity ratios listed in Dr. Morin's is a publication named Value Line.

Q_29. What disclaimer does Value Line make to people who rely on its data?

A_29. Value Line tells the people who rely on its data: "Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN [sic]."

Q_30. Regarding Dr. Morin's exhibit RAM-9, are any of those equity ratios the result of Value Line omitting data in the calculation of the equity ratio?

A_30. Yes. Of the 10 companies I accept as comparable in Dr. Morin's exhibit RAM-9, all 10 equity ratios are the result of Value Line omitting short-term debt from the calculation of the equity ratio.

Q_31. To your knowledge has Value Line published information regarding AGL Resources' recent petition to the SEC asking that its subsidiaries be allowed to issue $1 billion in short-term debt?

A_31. No. I have no knowledge of Value Line publishing information regarding AGL Resources' recent petition to the SEC asking that its subsidiaries be allowed to issue $1 billion in short-term debt.

Q_32. Do you know if AGL Resources or CGC has informed the TRA of CGC taking on $250 million of short-term debt in the attrition year?

A_32. No. I do not know if AGL Resources or CGC has informed the TRA of CGC taking on $250 million of short-term debt in the attrition year.

Q_33. Do you know if AGL Resources or CGC has filed its SEC petition in the current case?

A_33. No. The rate case was filed on January 26, and the SEC petition was filed about 5 weeks later in early March. The SEC petition is not part of the material CGC filed in this case.

Q_34. Which federal and state agencies approve the short-term debt issues of a subsidiary of a registered Public Utility Holding Company, as in the case of CGC being a subsidiary of AGL Resources?

A_34. Depending on circumstances, just one agency approves the short-term debt issues of the subsidiary. The SEC defers to state commissions when they have taken actions to approve short-term issues of a utility subsidiary. On the other hand, if there has been no such action, then the SEC is the approving agency.

Examples are provided in SEC release No. 35-27767 of November 21, 2003 which also appears in the Federal Register Vol. 68. No. 230, Monday December 1, 2003, page 67232. In that release Section D "Utility Subsidiary Financing" footnote 15 specifically lays out the conditions for the SEC's approval of short-term issues.

" the issue and sale of securities by the utility Subsidiaries will be exempt, under rule 52(a), from the preapproval requirements of sections 64(a) and 7 of the Act, as most such securities must be approved by the public service commission in the state in which each Utility Subsidiary is incorporated and operating. Specifically, the Indiana Utility Regulatory Commission must approve all financings by Northern Indiana, Kokomo and NIFL, other than short-term indebtedness having a maturity of 12 months or less; the Massachusetts Department of Telecommunications and energy must approve all financings by Bay State other than short-term indebtedness having a maturity of one year or less; the New Hampshire Public Utilities Commission (''NHPUC'') must approve most financings by Northern Utilities other than short-term indebtedness having a maturity of one year or less up to a maximum amount equal to 10% of net plant; the Public Utilities Commission of Ohio must approve all financings by Columbia Ohio other than short-term indebtedness with a maturity of less than one year, the Public Service Commission of Kentucky must approve all financings by Columbia Kentucky other than notes with a maturity of less than two years; the Pennsylvania Public Utilities Commission must approve all financings by Columbia Pennsylvania other than short-term indebtedness with a maturity of one year or less or having no fixed maturity but payable on demand; and the Virginia State Corporation Commission must approve all financings by Columbia Virginia other than short-term indebtedness with a maturity of less than one year if the [short-term] amount is less than 12% of total capitalization .."

Q_35. **In your research for this case have you found any SEC release where the TRA is mentioned or considered as having authority to approve short-term debt issues of a Public Utility Holding Company's subsidiary, such as CGC?**

A_35. No. I have not found any SEC release where the TRA is mentioned or considered as having authority to approve short-term debt issues of a Public Utility Holding Company's subsidiary, such as CGC.

Q_36. **In your opinion what does the SEC release mean for this rate case?**

A_36. It means that CGC, as wholly owned subsidiary of AGL Resources, has offered in this case a capital structure substantially at odds with the one it is likely to operate on and one substantially at odds with the capital structure shown in my Schedules 4 and 5.

Q_37. **What is your opinion of the capital structure CGC offers in this case?**

A_37. My opinion is to disregard the capital structure because it is neither representative of the comparable companies nor representative of CGC's likely future behavior.

Q_38. **In your opinion what capital structure should be the basis for the rates resulting from this case?**

A_38. In my opinion the rates resulting from this case should be based on an equity ratio of 42.5%, a short-term debt ratio of 12.9%. The remainder of 44.6% is composed of long-term debt.

V. Effect Of AGL Resources On The Economic Conditions Presented By CGC In This Case

Q_39. **What has Dr. Morin testified to regarding the economic effect of AGL Resources on CGC's capital cost?**

A_39. Dr. Morin has separated CGC from AGL Resources, as if the parent holding company has no effect on the capital costs or operating costs of CGC.

For example, at page 6 line 3 Dr. Morin testifies, "I am treating CGC as a separate stand-alone entity distinct from its parent company..." and further testifies at page 6 lines 12 -13 that, "the required return on CGC... is unrelated to the parent's cost of capital."

Q_40. **In your opinion is Dr. Morin's position consistent with the previous rate case decision for Chattanooga in Docket No. 97-00982?**

A_40. No. In my opinion Dr. Morin's position is inconsistent with previous order.

For example, the docket's final order, at page 50, says: "The Directors adopted the testimony ... for the Consumer Advocate ...and...for AVI that AGL is the appropriate company to reference for determining the cost of equity."

Q_41. **Are there other CGC witnesses who take the same approach as Dr. Morin, that CGC's capital costs should be different than the capital costs of its parent?**

A_41. Yes. Mr. Morley, the Director of Financial Accounting for AGL Services Company, takes the same approach with regard to short-term debt cost.

For example, in his testimony from page 18 line 16 to page 19 line 1, Mr. Morley testifies:

> *"The estimated cost of short-term debt includes the cost of AGLR's projected average short-term debt balance through the attrition period The cost of short-term debt is based on the estimated London Inter-Bank Offer Rate (LIBOR) plus an estimated spread above LIBOR. Additionally, AGLR's costs to maintain its credit faculty have been included in the cost of short-term debt. The spread is based on the estimated interest costs were Chattanooga to have a short-term financing facility in its name."*

Q_42. **In your opinion what is the practical meaning of Mr. Morley's statement?**

A_42. In my opinion Mr. Morley's statement means CGC's short-term debt cost is higher than its parent's cost by the amount of the "spread."

Q_43. **In your opinion, if CGC issues short-term debt in its own name, who will be the lender?**

A_43. In my opinion the lender will be AGL Resources or another subsidiary such as AGL Capital.

Q_44. **Why would the lender be AGL Resources or AGL Capital?**

A_44. I have that opinion because SEC release of March 10, 2004 says:

> *"Applicants request authorization for the following transactions . issuances by AGL Resources of guarantees and other forms of credit support in an aggregate amount of $1 billion at any time outstanding...*

"Current Debt Ratings The debt ratings of AGL Resources and certain of its subsidiaries are set forth below.....CGC and VNG currently have no externally held securities and therefore are not rated..."

Q_45. **In your opinion will CGC's issue of short-term debt create an avenue for profit on the part of the parent holding company?**

A_45. Yes. My opinion is that an avenue for profit is being created because AGL will have a markup on the short-term debt it extends to CGC, even though CGC is a wholly owned subsidiary.

Q_46. **In your opinion, what economic justification does AGL Resources offer for its treatment of CGC?**

A_46. Judging from the overall testimonies of Dr. Morin and Mr. Morley, in my opinion the holding company is offering an economic justification that I paraphrase as: If CGC were on its own, its capital cost would be much higher than it is, but by being affiliated with the holding company, CGC is still far better off than otherwise, even when the markup is considered.

My paraphrase is another way of expressing Mr. Morley's statement, "were Chattanooga to have ... in its own name," and another way of expressing what Dr. Morin says in his testimony at page 23 lines 18 to 21:

> *"Given the Company's relatively small size, it is reasonable to postulate that CGC possesses an investment risk profile that is at least as risky as that of the average risk publicly-traded natural gas distribution utility company "*

Dr. Morin and Mr. Morley propose to set utility rates on a condition contrary to fact: as if CGC were independent of AGL even though AGL acquired CGC in 1989.

Q_47. **In your opinion, who would benefit from Dr. Morin's and Mr. Morley's proposal to apply a markup to a subsidiary's capital cost?**

A_47. In my opinion, the parent company would benefit from the markup.

Q_48. **In your opinion, is AGL Resources pursuing a regulatory strategy where the subsidiaries will pay a markup on their capital costs?**

A_48. Yes. In my opinion AGL Resources is pursuing a regulatory strategy where the subsidiaries will pay a markup on their capital costs.

I have that opinion because AGL Resources used this strategy in its financing case before the Virginia State Corporation Commission (VSCC). My Schedule 7 displays selected information from that VSCC case

As part of my research for this case I reviewed filings in Virginia by AGL Resources and its subsidiary Virginia Natural Gas. I discovered information relevant to the current case before the TRA. Case PUE-2002-00515, "Application For Authority To Issue Short-Term Debt, Long-Term Debt and Common Stock To Affiliate Under Chapters 3 and 4, Title 56 of the Code of Virginia" was a joint filing by Virginia Natural Gas, AGL Resources and AGL Services. Attached to the petition was a 5-page document titled "Exhibit A Financing Summary," which contains a statement similar in economic meaning to Dr. Morin's and Mr. Morley's statements.

For example, at page 5 of 5:

> *"Even though the rate of interest to be used for the long-term debt is not known at this time, it will be lower than VNG could expect to obtain on its own were it not affiliated with AGLR"*

The petition itself was a 10-page document. At page 6 the applicants wrote: "Because the proposed financing transactions will be private transactions, expenses relating to the proposed financing...will be borne by the Applicants."

The VSCC's order of September 27, 2002 stated:

> *"The amount of short-term debt proposed in the application exceeds twelve percent of capitalization ... Approval of this application shall have no implications for ratemaking purposes...The Commission reserves the right pursuant to.. Virginia Code to examine the books and records of any affiliate in connection with the Authority granted herein, whether or not such affiliate is regulated by this Commission."*

Q_49. **In your opinion, what is the economic meaning of "private" in the context of transactions between the parent, AGL Resources, and its subsidiary?**

A_49. In my opinion the economic meaning of "private" means that such transactions are not carried out at a prevailing market price enjoyed by the parent but at a higher price set by the parent according to its discretion. Thus the parent's economic discretion leads to higher prices for the subsidiary's ratepayers

Q_50. **In your opinion is CGC's proposed short-term debt ratio of 4.3% an example of the parent's discretion leading to higher prices for the subsidiary's ratepayers?**

A_50. Yes. In my opinion CGC's proposed short-term debt ratio of 4.3% an example of the parent's discretion leading to higher prices for the subsidiary's ratepayers.

For example, SEC's Release No. 35-27812 already shows that CGC is being positioned to rely more heavily on short-term debt than the 4.3% debt ratio suggests. In addition, in Virginia the parent company proposed a short-term ratio nearly three times larger than the ratio proposed in Tennessee. To the extent that short-term debt is the least costly form of debt in the capital structure, CGC's proposed 4.3% short-term ratio raises prices for CGC's ratepayers.

Q_51. **Do you know if the VSCC has accepted AGL Resources regulatory proposition that a parent company has the discretion to apply a markup to the capital cost of a wholly owned subsidiary?**

A_51. No. I do not know if the VSCC has accepted AGL Resources' proposition.

Q_52. **Do you accept AGL Resources' proposition?**

A_52. No. I reject it because it introduces incentives within the holding company system to acquire profits through markups to subsidiaries rather than the efficient operation of a business. In addition, wholly owned subsidiaries do not have individual, independent judgment in their financial affairs. They are the economic instruments of the holding company.

Q_53. **In your opinion is the VSCC taking a reasonable economic precaution when reserving "the right pursuant to...Virginia Code to examine the books and records of any affiliate in connection with the Authority granted herein, whether or not such affiliate is regulated by this Commission?"**

A_53. Yes. In my opinion that approach to regulating a subsidiary of a registered public holding company is a reasonable economic precaution to guard against the unreasonable shifting of expenses, revenues and other type of entries between subsidiaries.

Q_54. **Why do you have the opinion that economic precaution is necessary?**

A_54. My opinion is based on two discoveries resulting from CAPD's preparation for this case.

One discovery concerns AGL Resources' compliance with SEC rules governing notification of the federal agency when a holding company issues long-term debt to a subsidiary. The other discovery concerns the abrupt reversal of CGC's and VNG's profitability in a short period of time, where the two subsidiaries traded places in their rates-of-return on equity, according to documents filed with the SEC by AGL Resources.

Q_55. What are the details of the first item you discovered?

A_55. The details are provided in my Schedule 8, which displays SEC Form U-6B-2 filed in late July 2003. In the form, paragraphs 3, 4, 5, 6, and 7 respectively show that AGL Resources issued a long-term note to VNG for $20.3 million at an interest rate of 8.3%, on July 15 2001, that the security was new rather than a reissue, and that the maturity date is July 15, 2031. Paragraph 15 shows the phrase "Rule 52(a)," which is an SEC rule which exempts a holding company from getting the SEC's approval to issue such debt when the holding company already has approval by a state utility commission.

CFR 250.52(a) reads:

"§ 250 52 Exemption of issue and sale of certain securities (a) Any registered holding-company subsidiary which is itself a public-utility company shall be exempt from section 6(a) of the Act (15 U.S.C. 79f(a)) and rules thereunder with respect to the issue and sale of any security, of which it is the issuer if: (1) The issue and sale of the security are solely for the purpose of financing the business of the public-utility subsidiary company; (2) The issue and sale of the security have been expressly authorized by the state commission of the state in which the subsidiary company is organized and doing business; and (3) The interest rates and maturity dates of any debt security issued to an associate company are designed to parallel the effective cost of capital of that associate company "

But there is a deadline for notifying the SEC of such transactions. The deadline is in CFR 250.52(c):

"(c) Within ten days after the issue or sale of any security exempt under this section, the issuer or seller shall file with the Commission a Certificate of Notification on Form U–6B–2 (17 CFR 259 206) containing the information prescribed by that form. However, with respect to exempt financing transactions between associate companies which involve the repetitive issue or sale of securities or are part of an intrasystem financing program involving the issuance and sale of securities not exempted by this section, the filing of information on Form U–6B–2 may be done on a calendar quarterly basis "

Thus AGL's U-6B-2 filing was two years late, according to the SEC's rules.

Q_56. **Besides this U-6B-2, has AGL Resources filed any others?**

A_56. Yes. AGL Resources filed one on March 23, 2001 for the quarter ending December 31, 2000.

Q_57. **About the time AGL Resources filed the U-6B-2 on behalf of VNG, what interest rate was AGL Resources offering on its new issues of debt securities?**

A_57. AGL Resources was offering a rate of 4.45% on a ten-year note. On June 30, 2003 AGL Resources filed an SEC form 424B2. The form is a supplement to an earlier AGL Resources prospectus. The form describes an offering of $225 million at 4.45% for 10 years.

Q_58. **In your opinion what issues does the U-6B-2 filing raise with regard to a parent providing a capital note to its subsidiary?**

A_58. In my opinion the filing raises the issue of how a parent's treatment of a subsidiary's capital costs should be treated for ratemaking purposes, especially because SEC rule 52(a) shows that a holding company is not to have an unrestrained hand in setting its long-term-interest rate for the subsidiary.

The very-late U-6B-2 filing also begs three questions:

how can 8.3% "parallel the effective cost of capital of that associate company" when VNG, as a subsidiary of AGL Resources, has not yet been in a rate case before the VSCC?

how can 8.3% represent a market rate for the security, when at nearly the same time of the notification the parent is engaged in a "public" transaction of issuing 4.45% 10-year debt securities?

are the terms "subordinated" and "unsecured" accurate descriptions of the risk, if there is any at all, a parent is taking when it provides capital to a 100% owned subsidiary?

Q_59. **Does the holding company's interest rate to the subsidiary matter in a rate case?**

A_59. The holding company's interest rate to the subsidiary matters most if consumers are paying rates based on the subsidiary's capital structure. In this situation the capital transactions between the parent and its various subsidiaries require tracing, auditing, and verifying. To the extent rates are set on comparable companies and on the parent's capital costs, the audit and verification burdens are lifted. However, the debt's interest rate, if allowed to enter the subsidiary's books, has an impact on expenses and masks the true earnings of the subsidiary as if it is not earning the targeted rate of return.

Q_60. **How does this issue relate to CGC's cost-of-debt?**

A_60. The issue shows that a subsidiary's cost of debt can be higher than the parent's depending on the parent's timing and method of populating a subsidiary's debt balances.

For example, Mr. Morley, at page 19 lines 4-13 explains his derivation of CGC's long-term debt cost:

> *"The cost of long-term debt includes the cost of senior notes and medium-term notes within the consolidated capital structure of AGLR. Interest costs and amortization of debt discounts, debt premiums and debt issuance costs (collectively referred to as amortization of debt costs) were projected for the attrition period. The cost projection was calculated using actual interest rates and the current monthly amortization of debt costs on existing debt. If applicable [emphasis added by CAPD], interest rates and amortization of debt costs were estimated for new issuances of debt. The total cost of long-term debt projected for the attrition period was then divided into the projected ending debt balance at June 30, 2005, resulting in a cost rate of 6 74%."*

> *"How was the cost of preferred stock determined?"*

"The cost of preferred stock was calculated in the same manner as the cost for long-term debt, resulting in a cost rate of 8 54%."

However, at its investor conference of November 17-18, 2003, AGL Resources presented the slide I am showing as my Schedule 9. For the period 2001 through 2004, that slide depicts a pattern of a declining cost of debt, where debt is apparently every capital type except equity.

To the extent that declining costs are achieved by replacing higher cost notes with lower cost ones, new issues are required. But Mr. Morley uses the term "if applicable" to describe his decision to apply new issues in his determination of debt and preferred cost. Just as AGL Resources' petition to the SEC regarding CGC's issuing $250 of short-term debt was not accounted for in CGC's rate-case filing, there may be other financing activities that may affect the rates set in this case.

Therefore, caution should be applied to the methods AGL Resources employs to establish a subsidiary's capital cost.

For example, in his testimony at page 19, lines 19-21, Mr. Morley suggests that it is reasonable to use AGL Resources consolidated debt to derive CGC's debt and preferred costs:

" Why was the long-term debt cost based on consolidated AGLR?

"Chattanooga has no debt in its name and any financing needs are provided through the debt structure of the AGLR consolidated group. Additionally, use of the AGLR consolidated debt cost is consistent with the previous rate case decision for Chattanooga in Docket No 97-00982"

Q_61. **Do you agree that consolidated costs should be used?**

A_61. Yes. I agree that consolidated costs should be used but I disagree with Mr. Morley's reasoning, about why the consolidated costs should be used. What Mr. Morley does not say is that Chattanooga has no debt in its name because in February 2001 AGL Resources reclassified CGC's long-term debt as a premium on capital stock, thus eliminating long-term debt from CGC's balance sheet. As a consequence, AGL Resources is now in the position of being able to pay itself dividends out of the premium without having any tax liability.

In addition, AGL Resources now has the opportunity to repopulate CGC's long-term debt balance with new long-term debt issues from the parent, with rates set by the parent, provided the long-term notes are approved by either the SEC or the state utility agency. To the extent AGL Resources seeks state approval rather than federal approval, any such note could be exempt from SEC approval because of the rules in CFR 250.52(a) which I explained earlier.

Once AGL Resources receives the SEC's approval for CGC to issue large amounts of short-term debt, the door is open sometime later for CGC to seek state or federal regulatory approval to convert the short-term notes to long-term at rates set by the holding company not by the market.

Therefore, in any subsequent CGC rate case the subsidiary may have substantial amounts of long term debt on its books, and there would no longer be a need to use consolidated debt if Mr. Morley's reasoning were accepted. In my opinion that would put CGC ratepayers on a long-term path to permanently higher rates.

There is one best procedure to protect rate payers, regardless of the amount of long-term debt on the subsidiary's balance sheet: Set the subsidiary's utility rates by determining the parent's equity cost and debt cost, and then use that total capital cost as the subsidiary's capital cost. That cost would be adjusted only if the subsidiary owes debt that is from a lender outside the holding company.

Q_62. **Is there a name for the procedure you are describing?**

A_62. Yes. The procedure's name is "double-leverage."

Q_63. **Has the TRA or its predecessor, the Tennessee Public Service Commission, dealt with the "double-leverage" in prior rate cases?**

A_63. Yes. In the final order of TPSC dockets U-83-7226 and U-85-7338, at pages 16-17, the TPSC wrote:

> *"The Commission adopts the double leverage capital structure advocated by Dr. Westfield for setting rates in this case...The company argues that the Commission should reject double-leverage and ignore the parent-subsidiary relationship between AWWC and the Company. Dr. Morin testified that the Commission should pretend that Tennessee-American's equity capital is raised in the marketplace...The double-leverage approach rejects this fiction"*

Schedule 10 displays information from that final order

Q_64. **What is your opinion about the other portion of Mr. Morley's reasoning, that "... additionally, use of the AGLR consolidated debt cost is consistent with the previous rate case decision for Chattanooga in Docket No. 97-00982?"**

A_64. My opinion is that his reasoning is not supported by the order.

For example, the final order of Docket No. 97-00982, at page 49, says: "the Advocate and AVI did not endorse [CGC's] proposed capital structure and cost rates... Therefore, the Directors adopted [CGC's] capital structure and cost rates." There are no statements in the order affirming that consolidated capital costs must be used to set rates.

In addition, AGL Resources is now a registered holding company subject to all the SEC rules. At the time of the last case AGL Resources was an exempt holding company.

Q_65. **What are the details of the second item you discovered?**

A_65. The details are provided in my Schedules 11 and 12.

My Schedule 11 is a copy of one part of AGL Resources SEC Form 8-K filing of November 7, 2002. At an analysts' conference in Miami, Florida the company reported the actual return on equity as of September 30, 2002 for AGL Resources distribution subsidiaries Atlanta Gas Light, CGC, and VNG. CGC's actual equity return was 10.53%, or 175 basis points higher than VNG's actual equity return of 8.73%. VNG's return was based on "actual weather" conditions according to footnote 3, apparently a reference to a "Weather Normalization Program" tariff rider in VNG's rates.

Q_66. **If these returns are actual returns, then is it correct to say these returns are not "forward looking" returns?**

A_66. Yes. Those statements are not "forward looking." The SEC's policy is that a "forward looking" statement is one that is accepted as economic estimate for which no guarantees are implied.

For example, many of the statements and the data at the AGL Resources November 2003 investors conference are "forward looking" and the company cautions investors that "actual results...could differ materially."

However, to the degree that such statements are about actual and past performance, they are not "forward looking." Therefore, the actual equity returns in AGL Resources' SEC form 8-K are not "forward looking" equity returns.

Q_67. **At the time of the November 2002, 8-K filing were those actual returns also returns that were in the past, that had already occurred?**

A_67. Yes.

Q_68. **What kind of returns are shown in Schedule 12?**

A_68. My Schedule 12 is a copy of a slide included in AGL Resources SEC Form 8-K filing of November 18, 2003. The slide was presented by AGL Resources at its investor conference of November 17-18, 2003. The slide shows "actual" returns in the body of the chart, but its header has a slightly different title: "Distribution Operations Projected ROE - 12 Months Ending 12/31/03." CGC's actual equity return was 8.97% and VNG's actual return was 11.38%. But this particular presentation makes no reference to VNG's weather conditions.

Q_69. **Besides these SEC Form 8-K filings, have you found any other public document issued by AGL Resources that discloses the actual equity returns of CGC and VNG?**

A_69. No. Other than those two documents, I have found no others.

Q_70. What rate-of-return references have you found regarding CGC and VNG in AGL Resources' other SEC documents?

A_70. The other references typically say "Return on Rate Base Authorized" or "Return on Common Equity Authorized" or "Estimated 2003 Jurisdictional Return on Equity."

Q_71. What was CGC's overall rate of return for the period ending September 30, 2002, according to TRA Form 303?

A_71. According to the TRA Form 303, CGC' overall rate of return was 8.85%, which was derived from an operating income of $8.45 million and a rate base of $95.5 million.

Q_72. Does CGC report a rate of return on equity in the TRA Form 303?

A_72. No. CGC does not report a rate of return on equity in the TRA Form 303.

Q_73. When VNG's equity return was 8.73% in September 2002, did AGL Resources subsequently file a rate case to improve VNG's equity return to 11.36% by the end of 2003?

A_73. No. AGL Resources did not file a rate case in Virginia for VNG.

Q_74. **What did VNG and AGL Resources do instead of filing a rate case in Virginia?**

A_74. Prior to September 2002 VNG offered a two-year rate freeze as part of a petition to the VSCC requesting approval for the company to add a Weather Normalization Adjustment (WNA) rider to bills of VNG's consumers. The reference is VSCC Case No. PUE-2002-00237.

Q_75. **What did the VSCC order VNG to report with regard to the WNA program?**

A_75. As a part of its approval order, the VSCC ordered VNG to file reports with the VSCC July 2003 and July 2004 and to report on the WNA's impact on VNG's cash flow and on VNG's equity return both with and without revenues from the WNA.

Q_76. **Did you review the July 2003 report?**

A_76. Yes. I reviewed the July 2003 report.

Q_77. **What information did you discover in the report regarding VNG's return on equity?**

A_77. My Schedules 13, 14, and 15 display the information.

Schedule 13 displays the report's cover page, Schedule 14 displays the WNA's cash-flow effect on VNG and Schedule 15 displays the change in equity return. According to the report, VNG had a net cash-flow decline of approximately $2 million and a decline in equity return of .56%, which is the difference between 11.46% and 10.90%.

Q_78. **Are these equity returns consistent with VNG's actual equity return of 8.73% as of September 30, 2002, which was reported by AGL Resources in its SEC Form 8-K filing of November 7, 2002?**

A_78. No. The results are very inconsistent.

Consider this information: On September 30, 2002 VNG has an actual equity return of 8.73%, according to AGL Resources; VNG initiates its WNA in November 2002; VNG has a $2 million decline in revenues by the end of May 2003; VNG has a 10.9% return on equity for twelve months ending May 2003; VNG's equity return improves by 2.2% from September 30, 2002 to May 30, 2003 while its cash flow declines by $2 million.

Q_79. **In your opinion what is the effect of these inconsistent returns?**

A_79. In my opinion the inconsistency throws doubt on the accuracy of AGL Resources' financial reporting procedures with respect to the actual profitability of its regulated subsidiaries CGC and VNG. Accounting adjustments by the holding company, changes in allocations between the subsidiaries or a combination of both may have a substantial effect on a subsidiary's profitability, especially one as small as CGC.

Consider again VNG's 11.38% "actual" equity return, shown in AGL's slide copied into my Schedule 12, reported to the SEC. Nothing in the slide indicates the influence of the WNA program on VNG's 11.38% equity return. Compare that return to the 11.46% return VNG reported for the twelve months ending May 31, 2003, shown in my Schedule 15. VNG reported that the return of 11.46% "Excluded Net WNA Credits To Customers." In contrast, the actual equity return is just 10.90% when the WNA program is included. Therefore, the 11.38% return reported to the SEC, an agency whose data is most likely to be accessed by investors, is probably not an "actual" return and is different from the "actual" return reported to the state agency, the VSCC. AGL Resources is very inconsistent in how it represents its subsidiaries' return on equity.

Q_80. **What has AGL Resources reported since November 2003 about the subsidiaries equity returns?**

A_80. In an SEC Form 8-K filing of January 28, 2004 AGL has reported an "estimated 2003 jurisdictional returns on equity" of 11.07% for VNG and 8.05% for CGC, a difference of 302 basis points. Sixteen months earlier CGC's equity return was 175 points higher than VNG's.

Q_81. Is there information in the 8-K report of January 28, 2004 indicating that VNG's reported equity return excludes the WNA program's effects?

A_81. No. There is no information in the 8-K filing indicating that VNG's reported equity return excludes the WNA program's effects.

Q_82. Does AGL Resources advise investors to use the SEC's 8-K form as a source of information on AGL Resources?

A_82. Yes. AGL Resources advises investors to use the SEC's 8-K form as a source of information on the company. For example, AGL Resources issued a press release on July 15, 2004 announcing AGL's acquisition of NUI Corporation. In the press release AGL said:

> *"Additional factors that could cause AGL Resources' and NUI Corporations' results to differ materially from those described in 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."*

AGL's press release confirms that the SEC's 8-K form is an important source of information to investors, but in my opinion AGL's 10-Ks,10-Qs, and 8-Ks are not necessarily reliable regarding the company's rate-of-return.

VI. *CGC Must Benefit From Sequent's Transactions If AGL Is To Comply With PUHCA*

Q_83. In your opinion, is AGL Resources complying with PUHCA, according to public records?

A_83. No. In my opinion AGL Resources is not complying with PUHCA, according to public records.

Q_84. Why are you giving your opinion on the issue of AGL Resources' compliance with PUHCA?

A_84. I am giving my opinion because Mr. Morley has made AGL's compliance with PUCHA an issue in this case. In Mr. Morley's direct testimony, at page 11 lines 17 to 23, he testifies: "In accordance with the Act, AGLR formed AGL Services Company ("AGSC") to provide shared services to all subsidiaries of AGLR at actual cost... AGLR [is] in compliance with" PUHCA.

Q_85. Does Mr. Morley provide a definition of "at actual cost?"

A_85. No. Mr. Morley does not provide a definition of "at actual cost."

Q_86. In your opinion, does Mr. Morley's claim, that all of AGL's services are provided "at cost," mean AGL is in compliance with PUHCA?

A_86. No. In my opinion Mr. Morley's claim that all of AGL's services are provided "at cost" does not mean or ensure PUHCA compliance.

Q_87. What is the basis for your opinion that AGL Resources is not complying with PUHCA?

A_87. My opinion is based on Section 13(b) of PUHCA, as it applies to the transactions between two of AGL's subsidiaries - Sequent and CGC. Section 13(b) permits the registered holding company's subsidiary to perform a service, sale or construction contract for another subsidiary only if the transaction is "... for the benefit of [the subsidiary receiving the service], at cost, fairly and equitably allocated among such companies." [15 U.S.C. §79(m)].

I emphasize the phrase "for the benefit of" because if Sequent is imposing economic loss on CGC for Sequent's discretionary activities, then AGL Resources is not in compliance with PUHCA, because PUHCA requires that transactions benefit the receiving subsidiary rather than harming it, even if Sequent is billing every service to CGC "at cost."

Based on my review of AGL's public records on file with the SEC and AGL's public records filed with the TRA regarding the Interruptible Margin Credit Rider (IMCR), my opinion is that CGC is not benefiting from its transactions with Sequent because CGC has suffered substantial losses caused by its transactions with Sequent. Therefore, Mr. Morley's testimony, that AGL is providing services "at cost". and is therefore in compliance with PUHCA, is mistaken. Transactions between Sequent and CGC under the Interruptible Margin Credit Rider (IMCR) show Sequent frequently imposing losses on CGC.

A table from attachment D,page 1 of 14 of the IMCR report(filed February 27, 2007 with the TRA by AGL Resources) and a table from AGL's SEC U-9C-3 report for the quarter ending 12/31/03 are shown below.

Attachment D
Page 1 of 14

Chattanooga Gas Company
IMCR Credit Rider Sharing For Twelve Months Ended December 31, 2003
Details Of Net Gross Profit Margin from Transactions with Non-jurisdictional Customers

Month	Aggregate Net Margin	Annual Value Allocation CGC Agent 50%	CGC Customer 50%
January 2003	3,191,999	1,595,999	1,595,999
February 2003	328,733	164,366	164,366
March 2003	(69,149)	(34,574)	(34,574)
April 2003	(387)	(193)	(193)
May 2003	642,467	321,233	321,233
June 2003	323,826	161,913	161,913
July 2003	(60,773)	(30,387)	(30,387)
August 2003	150,300	75,150	75,150
September 2003	(153,156)	(76,578)	(76,578)
October 2003	405,819	202,910	202,910
November 2003	(7,453)	(3,726)	(3,726)
December 2003	(2,266,909)	(1,133,454)	(1,133,454)
Adjustments			
InGround Transfer -01/03	(125,000)	(62,500)	(62,500)
Total	2,360,317	1,180,158	1,180,158

1 U-9C-3

ITEM 3 - ASSOCIATE TRANSACTIONS

Part I - Transactions Performed by Reporting Companies on Behalf of Associate Companies for the Quarter Ended December 31, 2003 (in thousands)

Reporting Company Rendering Services	Associate Company Receiving Services (a)	Types of Services Rendered	Direct Costs Charged (b)	Indirect Costs Charged (b)	Cost of Capital (b)	Total Amount Billed (b)
SEM	Atlanta Gas Light Company	Gas procurement, scheduling and other	$34	--	--	$34
SEM	Virginia Natural Gas, Inc	Gas procurement, scheduling and other	54	--	--	54
SEM	Chattanooga Gas Company	Gas procurement, scheduling and other	25	--	--	25
SEM	GNG	Management and administrative payroll	4	--	--	4
SEM	AGL Networks, LLC	Management and administrative payroll	26	--	--	26
SEM	Atlanta Gas Light Company	Gas Transmission Storage Management	**	**	**	**
SEM	Virginia Natural Gas, Inc	Gas Transmission Storage Management	**	**	**	**
SEM	Chattanooga Gas Company	Gas Transmission Storage Management	**	**	**	**

(a) All services are being provided at cost and are being billed (with the exception of certain direct billings) through AGL Services Company ("AGSC") As per Rules 80 and 81, energy purchases are not reported hereunder

(b) The Receiving Company makes available idle or underutilized gas transportation and storage capacity for use by the Serving Company, as agent for the Receiving Company, in return for which the Serving Company pays for costs incurred and shares the profits with the Receiving Company in accordance with approval by the appropriate state commissions

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

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The U-9C-3 uses the double-star image, "**", to conceal the amount of direct cost assigned to CGC from Sequent. However, the two tables establish that CGC's IMCR tariff and Sequent's "natural gas transmission and storage" for CGC service are actually the same service. For example, the IMCR report refers to "CGC Agent 50%" and footnote (b) in the U-9C-3 refers to "the Serving Company, as agent for the Receiving Company;" footnote (b) in the U-9C-3 says "the Serving Company ...shares the profits with Receiving Company," and the IMCR table shows the "net gross profit margin" being split "50-50" between CGC's agent and CGC as a customer. Thus AGL's own language establishes that Sequent's "natural gas transmission and storage" service utilizing CGC's "idle" capacity is the company's alternative description given to the SEC for transactions occurring through CGC's IMCR tariff in 2003.

As the tables show, CGC's "idle" assets are being managed by Sequent for a fee of $1.2 million (half of the net profits for "idle" capacity transactions go to Sequent) plus an additional amount of "direct costs" charged to CGC for Sequent's management of the "idle" assets.

> Since CGC gets only $1.2 million for its share of the "idle" capacity transactions, if the U-9C-3's "direct costs" to CGC exceed $1.2, then the IMCR tariff creates a net loss for CGC, lowering its income and equity return

Q_88. **In your opinion why has Sequent assigned direct costs to CGC?**

A_88. In my opinion, Sequent has assigned direct costs to CGC because the SEC's rules require such assignment.

The SEC defines "at cost" in CFR250.91, which has four subparts, (a), (b), (c), and (d). Subpart (b) says:

> *"§250 91 Determination of cost. (b) Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense .."*

The assignment of direct costs to CGC for Sequent's discretionary management of CGC's idle capacity provides a superficial appearance of AGL Resources' being in compliance with the SEC "at cost" rules. If those costs exceed CGC's share of the IMCR profits, Sequent is harming CGC and such transactions should cease. Otherwise any holding company can impose losses on a regulated gas distribution subsidiary by using discretionary costs to drive down the subsidiary's equity return and quicken a cycle of rate increases.

Q_89. **In your opinion, does the public record provide evidence that CGC is suffering a loss on its transactions with Sequent?**

A_89. Yes. In my opinion the public record provides evidence that CGC is suffering a loss on its transactions with Sequent. AGL's U-9C-3 report for 12/31/03, footnote (b,) says Sequent "shares the profit with the Receiving Company in accordance with approval by appropriate state commissions." But a glimpse at the IMCR report shows several months where Sequent is "sharing" and imposing losses on CGC. AGL is implementing the SEC's "at cost" rules as if the PUHCA language were:

> *" the net effect of all transactions on an annual basis shall be to the benefit of the receiving company "*

But the SEC's rules apply on a transaction-by-transaction. For example, CFR250.91(a) and (b) speak to "a transaction" and "particular transactions:"

> *"(a) Subject to the provisions of this section and of any other applicable rule, regulation, or order of the Commission, a transaction shall be deemed to be performed at not more than cost if .."*

> *"(b) Direct charges shall be made so far as costs can be identified and related to the particular transactions involved "*

In accordance with the SEC's rules, I have removed the "idle" capacity transactions where CGC is assigned a loss and restated the table in attachment D page 1 of 14 of CGC's February 27, 2004 filing. The results are:

Chattanooga Gas Company
IMCR Credit Rider Sharing For Twelve Months Ended December 31, 2003
Details Of Net Gross Profit Margin from Transactions with Non-jurisdictional Customers
****Adjusted by CAPD To Remove Transactions Where Losses Are Assigned to CGC

Month	Aggregate Net Margin	Annual Value Allocation	
		CGC Agent 50%	CGC Customer 50%
January 2003	3,191,999	1,595,999	1,595,999
February 2003	328,733	164,366	164,366
March 2003	0	0	0
April 2003	0	0	0
May 2003	642,467	321,233	321,233
June 2003	323,826	161,913	161,913
July 2003	0	0	0
August 2003	150,300	75,150	75,150
September 2003	0	0	0
October 2003	405,819	202,910	202,910
November 2003	0	0	0
December 2003	0	0	0
Adjustments			
InGround Transfer -01/03	0	0	
Total	5,043,144	2,521,570	2,521,570

By applying the SEC's rules to the IMCR, CGC's customers receive $2.5 million instead of just $1.2 million. However, even the additional $1.3 million adjustment does not guarantee that CGC is better off with Sequent acting as an agent for CGC. If the direct costs assigned to CGC by Sequent exceed $2.5 million, then the IMCR tariff creates a net loss for CGC. In this case Sequent's transactions provide no benefit for CGC and such transactions contradict Section 13(b) of PUHCA.

Q_90. **Was Sequent's "natural gas transmission and storage" service being provided to CGC in 2002?**

A_90. No. Sequent's "natural gas transmission and storage" service was not provided in 2002, as shown by SEC U-9C-3 report for the quarter ending 12/31/02 shown below.

ITEM 3 - ASSOCIATE TRANSACTIONS
For the Quarter Ended December 31, 2002

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

Reporting Company Rendering Services	Associate Company Receiving Service (e)	Types of Services Rendered	Direct Costs Charged	Indirect Costs Charged	Cost of Capital	Total Amount Billed
Sequent	Atlanta Gas Light Company	Gas supply management services	$86	--	--	$86
Sequent	Virginia Natural Gas, Inc	Gas supply management services	$109	--	--	$109
Sequent	Chattanooga Gas Company	Gas supply management services	$46	--	--	$46

(a) All services are being provided at cost and are being billed (with the exception of certain direct billings) through AGL Services Company ("AGSC") As per Rules 80 and 81, energy purchases are not reported hereunder

Unlike AGL's U-9C-3 report for 12/31/03, AGL's U-9C-3 report for 12/31/02 does not have a footnote (b) nor is there confidential information to be redacted.

Q_91. **In your opinion, what is the financial effect of Sequent on the parent holding company in 2003 versus 2002?**

A_91. In my opinion Sequent's gas transmission storage management service, a practice that began in 2003, has allowed the parent holding company to book approximately $8.1 million of operating expense credits.

My opinion stems from my review the annual SEC form U-13-60 filed by AGL Services Company for annual billings to all of AGL Resources subsidiaries for years 2002 and 2003. Both documents are public and can be found in the SEC's on-line database. The U-13-60 provides a record of the billings between the parent and the subsidiary for 2002 and 2003, as shown below.

AGL Resources SEC Form U-13-60 Filed May 2003
For the Year Ended December 31 2002
ANALYSIS OF BILLING
ASSOCIATE COMPANIES
ACCOUNT 457

NAME OF ASSOCIATE COMPANY	DIRECT COSTS 457-1	INDIRECT COSTS 457-2	COMPENS ATION FOR 457-3	TOTAL AMOUNT /1
AGL Resources Inc	860 069	336 380	0	1 196 449
Atlanta Gas Light Company	65 727 080	39 437 252	1 490 702	106 655 034
Chattanooga Gas Company	3 520 968	2 459 340	88 300	6 068 608
Virginia Natural Gas Inc	6 722 911	9 365 947	362 157	16 451 015
Sequent Energy Management, LP- Corp	1 060 243	1 031 212	53 535	2 144 991
AGL Capital Corporation	35 189	20 213	1 675	57 078
AGL Capital Trust	22 630	112 125	11 269	146 024
AGL Capital Trust II	-	207 070	22 167	229 237
AGL Energy Corporation	18 002	1 476	15	19 493
AGL Investments Inc	692 346	49 366	1 432	743 144
AGL Networks LLC	870 371	353 340	13 943	1 237 655
AGL Peaking Services, Inc	952	5 628	583	7 164
AGL Propane Services, Inc	77 149	63 729	4 724	145 602
AGL Rome Holdings Inc	547	1 596	151	2 294
Customer Care Services Company	5 085	5 488	456	11 029
Georgia Natural Gas Company	199 539	91 081	8 544	299 164
Global Energy Resources Insurance Corporation	-	1 269	141	1 410
Southeastern LNG, Inc	53 016	3 015	321	56 351
Trustees Investment, Inc	48 128	27 484	1 319	76 928
Others- Not Shown				
TOTAL	79,933,762	53 574,111	2,061,518	135,569,391

AGL Resources SEC Form U-13-60 Filed May 4 2004
For the Year Ended December 31 2003
ANALYSIS OF BILLING
ASSOCIATE COMPANIES
ACCOUNT 457

Negative Entry In 2003

NAME OF ASSOCIATE COMPANY	DIRECT COSTS 457-1	INDIRECT COSTS 457-2	COMPENS ATION FOR 457 3	TOTAL AMOUNT /1
AGL Resources Inc	4 657 610	-8,136,765		3,479 155
Atlanta Gas Light Company	50 430 737	54 241 138	1 352 780	106 024 656
Chattanooga Gas Company	3 402 886	2 916 541	71 899	6 391 326
Virginia Natural Gas, Inc	4 450 523	13 050 512	299 055	17 800 090
Sequent Energy Management, LP- Corp	3 109 861	2 097 161	103 959	5 310 981
AGL Capital Corporation	93 683	20 462	1 930	116 075
AGL Capital Trust	20 218	91 814	8 561	120 593
AGL Capital Trust II	1 400	167 776	16 971	186 146
AGL Energy Corporation	14 070	250	19	14 338
AGL Investments Inc	107 889	35 404	1 680	144 973
AGL Networks, LLC	1 824 567	574 802	24 229	2 423 598
AGL Peaking Services, Inc	34	4 487	418	4 940
AGL Propane Services Inc	292 680	44 375	3 532	340,587
AGL Rome Holdings, Inc	9	1 205	109	1 324
Customer Care Services Company	1 348	7 801	709	9 857
Georgia Natural Gas Company	354 444	80 471	7 987	442 902
Global Energy Resources Insurance Corporation	298	452	44	794
Southeastern LNG Inc	42 937	3 422	357	46 717
Trustees Investment Inc	26 151	26 395	1 061	
Others- Not Shown				
TOTAL	68,835,848	65,227,703	1,895 300	135,958,851

In 2003 the parent company had a negative cost or credit of approximately $8.1 million, shown in the parent company's indirect cost category. The costs billed to the subsidiaries barely changed from 2002 to 2003. In 2002 the total billings were $135.6. In 2003 the billings were $135.9 million, which is a net figure that reflects the negative cost of $8.1 million credited to the parent. Sequent's billings and the parent company's billings are the only ones to change substantially from 2002 to 2003. The only corresponding change in economic activity from 2002 to 2003 is Sequent's management of the gas distribution subsidiaries' idle assets, an economic activity first introduced in 2003 and documented in the U-9C-3 forms.

Q_92. **In your opinion is there such a thing as a "negative cost?"**

A_92. In my opinion there is such a thing as a negative cost, because that is the way AGL Resources has reported its transactions.

Q_93. **In your opinion is it appropriate for the parent company to retain those negative costs rather than distribute them to the subsidiaries?**

A_93. No. In my opinion it is not appropriate for the parent company to retain those negative costs.

Consider Mr. Morley's direct testimony at page 13 line 1: "AGSC's total operating expenses are charged back, at cost..." Therefore, entries in the SEC form U-13-60 represent operating expenses and credits to operating expenses, and are "above the line" transactions. What Mr. Morley, does not say in his testimony is that "at cost" can be negative, as clearly shown by the holding company's negative entry or credit of $8.136 million in the U-13-60. Thus if "AGSC's total operating expenses are charged back, at cost..." as Mr. Morley says, the negative entry or credit of $8.136 million in the parent company's indirect cost category should also flow to the subsidiaries.

It is also clear that CGC did not share any portion of the $8.2 million credited to parent. The U-13-60 shows that AGL Services Company's total billing to CGC for 2003 was $6.391 million and for 2002 the amount was $6.068 million. These figures match the annual shared services figures in CGC's TRA form 303 for 2002 and 2003. Therefore, it is clear CGC has received no portion of the $8.1 million negative cost held by the parent company.

Q_94. **In your opinion, by what means has the parent company acquired the $8.1 million negative credit in 2003?**

A_94. In my opinion, the parent company acquired the $8.1 million negative credit in 2003 through Sequent's dual practice of sharing in the profits from its use of CGC's "idle" and "underutilized" assets while at the same time imposing additional direct charges on CGC for Sequent's use of CGC's "idle" assets.

Q_95. **Do you know if there is any precedent for AGL's practice of holding negative costs at the parent level instead of redistributing those as credits to the subsidiaries operating expenses?**

A_95. I do not know of any precedent for AGL's practice. Because KeySpan is one of the comparable companies, I reviewed all of KeySpan's SEC forms U-13-60 that were available on the SEC's website. The forms are public and available for 2001 through 2004. I also reviewed the U-13-60 forms for Consolidated Natural Gas (CNG)for 1997 through 1999, a time when Virginia Natural Gas was a subsidiary of CNG before AGL Resources purchased VNG. However, I found nothing suggesting that AGL Resources' practice has a precedent.

In my confidential testimony I provide my opinion regarding the redacted amount of "direct costs" billed to CGC and whether that amount is low enough, in comparison to the $2.5 million adjusted profits allocated to CGC's customers, to meet the SEC's definition that Sequent's transactions provide benefit for CGC.

Also, in my opinion the $2.5 million should be accounted for in this rate case as a reduction to CGC's costs. This procedure would recapture CGC's portion of the $8.2 million of "negative costs" or operating expense credits permanently retained by the parent.

Q_96. **In your opinion, has AGL Resources provided any testimony explaining how Mr. Morley's claim, that all of AGL's services are provided "at cost" accords with CFR250.91?**

A_96. No. In my opinion, AGL Resources has provided no testimony explaining how Mr. Morley's testimony accords with CFR250.91.

Q_97. **In your opinion as an economist, are transactions between Sequent and CGC exempt from Section 13 of the Act?**

A_97. No. In my opinion as an economist the transactions are not exempt from Section 13 of the Act.

Q_98. **What is the SEC rule regarding transactions that could be exempt from Section 13 of the Act?**

A_98. The SEC's rules regarding exempt transactions appears in CFR250.80 and CFR250.81.

CFR250.80 says:

"§ 250 80 Definitions of terms used in rules under section 13.

"As used in the rules and regulations under section 13 of the Act (49 Stat. 825; 15 U.S.C 79m), unless the context otherwise requires:

"(a) Service means any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service (including supervision or negotiation of construction or of sales), information or data, which is sold or furnished for a charge.

"(b) Goods means any goods, equipment (including machinery), materials, supplies, appliances, or similar property (including coal, oil, or steam, but not including electric energy, natural or manufactured gas, or utility assets) which is sold, leased, or furnished, for a charge.

"(c) Construction means any construction, extension, improvement, maintenance, or repair of the facilities or any part thereof of a company, which is performed for a charge "

CFR250.81 says:

§ 250 81 Exempted transactions

> *"Unless otherwise expressly provided, the rules, regulations, and orders of the Commission pertaining to the performance of services or construction or the sale of goods shall not be applicable to the sale of water, telephone service, transportation, or a similar commodity or service,* ***the sale of which is normally subject to public regulation,****[emphasis added By CAPD] or to the furnishing of services, construction, or goods, to a customer incidentally to such a sale; and such transactions shall be exempt from the provisions of section 13 of the Act (49 Stat 825; 15 U.S C. 79m) and the rules and regulations there under. Provided, That, where any such transaction is with an associate company in its capacity as a consumer, comparable services, construction, or goods are offered to customers other than associate companies on terms which are comparable having due regard to any differences of quality or quantity "*

Q_99. **In your opinion, how is Sequent profiting from its transactions with CGC?**

A_99. In my opinion Sequent is using CGC's natural gas transmission and storage capacity to serve buyers who are not within the regulatory jurisdiction of the TRA. These transactions are commonly called "nonjurisdictional sales."

Q_100. **In your opinion, are Sequent's "nonjurisdictional sales" regulated by the TRA?**

A_100. In my opinion Sequent's "nonjurisdictional sales" are not regulated by the TRA.

Q_101. In your opinion are Sequent's nonjurisdictional sales "normally subject to public regulation" as the SEC requires for a sales transaction to be exempt from the SEC rules?

A_101. No. In my opinion Sequent's nonjurisdictional sales are not normally or actually "subject to public regulation" by the TRA.

Therefore, Sequent's "idle" capacity transactions for CGC are not transactions exempt from the SEC's "at cost" rules. There is no "exemption" basis for AGL Resources to retain profits Sequent made on its use of CGC's assets. AGL Resources is obliged to redistribute at least a portion the $8.136 million to CGC, where that portion is equal to the losses Sequent has imposed on of CGC's assets for nonjurisdictional sales. AGL Resources is obliged to redistribute not only the losses imposed in 2003 but in all years since AGL Resources became a registered holding company obliged to follow the SEC's rules.

Q_102. **In your opinion does it make economic sense for Sequent to use CGC's "idle" or "underutilized" capacity to give CGC profits that CGC would not otherwise have?**

A_102. Yes, provided the SEC's rules are applied to each transaction. Otherwise, in my opinion, it does not make economic sense because this is a case of "putting the cart before the horse." Allowing Sequent to profit from CGC's "idle" or "underutilized" capacity without applying the SEC's rules gives the holding company an incentive to create "idle" and "underutilized" capacity, thereby reserving more capacity than CGC needs in the first place. Applying the SEC's "at cost" rules to the Sequent-CGC "idle" capacity transactions eliminates the holding company's incentive to reserve excess capacity and profit from it. Thus the SEC's "at cost" rules are good economics: They cause the holding company's capacity planning to focus on CGC's customer load rather than blending CGC's customer load with all the side-deals aimed at improving the holding company's profit margin.

Q_103. **What is your opinion of the representations AGL makes in the U-9C-3, footnotes (a) and (b)?**

A_103. In my opinion the representations are contradictory and cast doubt on the accuracy of AGL Resources' financial reporting procedures. Footnote (a) says "all services are being provided at cost" while footnote (b) says Sequent "pays for costs incurred." But if "Sequent pays for costs incurred" then there is no reason for Sequent to bill direct charges to CGC. If Sequent were paying for "costs incurred", there would be zeroes, "0", entered in the cost-columns of the U-9C-3 instead of the double-star image, "**." The double-star image clearly means that there is a billing-flow (one that the holding company wants to keep confidential) between Sequent and the three natural gas distribution subsidiaries.

AGL's contradictory language in footnotes (a) and (b), and AGL's arbitrary retention of $8.136 million of operating expense credits at the parent are further reasons to doubt the accuracy of AGL Resources' financial reporting procedures with respect to the actual profitability of its regulated subsidiaries.

VII. Short-term Debt Cost

Q_104. In your opinion what is the cost of short-term debt?

A_104. In my opinion in the cost of short-term debt is 1.26%. The derivation of that figure is shown in two steps, as indicated in my Schedules 16 and 17. In March 2001 AGL Resources filed with the SEC a form U-6B-2 which provides details for approximately 130 of AGL's commercial paper transactions from October 2000 through December 2000. The U-6B-2 is the only source I have found in public records which provides detail on AGL Resources actual performance in the short-term debt market.

The data from the U-6B-2 form is in my Schedule 16, which derives AGL's short-term interest rate actually achieved for each month. For the three-month period as a whole AGL Resources paid a rate of 7.08%. In Schedule 17, I compared AGL's historical performance to the Federal Reserve Board's (FRB) data on commercial paper transactions for the same historical period. For the three-month period of October 2000 through December 2000 AGL paid a rate of 7.08%, and the FRB's data shows that the average rate for 30, 60, and 90-day maturities was 6.47% in that same three-month period. This establishes that AGL paid a short-term rate approximately 10% higher than the FRB's data suggests.

In Schedule 17 I applied the 10% ratio to the current FRB data for commercial paper rates for the 12 months of March 2003 through February 2004. The average in that time period was 1.156%. Therefore, the short-term cost to use in this case is 1.265%.

Q_105. **What short-term debt cost does Mr. Morley use?**

A_105. Mr. Morley uses a figure of 2.69%.

Q_106. **Does Mr. Morley provide any record of commercial paper transactions to support his figure of 2.69%?**

A_106. No. Mr. Morley does not provide any record of commercial paper transactions to support his figure of 2.69%. According to the company's response to CAPD discovery request no. 5:

> *"The 2 69% cost is not calculated using existing short-term notes or commercial paper"*

Rather than use any history from AGL Resources extensive commercial paper program that began four years ago, or any current short-term debt cost, the company uses a "synthetic forward rate" based on the London Inter Bank Offering Ratebanking.

Q_107. **Do the transactions you refer to in the U-6B-2 form indicate if the interest was prepaid?**

A_107. Yes. the transactions in the U-6B-2 form indicate the interest was prepaid.

Q_108. Should the figures of 7.08% and 1.156% which you calculated be raised slightly to reflect the prepayment of interest?

A_108. No. Those figures should not be raised. The workpapers provide by the firm of Work & Greer, which document the working capital analysis for CGC, indicate the calculation of working capital already includes the effect of prepaid interest. If the prepayment were also reflected in the short-term debt the effect would be to double count the prepayments.

VIII. Preferred Stock Ratio In the Capital Structure and Preferred Stock Cost.

Q_109. In this rate case is preferred stock being treated by AGL Resources as equity?

A_109. No. Preferred stock is not being treated as equity. Preferred stock is being treated as debt, meaning that the payment of preferred dividends are treated as if it were an interest expense.

Q_110. **In your opinion what preferred stock ratio should be should be used in the capital structure?**

A_110. In my opinion the ratio of 0.0% should be used.

Q_111. **Why do you have that opinion?**

A_111. I have that opinion for three reasons. Preferred stock is a financing tool rarely used by comparable companies. The comparable companies as a whole have just a 0.6% preferred ratio; AGL's rates on the preferred stock are high enough to appear unreasonable; and, in Virginia AGL Resources has not applied any preferred stock to the capitalization of its subsidiary Virginia Natural Gas

My Schedule 18, pages 1 and 2, shows VNG's capital structure which includes the effects of AGL Resources recapitalization of that subsidiary in the VSCC's cases PUE-2002-00515 and PUE-2003-00548.

There is no preferred stock in the proforma capital structures of June 2002 and June 2003, even though AGL Resources had the option of applying preferred stock to VNG's capital structure, as indicated in AGL Resources' application and in my Schedule 18. Thus, there is no good reason for Chattanooga's ratepayers to shoulder the burden of what appears to be very expensive capital stock and arbitrarily assigned to CGC.

For example, according to AGL Resources' SEC form 424B1 filed on May 15, 2001, the company issued 6 million shares at 8% at an offering price of $25 per share. According to that document the underwriters' fees were $4.725 million. In addition, AGL Resources wrote:

> *"We intend that the net proceeds from the sale of the Trust Preferred Securities (estimated to be $144,733,700 after payment of fees and expenses in the offering) ."*

In other words, AGL Resources paid $154.75 million to garner $145 to $146 million, or about 6 to 7 cents on the dollar.

Q_112. **Has AGL Resources provided any evidence in this case supporting the reasonableness of those costs?**

A_112. No. AGL Resources has not provided any such evidence.

Q_113. **Has the Tennessee Regulatory Authority ever approved any preferred stock or preferred security issues of AGL Resources or CGC?**

A_113. No. The Tennessee Regulatory Authority has not approved any such issues.

Q_114. **Did CGC have preferred stock in its last rate case before the TRA?**

A_114. Yes. CGC had preferred stock in its last rate case before the TRA.

Q_115. If preferred stock was in the last case, then how is the current case different?

A_115. The current case is different for a few reasons. All the preferred stock that was in the last case has been retired and replaced by two higher-cost preferred issues, one at $75 million for 8.17% issued in 1997 and a $150 million issue for 8% issued in 2001. AGL Resources was not a registered holding company in the last case. Then CGC operated as direct subsidiary of Atlanta Gas Light and any preferred cost assigned CGC had to pass through Atlanta Gas Light first. Now CGC is a direct subsidiary of the parent, which assigns preferred cost on a discretionary basis. As I have pointed out, AGL Resources has chosen not to allocate preferred stock to VNG, despite going through two different applications in Virginia.

Q_116. If the parent's costs are the basis for setting a subsidiary's rates, then isn't it true that the absence of preferred stock in VNG's capital structure is not related to CGC's capital structure?

A_116. No, it is not true. There is relationship between the capital structures of VGC and CGC: to the extent that one subsidiary's rates incorporate preferred stock while the other's does not, the parent's actual cost of preferred are borne by one subsidiary but not the other. This is example of the parent shifting costs between its subsidiaries, except in this instance the cost is not shifted by the holding company recording an amount in an accounting ledger. Instead, the holding company shifts the cost by including it in the company's proposed capital cost in this regulatory proceeding.

In addition, AGL Resources application of preferred stock to one subsidiary but not another emphasizes the arbitrary nature of the capital structure created by the parent for this rate case. Also, AGL Resources has already been before the VSCC for two financing cases where no preferred stock is allocated to VNG, thus AGL Resources is not likely to reverse its policy and present a VNG-rate-case in the future where preferred stock is suddenly a part of VNG's capital structure. Thus CGC has been singled out to bear the burden of preferred stock.

Q_117. **Isn't your setting of the preferred stock ratio to zero percent arbitrary?**

A_117. No, it is not arbitrary. I have already pointed out that preferred stock is rarely used by the comparable companies and that its cost is high enough to appear unreasonable. In addition, setting the preferred ratio to zero produces a reasonable result.

For example, my Schedule 9 shows AGL Resources expects its total debt cost to be 5.5% in 2004. This figure balances back to a weighted cost of debt in my capital structure, where the total debt ratio is 57.5%, which is the sum of 44.6% (the long-term debt ratio) and 12.9% (the short-term ratio). With regard to debt, 77.56% is long-term debt valued at a cost 6.74% and 22.44% is short-term valued at 1.265%. The weighted average of these numbers -- .0674 multiplied by .7756, plus .2244 multiplied by .01256 - is 5.51%, which is AGL's Resources expected total debt cost in 2004 shown in my Schedule 9.

A preferred ratio of zero is reasonable because it brings CGC's total debt cost to the same total debt cost of the parent, which is the principle of double leverage. For the same reasons my calculation of 1.256% cost for short-term debt is reasonable, because it brings CGC's total debt cost to same total debt cost as the parent. Therefore, the commercial paper rates shown in the company's response to the TRA staff request, "TRA Econ #1, Data Request No. 8," are a basis for the short-term rate in this case only if they conform to the parent's total debt cost of 5.5% in 2004.

Q_118. **What cost of total debt has Mr. Morley testified to?**

A_118. Mr. Morley has testified to a total debt cost of 6.65%, an amount that can be derived quickly from his exhibit MJM-4 Schedule 1: take the weighted average cost of total debt, 3.56%, and divide by the total debt ratio of 53.1%, the result is 6.65%. But according to my Schedule 9, AGL had an actual total cost of debt of 6.09% in 2002. Thus Mr. Morley's total debt cost of 6.65% has not been experienced by AGL Resources since 2001, when it had a total debt cost of 6.89%. Therefore, CGC's proposed total debt cost has a built-in "spread", just as the short-term debt cost has a built-in "spread," which Mr. Morley indicated in testimony page 18 line 21.

IX. Long-term Debt Cost

Q_119. **In your opinion what is the cost to apply to the long-term debt in this case?**

A_119. I accept Mr. Morley's estimate of 6.74% as the cost for long-term debt in this case. That is the cost to apply in this case to my debt ratio of 44.6%.

X. Cost of Equity

Q_120. **What is Dr. Morin's opinion on the equity return that should be granted in this case?**

A_120. Dr. Morin's opinion is that an equity return of 11.25% be granted in this case.

Q_121. How many different cost-of-equity methods does Dr. Morin employ to reach his opinion?

A_121. Dr. Morin employs four cost-of-equity methods. In his order of presentation those methods are - the Capital Asset pricing Model (CAPM), the Historical Risk Premium (HRP), the Allowed Risk Premium (ARM), and Discounted Cash Flow (DCF).

Q_122. In your opinion, are all of these methods a standard way to arrive at the cost of equity?

A_122. No. In my opinion two of his methods, the ARP and HRP are not standard.

Dr. Morin's ARP relies on the rate-of-return decisions by several state commissions since 1994. In his testimony at page 30, lines 20-22, Dr. Morin describes the allowed premium: "I also examined the historical...returns on equity allowed by regulatory commissions over the last decade...[and] found the average ROE spread over long-term Treasury yields was 5.1% for...1994-2003."

Dr. Morin has brought the results of those several unnamed rate cases into this particular rate case for CGC and its parent, AGL Resources, but he has not brought any underlying facts from those cases into this particular rate case. Nor has he made available the orders from those cases, nor has he identified the companies in those cases, nor has he identified the dockets so the orders could be acquired from public records. Dr. Morin does not testify that the companies in those cases are comparable companies. Therefore, my opinion is to disregard Dr. Morin's ARM as a valid method to arrive at the cost-of-equity in this case.

Dr. Morin's HRP is not standard. His HRP is impossible to crosscheck and verify because it is not based on the comparable natural gas distribution companies which Dr. Morin identifies in his schedules RAM-2 and RAM-9. The HRP model is based on a natural gas company index with unknown members for the past 50 years. The HRP model is a contrast to Dr. Morin's CAPM and DCF models, where each specifically uses comparable-company data that can be verified through alternative data sources.

Therefore, my opinion is to disregard Dr. Morin's HRM model as a valid way to determine the cost-of-equity in this case.

Q_123. What reasons does Dr. Morin offer to support his opinion that 11.25% is the cost-of-equity in this case?

A_123. Dr. Morin offers several reasons for his opinion, all of which center on two ideas -- investors must be compensated for the risk they are taking and the investor's risk is measured by reference to the cost of long-term debt which has to be less than the cost of equity.

In his testimony at page 9 line 26, Dr. Morin quotes the U.S. Supreme Court's Permian decision with regard to risk:

> *" [the] regulatory agency's rate of return order should '. fairly compensate investors for the risks they have assumed...'"*

Dr. Morin then develops a risk measure that depends on long-term debt cost. Each of his four cost-of-equity methods the CAPM, HRP, ARP and DCF is dependent on long-term debt cost as the measure of risk.

Consider his testimony regarding his CAPM analysis, which is the first analysis he presents.

At page 21 lines 4-5:

> *"Long-term rates are the relevant benchmarks when determining the cost of common equity rather than short-term or intermediate-term interest rates."*

At page 22 line 3:

> *"Since common stock is a very long-term investment "*

At page 25 lines 9-10:

> *"Only over long time periods will investor return expectations and realizations converge."*

His reliance on long-term debt cost is woven into his other methods.

Regarding the HRP he testifies at page 29 lines 13-15:

> *"The average risk premium over the period was 5.7% over long-term Treasury bonds."*

Regarding the ARP he testifies page 30 lines 20-22:

> *"To estimate the Company's cost of common equity, I also examined the historical risk premiums implied in the returns on equity ("ROE") allowed by regulatory commissions over the last decade relative to the contemporaneous level of the long-term Treasury bond yield."*

Regarding his DCF analysis, Dr. Morin eliminates any result where the equity return is less than long-term debt. At page 39 lines 19-21 he testifies:

> *"If the three companies whose ROE estimate is less than these companies' cost of long-term debt [then these companies] . are eliminated from the computation of ROE."*

Clearly, in Dr. Morin's analysis the debt investor is the horse and the equity investor is the rider.

Q_124. **In your opinion are equity investors making investments in AGL Resources and the comparable companies where the investment's duration approximates the duration of a long-term investment?**

A_124. No. In my opinion equity investors are not making investments in AGL Resources and the comparable companies where the investment's duration approximates the duration of a long-term debt investment.

Q_125. **What is the basis of your opinion?**

A_125. My opinion is based on the turnover rates of stock ownership for AGL Resources and for each comparable company.

I gathered daily trading history for each stock going back several years.

For example, Yahoo's web site on internet, http://chart.yahoo.com/d, has historical trading data, as does America Online.

My Schedule 19 shows my analysis. At page 1 of Schedule 19, AGL is shown to have 63.7 million shares outstanding according to its most recent SEC Form 10-K. In my analysis I assumed there would be little difference in stock outstanding on March 26, 2004 and the amount provided in the 10-K. At page 2 of Schedule 19, for example, 182,000 shares of AGL Resources were traded on March 23, 2004. I added up the shares traded, starting from March 26, to March 25 and so on, until I reached a date where the total number of shares traded was equal to or greater than the number of shares outstanding. That date is shown on page 1, in the column titled "100% TurnOver Since."

For AGL Resources, 100 percent of the shares turn over within about one year. The other companies have slower turnover rates but the slowest rate is three years.

Q_126. **Do these results reflect the behavior of any single individual or institutional investor?**

A_126. No. These results do not reflect the behavior of any single individual or institutional investor. The results reflect the behavior of all investors as a whole.

Q_127. **In your opinion, do these results confirm Dr. Morin's opinion that "common stock is a very long-term investment?"**

A_127. No. In my opinion these results contradict his opinion, and reveal the economic contradictions in his testimony.

For example, Dr. Morin quotes the U.S. Supreme Court's Permian decision to suggest that the TRA's order for this case should "fairly compensate investors for the risks they have assumed..." but at the same time he dismisses equity investors' holding period as irrelevant:

> *"The expected common stock return is based on very long-term cash flows, regardless of an individual's holding time period. [Morin page 22 line 3]"*

By Dr. Morin's methods, an investor who holds AGL Resources stock for one year is taking a risk that merits a return of 11.25%, more than twice the rate for a debt investor who commits for thirty years at 5.3%.

This is an unreasonable position, and Dr. Morin reached it through his widely different treatment of the duration of investment for equity and debt holders. According to Dr. Morin's testimony debt investors have an "investment planning period" [Morin page 22, line 15] and equity investors have the "investor's planning horizon" [Morin page 21, lines 14-15].

According to Dr. Morin the debt holder takes a very long view of the market. At page 21 line 3 and page 22 line 10 Dr. Morin testifies:

> *"As a proxy for the risk-free rate, I have relied on the actual yields on thirty-year Treasury bonds . "*

> *"While long-term Treasury bonds are potentially subjected to interest rate risk, this is only true if the bonds are sold prior to maturity A substantial fraction of bond market participants, usually institutional investors with long-term liabilities (pension funds, insurance companies), in fact hold bonds until they mature, and therefore are not subject to interest rate risk "*

But Dr. Morin's analysis does not hold equity investors to a thirty-year planning horizon. Instead, Dr. Morin's analysis gives equity investors plenty of leeway for their "investment horizon" testifying only that:

> *"yields on 90-day Treasury Bills typically do not match the equity investor's planning horizon. Equity investors generally have an investment horizon far in excess of 90 days [Morin page 21, lines 14-15] "*

Thus Dr. Morin's analysis rests on an economic contradiction. Debt holders stay put for 30 years, and equity holders stay put for at least 90 days.

Dr. Morin's recommended rate of 11.25% is a composite of all 4 cost-of-equity methods he employs, but his disparate treatment of debt and equity investment is an unreasonable position, not only in view of AGL Resources 5.5% total debt cost, but also in light of the prevailing equity returns in the American economy.

Q_128. **What is the prevailing equity return in the market?**

A_128. My Schedule 20 displays the prevailing return on equity in our economy. The schedule shows a range of equity returns for approximately 5600 companies for the twelve months ending March 2004. The information is compiled by MorningStar, a data base firm that maintains a data base on stocks, mutual funds and tracks their performance. MorningStar is a subscriber service and the information can be accessed through the internet.

One-half of the stocks achieved equity returns of less than 7%. Less than one-third achieved returns higher than 11 percent, which is the company's requested return.

XI. DCF Analysis

Q_129. **What is your opinion of Dr. Morin's DCF analysis shown in his exhibits RAM-6 and RAM-7?**

A_129. In my opinion his DCF analyses are flawed in three ways. They includes companies that I do not consider as part of the analysis, -UGI and Energen which I exclude because in my opinion they are not comparable - and AGL Resources itself which a 100% owner of CGC. Dr. Morin's DCF analysis includes unreasonable dividend growth rates from Value Line. The analysis includes a compounding method explicitly rejected by the TRA when I proposed that method in 1997. I also note for the record that Dr. Morin's DCF analysis excludes Amerigas and Southern Union without any explanation even though he includes them in his exhibits RAM-2 and RAM-9.

Q_130. **Have you performed a DCF analysis?**

A_130. Yes. I have performed a DCF analysis, and it consists of correcting the flaws in Dr. Morin's DCF model.

Q_131. **What steps did you take to correct the flaws?**

A_131. The steps I took were: 1) eliminating AGL Resources, Energen, and UGI from the companies listed in exhibits RAM-5 and RAM-6; 2)not accepting Value Line's projected growth rates employed by Dr. Morin in exhibit RAM-6; 3) relying in part on the projected growth rates by Zack's in exhibit RAM-5; 4) supplementing Zack's growth rates with additional growth rates from Yahoo; 5)averaging all the growth rates; 6) averaging the current dividend yields from Value Line and MorningStar; 7)not accepting the "expected dividend yield" shown in column (4) of exhibits RAM-5 and RAM-6. I calculated a DCF equity return of 9.28%, which is the sum of a dividend yield of 4.6% and a growth rate of 4.68%.

Schedule 21 displays a comparison of my comparable companies' current dividend yields from two sources, MorningStar's database and Value Line's. There is little difference between the current dividend yields, regardless of the source.

Once the current dividend yields were established as reasonable, the next consideration was an assessment of Dr. Morin's dividend growth rates, which are actually Value Line's projected earnings rates which Dr. Morin uses as a surrogate or proxy for dividend growth rates.

In the 1997 rate case involving AGL Resources I accepted Value Line's growth projection. However, AGL's actual performance never came close to that projection. That experience, combined with my review of the comparable companies' dividend history, persuades me that Value Line's projections are not credible.

Schedule 22, pages 1-10, displays a history of dividend growth for all the comparable companies. Regarding AGL Resources' earnings and dividends, Schedule 23 page 1 displays Value Line's forecasts from 40 different publication dates ranging from January 1994 to December 2003. Those 40 different issues are not provided as schedules in my testimony but they are attached in the appendix.

Schedules 22 and 23 taken together prove that most of Value Line's projected growth rates are unprecedented: Atmos - 9% projected growth versus actual growth of 2% - 3% over 5 years; KeySpan - 7.5% projected growth versus no growth; LaClede - 5.5% projected growth versus no growth; New Jersey - 8.5% projected growth versus actual growth of 2%-3% over 5 years; Northwest - 5% projected growth versus actual growth of 1% - 2% over 5 years; Peoples - 4% projected growth versus actual growth of 2% over 5 years; Piedmont - 7.5% projected growth versus actual growth of 5.7% over 5 years; Southwest - 9.5% projected growth versus no growth over at least 5 years; WGL - 7% projected growth versus actual growth of 2% over 5 years. The only projection that is not without precedent is Nicor's - 3% projected versus actual growth of 4% - 6% over five years.

Therefore, my opinion is that Value Line's projections are not credible. Further substantiation is provided in my Schedule 23 page 2. It displays my analysis of the accuracy of Value Line's forecast regarding AGL Resources. Value Line has always over-forecasted AGL Resources' dividends. Four out of five times Value Line has over-forecasted AGL Resources' earnings.

Most of the companies have an actual dividend growth performance not unlike AGL Resources, where long periods of no or little growth punctuated by an occasional increase.

For example, after several years of keeping its dividend at a fixed amount, AGL has raised its annual dividend by 4% two years in a row:

> *"04-28-04 01 49 PM EST | ATLANTA --(BUSINESS WIRE)--The Board of Directors of AGL Resources (NYSE· ATG) today approved a 4 percent increase in the AGL Resources common stock dividend The increase raises the quarterly dividend to $0.29 per share, for an indicated annual dividend of $1.16 per share. It also marks the second annual dividend increase, following a 4 percent increase in April 2003 . "*

At the same time of its press release, AGL Resources' current dividend yield was 3.92%, or about .7% below the average yield of 4.6% for the comparable companies. If the DCF method were applied directly to AGL Resources alone as of May 1, 2004, the company's investors would have an equity return equal to the sum of dividend yield and dividend growth, or 7.92%, which is the sum 3.92% and 4%.

AGL Resources most recent growth is much more like the ZACK's growth rate in Dr. Morin's exhibit RAM-5, once AGL Resources, UGI and Energen are removed from the list. But even ZACK's figures are above the actual performance of the comparable companies.

I compared Zack's growth rates to 5-year growth rates published by Yahoo. The results are displayed in Schedule 24, where I averaged the growth rates from the two different sources.

Q_132. **In your opinion, what is the appropriate equity return based on the DCF analysis?**

A_132. In my opinion the appropriate equity return based on the DCF analysis is 9.28%, which is the sum of the 4.68% growth rate in my Schedule 24 and the current dividend yield of 4.6% in my Schedule 21.

Q_133. **Does your DCF equity return of 9.28% include the effect of the company compounding its rate of return?**

A_133. No. My DCF equity return of 9.28% does not include the effect of compounding.

For example, in TRA Docket 97-00982 I testified that compounding a gives a company the opportunity to earn about one-half percent more on its return than what is granted. In this instance a DCF return of 9.28% when compounded throughout a year gives AGL Resources an opportunity to earn about 9.75%. In the last docket the TRA found: "The Directors rejected Dr. Brown's compounding theory that formed the basis of his 10.55% cost of equity [TRA Docket 97-00982 , final order, page 50]." However, Dr. Morin's DCF analysis builds in compounding.

For example, in his exhibit RAM-5 he compounds (multiplies) the current dividend yield in column (2) by the growth rate in column (3), and the result is a compounded dividend yield in column (4). Thus his DCF cost of equity is 9.7% in column (5) instead of 9.5% in column (4). In effect, Dr. Morin has applied compounding to augment his DCF return by about one-quarter of a point. To the extent that the TRA has previously rejected compounding as a method to augment returns, Dr. Morin's compounding is inconsistent with the TRA's order in Docket 97-00982.

Q_134. **In Dr. Morin's exhibit RAM-5, is 9.7% the DCF return the return on equity?**

A_134. No. In Dr. Morin's exhibit RAM-5, 9.7% is not the DCF equity return. Dr. Morin identifies an equity return of 9.9%, shown in column (6) of his exhibit RAM-5.

The difference between 9.9% and 9.7% is his so-called "flotation adjustment," which is his effort to recoup the market's discounting of AGL Resources' stock-offerings, whether in the past or the future. Dr. Morin explains his "flotation adjustment" in his testimony at page 40 lines 7-17 and page 41 lines 6-7:

> *"The simple fact of the matter is that common equity capital is not free. Flotation costs associated with stock issues are exactly like the flotation costs associated with bonds and preferred stocks. Flotation costs are incurred, they are not expensed at the time of issue, and therefore must be recovered via a rate of return adjustment. This is done routinely for bond and preferred stock issues by most regulatory commissions, including FERC and the TRA. Clearly, the common equity capital accumulated by the Company is not cost-free . . it is unreasonable to ignore the need for such an adjustment. Flotation costs are very similar to the closing costs on a home mortgage In the case of issues of new equity, flotation costs represent the discounts that must be provided to place the new securities.. . it is necessary to apply an allowance of 5% to the dividend yield component of equity cost "*

Q_135. **In your opinion is it appropriate to include so-called "flotation costs" in the equity cost?**

A_135. No, in my opinion it is inappropriate, as revealed by what Dr. Morin does not say and by the contradictions in Dr. Morin's argument.

Dr. Morin does not mention that AGL Resources' stock is trading well above its book value, and that AGL has already reaped a premium from any stock issue where the stock's issue value exceeds the book value. Dr. Morin's "flotation cost" is just one more premium added to that premium the stockholders have already paid, but he wants the ratepayers to pay for that additional premium.

Dr. Morin's "flotation adjustment" is a method where ratepayers are in effect compensating the company for the market's judgment. Continuing with this example, suppose AGL Resources makes a stock offering at $25 a share and the public bids only $24, thus the company gets only 96%, or 5% less than what it wanted. According to Dr. Morin, the ratepayers are liable for the difference. Thus he seeks to negate the demand-supply relationship for capital costs which he invokes in his testimony at page 5, lines 10-11:

> *"Two fundamental economic principles underlie the appraisal of the Company's cost of equity. one relating to the supply side of capital markets, the other to the demand side "*

According to Dr. Morin, what the market takes away, the regulatory agency should give back. But his logic has been rejected once before in Tennessee. In TPSC Dockets U-83-7226 and U-85-7338, the Tennessee Public Service Commission explicitly rejected Dr. Morin's proposal to raise the equity cost to include so-called "flotation cost."

Of course, common equity is not free, as everyone acknowledges, but Dr. Morin has leapt from that premise to one that is unsubstantiated when he testifies that "flotation costs ... are not expensed at the time of issue... it is unreasonable to ignore the need for such an adjustment." But this begs the question: if a flotation cost is a reasonable expense, why doesn't the company book the "flotation cost" as an expense in the first place? To paraphrase Dr. Morin's argument, the floatation cost is so dubious that the company will not book the expense, but it will base ratepayers' prices on that dubious expense if it is represented as a capital cost. However, this is an argument that has been rejected before in Tennessee.

Q_136. **What is Dr. Morin's DCF return after removing UGI, Energen, and AGL Resources from the companies listed in RAM-5, and after removing the effects of the flotation cost, the compounding, and Value Line's growth projections on his estimate?**

A_136. After removing the noncomparable companies and effects of the flotation cost, the compounding, and Value Line's growth projections on Dr. Morin's DCF return, it falls to 9.5%, which is also the sum of 4.2 percent and 5.3%, which he displays in columns (2) and (3) of his exhibit RAM-5.

Q_137. How does Dr. Morin's DCF return compare to your DCF return 9.28 percent?

A_137. There is less difference between them, once Dr. Morin's improper adjustments are removed. Once they are his DCF return is 9.5%.

Q_138. In your opinion, what does the similarity between your return and Dr. Morin's return imply about the DCF model?

A_138. In my opinion the similarity suggests that the DCF is a sound model, not easily construed to give results far from the mainstream. The DCF model's inputs are simple and available from many different sources. For example, I was able to confirm Value Line's current dividend yields by reference to the MorningStar database. I was able to temper Zack's growth forecasts with those from Yahoo. In my opinion the public availability of the inputs and the ease with which they can be applied explain why the model appears in every rate case and in every jurisdiction, despite Dr. Morin's testimony at page 18 line 22 that "Caution must also be exercised when implementing the <u>standard</u> [emphasis added by CPAD] DCF model."

However, Dr. Morin did not implement the standard DCF model, but reached out to the Value Line growth projections to derive a DCF return that would not be derived from a standard model. Furthermore, despite his DCF warning, he pays no heed to Value line's own warning about its data:

> *"Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN [sic] "*

Not only does Dr. Morin's DCF analysis heavily rely on Value Line's growth forecasts, he provides no means to evaluate those projections. I was able to disregard those projections only by comparing them to dividend histories from the SEC forms and by comparing AGL Resources actual performance to Value Line's past forecasts, items not generally available in public records.

Thus to the extent Value Line's projection are the basis of Dr. Morin's DCF analysis, it suffers from the same lack of verification that prevents his Historical and Allowed Risk premium models from being credible, in my opinion.

To a large extent, the same problems pervade his CAPM analysis.

XII. CAPM Analysis Of Equity Return

Q_139. Beside the Discounted Cash Flow, what other method do you employ to reach a cost-of-equity in this case?

A_139. Besides the DCF analysis, I employ a CAPM model. However, just as my implementation of the DCF model differs from DR. Morin's implementation of the DCF model, my implementation of the CAPM model differs from Dr. Morin's implementation of the CAPM model.

Q_140. What is the CAPM model?

A_140. The model defines the cost-of-equity as the market's risk-free rate of return plus an estimated risk premium which is multiplied by a beta. The risk premium is the difference between the overall market return and the risk-free return. The model is often expressed by the following general formula:

$$K_e = R_f + (R_m - R_f) * B_e \quad (1)$$

where

+ is the symbol for addition

* is the symbol for multiplication

K_e is the cost-of-equity

R_m is the overall market rate of return

R_f is the risk-free rate of return

$(R_m - R_f)$ is the risk premium

B_e is the beta for common stock

There is an exact correspondence between this formula and the formula shown in Dr. Morin's testimony at page 20 line 14.

Dr. Morin implements the CAPM model by substituting certain values for the values in formula (1) shown above:

K_e = .053+ (.123-.053)*.77

or

10.69%= 5.3% + (12.3% -5.3%)*.77

the result is

10.69%= 5.3% + (7%)*.77

In his testimony at page 28 line 14 Dr. Morin raises the cost of equity from 10.69% to 11.1% by multiplying the risk premium of 7% by the term: $(B_e * .75) + .25$, and adding the result to 10.69% to give a total of 11.1%.

Q_141. **Does Dr. Morin explain his reasoning for such an adjustment?**

A_141. No. In my opinion Dr. Morin has not explained his reasoning for such an adjustment. He testifies that he relaxes "some of the more restrictive assumptions" of the CAPM model" and that the "the literature is conveniently summarized in Chapter 13 of my book..."

Q_142. **Has Dr. Morin provided a copy of his book or Chapter 13 of his book so that it can be placed into the record of this rate case?**

A_142. No. Dr. Morin has not provided a copy of his book or Chapter 13.

Q_143. **What is your opinion of Dr. Morin's raising his CAPM return from 10.69% to 11.1%.**

A_143. In my opinion his adjustment is not justified for the same reason his ARP and HRP methods are not justified. His adjustment is impossible to cross-check and verify because it is not based on the comparable natural gas distribution companies. My opinion is to disregard his adjustment.

Q_144. **What other adjustment does Dr. Morin apply to his CAPM equity cost?**

A_144. Besides raising his CAPM amount of 10.69 percent to 11.1 percent, he adds another .3 percent for a "flotation adjustment" so that his final CAPM equity cost is 11.4 percent, as shown at page 28 lines 16-17 of his testimony. Thus by means of two adjustments Dr. Morin has nudged his 10.69 percent return to 11.4 percent. However, my opinion is to disregard both adjustments because they are arbitrary.

Q_145. **How do you implement the CAPM model?**

A_145. I implement the CAPM model in these steps.

Whereas Dr. Morin's model is

$K_e = R_f + (R_m - R_f) * B_e$ (1)

mine is

$K_e = K_d + (R_m - R_f) * B_e$ (2)

The only difference is that in my model K_d is the cost-of-debt and substitutes for R_f in Dr. Morin's model

The formula's terms have the same meanings as already discussed.

I arrived at my formula by treating debt as if its market rate is determined in the same way as the market rate for equity:

$K_d = R_f + (R_m - R_f) * B_d$ (3)

Where B_d is the beta for debt capital

There is a market for debt capital just like there is a market for equity capital. I derived equation (2) by subtracting equation (3) from equation (1) and the result is equation (2):

$K_e = K_d + (R_m - R_f) * (B_e - B_d)$ (2).

I've assumed that B_d is zero, which means that I am treating debt cost as risk free, so that equation (2) reduces to equation (1) but K_d substitutes for R_f This formulation practically assures that the equity cost will be higher than debt cost.

Therefore, the differences between Dr. Morin's CAPM model and my CAPM model are not great.

For example, my Schedule 25 lists returns to large company stocks from the period 1925 through 2002 taken from Ibbotson Associates 2002 Yearbook - "Stocks Bonds, Bills and Inflation," Tables A-1 and B-1. Column 1 lists the year, column 2 lists the actual value of the return and column 3 lists the percentage gain or loss from the prior year. The actual or "geometric" return over the entire period is 10.20%, shown at the bottom of column 2. The 'arithmetic' return is 12.20%. I do not use the 'arithmetic' return overstates the real return by 2%. However, in my model 10.20% is R_m, the market return.

The risk free rate, R_f, is derived from Schedule 26. In this case I am using the three-month U.S. Treasury bills. The three-month rate is based on a long term perspective of the riskless rate and that it is a better concept to use in this case than a long-term bond or note. The risk free rate, R_f, is 3.79%

Q_146. In your CAPM model what risk premium is derived from the market return R_m, and the market return the risk free rate, R_f?

A_146. In my CAPM model the risk premium is 6.41%, which is the difference between 10.2% and 3.79%.

Q_147. At this point, what is the practical difference between Dr. Morin's CAPM Model and yours?

A_147. The practical difference is in the value of the beta used in Dr. Morin's model versus the beta I use. Dr. Morin's model is

10.69%= 5.3% + (7%)*.77

Mine is:

Equity= DebtCost + (6.41%)*Beta

At this point there are just two items left to fill-in for my model - the cost of debt and the beta.

Q_148. **What debt cost are you using?**

A_148. I am using a debt cost of 6.74 % because it matches the long-term debt cost in this case. In addition, as shown in my Schedule 5, AGL Resources' long-term debt has a large "floating" portion. There are no public records that I know of where "floating" debt is rated as fixed debt is. For example fixed debt could be rated "A", "BB," or any other of several ratings. But since these ratings are not available for "floating" debt, my judgment is to derive the CAPM rate in part by accepting the company's 6.74% rate. Also, this amount is higher than Dr. Morin's rate of 5.3% and points out the advantage to my formulation of the CAPM model. Dr. Morin's CAPM model begins at 5.3%, a rate lower than the debt cost of 6.74%. This highlights a practical defect of Dr. Morin's CAPM model: it starts more than 100 basis points lower than debt cost, a loss that has to be compensated for someplace else in the CAPM model.

On the other hand, my use of 6.74% rather than Dr. Morin's amount of 5.3% counterbalances my lower risk premium of 6.41%, which is about .6% lower than his risk premium of 7%. Therefore, the main difference between our two models lies in the value of the beta. Where Dr. Morin uses Value Line's amount of .77, I use an amount of .10. His CAPM is 10.69% and mine is 7.4% , and the entire difference is attributable to the betas.

The entire analysis is shown in my Schedule 27. I note that the CAPM model, were it applied to AGL alone, gives AGL a return of 8.25%.

Q_149. **What is a beta?**

A_149. It is a ratio of the change in a stock price to the change in the overall market price or index, and there are three possibilities. For example, if a market index increases by 10 percent and a stock price increases 5 percent, then the stock's beta is .5 or one-half. On the other hand, if a market index increases by 10 percent and a stock price decreases 5 percent, then the stock's beta is a negative one-half. Finally, if a market index changes and the stock price does not change, the stock's beta is zero.

Q_150. **What economic meaning is normally assigned to the beta?**

A_150. It is regarded as a measure of risk, the higher the beta, the higher the risk.

Q_151. **Where are the Value Line betas in Dr. Morin's cost-of-capital analysis?**

A_151. Value Line betas appear in Dr. Morin's analysis in his Exhibit RAM-2.

Q_152. **What are values of the betas in Dr. Morin's Exhibit RAM-2?**

A_152. The betas' values range from a high of 1 to a low of .55.

XIII. Dr. Morin's CAPM Analysis Relies On Value Line Betas, Which Are Not Standard Practice and Which Inflate Returns

Q_153. Do you agree that Value Line betas measure risk?

A_153. No. I disagree because Value Line's betas inflate the measure of risk and are not standard practice in the financial industry.

My Schedule 28 provides a comparison of Value Line betas with other betas. The far right column lists Value Line's betas. Value Line's betas are substantially higher than all others. Clearly, Value Line's betas are not standard practice. My calculations give results consistent with standard practice.

Q_154. What is the effect of Value Line's betas on the estimated cost-of-capital?

A_154. Value Line's betas lead to an overestimate of risk and an overestimate of capital cost.

Q_155. How does Value Line calculate its betas?

A_155. Value Line reduces the calculated beta by one-third and then adds .35 to produce an "adjusted" beta. This adjustment to the calculated beta makes low betas look higher than they really are. Therefore, Value Line's betas do not capture or embody changes in economic conditions.

My Schedule 29 shows the relationship between a calculated beta and the Value Line Beta.

My Schedule 30 is a history of Value Line betas for AGL Resources from January 1994 through December 2003.

My Chart 1 of 3 is a chart displaying AGL Resources calculated beta versus the Value Line beta. From January 1998 through January 2004.

My Chart 2 of 3 is a chart displaying AGL Resources calculated beta, as well as the calculated betas for each comparable company since January 1998.

My Chart 2 of 3 is based on my Schedule 31, which is a table displaying the calculated betas for five years ending - from January 1998 through March 2004.

My table and charts show that real betas have not been in the .6 to .8 range since early 1998. Therefore, Dr. Morin's CAPM analysis is predicated on betas that are not even close to being current.

The Value Line beta masks the relative gain or loss in a stock's value. The beta is a "relative" measure in the same sense that economic wealth is a relative measure. It has no meaning without reference to another measure. For example, an annual income of $50,000 in the year 1900 would indicate great wealth, but the same figure in the year 2000 would not. To the extent the Value Line masks the real value of a beta, the Value Line beta overestimates the true economic return of any company.

My Chart 3 of 3 displays a long history of AGL Resources stock price, the S&P500 Index scaled back to 10% of its value, and the ratio of AGL's stock price to the scaled S&P Index. I scaled the index so the left axis of the chart would display the magnitude of the relative decline in AGL's stock value. Otherwise the index would so much larger than AGL's stock price that the stock's relative decline in value would not be noticeable.

For example, in November 1987 AGL's stock price was about $11 per share and the S&P index was about 230. By scaling the index back to 23 and placing it on the same chart as AGL's stock price, the ratio of AGL's stock price to the scaled index is about 45%. Starting in November 1987 and reading the chart from left to right shows that in 1994 the S&P index rapidly increased while AGL's stock price changed just a little. The ratio of the stock price to the scaled index fell to 10% in late 1999, all the while AGL's stock price had not changed much. This is the exact pattern that causes a calculated beta to be low: a stock price that is more or less constant and an index rapidly rising or falling.

On the other hand, Value Line's beta for AGL Resources in no way indicates that AGL Resources stock's value had a long history of falling behind the market. Therefore, just as Value Line's past betas mask the decline of AGL's stock value relative to the market and suggest the stock's rate of return was more than it really was, Value Line's current beta overestimates the rate of return in this rate case.

Q_156. **Do you know the economic basis for Value Line's procedure to calculate betas?**

A_156. Yes. Value Line bases its procedure on an article titled "On The Assessment Of Risk" which was authored by Marshall Blume of the University of Pennsylvania. Professor Blume's article was published in the March 1971 issue of the *Journal of Finance*. Blume believed that all betas tend towards one, which is overall market average beta of the thousands of companies that compose the stock market.

Blume performed a calculation to raise the value of betas that are low and lower the value of betas that are high. This procedure was adopted by Value Line. The portfolios in Blume's article were formed between the years 1926 and 1968. His most recent portfolio is almost forty years old. His inquiry has not been updated, and there is no evidence that his portfolio included gas distribution companies.

Q_157. **Has the issue of adjusted betas versus calculated betas been studied?**

A_157. Yes. The issue of adjusted versus calculated betas has been addressed in several forums.

Financial Markets and Corporate Strategy, (1st Edition, 1998), a standard college financial textbook used worldwide and authored by Professor Mark Grinblatt of UCLA and Professor Sheridan Titman of the University of Texas, addresses the issue of Value Line adjusting a beta's value towards one. At page 175 of the book its authors advise students of finance: "better beta estimates might result by shrinking the unadjusted estimates towards an industry average rather than toward the market average [of one]."

Another standard but older financial textbook, *Financial Management and Policy* by James C. VanHorne of Stanford University, says at page 69 of the 7th edition: "Adjusting historical betas is difficult business because the process is seldom clear and consistent."

In 2002 the Australian government commissioned a study to examine the use of adjusted betas versus calculated betas. The relevant report is: "Final Report, Empirical Evidence on Proxy Beta Values for Regulated Gas Transmission Activities: July 2002 Report for the Australian Competition and Consumer Commission," prepared by the Allen Consulting Group of Melbourne, Australia.

The following conclusion appears at page 30 of the report: "Accordingly this report uses the raw betas estimates produced by each of the beta estimation services." The report can be acquired over the internet at:

http://www.accc.gov.au/gas/br_reg_iss/empiricalA.pdf,

and

http://www.accc.gov.au/gas/br_reg_iss/empiricalB.pdf.

Also in 1998 Professor Martin Lally of the Victoria University of Wellington, authored an article, with the technical and esoteric title of "An examination of Blume and Vasicek Betas." The article was published in the economic journal, *The Financial Review*. Professor Lally concludes at page 192 of his article: "The result is a dramatic overestimate by Blume, because a singularly relevant fact is ignored, i.e., membership [in] an industry whose average estimated, and therefore presumably also true beta is well below one."

Q_158. **Is *The Financial Review* a professional economics journal?**

A_158. Yes. It is a professional journal. *The Financial Review* is the property of and published by the Eastern Finance Association. I also point out that Dr. Morin has published an article in *The Financial Review* in 1981, according to Dr. Morin's Appendix A page 8 of 8,

Q_159. Do you consider your calculated beta to be accurate?

A_159. Yes, I consider it accurate.

Q_160. What is your opinion with regard to Value Line's betas?

A_160. My opinion is that Value Line's betas be disregarded because they are inaccurate, leading to a higher risk assessment than the appropriate analysis would indicate.

Q_161. In your opinion what is a just and reasonable equity return in this rate case proceeding?

A_161. In my opinion 8.35% is a just and reasonable equity return, consistent with current returns in the American economy. The return is the average of my DCF return of 9.28% and my CAPM result of 7.4%.

Q_162. In your opinion is 8.35% a credible return?

A_162. Yes. In my opinion 8.35% is a credible return. My Schedule 32 supports my opinion. In May 2001 the DRI-WEFA group, an economic and financial forecasting company formed from DRI (formerly Data Resources Inc. owned by Standard & Poor's) and WEFA (Wharton Econometric Forecasting Associates) issued a report named "*25-Year Focus, Summer 2001* - The Four Scenarios: The Trend Projection." At page 17 of the report the firm projects stock market prices to rise at just 5.3 percent annually.

A respected economics-consulting-firm is suggesting that a rapidly rising stock market with high levels of growth and high equity risk is over.

In addition, investors are holding equity for three years at most and an 8.35% return is well above what they can expect if they were to hold debt for that length of time.

Q_163. **How does your rate of return in this case compare to the return you recommended in TRA docket Docket No. 97-00982?**

A_163. In the last case my opinion was that a return of 10.55% was just and reasonable. That return is 200 basis points higher than my equity return in this case.

Q_164. **Are your cost-of-equity methods in this case different than the methods you employed in the last case?**

A_164. No. The methods are not different.

Q_165. **In your opinion, why is your return in this case lower than the return in the last case?**

A_165. In my opinion the returns are different because economic conditions have changed.

Q_166. **In your opinion, is CGC entitled to a rate increase because there has been no rate increase since 1995?**

A_166. No. In my opinion the absence of a rate increase since 1995 is not a justification for a rate increase in 2004. The rate of return is the determining factor in assessing the need for a rate increase, as I have already discussed in my summary.

Q_167. **Why are you giving your opinion on this issue?**

A_167. I am giving my opinion because the company raises this issue at the beginning of its entire case. Mr. Steve Lindsey testifies at page 3 lines 10-13:

A. **REQUEST FOR RATE RELIEF**

Q. **When was Chattanooga Gas Company's last rate increase?**

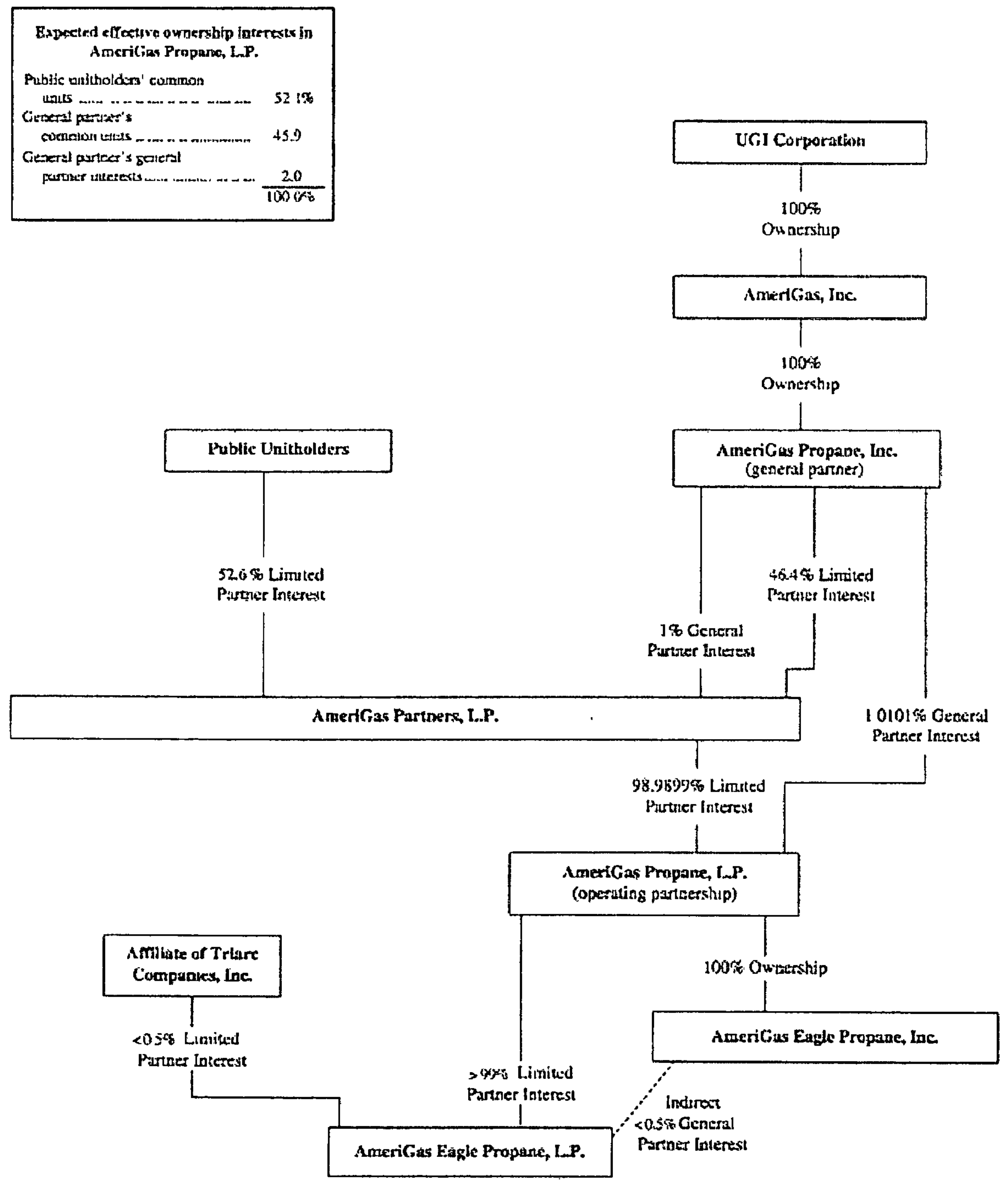
A. Chattanooga was last granted a general rate increase in 1995 in Tennessee Regulatory Authority ("TRA") Docket No 95-02116. In 1998 rates were reduced in TRA Docket No. 97-00982.

However, Mr. Lindsey's testimony on this point is not relevant. When several years have passed without a utility petitioning the TRA for a rate increase, there are least two economic meaning that can be drawn. One meaning is that is that the utility believes it is earning a satisfactory return. A second meaning is that is that the utility is over-earning and making consumers pay higher rates than would otherwise be the case. In either case, the absence of a rate increase does not mean that consumers are paying less than fair prices for the utility's services or that consumers are receiving a benefit that they are not paying for. This concludes my testimony at this time.

Company Excluded From ComparableGroup

Docket No 04 00034
Exhibit CAPD SB___
Direct Testimony___
Schedule 1 ______
Page 1 of 4______

Source AMERIGAS PARTNERS SEC Form 424B5 Filed 2003_06_12 File 3

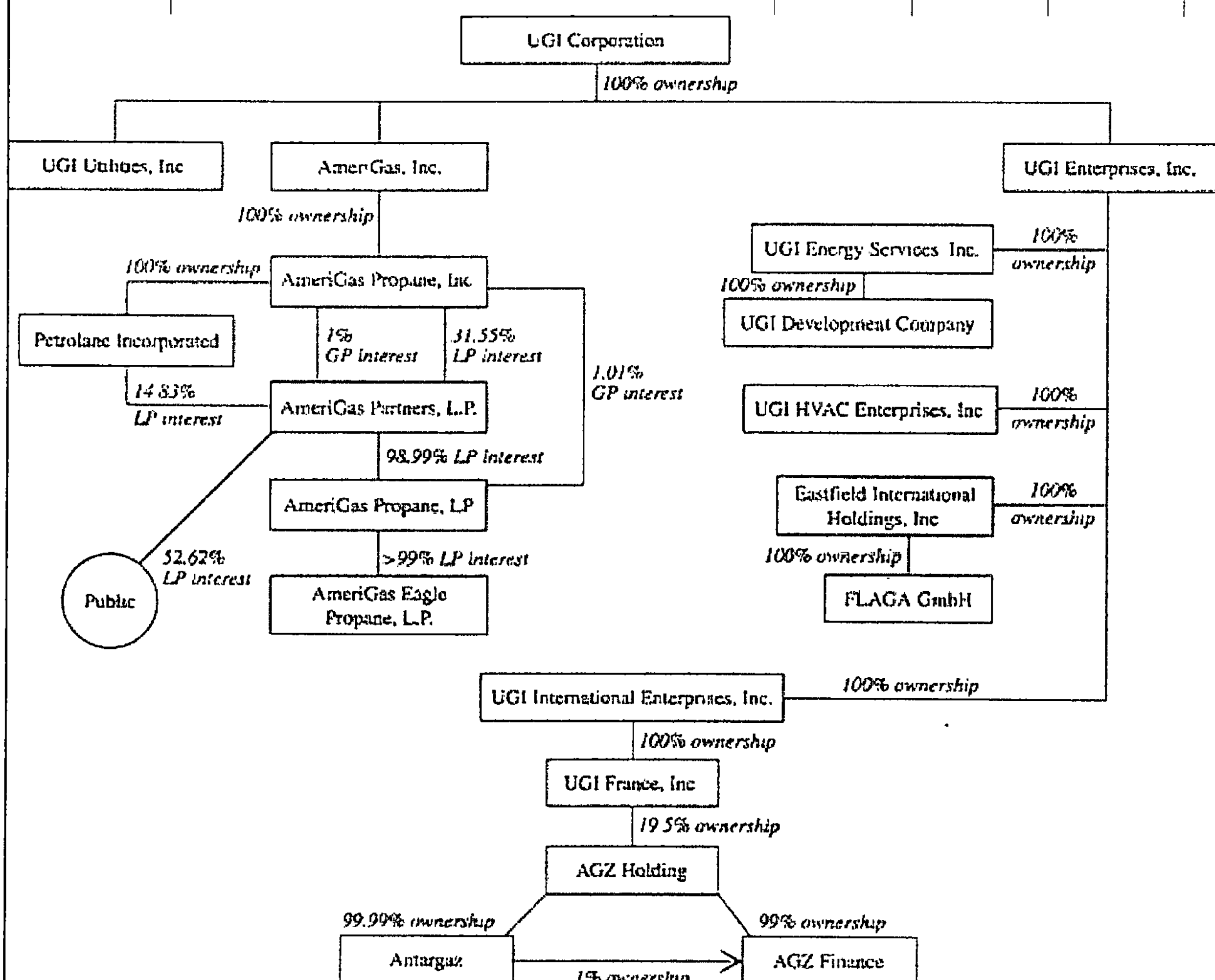


Company Excluded From ComparableGroup

Docket No 04 00034
Exhibit CAPD SB___
Direct Testimony___
Schedule 1 ______
Page 2 of 4______

Financial Data Source UGI CORP SEC Form 10-K Filed 2003_12_23
UGI Total Revenues - 2003 at Sep 30 $3,026 1 (Millions) 17% From Gas Sales
UGI Total Capitalization - 2003 at Sep 30 $2004 5 (Millions) 53% For Amerigas

Chart Source UGI CORP SEC Form 424B5 Filed 2004_03_19 File 04



Company Excluded From ComparableGroup

Source	Text
ENERGEN CORP 10-K Filed 1995_12_28	APSC REGULATION: As a public utility in the state of Alabama, Alagasco is subject to regulation by the Alabama Public Service Commission (APSC), which has adopted several innovative approaches to rate regulation, including Alagasco's Rate Stabilization and Equalization (RSE) rate-setting process. Implemented in 1983 and modified in 1985, 1987, and 1990, RSE replaced the traditional utility rate case . . Under Alagasco's current RSE order, which became effective December 1990, Alagasco's allowed ROE range is 13.15 percent to 13 65 percent.
ENERGEN CORP 10-K Filed· 2003_03_20	Alagasco is subject to regulation by the Alabama Public Service Commission (APSC) which, in 1983, established the Rate Stabilization and Equalization (RSE) rate-setting process. RSE was extended in 2002, 1996, 1990, 1987 and 1985 On June 10, 2002, the APSC extended RSE for a six-year period, through January 1, 2008. Under the APSC order, Alagasco's allowed range of return on average equity remains 13.15 percent to 13 65 percent throughout the term of the order...

Company Excluded From ComparableGroup

SOUTHERN UNION 10-K Filed 2003_09_29	Southern Union Total Capitalization - 2003 at Sep. 30 . $2346 4 (Millions) $1218.7 (Millions) [50% To Panhandle Eastern Pipeline]
SOUTHERN UNION 10-K Filed· 2003_09_29	Acquisition of Panhandle Eastern Pipe Line Company and Subsidiaries - On June 11, 2003, Southern Union acquired Panhandle Energy from CMS Energy Corporation for approximately $582 million in cash and in connection therewith incurred transaction costs estimated at $30 million. Additional consideration was financed by CMS Energy Corporation through their purchase of 3 million shares of Southern Union common stock (before adjustment for any subsequent stock dividends) valued at approximately $49 million based on market prices at closing. Southern Union also incurred additional deferred state income tax liabilities estimated at $18 million as a result of the transaction. At the time of the acquisition, Panhandle Energy had approximately $1.159 billion of debt outstanding that it retained .
SOUTHERN UNION 10-K Filed 2003_09_29	The Panhandle Energy entities include Panhandle Eastern Pipe Line Company, LLC (Panhandle Eastern Pipe Line), Trunkline Gas Company, LLC (Trunkline), Sea Robin Pipeline Company (Sea Robin), Trunkline LNG Company, LLC (Trunkline LNG) and Pan Gas Storage Company, LLC (Pan Gas, also dba Southwest Gas Storage). Collectively, the pipeline assets include more than 10,000 miles of interstate pipelines

SEC Release 35_27812

SECURITIES AND EXCHANGE COMMISSION
(Release No 35-27812)
Filings Under the Public Utility Holding Company Act of 1935, as amended ("Act")
10-Mar-04
Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference
Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by March 31, 2004, to the Secretary, Securities and Exchange Commission, Washington, D C. 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After March 31, 2004, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.
AGL Resources Inc. (70-10175)

AGL Resources Inc ("AGL Resources"), a registered public utility holding company, Ten Peachtree Place, Suite 1000, Atlanta, Georgia 30309, AGL Resources' electric and gas public utility subsidiaries, Atlanta Gas Light Company ("AGLC"), Ten Peachtree Place, Suite 1000, Atlanta, Georgia 30309, Chattanooga Gas Company ("CGC") 2207 Olan Mills Drive, Chattanooga, Tennessee 37421, Virginia Natural Gas, Inc ("VNG"), 5100 East Virginia Beach Boulevard, Norfolk, Virginia 23502, (AGLC, CGC, and VNG collectively "Utility Subsidiaries"), and AGL Resources' direct and indirect nonutility subsidiaries ("Nonutility Subsidiaries" and collectively with the Utility Subsidiaries, "Subsidiaries") Georgia Natural Gas Company ("GNG"), AGL Investments, Inc ("AGLI"), AGL Services Company ("AGL Services"), AGL Capital Corporation ("AGL Capital"), Global Energy Resource Insurance Corporation ("GERIC"), Pivotal Energy Services, Inc ("Pivotal Energy Services"), AGL Rome Holdings, Inc , Pivotal Propane of Virginia, Inc , Southeastern LNG, Inc
III Overview of the Requests
Applicants request authorization to engage in the following financing transactions during the period from the effective date of the order granted in this Application through March 31, 2007 ("Authorization Period")
Applicants state that the proceeds from the sale of securities in external financing transactions will be used for general corporate purposes, including the financing, in part, of the capital expenditures and working capital requirements of AGL Resources and its Subsidiaries, for the acquisition, retirement or redemption of securities previously issued by AGL Resources or the Subsidiaries, and for authorized investments in companies organized in accordance with rule 58 under the Act ("Rule 58 Companies"), exempt wholesale generators ("EWGs"), as defined in section 32 of the Act, foreign utility companies ("FUCOs"), as defined in section 33 of the Act, exempt telecommunications companies ("ETCs"), as defined in section 34 of the Act, and for other lawful purposes
Applicants request authorization for the following transactions through the Authorization Period
issuances and sales of securities or borrowings during the Authorization Period by AGL Resources of up to $5 billion at any time outstanding ("AGL Resources External Limit"),
issuances by AGL Resources of guarantees and other forms of credit support in an aggregate amount of $1 billion at any time outstanding ("AGL Resources Guarantee Limit"),
issuances by AGLC, CGC, and VNG of guarantees and other forms of credit support with respect to the obligations of their respective subsidiaries in an amount not to exceed and $300 million, $75 million, and $150 million, respectively ("Utility Guarantees"),
short-term borrowings by AGLC of $750 million and CGC of $250 million in short-term debt,
hedging transactions by AGL Resources and the Utility Subsidiaries with respect to their indebtedness,

SEC Release 35_27812

Endnotes
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1 Applicants state that operating margin represents operating revenues less cost of sales
2 Applicants state that common stock equity ("Common Stock Equity") includes common stock (i.e , amounts received equal to the par or stated value of the common stock), additional paid in capital, retained earnings and minority interests
3 Applicants would calculate the Common Stock Equity to total capitalization ratio as follows· common stock equity (common stock equity + preferred stock + gross debt) Gross debt is the sum of long-term debt, short-term debt and current maturities. *http://www.sec.gov/divisions/investment/opur/filing/35-27812.htm*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*AGL Resources: Consolidated Capitalization*			
2	*(In Millions of $)*			
3	*Capital Structure Components As Of:*	*2003: Dec 31*	*2002: Dec 31*	*2001: Dec 31*
4	*Short-Term Debt: Notes Due*	*$306*	*$389*	*$385*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$77*	*$30*	*$93*
6	*Long-Term Debt*	*$731*	*$767*	*$797*
7	*Trust Preferred Securities*	*$225*	*$227*	*$218*
8	*Common Equity*	*$945*	*$710*	*$690*
9	*Total*	*$2,285*	*$2,123*	*$2,183*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*13.4%*	*18.3%*	*17.6%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*3.4%*	*1.4%*	*4.3%*
14	*Long-Term Debt*	*32.0%*	*36.1%*	*36.5%*
15	*Trust Preferred Securities*	*9.9%*	*10.7%*	*10.0%*
16	*Common Equity*	*41.4%*	*33.4%*	*31.6%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*Atmos : Consolidated Capitalization*			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Sep 30*	*2002: Sep 30*	*2001: Sep 30*
4	*Short-Term Debt: Notes Due*	*$118,595*	*$145,791*	*$201,247*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$9,345*	*$21,980*	*$20,695*
6	*Long-Term Debt*	*$863,918*	*$670,463*	*$692,399*
7	*Common Equity*	*$857,517*	*$573,235*	*$583,864*
8	*Preferred*		*$0*	*$0*
9	*Total*	*$1,849,375*	*$1,411,469*	*$1,498,205*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*6.4%*	*10.3%*	*13.4%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*0.5%*	*1.6%*	*1.4%*
14	*Long-Term Debt*	*46.7%*	*47.5%*	*46.2%*
15	Common Equity	*46.4%*	*40.6%*	*39.0%*
16	*Preferred*	*0.0%*	*0.0%*	*0.0%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*KeySpan Corp : Consolidated Capitalization*			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Dec 31*	*2002: Dec 31*	*2001: Dec 31*
4	*Short-Term Debt: Notes Due*	*$481,900*	*$915,697*	*$1,048,450*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$1,471*	*$11,413*	*$993*
6	*Long-Term Debt*	*$5,611,432*	*$5,224,081*	*$4,697,649*
7	*Common Equity*	*$3,661,948*	*$2,944,592*	*$2,890,602*
8	*Preferred*	*$83,568*	*$83,849*	*$84,077*
9	*Total*	*$9,840,319*	*$9,179,632*	*$8,721,771*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*4.9%*	*10.0%*	*12.0%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*0.0%*	*0.1%*	*0.0%*
14	*Long-Term Debt*	*57.0%*	*56.9%*	*53.9%*
15	*Common Equity*	*37.2%*	*32.1%*	*33.1%*
16	*Preferred*	*0.8%*	*0.9%*	*1.0%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	***LaClede Group: Consolidated Capitalization***			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Sep 30*	*2002: Sep 30*	*2001: Sep 30*
4	*Short-Term Debt: Notes Due*	*$218,200*	*$161,670*	*$117,050*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$15,361*	*$24,832*	*$79*
6	*Long-Term Debt*	*$259,625*	*$259,545*	*$284,459*
7	*Common Equity*	*$299,072*	*$285,766*	*$288,085*
8	*Preferred*	*$46,258*	*$1,266*	*$1,588*
9	*Total*	*$838,516*	*$733,079*	*$691,261*
10				
11	***RATIOS:***			
12	*Short-Term Debt: Notes Due*	*26.0%*	*22.1%*	*16.9%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*1.8%*	*3.4%*	*0.0%*
14	*Long-Term Debt*	*31.0%*	*35.4%*	*41.2%*
15	Common Equity	*35.7%*	*39.0%*	*41.7%*
16	*Preferred*	*5.5%*	*0.2%*	*0.2%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*New Jersey Resources : Consolidated Capitalization*			
2	*(In Millions of $)*			
3	*Capital Structure Components As Of:*	*2002: Sep 30*	*2002: Sep 30*	*2001: Sep 30*
4	*Short-Term Debt: Notes Due*	185	$60	$86
5	*Short-Term Debt: Current Portion of Long-Term Debt*	2.5	$27	$1
6	*Long-Term Debt*	258	$371	$354
7	*Common Equity*	419	$361	$352
8	*Preferred*	0	0.295	0.298
9	*Total*	864.5	$819	$792
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	21.4%	7.3%	10.8%
13	*Short-Term Debt: Current Portion of Long-Term Debt*	0.3%	3.3%	0.1%
14	*Long-Term Debt*	29.8%	45.3%	44.7%
15	*Common Equity*	48.5%	44.1%	44.5%
16	*Preferred*	0.0%	0.0%	0.0%
17	*Total*	100.0%	100.1%	100.1%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*NICOR : Consolidated Capitalization*			
2	*(In Millions of $)*			
3	*Capital Structure Components As Of:*	*2003: Dec 31*	*2002: Dec 31*	*2001: Dec 31*
4	*Short-Term Debt: Notes Due*	*$575*	*$315*	*$277*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*0*	*$100*	*0*
6	*Long-Term Debt*	*$497*	*$396*	*$446*
7	*Common Equity*	*$755*	*$728*	*$704*
8	*Preferred*	*$0*	*$4*	*$6*
9	*Total*	*$1,827*	*$1,544*	*$1,434*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*31.5%*	*20.4%*	*19.3%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*0.0%*	*6.5%*	*0.0%*
14	*Long-Term Debt*	*27.2%*	*25.7%*	*31.1%*
15	*Common Equity*	*41.3%*	*47.2%*	*49.1%*
16	*Preferred*	*0.0%*	*0.3%*	*0.4%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*Northwest Natural Gas : Consolidated Capitalization*			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Dec 31*	*2002: Dec 31*	*2001: Dec 31*
4	*Short-Term Debt: Notes Due*	*$85,200*	*$69,802*	*$108,291*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$0*	*$20,000*	*$40,000*
6	*Long-Term Debt*	*$500,319*	*$445,945*	*$378,377*
7	*Common Equity*	*$506,316*	*$483,103*	*$468,161*
8	*Preferred*	*$0*	*$8,250*	*$34,000*
9	*Total*	*$1,091,835*	*$1,027,100*	*$1,028,829*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*7.8%*	*6.8%*	*10.5%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*0.0%*	*1.9%*	*3.9%*
14	*Long-Term Debt*	*45.8%*	*43.4%*	*36.8%*
15	*Common Equity*	*46.4%*	*47.0%*	*45.5%*
16	*Preferred*	*0.0%*	*0.8%*	*3.3%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*Peoples Energy Corporation : Consolidated Capitalization*			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Sep 30*	*2002: Sep 30*	*2001: Sep 30*
4	*Short-Term Debt: Notes Due*	*$207,949*	*$287,871*	*$507,454*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$0*	*$90,000*	*$100,000*
6	*Long-Term Debt*	*$744,345*	*$554,014*	*$644,308*
7	*Common Equity*	*$847,999*	*$806,324*	*$798,614*
8	*Preferred*	*$0*	*$0*	*$0*
9	*Total*	*$1,800,293*	*$1,738,209*	*$2,050,376*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*11.6%*	*16.6%*	*24.7%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*0.0%*	*5.2%*	*4.9%*
14	*Long-Term Debt*	*41.3%*	*31.9%*	*31.4%*
15	Common Equity	*47.1%*	*46.4%*	*38.9%*
16	*Preferred*	*0.0%*	*0.0%*	*0.0%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*Piedmont: Consolidated Capitalization*			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Sep 30*	*2002: Sep 30*	*2001: Sep 30*
4	*Short-Term Debt: Notes Due*	*$555,059*	*$46,500*	*$32,000*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$2,000*	*$47,000*	*$2,000*
6	*Long-Term Debt*	*$460,000*	*$462,000*	*$509,000*
7	*Common Equity*	*$630,195*	*$589,596*	*$560,379*
8	*Preferred*	*$0*	*$0*	*$0*
9	*Total*	*$1,647,254*	*$1,145,096*	*$1,103,379*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*33.7%*	*4.1%*	*2.9%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*0.1%*	*4.1%*	*0.2%*
14	*Long-Term Debt*	*27.9%*	*40.3%*	*46.1%*
15	*Common Equity*	*38.3%*	*51.5%*	*50.8%*
16	*Preferred*	*0.0%*	*0.0%*	*0.0%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*Southwest Gas: Consolidated Capitalization*			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Dec 31*	*2002: Dec 31*	*2001: Dec 31*
4	*Short-Term Debt: Notes Due*	$52,000	$53,000	$93,000
5	*Short-Term Debt: Current Portion of Long-Term Debt*	$6,435	$8,705	$307,641
6	*Long-Term Debt*	$1,221,164	$1,152,148	$856,351
7	*Common Equity*	$630,467	$596,167	$561,200
8	*Preferred*	$0	$0	$0
9	*Total*	$1,910,066	$1,810,020	$1,818,192
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	2.7%	2.9%	5.1%
13	*Short-Term Debt: Current Portion of Long-Term Debt*	0.3%	0.5%	16.9%
14	*Long-Term Debt*	63.9%	63.7%	47.1%
15	**Common Equity**	33.0%	32.9%	30.9%
16	*Preferred*	0.0%	0.0%	0.0%
17	*Total*	100.0%	100.0%	100.0%

DETERMINATION OF COMMON EQUITY RATIOS AND CAPITAL STRUCTURE FOR COMPARABLE COMPANIES

1	*WGL Holdings : Consolidated Capitalization*			
2	*(In Thousands of $)*			
3	*Capital Structure Components As Of:*	*2003: Sep 30*	*2002: Sep 30*	*2001: Sep 30*
4	*Short-Term Debt: Notes Due*	*$166,662*	*$90,865*	*$134,052*
5	*Short-Term Debt: Current Portion of Long-Term Debt*	*$12,180*	*$42,238*	*$48,179*
6	*Long-Term Debt*	*$636,650*	*$667,951*	*$584,370*
7	*Common Equity*	*$818,218*	*$766,403*	*$788,253*
8	*Preferred*	*$28,173*	*$28,173*	*$28,173*
9	*Total*	*$1,661,883*	*$1,595,630*	*$1,583,027*
10				
11	*RATIOS:*			
12	*Short-Term Debt: Notes Due*	*10.0%*	*5.7%*	*8.5%*
13	*Short-Term Debt: Current Portion of Long-Term Debt*	*0.7%*	*2.6%*	*3.0%*
14	*Long-Term Debt*	*38.3%*	*41.9%*	*36.9%*
15	*Common Equity*	*49.2%*	*48.0%*	*49.8%*
16	*Preferred*	*1.7%*	*1.8%*	*1.8%*
17	*Total*	*100.0%*	*100.0%*	*100.0%*

SUMMARY OF CAPITAL STRUCTURE

Capital Structure Based On 10 Comparable Companies

RATIOS

Capital Structure Components As Of:	*2003*	*2002*	*2001*	*3 Yr Average*
Short-Term Debt: Notes Due	*15.6%*	*10.6%*	*12.4%*	*12.9%*
Short-Term Debt: Current Portion of Long-Term Debt	*0.4%*	*2.9%*	*3.0%*	*2.1%*
Long-Term Debt	*40.9%*	*43.2%*	*41.5%*	*41.9%*
Common Equity	*42.3%*	*42.9%*	*42.3%*	*42.5%*
Preferred	*0.8%*	*0.4%*	*0.7%*	*0.6%*
Total	*100.0%*	*100.0%*	*100.0%*	*100.0%*

SUMMARY OF CAPITAL STRUCTURE

Capital Structure Based On 10 Comparable Companies
RATIOS

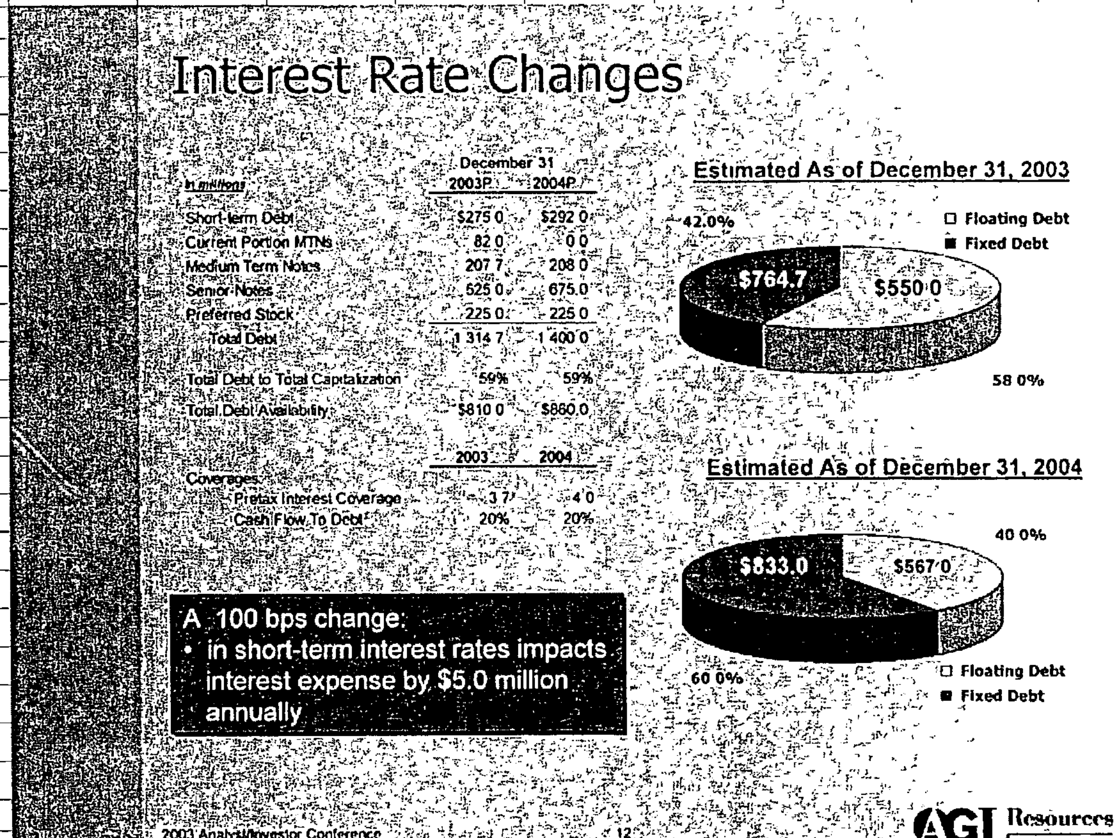
Capital Structure Components As Of:	*2003*	*2002*	*2001*	*3 Yr Average*
Short-Term Debt: Notes Due	*15.6%*	*10.6%*	*12.4%*	*12.9%*
Short-Term Debt: Current Portion of Long-Term Debt	*0.4%*	*2.9%*	*3.0%*	*2.1%*
Long-Term Debt	*40.9%*	*43.2%*	*41.5%*	*41.9%*
Common Equity	*42.3%*	*42.9%*	*42.3%*	*42.5%*
Preferred	*0.8%*	*0.4%*	*0.7%*	*0.6%*
Total	*100.0%*	*100.0%*	*100.0%*	*100.0%*

Docket No 04 00034
Exhibit CAPD SB___
Direct Testimony___
Schedule 5 ______
Page 1 of 1______

AGL RESOURCES CAPITAL STRUCTURE PRESENTED AT INVESTORS CONFERENCE OF NOV 17-18, 2003

Balances From The Slide		
Capital Type	2003P	2004P
Short-Term	275 0	292 0
Current Debt Due	82 0	0 0
All Other Debt	732 7	883 0
Preferred	225 0	225 0
Total Shown	1314 7	1400 0
Equity - Not Shown	913 6	972 9
Grand Total	2228 3	2372 9

Percentages Based On the Slide		
Capital Type	2003P	2004P
Short-Term	12 3%	12 3%
Current Debt Due	3 7%	0 0%
All Other Debt	32 9%	37 2%
Preferred	10 1%	9 5%
Total Shown	59 0%	59 0%
Equity - Not Shown	41 0%	41 0%
Grand Total	100 0%	100 0%

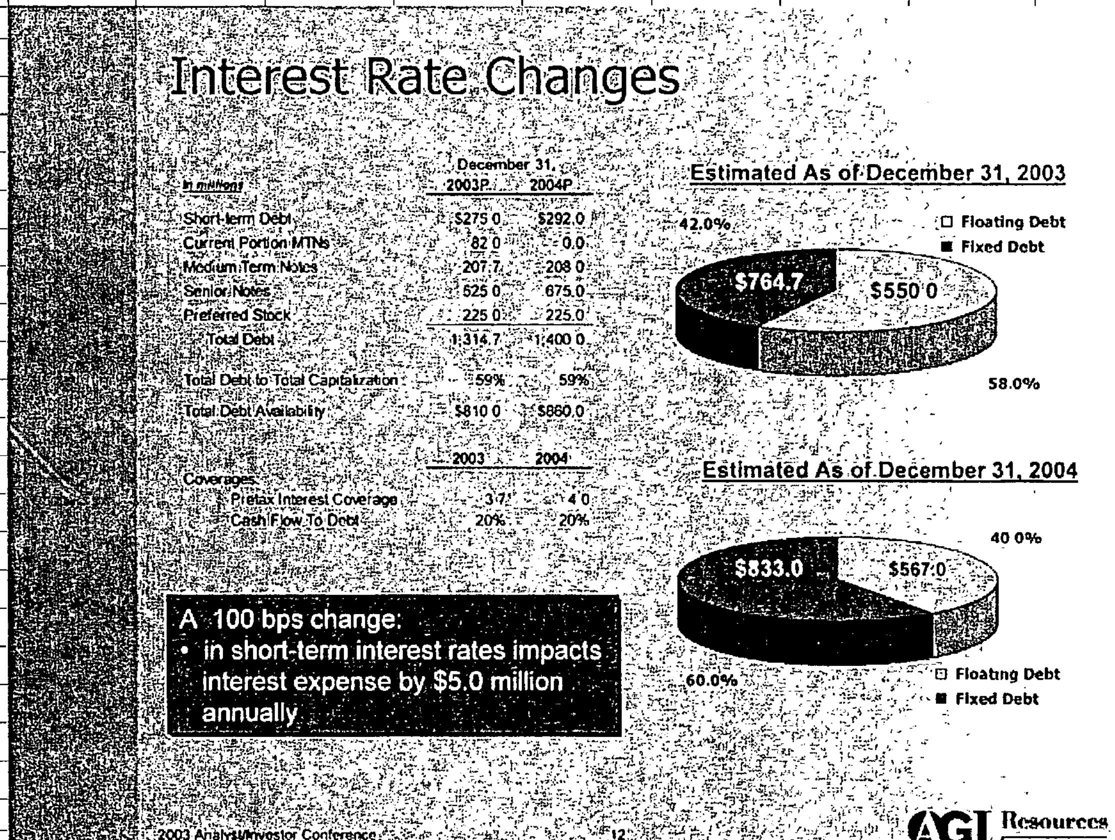


Results From CAPD Comparable Companies - 3 Yr Average	
Capital Type	
Short-Term	12 9%
Long-Term Debt And Preferred	44 6%
Equity	42 5%
Grand Total	100 0%

AGL RESOURCES CAPITAL STRUCTURE PRESENTED AT INVESTORS CONFERENCE OF NOV 17-18, 2003

Balances From The Slide		
Capital Type	2003P	2004P
Short-Term	275 0	292 0
Current Debt Due	82 0	0 0
All Other Debt	732.7	883.0
Preferred	225 0	225 0
Total Shown	1314.7	1400 0
Equity - Not Shown	913 6	972 9
Grand Total	2228.3	2372 9

Percentages Based On the Slide		
Capital Type	2003P	2004P
Short-Term	12 3%	12 3%
Current Debt Due	3.7%	0 0%
All Other Debt	32 9%	37 2%
Preferred	10 1%	9.5%
Total Shown	59 0%	59 0%
Equity - Not Shown	41.0%	41 0%
Grand Total	100 0%	100 0%



Results From CAPD Comparable Companies - 3 Yr Average	
Capital Type	
Short-Term	12 9%
Long-Term Debt And Preferred	44 6%
Equity	42 5%
Grand Total	100 0%

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Atmos Energy Corporation

We have audited the accompanying consolidated balance sheets of Atmos Energy Corporation as of September 30, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended September 30, 2003

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atmos Energy Corporation at September 30, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2003

ERNST & YOUNG LLP

Dallas, Texas

10-Nov-03

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of KeySpan Corporation

We have audited the accompanying Consolidated Balance Sheets of KeySpan Corporation and subsidiaries (the Company) as of December 31, 2003 and 2002, and the related Consolidated Statements of Income, Retained Earnings, Comprehensive Income, Capitalization, and Cash Flows for each of the two years in the period ended December 31, 2003

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the KeySpan Corporation and subsidiaries as of December 31, 2003 and 2002

/s/Deloitte & Touche LLP

18-Feb-04

New York, New York

Independent Auditors' Report

To the Board of Directors and Shareholders of The Laclede Group, Inc

We have audited the consolidated balance sheets and statements of consolidated capitalization of The Laclede Group, Inc and its subsidiaries ("the Company") as of September 30, 2003 and 2002, and the related statements of consolidated income, common shareholder' equity, comprehensive income, and cash flows for each of the three years in the period ended September 30, 2003

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Laclede Group, Inc and its subsidiaries as of September 30, 2003 and 2002

DELOITTE & TOUCHE LLP

St Louis, Missouri

18-Nov-03

To the Shareholders and Board of Directors of Nicor Inc

We have audited the accompanying consolidated balance sheets and statements of capitalization of Nicor Inc and subsidiaries (the Company) as of December 31, 2003 and 2002, and the related consolidated statements of operations, common equity, comprehensive income, and cash flows for each of the three years in the period ended December 31, 2003 We believe that our audits provide a reasonable basis for our opinion

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Nicor Inc and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003

DELOITTE & TOUCHE LLP
Chicago, Illinois February 19, 2004

To the Shareholders and Board of Directors of New Jersey Resources Corporation

We have audited the consolidated financial statements of New Jersey Resources Corporation (the "Corporation") as of September 30, 2003 and 2002, and for each of the three years in the period ended September 30, 2003, and have issued our report thereon dated October 28, 2003 This consolidated financial statement schedule is the responsibility of the Corporation's management Our responsibility is to express an opinion based on our audits In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein

DELOITTE & TOUCHE LLP Parsippany, New Jersey October 28, 2003

To the Board of Directors and Shareholders of
Northwest Natural Gas Company

In our opinion, the consolidated financial statements listed in the accompanying table of contents present fairly, in all material respects, the financial position of Northwest Natural Gas Company and its subsidiaries (the "Company") at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003
/s/PricewaterhouseCoopers LLP

Portland, Oregon

26-Feb-04

To Shareholders of Peoples Energy Corporation

We have audited the accompanying consolidated balance sheets and consolidated capitalization statements of Peoples Energy Corporation and subsidiary companies (the Company) at September 30, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2003

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peoples Energy Corporation and subsidiary companies at September 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2003

DELOITTE & TOUCHE LLP Chicago, Illinois December 10, 2003

Independent Auditors' Report

To the Board of Directors and Stockholders of Piedmont Natural Gas Company, Inc
Charlotte, North Carolina

We have audited the accompanying consolidated balance sheets of Piedmont Natural Gas Company, Inc and subsidiaries ("Piedmont") as of October 31, 2003 and 2002, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended October 31, 2003 Our audits also included the financial statement schedule listed in the Index at Item 15 These financial statements and financial statement schedule are the responsibility of Piedmont's management Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Piedmont at October 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2003

/s/ DELOITTE & TOUCHE LLP

09-Jan-04

To the Shareholders of
Southwest Gas Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Southwest Gas Corporation and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for the years ended December 31, 2003 and 2002 in conformity

PricewaterhouseCoopers LLP
Los Angeles, California

11-Mar-04

To the Board of Directors and Shareholders of WGL Holdings, Inc and Washington Gas Light Company

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of WGL Holdings, Inc and subsidiaries and the separate balance sheets and statements of capitalization of Washington Gas Light Company (the Companies) as of September 30, 2003 and 2002, and the related statements of income, common shareholders' equity, cash flows and income taxes for the years then ended Our audits also included the financial statement schedules listed in the Index at Item 15 under Schedule II for the years ended September 30, 2003 and 2002 These financial statements and financial statement schedules are the responsibility of the Companies' management Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits

We believe that our audits provide a reasonable basis for our opinion
In our opinion, such 2003 and 2002 financial statements present fairly, in all material respects, the consolidated financial position of WGL Holdings, Inc and subsidiaries and the financial position of Washington Gas Light Company as of September 30, 2003 and 2002

DELOITTE & TOUCHE LLP
McLean, Virginia

05-Dec-03

AT RICHMOND, SEPTEMBER 27, 2002

2002 SEP 27 P 2:53

APPLICATION OF

VIRGINIA NATURAL GAS, INC.,
AGL RESOURCES INC., and
AGL SERVICES COMPANY

CASE NO. PUE-2002-00515

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

ORDER GRANTING AUTHORITY

On September 17, 2002, Virginia Natural Gas, Inc. ("VNG"), AGL Resources, Inc., ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia requesting authority for VNG to participate in the AGLR Money Pool, to issue long-term debt, and to issue and sell common stock to an affiliate. The amount of short-term debt proposed in the application exceeds twelve percent of capitalization as defined in § 56-65.1 of the Code of Virginia. Applicants have paid the requisite fee of $250.

2) VNG is authorized to issue long-term debt to AGLR in an amount not to exceed $250,000,000 and to issue and sell common stock to AGLR in an amount not to exceed $300,000,000, for the period extending from October 1, 2002, through December 31, 2003, under the terms and conditions and for the purposes set forth in the application.

3) Approval of this application shall have no implications for ratemaking purposes.

4) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right pursuant to § 56-79 of the Code of Virginia to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

COMMONWEALTH OF VIRGINIA
BEFORE THE
STATE CORPORATION COMMISSION

Application of

VIRGINIA NATURAL GAS, INC.,
Principal Applicant, and

Case No. PUE02-00515

AGL RESOURCES INC. and
AGL SERVICES COMPANY,
Affiliate Applicants

For Authority to Issue Short-Term Debt, Long-Term Debt and Common Stock to an Affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia

APPLICATION FOR AUTHORITY TO ISSUE SHORT-TERM DEBT, LONG-TERM DEBT AND COMMON STOCK TO AFFILIATE UNDER CHAPTERS 3 AND 4, TITLE 56 OF THE CODE OF VIRGINIA

12. Because the proposed financing transactions will be private transactions, expenses relating to the proposed financing program will be de minimis and will be borne by the Applicants.

13. VNG's Condensed Financial Statements dated as of June 30, 2002

B) Even though the rate of interest to be used for the long-term debt is not known at this time, it will be lower than VNG could expect to obtain on its own were it not affiliated with AGLR.

C) There is no market price for VNG's common stock from which to make any meaningful comparisons with book value.

PARENT COMPANY LOAN TO SUBSIDIARY
SEC FORM U-6B-2

U-6B-2 1 aglrformu6b2 htm U-6B-2

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D C 20549

Form U-6B-2
Certificate of Notification

Filed by AGL Resources Inc
On behalf of Virginia Natural Gas, Inc

Filed by a registered holding company or subsidiary thereof pursuant to Rule 52 adopted under the Public Utility Holding Company Act of 1935

This certificate is notice that Virginia Natural Gas, Inc , a subsidiary of AGL Resources Inc , a registered holding company, has issued, renewed or guaranteed the security or securities described herein which issue, renewal or guaranty was exempted from the provisions of section 6(a) of the Act and was neither the subject of a declaration or application on Form U-1, nor included within the exemption provided by Rule U-48

1
Type of security or securities
Subordinated unsecured promissory note

2
Issue, renewal or guaranty
Issue

3
Principal amount of each security
$20,312,763 00

4
Rate of interest per annum of each security
8 30%

5
Date of issue, renewal or guaranty of each security
15-Jul-01

6
If renewal of security, give date of original issue
N/A

7
Date of maturity of each security
15-Jul-31

8
Name of the person to whom each security was issued, renewed or guaranteed
AGL Resources Inc

9
Collateral given with each security, if any
N/A

10
Consideration received for each security
The note is in respect of dividends declared by Virginia Natural Gas, Inc payable to AGL Resources Inc

11
Application of proceeds of each security
The proceeds of the note will be used in the ordinary course of business

12
Indicate by a check after the applicable statement below whether the issue, renewal or guaranty of each security was exempt from the provision of Section 6(a) because of
(a) the provisions contained in the first sentence of Section 6(b)
(b) the provisions contained in the fourth sentence of Section 6(b)
(c) the provisions contained in any rule of the Commission other than Rule U-48 [X]

13
If the security or securities were exempt from the provisions of Section 6(a) by virtue of the first sentence of Section 6(b), give the figures which indicate that the security or securities aggregate (together with all other then outstanding notes and drafts of a maturity of nine months or less, exclusive of days of grace, as to which such company is primarily or secondarily liable) not more than 5 per centum of the principal amount and par value of the other securities of such company then outstanding
N/A

14
If the security or securities are exempt from the provisions of Section 6(a) because of the fourth sentence of Section 6(b), name the security outstanding on January 1, 1935, pursuant to the term of which the security or securities herein described have been issued
N/A

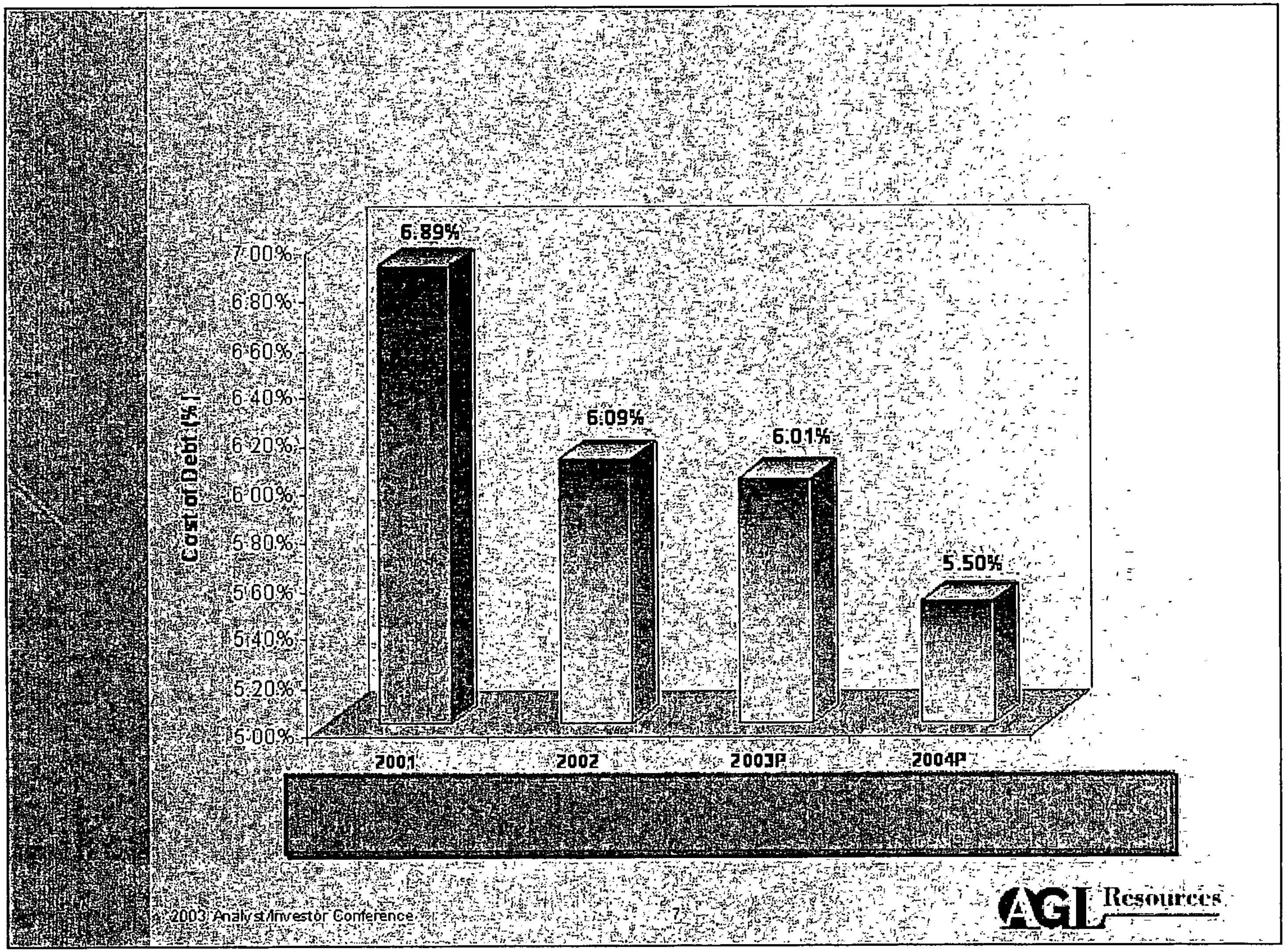
15
If the security or securities are exempt from the provisions of Section 6(a) because of any rule of the Commission other than Rule U-48, designate the rule under which exemption is claimed
Rule 52(a)

Virginia Natural Gas, Inc
Title President

Date July 25, 2003

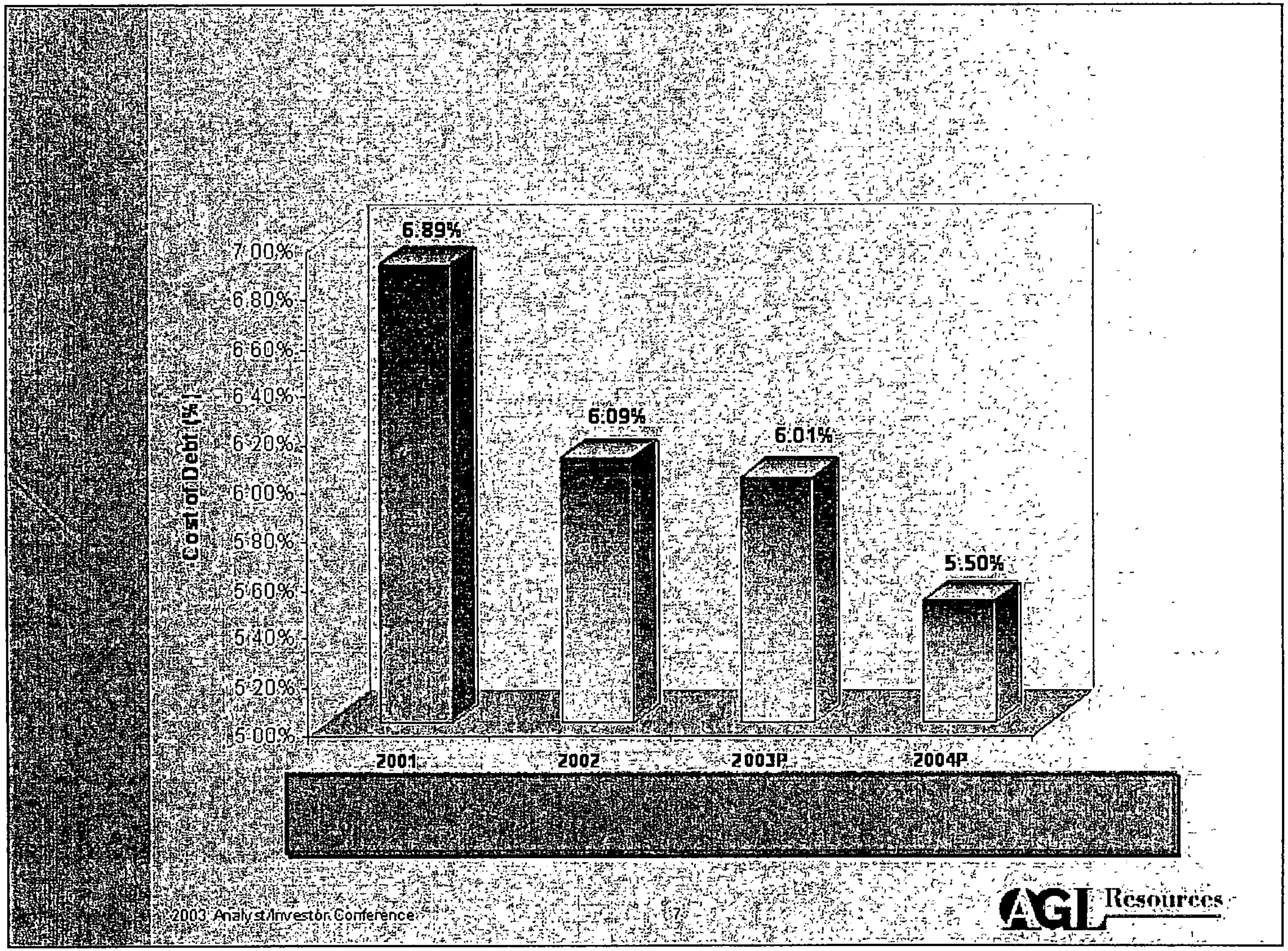
Docket No 04 00034
Exhibit CAPD SB____
Direct Testimony___
Schedule 9 ______
Page 1 of 1______

AGL RESOURCES DECLINING COST OF DEBT PRESENTED AT INVESTORS CONFERENCE OF NOV 17-18, 2003



Docket No 04 00034
Exhibit CAPD SB____
Direct Testimony___
Schedule 9 ______
Page 1 of 1______

AGL RESOURCES DECLINING COST OF DEBT PRESENTED AT INVESTORS CONFERENCE OF NOV 17-18, 2003



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Schedule 10 ______
Page 1 of 3_______

TENNESSEE PUBLIC SERVICE COMMISSION
CORDELL HULL BUILDING
NASHVILLE, TENNESSEE 37219

JANE ESKIND, CHAIRMAN
FRANK COCHRAN, COMMISSIONER
KEITH BISSELL, COMMISSIONER

BOB DAVIS, EXECUTIVE DIRECTOR
HENRY M. WALKER, GENERAL COUNSEL

July 3, 1985

IN RE: PETITION OF TENNESSEE-AMERICAN WATER COMPANY TO PLACE INTO EFFECT A REVISED TARIFF

DOCKET NO. U-83-7226

ON REMAND

PETITION OF TENNESSEE-AMERICAN WATER COMPANY TO PLACE INTO EFFECT A REVISED TARIFF

DOCKET NO. U-85-7338

O R D E R

Attached hereto is a copy of the Commission's order dated July 3, 1985 relating to the above captioned docket.

Sincerely,

Bob Davis

Bob Davis
Executive Director

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Schedule 10 ______
Page 1 of 3_______

TENNESSEE PUBLIC SERVICE COMMISSION

CORDELL HULL BUILDING
NASHVILLE, TENNESSEE 37219

July 3, 1985

IN RE: PETITION OF TENNESSEE-AMERICAN WATER COMPANY TO PLACE INTO EFFECT A REVISED TARIFF

DOCKET NO. U-83-7226

ON REMAND

PETITION OF TENNESSEE-AMERICAN WATER COMPANY TO PLACE INTO EFFECT A REVISED TARIFF

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Sincerely,

Bob Davis

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Executive Director

The Commission adopts the double leverage capital structure advocated by Dr. Westfield for setting rates in this case. Dr. Westfield has used the double leverage capital structure for the Company as of December 31, 1984 because this capital structure contains the latest balance sheet data based on the actual accounts of the Company. Tr. 354-55. He did not use the Company's projected capital structure for the year ending June 30, 1986 because this projected capital structure was based on a projection of the Company's future earnings and dividends. Tr. 355. Future earnings are not known until the Commission makes a decision in this case. The parent company's desire for dividends as opposed to retained earnings may also affect the projected capital structure. Dr. Westfield testified that the capitalization ratios of a company the size of Tennessee-American may fluctuate over time because of major new financing, especially bonds and preferred stock. Tr. 355. Therefore, we conclude that the December 31, 1984 capital structure of Dr. Westfield based on the latest balance sheet data available will serve as an appropriate target capitalization ratio for setting rates in this case.

The Company argues that the Commission should reject double leverage and ignore the parent-subsidiary relationship between AWWC and the Company. Dr. Morin testified that the Commission should pretend that Tennessee-American's equity capital is raised in the marketplace, and using AWWC and other comparable companies as surrogates for the Company, try to guess what the market cost of the Company's equity capital would be if its stock were publicly traded.

The double leverage approach rejects this fiction. The Company does not sell its stock to the public; all of its stock is financed by its parent corporation, AWWC. Thus, the Company's cost of equity is not determined by "the impersonal forces of the financial market" but by "board room decisions made by a parent corporation which controls, to a great extent, the ultimate cost of a subsidiary's equity." *General Telephone Co. of the Southwest v. Public Utility Commission of Texas*, No. 13,491 (Ct. App. 1982). The double leverage approach recognizes the financial benefits of the Company's leveraged capital structure and allows the ratepayers to share in the advantages of the Company's parent-subsidiary relationship.

To ignore the effect of leverage at the parent level would result in the regulated utility's earning more than its cost of capital and would produce a windfall return for AWWC's stockholders in excess of the authorized return set by this Commission. All of the benefits of leverage would flow to the shareholders and none to the ratepayers. As Dr. Westfield testified:

> If Dr. Morin were to account for the amount of common equity investment for each of AWWC's subsidiaries using his method, he would end up with a total equity investment by AWWC's stockholders in the assets of the operating subsidiaries that is far greater than is their actual investment in these assets. The difference is accounted for by the assets financed with parent company debt and preferred stock. Furthermore, he would conclude that the cost of the common equity of all the subsidiaries, when priced at the cost of equity to AWWC, is substantially greater than it actually is. The amount is the difference between cost to the parent of common equity and the embedded cost of its debt and preferred stock that is actually incurred. With Dr. Morin's theory the rate payers of AWWC's subsidiaries are asked to pay for the cost of AWWC common stock that doesn't even exist. Tr. 359.

AGLR DISTRIBUTION SUBS
ACTUAL RETURN ON EQUITY - SEPT. 30 2002
PRESENTED AT CONFERENCE OF NOV 6-8, 2002

SLIDE 12 OF:

AGL Resources

Analyst Conference

November 6-8, 2002

Miami, Florida

Authorized Versus Actual Returns

[The following information is presented in graphic format]

AGL Resources Utility Operations

Return on Equity 12 Months Ended September 30, 2002

	Percent of Return	
	Authorized	Actual
AGLC	12 00 (1) 11 00 (1)	11 85 (2)
CGC	11 06	10.53
VNG	10 9	8 73 (3)

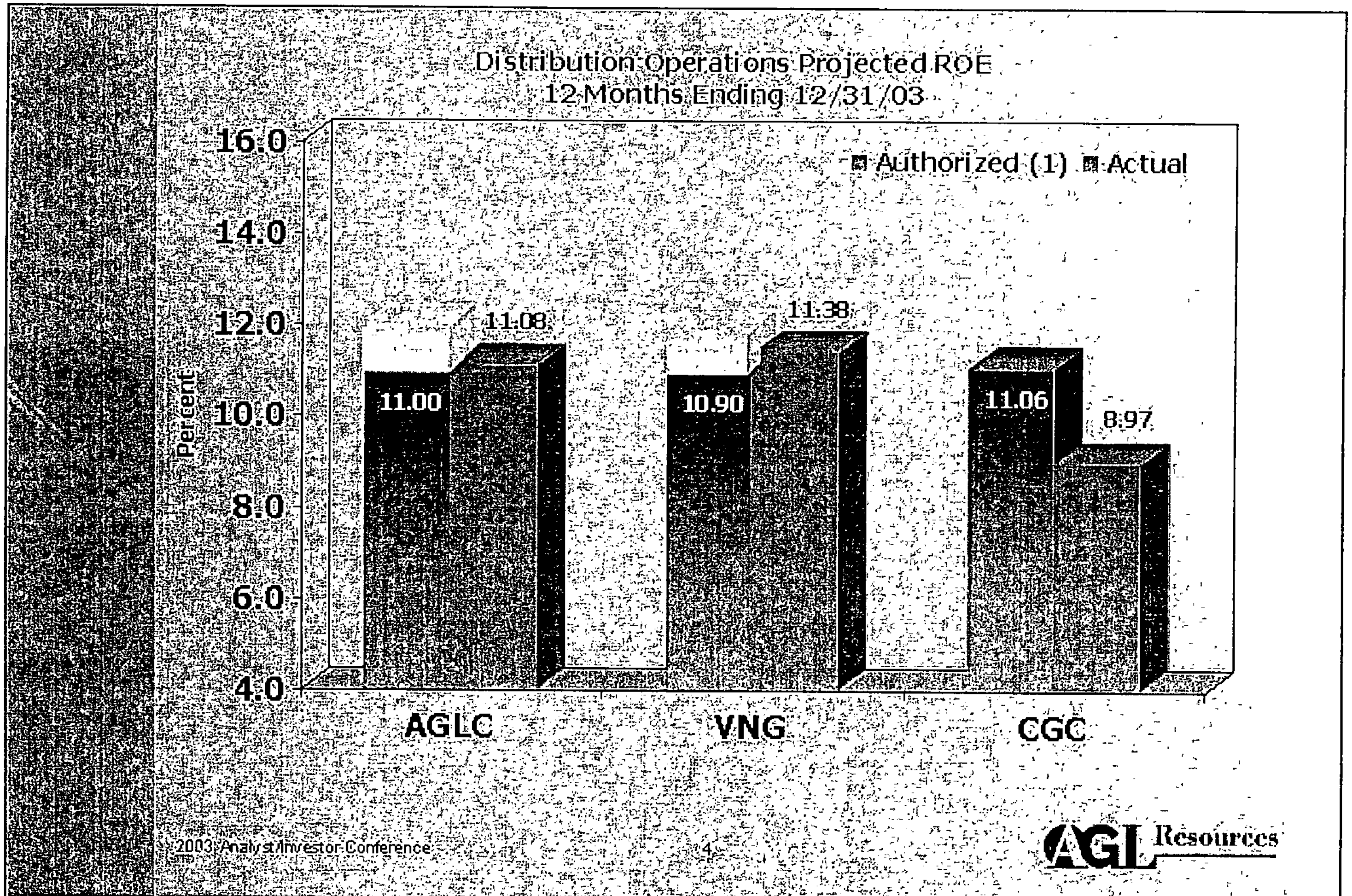
(1) The authorized ROE is 11 00% The top of the earnings band is 12 00%. The Company can also include 1/2 of VNG Synergies in calculating the return prior to sharing

(2) Represents 5 months under new rates and 7 months under previous rates

(3) Based on actual weather

Docket No 04 00034
Exhibit CAPD SB___
Direct Testimony___
Schedule 12 _____
Page 1 of 1_____

AGLR DISTRIBUTION SUBS
RETURN ON EQUITY - DEC 31 2003
PRESENTED AT INVESTORS CONFERENCE NOV 17-18, 2003

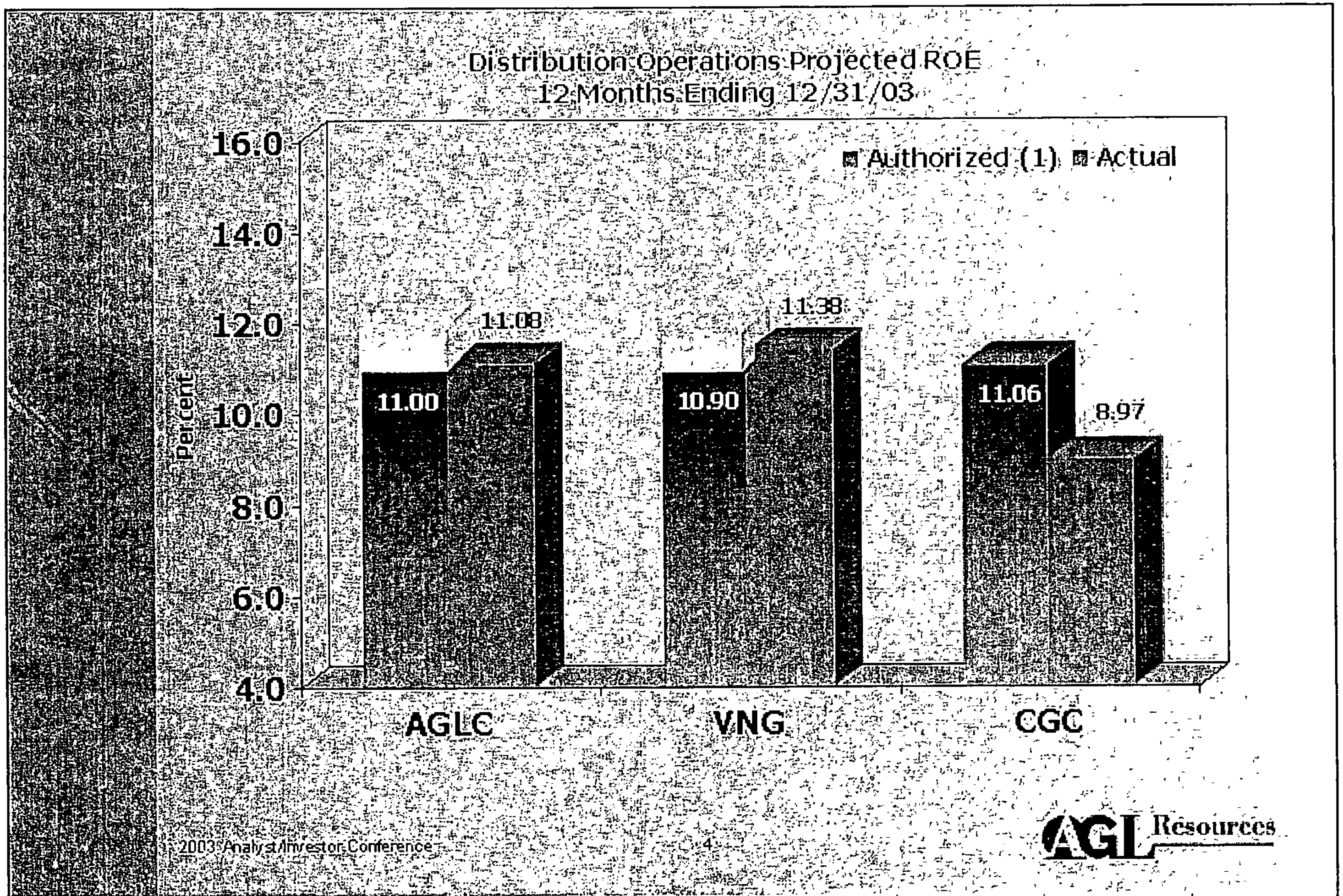


CAPD NOTE. The Title Below Appeared Later in the Slide Show

Rate Relief or No Rate Relief?

Docket No 04 00034
Exhibit CAPD SB____
Direct Testimony___
Schedule 12 _____
Page 1 of 1______

AGLR DISTRIBUTION SUBS
RETURN ON EQUITY - DEC 31 2003
PRESENTED AT INVESTORS CONFERENCE NOV 17-18, 2003



CAPD NOTE. The Title Below Appeared Later in the Slide Show

Rate Relief or No Rate Relief?

Virginia Natural Gas

Weather Normalization Adjustment

Experimental Program

Case No. PUE-2002-00237

Annual Report

Filed July 15, 2003

Docket No 04 00034
Exhibit CAPD SB___
Direct Testimony___
Schedule 14 _____
Page 1 of 1_____

VSCC WNA CASE

Virginia Natural Gas
Weather Normalization Adjustment Activity
(Credit to customers) + Surcharge to customers

	Billed
Oct 02	0
Nov 02	(150,740)
Dec 02	(1,528,270)
Jan 03	253,318
Feb 03	(1,545,054)
Mar 03	203,583
April 03	919,263
May 03	65,663
Total Billed WNA Credit	(1,782,237)
Plus - charge-offs	10,280
Less: Estimated WNA in accounts receivable as of May 31, 2003 net of estimated future charge-offs	185,962
Cash Outflow Resulting from of WNA through May 31, 2003	(1,957,919)

VSCC WNA CASE

Twelve Months Ended May 2003 for Jurisdictional Operations

	Actual Per Books Including Net WNA Credits to Customers	Adjusted to Exclude Net WNA Credits to Customers	Decrease Due to WNA
Return on Rate Base	8.91%	9.20%	-0.29%
Return on Equity	10.90%	11.46%	-0.56%

Note: Adjusted returns were calculated by removing the effect of the WNA credits, net of income taxes.

Derivation of AGL Resources
Cost of Short-Term Debt
Step 1 - Evidence From AGL's Past Performance

Analysis of AGL Resources Short-term Debt Cost - Source AGL Resources SEC form U-6B-2 Filed Mar 22 2001

Date	Amount in Millions	Interest Rate	Weighted Interest Rate	Date	Amount in Millions	Interest Rate	Weighted Interest Rate	Date	Amount in Millions	Interest Rate	Weighted Interest Rate	Date	Amount in Millions	Interest Rate	Weighted Interest Rate
06-Oct-00	10	6 60	0 06144%	01-Nov-00	11 3	6 80	0 12535%								
06-Oct-00	14	6 70	0 08732%	02-Nov-00	20	6 78	0 22121%	01-Dec-00	14 4	7 00	0 0943%	18-Dec-00	50	7 13	0 3335%
06-Oct-00	50	6 77	0 31512%	02-Nov-00	18	6 78	0 19909%	01-Dec-00	6	7 40	0 0415%	18-Dec-00	10	7 13	0 0667%
11-Oct-00	1	6 67	0 00621%	02-Nov-00	18	6 78	0 19909%	04-Dec-00	22	6 90	0 1420%	18-Dec-00	50	7 13	0 3335%
06-Oct-00	40	6 77	0 25209%	06-Nov-00	33	6 78	0 36499%	04-Dec-00	10	7 50	0 0702%	19-Dec-00	46	7 10	0 3055%
06-Oct-00	37	6 77	0 23319%	06-Nov-00	24	6 82	0 26701%	04-Dec-00	15	7 50	0 1052%	19-Dec-00	3	8 00	0 0225%
06-Oct-00	20	6 77	0 12605%	08-Nov-00	2 5	6 80	0 02773%	05-Dec-00	18	7 20	0 1212%	19-Dec-00	10	8 00	0 0748%
06-Oct-00	35	6 77	0 22058%	09-Nov-00	5	6 75	0 05506%	05-Dec-00	16 5	7 15	0 1104%	19-Dec-00	3	8 00	0 0225%
16-Oct-00	25	6 86	0 15965%	09-Nov-00	10	6 78	0 11060%	06-Dec-00	6 7	7 60	0 0476%	20-Dec-00	6	7 10	0 0399%
17-Oct-00	24	6 72	0 15014%	09-Nov-00	5	6 75	0 05506%	06-Dec-00	13 331	7 55	0 0942%	20-Dec-00	50	7 10	0 3321%
18-Oct-00	25	6 60	0 15360%	10-Nov-00	5	6 75	0 05506%	06-Dec-00	20	7 35	0 1375%	20-Dec-00	20	8 20	0 1534%
16-Oct-00	11 5	6 83	0 07312%	09-Nov-00	10	6 75	0 11011%	07-Dec-00	1	7 35	0 0069%	20-Dec-00	2	8 10	0 0152%
13-Oct-00	40	6 75	0 25135%	09-Nov-00	10	6 78	0 11060%	08-Dec-00	7 5	7 00	0 0491%	20-Dec-00	25	8 20	0 1918%
19-Oct-00	25	6 65	0 15477%	13-Nov-00	25	6 78	0 27651%	08-Dec-00	7 5	7 55	0 0530%	21-Dec-00	13	7 10	0 0863%
23-Oct-00	3 5	6 65	0 02167%	13-Nov-00	50	6 78	0 55302%	11-Dec-00	4	7 65	0 0286%	21-Dec-00	23	8 10	0 1743%
06-Oct-00	10	6 80	0 06330%	13-Nov-00	36	6 78	0 39817%	11-Dec-00	50	7 40	0 3461%	21-Dec-00	10	8 10	0 0758%
06-Oct-00	40	6 80	0 25321%	13-Nov-00	15	6 78	0 16591%	11-Dec-00	45	7 35	0 3094%	21-Dec-00	15	8 10	0 1137%
06-Oct-00	29 3	6 80	0 18548%	15-Nov-00	21 5	6 79	0 23815%	11-Dec-00	21	7 33	0 1440%	21-Dec-00	2 9	8 05	0 0218%
13-Oct-00	30	6 77	0 18907%	16-Nov-00	0 5	6 80	0 00555%	11-Dec-00	25	7 33	0 1714%	21-Dec-00	6	8 00	0 0449%
06-Oct-00	25 7	6 80	0 16269%	16-Nov-00	3	6 80	0 03328%	11-Dec-00	50	7 33	0 3428%	22-Dec-00	25	8 10	0 1894%
10-Oct-00	20	6 80	0 12661%	16-Nov-00	25	6 80	0 27732%	12-Dec-00	12	7 20	0 0808%	22-Dec-00	1	8 10	0 0076%
06-Oct-00	10	6 80	0 06330%	16-Nov-00	35	6 80	0 38825%	12-Dec-00	25 195	7 50	0 1768%	22-Dec-00	15 5	8 10	0 1174%
06-Oct-00	30	6 80	0 18991%	16-Nov-00	13	6 80	0 14421%	12-Dec-00	5	7 60	0 0355%	22-Dec-00	1	8 00	0 0075%
06-Oct-00	1	6 80	0 00633%	20-Nov-00	14 5	6 80	0 16085%	12-Dec-00	1	7 32	0 0068%	26-Dec-00	5 1	8 10	0 0386%
06-Oct-00	25	6 80	0 15826%	20-Nov-00	12	6 80	0 13312%	13-Dec-00	40	7 08	0 2649%	26-Dec-00	10 5	8 10	0 0796%
06-Oct-00	71	6 80	0 44945%	20-Nov-00	12	6 80	0 13312%	14-Dec-00	3	7 95	0 0223%	26-Dec-00	3	8 10	0 0227%
20-Oct-00	20	6 77	0 12605%	22-Nov-00	6 5	6 80	0 07210%	14-Dec-00	2	7 95	0 0149%	26-Dec-00	9 7	8 15	0 0740%
06-Oct-00	3	6 80	0 01899%	22-Nov-00	45 5	6 80	0 50473%	14-Dec-00	5	7 97	0 0373%	26-Dec-00	3	8 10	0 0227%
06-Oct-00	20	6 80	0 12661%	28-Nov-00	50	6 80	0 55465%	15-Dec-00	50	7 97	0 3728%	27-Dec-00	25	8 10	0 1894%
06-Oct-00	50	6 80	0 31651%	28-Nov-00	10	6 80	0 11093%	15-Dec-00	10	7 97	0 0746%	27-Dec-00	0 618	8 10	0 0047%
06-Oct-00	18 575	6 80	0 11759%	29-Nov-00	12	6 95	0 13605%					27-Dec-00	2	8 10	0 0152%
10-Oct-00	20	6 80	0 12661%	29-Nov-00	20	6 89	0 22480%					27-Dec-00	1 51	8 10	0 0114%
10-Oct-00	20	6 80	0 12661%	29-Nov-00	30	6 90	0 33768%					27-Dec-00	2 564	8 10	0 0194%
12-Oct-00	15 5	6 78	0 09783%	30-Nov-00	5	7 35	0 05995%					27-Dec-00	12	8 00	0 0898%
06-Oct-00	50	6 80	0 31651%	Mo Total	613		6 80931%					27-Dec-00	4 5	8 00	0 0337%
06-Oct-00	0 425	6 80	0 00269%									28-Dec-00	50	8 10	0 3789%
06-Oct-00	50	6 80	0 31651%									28-Dec-00	14	8 10	0 1061%
12-Oct-00	5	6 78	0 03156%									28-Dec-00	1 941	8 10	0 0147%
12-Oct-00	15	6 78	0 09468%									28-Dec-00	30	8 00	0 2245%
12-Oct-00	20	6 78	0 12623%									Mo Total	1069		7 5575%
13-Oct-00	30	6 78	0 18935%												
06-Oct-00	20	6 80	0 12661%									GRAND TOTA	2756		7 0876%
23-Oct-00	3 2	6 77	0 02017%												
25-Oct-00	7 5	6 77	0 04727%												
27-Oct-00	14	6 78	0 08836%												
31-Oct-00	10	6 80	0 06330%												
31-Oct-00	10	6 80	0 06330%												
31-Oct-00	19	6 80	0 12028%												
Mo Total	1,074		6 77752%												

Docket No 04 00034
Exhibit CAPD SB___
Direct Testimony___
Schedule 17 ___
Page 1 of 1___

Derivation of AGL Resources Cost of Short-Term Debt
Step 2 - AGL Past Performance Compared to FRB Data

Released By Federal Reserve Board on 04/05/2004					
Rate of interest in money and capital markets					
Federal Reserve System					
Short-term or money market					
Private securities					
Commercial Paper					
Thirty-day maturity	Sixty-day maturity	Ninety-day maturity	Thirty-day maturity	Sixty-day maturity	Ninety-day maturity
Released on 04/05/2004	Released on 04/05/2004	Released on 04/05/2004	Released on 04/05/2004	Released on 04/05/2004	Released on 04/05/2004
cp1m	cp2m	cp3m	cp1m	cp2m	cp3m
----	----	----	----	----	----
09/1997 5 49	09/1997 5 48	09/1997 5 48	01/2001 5 74	01/2001 5 59	01/2001 5 49
10/1997 5 49	10/1997 5 48	10/1997 5 51	02/2001 5 39	02/2001 5 25	02/2001 5 14
11/1997 5 53	11/1997 5 59	11/1997 5 60	03/2001 5 02	03/2001 4 87	03/2001 4 78
12/1997 5 78	12/1997 5 71	12/1997 5 67	04/2001 4 71	04/2001 4 54	04/2001 4 44
01/1998 5 46	01/1998 5 44	01/1998 5 42	05/2001 4 06	05/2001 3 98	05/2001 3 93
02/1998 5 47	02/1998 5 44	02/1998 5 42	06/2001 3 82	06/2001 3 73	06/2001 3 67
03/1998 5 51	03/1998 5 49	03/1998 5 46	07/2001 3 71	07/2001 3 63	07/2001 3 59
04/1998 5 49	04/1998 5 48	04/1998 5 46	08/2001 3 54	08/2001 3 47	08/2001 3 42
05/1998 5 49	05/1998 5 49	05/1998 5 48	09/2001 2 96	09/2001 2 87	09/2001 2 81
06/1998 5 51	06/1998 5 50	06/1998 5 48	10/2001 2 40	10/2001 2 30	10/2001 2 28
07/1998 5 51	07/1998 5 50	07/1998 5 48	11/2001 2 03	11/2001 2 00	11/2001 1 97
08/1998 5 50	08/1998 5 50	08/1998 5 48	12/2001 1 84	12/2001 1 79	12/2001 1 78
09/1998 5 44	09/1998 5 37	09/1998 5 31	01/2002 1 70	01/2002 1 69	01/2002 1 70
10/1998 5 14	10/1998 5 08	10/1998 5 04	02/2002 1 76	02/2002 1 76	02/2002 1 79
11/1998 5 00	11/1998 5 14	11/1998 5 06	03/2002 1 78	03/2002 1 82	03/2002 1 86
12/1998 5 24	12/1998 5 12	12/1998 5 00	04/2002 1 76	04/2002 1 77	04/2002 1 81
01/1999 4 80	01/1999 4 78	01/1999 4 77	05/2002 1 75	05/2002 1 76	05/2002 1 78
02/1999 4 80	02/1999 4 80	02/1999 4 79	06/2002 1 74	06/2002 1 74	06/2002 1 76
03/1999 4 82	03/1999 4 82	03/1999 4 81	07/2002 1 74	07/2002 1 74	07/2002 1 75
04/1999 4 79	04/1999 4 78	04/1999 4 79	08/2002 1 72	08/2002 1 70	08/2002 1 70
05/1999 4 79	05/1999 4 80	05/1999 4 81	09/2002 1 73	09/2002 1 72	09/2002 1 72
06/1999 4 95	06/1999 4 98	06/1999 4 98	10/2002 1 72	10/2002 1 70	10/2002 1 70
07/1999 5 06	07/1999 5 08	07/1999 5 11	11/2002 1 34	11/2002 1 35	11/2002 1 36
08/1999 5 18	08/1999 5 23	08/1999 5 25	12/2002 1 31	12/2002 1 32	12/2002 1 31
09/1999 5 28	09/1999 5 29	09/1999 5 32	01/2003 1 25	01/2003 1 26	01/2003 1 26
10/1999 5 28	10/1999 5 30	10/1999 5 88	02/2003 1 24	02/2003 1 25	02/2003 1 26
11/1999 5 37	11/1999 5 82	11/1999 5 81	03/2003 1 21	03/2003 1 20	03/2003 1 19
12/1999 5 97	12/1999 5 91	12/1999 5 87	04/2003 1 22	04/2003 1 21	04/2003 1 20
01/2000 5 59	01/2000 5 67	01/2000 5 74	05/2003 1 21	05/2003 1 20	05/2003 1 19
02/2000 5 76	02/2000 5 81	02/2000 5 87	06/2003 1 06	06/2003 1 03	06/2003 1 01
03/2000 5 93	03/2000 5 96	03/2000 6 00	06/2003 1 06	06/2003 1 03	06/2003 1 01
04/2000 6 02	04/2000 6 06	04/2000 6 11	07/2003 1 01	07/2003 1 02	07/2003 1 01
05/2000 6 40	05/2000 6 47	05/2000 6 54	08/2003 1 03	08/2003 1 03	08/2003 1 04
06/2000 6 53	06/2000 6 55	06/2000 6 57	09/2003 1 02	09/2003 1 03	09/2003 1 04
07/2000 6 49	07/2000 6 50	07/2000 6 52	10/2003 1 02	10/2003 1 02	10/2003 1 05
08/2000 6 47	08/2000 6 48	08/2000 6 49	11/2003 1 02	11/2003 1 05	11/2003 1 06
09/2000 6 48	09/2000 6 47	09/2000 6 47	12/2003 1 03	12/2003 1 05	12/2003 1 05
10/2000 6 48	10/2000 6 48	10/2000 6 51	01/2004 0 99	01/2004 1 01	01/2004 1 01
11/2000 6 49	11/2000 6 52	11/2000 6 50	02/2004 0 99	02/2004 1 01	02/2004 1 01
12/2000 6 51	12/2000 6 42	12/2000 6 34			
			Average 12 Months Ending 02/2004 30, 60, and 90 days as a group	1 156%	
Av Comm Paper Rate For Period Covering AGL Reporting in March 2001 SEC U-6B-2 Form	6 47%		Average Comm Paper Rate Paid By AGL In Per March 2001 Report SEC U-6B-2 Form	7.08%	
AGLR Short-term Debt Cost: 1.156*(7.08/6.47)=1 265					

AGL Resources
Has Not Applied Preferred Stock To
VNG's Capital Structure

Exhibit A – Case No PUF01 ____
Financing Summary
Virginia Natural Gas, Inc , et al
Page 5 of 5

ITEM 4: IMPACT ON COMPANY

A) Change in capital structure due to issue: See Exhibit C
B) Change in interest coverage due to issue: See Exhibit D

Exhibit C - Case No PUF01_____
Pro Forma Change in Capital Structure
Virginia Natural Gas, Inc , et al.
Page 1 of 2

Capital Structure Table
As of June 30, 2002
(Dollars in Millions)

	Consolidated AGL Resources Inc.		VNG		Pro-forma VNG*	
	Amount	Percent to Total	Amount	Percent to Total	Amount	Percent to Total
Short-Term Debt	$324.5	15.3%	($40.1)	-7 7%	$100 0	18 7%
Current portion of LT Debt	48 0	2 3%	-	0.0%	-	0 0%
Long-Term Debt	797 0	37 5%	180 3	34 6%	250 0	46 7%
Preferred Stock	220.5	10.4%	-	0 0%	-	0 0%
Common Stockholders' Equity	734 8	34 6%	380 4	73 1%	185 4	34 6%
Total Capitalization	$2,124.8	100 0%	$520 6	100 0%	$535 4	100 0%

*Reflects net increase in interest expense due to change in money pool payable to $100 0 million at 1 8% interest, reduction of money pool receivable, increase in long-term debt of $69 7 million at 7 125% interest, removal of interest income of $1 0 million, tax effect of 39 1%

Exhibit A – Case No. PUF01 ____
Financing Summary
Virginia Natural Gas, Inc , et al
Page 3 of 5

Debt And/Or Preferred Stock Financing: Long-Term Debt Issue

AGL Resources
Has Not Applied Preferred Stock To VNG's Capital Structure

Virginia Natural Gas

5100 East Virginia Beach Blvd
Norfolk Virginia 23502-3488
(757) 466 5400

December 5, 2003

Mr Joel H Peck, Clerk
Virginia State Corporation Commission
Tyler Building
Document Control Center
1300 East Main Street
Richmond, Virginia 23218

APPLICATION FOR AUTHORITY TO ISSUE SHORT-TERM DEBT, LONG-TERM DEBT AND COMMON STOCK TO AFFILIATE UNDER CHAPTERS 3 AND 4, TITLE 56 OF THE CODE OF VIRGINIA

CASE No PUE03-548

Dear Mr Peck

Enclosed for filing by Virginia Natural Gas, Inc ("VNG") are one original and four copies of an Application for authority under Chapters 3 and 4 of Title 56 of the Code of Virginia to engage in certain financing transactions, including the issuance of securities to affiliates for the period January 1, 2004 to December 31, 2004

THE APPLICANTS

1 VNG is a Virginia public service corporation providing natural gas service to customers in its service territory in Virginia VNG is a wholly owned subsidiary of AGLR VNG's corporate address is

Virginia Natural Gas, Inc
5100 East Virginia Beach Boulevard
Norfolk, Virginia 23502
(757) 466-5502 (phone)

2 AGLR is a Georgia corporation operating as the holding company for natural gas distribution companies Atlanta Gas Light Company and Chattanooga Gas Company, and for interests in several non-utility subsidiaries and joint ventures AGL Services Company is a Georgia corporation and a wholly owned subsidiary of AGLR AGLR is a registered "holding company" under the Public Utility Holding Company Act of 1935 Act ("1935 Act") and is subject to regulation as such by the Securities and Exchange Commission ("SEC") AGLR's corporate address is

Exhibit C - Case No PUE03-___
Pro Forma Change in Capital Structure
Virginia Natural Gas, Inc , et al
Page 1 of 2

Capital Structure Table
As of June 30, 2003
(Dollars in Millions)

	Consolidated AGL Resources Inc		VNG		Pro forma VNG*	
	Amount	Percent to Total	Amount	Percent to Total	Amount	Percent to Total
Short-Term Debt	$147 5	7 1%	($42 9)	-8 1%	$100 0	18 3%
Current portion of LT Debt	95 3	4 6%	-	0 0%	-	0 0%
Long-Term Debt	696 8	33 8%	180 3	34 2%	250 0	45 7%
Preferred Stock	228 3	11 1%	-	0 0%	-	0 0%
Total Debt	1,167 9	56 6%	137 4	26 0%	350 0	64 0%
Common Stockholders' Equity	895 9	43 4%	390 3	73 9%	196 5	36 0%
Total Capitalization	$2 063 8	100 0%	$527 7	100 0%	$546 5	100 0%

*Reflects net increase in interest expense due to change in money pool payable to $100 0 million at 1 5% interest reduction of money pool receivable increase in long term debt of $69 7 million at 4 45% interest, removal of interest income of $1 0 million tax effect of 38 0%

The Market's Judgment:
Length of Time Investors Hold Stock
Before Selling

Company Name	Company Ticker	Stock Outstanding Listed In Most Recent 10-K	On March 26, 2004 - - 100% TurnOver Since:	
AGL	ATG	63,700,000	02/24/2003	
Atmos	ATO	46,496,000	03/21/2003	
Keyspan	KSE	159,232,000	02/27/2003	
LaClede Group	LG	19,022,000	08/10/2001	
New Jersey Resources	NJR	27,127,000	09/16/2002	
NICOR	GAS	44,011,206	08/18/2003	
Northwest	NWN	26,061,000	09/27/2002	
Piedmont	PNY	33,441,000	02/05/2003	
Peoples	PGL	36,689,968	05/21/2003	
Southwest	SWX	34,232,000	03/05/2002	
WGL	WGL	48,612,000	11/29/2002	

Trading and Pricing History
Last Full Trading Week of March 2004
AGL Resources and Comparable Companies

Company	Ticker	Date	Prices High	Low	Close	Shares Traded
AGL Resources	ATG	03/26/2004	28 23	28 05	28 06	136200
AGL Resources	ATG	03/25/2004	28 24	28 01	28 10	143500
AGL Resources	ATG	03/24/2004	28 49	28 04	28 04	108900
AGL Resources	ATG	03/23/2004	28 47	28 27	28 37	182000
AGL Resources	ATG	03/22/2004	28 59	28 26	28 27	166700
ATMOS	ATO	03/26/2004	25 24	25 05	25 14	147700
ATMOS	ATO	03/25/2004	25 38	25 07	25 25	165100
ATMOS	ATO	03/24/2004	25 47	25 18	25 18	193800
ATMOS	ATO	03/23/2004	25 64	25 38	25 40	222600
ATMOS	ATO	03/22/2004	25 87	25 36	25 49	318000
NICOR	GAS	03/26/2004	35 62	35 28	35 44	221200
NICOR	GAS	03/25/2004	35 72	35 44	35 54	258500
NICOR	GAS	03/24/2004	35 93	35 47	35 62	236400
NICOR	GAS	03/23/2004	36 15	35 75	35 76	199500
NICOR	GAS	03/22/2004	36 28	35 92	36 00	149500
KEYSPAN	KSE	03/26/2004	37 61	37 28	37 35	433600
KEYSPAN	KSE	03/25/2004	37 53	37 24	37 42	379500
KEYSPAN	KSE	03/24/2004	37 50	37 15	37 33	435300
KEYSPAN	KSE	03/23/2004	37 58	37 25	37 32	402600
KEYSPAN	KSE	03/22/2004	37 85	37 23	37 43	421400
LaClede Group	LG	03/26/2004	30 04	29 70	29 80	30000
LaClede Group	LG	03/25/2004	30 15	29 82	30 00	44700
LaClede Group	LG	03/24/2004	30 30	29 90	30 00	43600
LaClede Group	LG	03/23/2004	30 43	30 05	30 25	41000
LaClede Group	LG	03/22/2004	30 32	29 80	30 13	55100
New Jersey Resources	NJR	03/26/2004	37 40	37 11	37 19	92000
New Jersey Resources	NJR	03/25/2004	37 22	37 05	37 16	123000
New Jersey Resources	NJR	03/24/2004	37 13	36 90	36 96	157300
New Jersey Resources	NJR	03/23/2004	37 28	37 03	37 10	149700
New Jersey Resources	NJR	03/22/2004	37 26	36 81	37 02	205300
Northwest Natural Gas	NWN	03/26/2004	31 37	31 10	31 23	42300
Northwest Natural Gas	NWN	03/25/2004	31 36	31 06	31 29	40300
Northwest Natural Gas	NWN	03/24/2004	31 33	31 10	31 15	52800
Northwest Natural Gas	NWN	03/23/2004	31 47	31 20	31 20	35900
Northwest Natural Gas	NWN	03/22/2004	31 75	31 12	31 12	58400
Peoples	PGL	03/26/2004	43 85	43 59	43 59	99000
Peoples	PGL	03/25/2004	43 95	43 64	43 70	95100
Peoples	PGL	03/24/2004	44 37	43 72	43 79	143600
Peoples	PGL	03/23/2004	44 40	44 00	44 03	109900
Peoples	PGL	03/22/2004	44 78	44 17	44 23	169600
Piedmont	PNY	03/26/2004	41 38	41 00	41 28	80300
Piedmont	PNY	03/25/2004	41 40	40 70	41 30	89900
Piedmont	PNY	03/24/2004	41 47	41 07	41 21	94600
Piedmont	PNY	03/23/2004	41 50	41 10	41 13	98300
Piedmont	PNY	03/22/2004	42 15	41 68	41 70	114000
SouthWest	SWX	03/26/2004	23 00	22 85	22 92	76400
SouthWest	SWX	03/25/2004	23 02	22 85	22 89	82300
SouthWest	SWX	03/24/2004	23 12	22 82	22 90	68500
SouthWest	SWX	03/23/2004	23 25	22 90	23 00	71300
SouthWest	SWX	03/22/2004	23 20	22 81	23 07	96400
WGL Holding Co	WGL	03/26/2004	29 76	29 39	29 39	80400
WGL Holding Co	WGL	03/25/2004	29 79	29 40	29 76	67700
WGL Holding Co	WGL	03/24/2004	29 88	29 32	29 32	135300
WGL Holding Co	WGL	03/23/2004	29 75	29 50	29 69	95500
WGL Holding Co	WGL	03/22/2004	29 74	29 39	29 49	133000

Equity Returns in the United States: 12 Months Ending February 2004

Range of ROE In Percent	Number of Stocks In Range	Percent of Total	Cumulative Percent
Less than Zero*	1730	31%	31%
Zero to 1	117	2%	33%
1 TO 2	142	3%	36%
2 TO 3	113	2%	38%
3 TO 4	134	2%	40%
4 TO 5	165	3%	43%
5 TO 6	186	3%	47%
6 TO 7	181	3%	50%
7 TO 8	191	3%	54%
8 TO 9	217	4%	57%
9 TO 10	208	4%	61%
10 TO 11	223	4%	65%
11 TO 12	222	4%	69%
12 TO 13	225	4%	73%
13 TO 14	180	3%	77%
14 TO 15	177	3%	80%
Above 15	1114	20%	100%
Total	5525		

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Comparison of Current Dividend Yields: MorningStar Data Vs. Value Line's Data

	MorningStar Current Div Yields April 30, 2004	Value Line Div Yields From Dr Morin's Exhibits RAM-5 and RAM-6
ATO	4.90%	5 00%
KSE	4 90%	5 10%
LG	4 90%	4 60%
NJR	4.90%	3 40%
GAS	5 50%	5 50%
NWN	4.40%	4 30%
PNY	4 40%	5.30%
PGL	5 10%	4 00%
SWX	3.60%	3 70%
WGL	3 60%	4 80%
Average	4 62%	4 57%
Grand Average	4 60%	

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

Atmos Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991	0.80				
1992	0 83	3.75%			
1993	0 85	2.41%			
1994	0 88	3.53%			
1995	0 92	4 55%			
1996	0 98	6 52%	4 14%		
1997	1 01	3 06%	4 00%		
1998	1 06	4 95%	4 51%		
1999	1.10	3.77%	4 56%		
2000	1 14	3.64%	4 38%		
2001	1 16	1 75%	3.43%	3 79%	
2002	1.18	1 72%	3.16%	3.58%	
2003	1.20	1 69%	2.51%	3.51%	9.00%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

Nicor Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991	1.1200				
1992	1 1800	5.36%			
1993	1.2200	3 39%			
1994	1 2600	3.28%			
1995	1 2800	1.59%			
1996	1.3200	3.13%	3.34%		
1997	1 4000	6.06%	3.48%		
1998	1.4800	5 71%	3 94%		
1999	1 5600	5 41%	4.36%		
2000	1 6600	6 41%	5.34%		
2001	1 7600	6.02%	5.92%	4.62%	
2002	1 8400	4.55%	5.62%	4.54%	
2003	1.8600	1 09%	4.68%	4 31%	3.00%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

KeySpan Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991					
1992					
1993					
1994					
1995	1 78				
1996	1.78	0.00%			
1997	1.78	0 00%			
1998	1.19	-33 15%			
1999	1.78	49 58%			
2000	1 78	0 00%			
2001	1.78	0 00%	0.00%		
2002	1.78	0.00%	0.00%		
2003	1 78	0.00%	8 39%		7.50%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

Laclede Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991					
1992					
1993					
1994					
1995					
1996					
1997	1.3000				
1998	1 3200	1 54%			
1999	1.3400	1.52%			
2000	1.3400	0 00%			
2001	1 3400	0 00%			
2002	1 3400	0.00%	0.61%		
2003	1.3400	0.00%	0 30%		5 50%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

New Jersey Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991	1 00				
1992	1 01	1 33%			
1993	1 01	0.00%			
1994	1 01	0.00%			
1995	1.01	0.00%			
1996	1.03	1 97%	0 66%		
1997	1 07	3 23%	1 03%		
1998	1 09	2 50%	1.53%		
1999	1.12	2.44%	2 02%		
2000	1.15	2.68%	2 56%		
2001	1 17	1.74%	2.52%	1 58%	
2002	1.20	2.56%	2.38%	1 71%	
2003	1 24	3 33%	2.55%	2 04%	8 50%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

Northwest Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991					
1992	1 1470				
1993	1.1670				
1994	1.1730				
1995	1 1800				
1996	1 2000				
1997	1 2050		0.99%		
1998	1.2200	1 24%	0 89%		
1999	1 2250	0.41%	0.87%		
2000	1.2400	1 22%	1.00%		
2001	1 2450	0 40%	0 74%		
2002	1.2600	1 20%	0.90%	0.94%	
2003	1 2700	0 79%	0 81%	0 85%	5 00%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

Peoples Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991	1.7050				
1992	1 7500	2.64%			
1993	1.7750	1 43%			
1994	1 7950	1 13%			
1995	1 8000	0 28%			
1996	1 8300	1.67%	1 43%		
1997	1 8700	2.19%	1 34%		
1998	1 9100	2 14%	1.48%		
1999	1.9500	2.09%	1.67%		
2000	1 9900	2.05%	2 03%		
2001	2.0300	2 01%	2.10%	1.76%	
2002	2.0700	1 97%	2 05%	1.69%	
2003	2.1100	1.93%	2 01%	1.74%	4 00%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

Piedmont Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991	0 87				
1992	0 91	4 60%			
1993	0 97	6.04%			
1994	1.03	6 22%			
1995	1 09	5.85%			
1996	1 15	5.53%	5.65%		
1997	1 21	5.24%	5.78%		
1998	1 28	6 22%	5.81%		
1999	1 36	6 25%	5.82%		
2000	1 44	5.88%	5.82%		
2001	1.52	5 56%	5 83%	5 74%	
2002	1 59	4 28%	5 64%	5 71%	
2003	1.65	3 79%	5.15%	5 48%	7 50%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

Southwest Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991					
1992					
1993					
1994					
1995	0 82				
1996	0.82	0.00%			
1997	0 82	0 00%			
1998	0.82	0.00%			
1999	0.82	0 00%			
2000	0.82	0 00%			
2001	0 82	0 00%	0.00%		
2002	0.82	0.00%	0 00%		
2003	0 82	0.00%	0.00%		9 50%

Comparison of Dividend Growth History: To Value Line's Projected Growth Rate

WGL Dividend History					
	Annual Dividends	Increase From Prior Year	Five Yr Compound Growth Rate	Ten Yr Compound Growth Rate	Value Line Growth Rate From Exhibit RAM-6
1991	1.0500				
1992	1 0700				
1993	1 0850				
1994	1.1050				
1995	1.1175				
1996	1 1350	1.57%			
1997	1.1700	3 08%			
1998	1.1950	2 14%			
1999	1 2150	1.67%			
2000	1.2350	1.65%			
2001	1 2550	1 62%	2.03%	1 80%	
2002	1 2675	1.00%	1 61%	1.71%	
2003	1 2775	0 79%	1.34%	1 65%	7 00%

Sources of Dividend Growth History:

Sources. Company SEC Form Filed YYYY MM DD

ATMOS ENERGY SEC 10-K 2003 11 15
ATMOS ENERGY SEC 10-K405 2000 11 15
ATMOS ENERGY SEC 10-K405 1995 12 12
KEYSPAN CORP SEC 10-K 2000 03 10
KEYSPAN CORP SEC 10-K 2004 03 11 01
LACLEDE GROUP SEC 10-K 2003 11 21
LACLEDE GROUP SEC 10-K405 2001 12 21
NEW JERSEY SEC 10-K 1995 12 29
NEW JERSEY SEC 10-K 2003 12 16 03
NEW JERSEY SEC 10-K405 1999 12 28
NICOR INC SEC 10-K 2004 02 20
NICOR INC SEC 10-K405 1995 03 24
NICOR INC SEC 10-K405 1999 03 19
NORTHWEST NATURAL SEC 10-K 1998 03 17
NORTHWEST NATURAL SEC 10-K 1999 03 29
NORTHWEST NATURAL SEC 10-K 2004 03 09 01
NORTHWEST NATURAL SEC 10-K405 1997 02 24
PEOPLES ENERGY SEC 10-K 1999 12 22 01
PEOPLES ENERGY SEC 10-K 2003 12 11
PEOPLES ENERGY SEC 10-K405 1995 12 21
PIEDMONT SEC SEC 10-K 2004 01 12
PIEDMONT SEC SEC 10-K405 1995 01 12
PIEDMONT SEC SEC 10-K405 2000 01 24
SOUTHWEST GAS SEC 10-K 2004 03 12 01
SOUTHWEST GAS SEC 10-K 2004 03 12 03
WASHINGTON GAS SEC 10-K 1997 12 19
WASHINGTON GAS SEC 10-K405 1995 12 14
WGL HOLDINGS SEC 10-K 2001 12 20 01
WGL HOLDINGS SEC 10-K A 2004 01 26 01

History of Value Line Forecasting:

Date of Value Line Forecast				Forecasts:			
Yr	Mo	Day		Forecast Period	Forecasted Annual Earnings/Shr	Forecasted Annual Div/Shr	Forecasted PayOut Ratio
1994	4	1		97-99	2 8	2.26	80 71%
1994	7	1		97-99	2 8	2 26	80 71%
1994	9	30		97-99	2 8	2.26	80 71%
1994	12	30		97-99	2 8	2 24	80 00%
1995	3	31		98-00	3	2 3	76 67%
1995	6	30		98-00	2 95	2 24	75 93%
1995	9	29		98-00	3 2	2 26	70 63%
1995	12	29		98-00	1 65	1 18	71 52%
1996	3	29		99-01	1 75	1 24	70 86%
1996	6	28		99-01	1 8	1 26	70 00%
1996	9	27		99-01	1 8	1 26	70 00%
1996	12	27		99-01	1 8	1 26	70 00%
1997	3	28		00-02	1 9	1 3	68 42%
1997	6	27		00-02	1.9	1 3	68 42%
1997	9	26		00-02	1 9	1 3	68 42%
1997	12	26		00-02	1 7	1 15	67 65%
1998	3	27		01-03	1 7	1 15	67 65%
1998	6	26		01-03	1 65	1 15	69 70%
1998	9	25		01-03	1 65	1 15	69 70%
1998	12	25		01-03	1 65	1.15	69 70%
1999	3	26		02-04	1 9	1 2	63 16%
1999	6	25		02-04	1 9	1 2	63 16%
1999	9	24		02-04	1 85	1 2	64 86%
1999	12	24		02-04	1 7	1 15	67 65%
2000	3	24		03-05	1 65	1 15	69 70%
2000	6	23		03-05	1 75	1 15	65 71%
2000	9	22		03-05	1 7	1 15	67 65%
2000	12	22		03-05	1 7	1 15	67.65%
2001	3	23		04-06	1 7	1 15	67 65%
2001	6	22		04-06	1 85	1.15	62 16%
2001	9	21		04-06	2 05	1 16	56.59%
2001	12	21		04-06	2 05	1 15	56 10%
2002	3	22		05-07	2 1	1 16	55 24%
2002	6	21		05-07	2 1	1 16	55 24%
2002	9	20		05-07	2 1	1 08	51 43%
2002	12	20		05-07	2 1	1 08	51 43%
2003	3	21		06-08	2 1	1 08	51 43%
2003	6	20		06-08	2 15	1.12	52 09%
2003	9	23		06-08	2.25	1 12	49 78%
2003	12	19		06-08	2 25	1 12	49 78%

Error in Value Line Forecasting:

AGL Resources Actual Performance				Value Line Forecast 5-Yrs Earlier				Errors in Value Line Forecast 5-Yr Forecast		
Financial Period	Earnings per share	Dividends per share	Actual PayOut Ratio	Value Line Forecast For	Forecasted PayOut Ratio	Forecasted Annual Earnings/Shr	Forecasted Annual Div/Shr	Percent Error In Value Line PayOut Ratio Forecast	Percent Error In Value Line Earnings Forecast	Percent Error In Value Line Dividends Forecast
Fiscal 1994	1 17	1 04	88 89%							
Fiscal 1995	0 50	1 04	208 00%							
'Fiscal 1996	1 37	1 06	77 37%							
Fiscal 1997	1 37	1 08	78 83%							
Fiscal 1998	1 41	1 08	76 60%							
Fiscal 1999	1 30	1 08	83 08%	1999	80 71%	1 40	1 13	2 93%	7 69%	4 63%
Fiscal 2000	1 29	1 08	83 72%	2000	76 67%	1 50	1 15	9 20%	16 28%	6 48%
Fiscal 2001	1 63	1 08	66 26%	2001	70 86%	1 75	1 24	-6 49%	7 36%	14 81%
Calendar 2002	1 84	1 08	58 70%	2002	68 42%	1 90	1 30	-14 21%	3 26%	20 37%
Calendar 2003	2 03	1 11	54 68%	2003	67 65%	1 70	1 15	-19 17%	-16 26%	3 60%
					Average Forecast Error 99-02 ►			-2.14%	8.65%	11.57%
					Average Forecast Error 99-03 →			-5.55%	3.67%	9.98%

Comparison of Growth Rates: ZACK's and Yahoo

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Company Symbol	Zaks Growth Rate From Dr. Morin's Schedule RAM-5	*Yahoo Growth Rates
ATO	6 30%	4 00%
GAS	4.60%	3 00%
KSE	5 60%	5 00%
LG	3.00%	4 00%
NJR	6 30%	6 00%
NWN	4.20%	4 50%
PGL	4 00%	5 00%
PNY	5 20%	4 50%
SWX	5 50%	5 00%
WGL	3.90%	4 00%
Average	4 86%	4 50%
Grand Average		4 68%

* Yahoo Internet Path
http://finance yahoo com/q/ae?s=TickerSy

MARKET WIDE RATE OF RETURN: 1925-2002

Index of Returns To S & P 500 Companies

YEAR	S & P 500 Company Total Return Index For Year	Year-To-Year Percentage Change In S & P 500 Company Total Return Index	YEAR	S & P 500 Company Total Return Index For Year	Year-To-Year Percentage Change In S & P 500 Company Total Return Index
(1)	(2)	(3)	(4)	(5)	(6)
1925	1 00		1964	47 14	16 48%
1926	1 12	11 60%	1965	53 01	12 45%
1927	1 54	37 54%	1966	47 67	-10 06%
1928	2 20	43 58%	1967	59 10	23 98%
1929	2 02	-8 44%	1968	65 64	11 06%
1930	1 52	-24 88%	1969	60 06	-8 50%
1931	0 86	-43 34%	1970	62 47	4 01%
1932	0 79	-8 15%	1971	71 41	14 31%
1933	1 21	53 87%	1972	84 96	18 98%
1934	1 20	-1 40%	1973	72 50	-14 66%
1935	1 77	47 62%	1974	53 31	-26 47%
1936	2 37	33 96%	1975	73 14	37 20%
1937	1 54	-35 02%	1976	90 58	23 84%
1938	2 02	31 08%	1977	84 08	-7 18%
1939	2 01	-0 40%	1978	89 59	6 56%
1940	1 81	-9 76%	1979	106 11	18 44%
1941	1 60	-11 59%	1980	140 51	32 42%
1942	1 93	20 29%	1981	133 62	-4 91%
1943	2 43	25 95%	1982	162 22	21 41%
1944	2 91	19 74%	1983	198 74	22 51%
1945	3 97	36 44%	1984	211 20	6 27%
1946	3 65	-8 07%	1985	279 11	32 16%
1947	3 85	5 71%	1986	330 67	18 47%
1948	4 07	5 50%	1987	347 97	5 23%
1949	4 83	18 79%	1988	406 46	16 81%
1950	6 36	31 70%	1989	534 46	31 49%
1951	7 89	24 03%	1990	517 50	-3 17%
1952	9 34	18 36%	1991	675 59	30 55%
1953	9 24	-0 99%	1992	727 41	7 67%
1954	14 11	52 62%	1993	800 08	9 99%
1955	18 56	31 56%	1994	810 54	1 31%
1956	19 78	6 56%	1995	1113 92	37 43%
1957	17 65	-10 78%	1996	1370 95	23 07%
1958	25 30	43 36%	1997	1828 37	33 37%
1959	28 32	11 95%	1998	2350 89	28 58%
1960	28 46	0 47%	1999	2845 63	21 04%
1961	36 11	26 89%	2000	2586 52	-9 11%
1962	32 96	-8 73%	2001	2279 13	-11 88%
1963	40 47	22 80%	2002	1775 34	-22 10%
*Source Ibbotson Associates 2003 Yearbook			ACTUAL RETURN	▶ 10 20%	12 20%
Columns (2), (5) - From Table B-1					ARITHMETIC AVERAGE
Columns (3), (6) - From Table A-1					

RISK FREE RATE OF RETURN: 1925-2002

Index of Returns To Three-Month Treasury Bills

YEAR	T-Bill Total Return Index For Year	Year-To-Year Percentage Change In T-Bill Total Return Index	YEAR	T-Bill Total Return Index For Year	Year-To-Year Percentage Change In T-Bill Total Return Index
(1)	(2)	(3)	(4)	(5)	(6)
1925	1 00000		1964	1 76000	3 53%
1926	1 03300	3 30%	1965	1 82900	3 92%
1927	1 06500	3 10%	1966	1 91600	4 76%
1928	1 10300	3 57%	1967	1 99700	4 23%
1929	1 15500	4 71%	1968	2 10100	5 21%
1930	1 18300	2 42%	1969	2 23900	6 57%
1931	1 19600	1 10%	1970	2 38500	6 52%
1932	1 20700	0 92%	1971	2 49000	4 40%
1933	1 21100	0 33%	1972	2 58500	3 82%
1934	1 21300	0 17%	1973	2 76400	6 92%
1935	1 21500	0 16%	1974	2 98600	8 03%
1936	1 21700	0 16%	1975	3 15900	5 79%
1937	1 22100	0 33%	1976	3 31900	5 06%
1938	1 22100	0 00%	1977	3 48900	5 12%
1939	1 22100	0 00%	1978	3 74000	7 19%
1940	1 22100	0 00%	1979	4 12800	10 37%
1941	1 22200	0 08%	1980	4 59200	11 24%
1942	1 22500	0 25%	1981	5 26700	14 70%
1943	1 22900	0 33%	1982	5 82200	10 54%
1944	1 23300	0 33%	1983	6 33500	8 81%
1945	1 23700	0 32%	1984	6 95900	9 85%
1946	1 24200	0 40%	1985	7 49600	7 72%
1947	1 24800	0 48%	1986	7 95800	6 16%
1948	1 25800	0 80%	1987	8 39300	5 47%
1949	1 27200	1 11%	1988	8 92600	6 35%
1950	1 28700	1 18%	1989	9 67300	8 37%
1951	1 30600	1 48%	1990	10 42900	7 82%
1952	1 32800	1 68%	1991	11 01200	5 59%
1953	1 35200	1 81%	1992	11 39800	3 51%
1954	1 36400	0 89%	1993	11 72800	2 90%
1955	1 38500	1 54%	1994	12 18600	3 91%
1956	1 41900	2 45%	1995	12 86800	5 60%
1957	1 46400	3 17%	1996	13 53800	5 21%
1958	1 48600	1 50%	1997	14 25000	5 26%
1959	1 53000	2 96%	1998	14 94200	4 86%
1960	1 57100	2 68%	1999	15 64100	4 68%
1961	1 60400	2 10%	2000	16 56300	5 89%
1962	1 64800	2 74%	2001	17 19700	3 83%
1963	1 70000	3 16%	2002	17 48000	1 65%
*Source Ibbotson Associates 2002 Yearbook			Actual Return	► 3 79%	3 83%
Column (2) - From Table B-9					▲
Column (3) - From Table A-14					
Column (5) - From Table B-9					
Column (6) - From Table A-14				Arithmetic "Average" Return	

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CAPM RETURN

Risk Premium Suggested Rate Of Return

Company (Stock Exchange SYMBOL)	Debt Yield (a)	Beta Average April2003-Mar2004 (b)	Market Risk Premium = 10 20% - 3 79% (c)	Company Risk Premium (d)=(b)X(c)	Company Equity Cost (e)=(a)+(d)
AGL Resources (NYSE ATG)	6 74%	0 253	6 41%	1 62%	8 36%
Comparable Companies					
Atmos Energy Cp (NYSE ATO)	6 74%	0 019	6 41%	0 12%	6 86%
Nicor Inc (NYSE GAS)	6 74%	0 349	6 41%	2 24%	8 98%
KEYSPAN CORP (NYSE KSE)	6 74%	0 234	6 41%	1 50%	8 24%
LaClede Group (NYSE LG)	6 74%	0 068	6 41%	0 44%	7 18%
N J Resources (NYSE NJR)	6 74%	0 056	6 41%	0 36%	7 10%
Northwest Natural (NYSE NWN)	6 74%	-0 141	6 41%	-0 90%	5 84%
Peoples Energy (NYSE PGL)	6 74%	-0 034	6 41%	-0 22%	6 52%
Piedmont Nat Gas (NYSE PNY)	6 74%	0 021	6 41%	0 14%	6 88%
SOUTHWEST GAS (NYSE SWX)	6 74%	0 309	6 41%	1 98%	8 72%
WGL Holdings Inc (NYSE WGL)	6 74%	0 127	6 41%	0 81%	7 55%
** Av of Comparable Cos (Exc AGL)	6 74%	0 101	6 41%	0 65%	7 39%
			Risk Premium Suggested Rate Of Return		
Using Value Line's Beta	6 74%	0 770	6 41%	4 94%	11 68%

III

Sources on the Internet

Company (Stock Exchange: SYMBOL)	Yahoo	AOL OnLine (ComStock)	Lycos	CAPD Calulation	Value Line
	(1)	(2)	(3)	(4)	(5)
AGL Resources (NYSE:ATG)	0.24	.27	0.27	0.27	0.75
Comparable Companies:					
Atmos Energy Cp (NYSE:ATO)	0.05	-.05	-0.04	-0.02	0.65
Nicor Inc (NYSE:GAS)	0.35	0.37	0.37	0.41	1.00
KEYSPAN CORP (NYSE:KSE)	0.40	0.33	NA	0.29	0.75
LaClede Group (NYSE:LG)	0.02	0.05	0.05	0.09	0.70
N J Resources (NYSE:NJR)	0.05	0.05	0.05	0.05	0.70
Northwest Natural (NYSE:NWN)	-0.15	NA	-0.11	-0.12	0.60
Peoples Energy (NYSE:PGL)	-0.05	-.05	-0.03	-0.04	0.75
Piedmont Nat Gas (NYSE:PNY)	0.03	0.02	0.02	0.02	0.70
SOUTHWEST GAS (NYSE:SWX)	0.18	0.19	0.19	0.21	0.75
WGL Holdings Inc (NYSE:WGL)	0.15	0.16	0.17	0.17	0.70

Value Line Beta Is
.35 + Two-Thirds of Calculated Beta

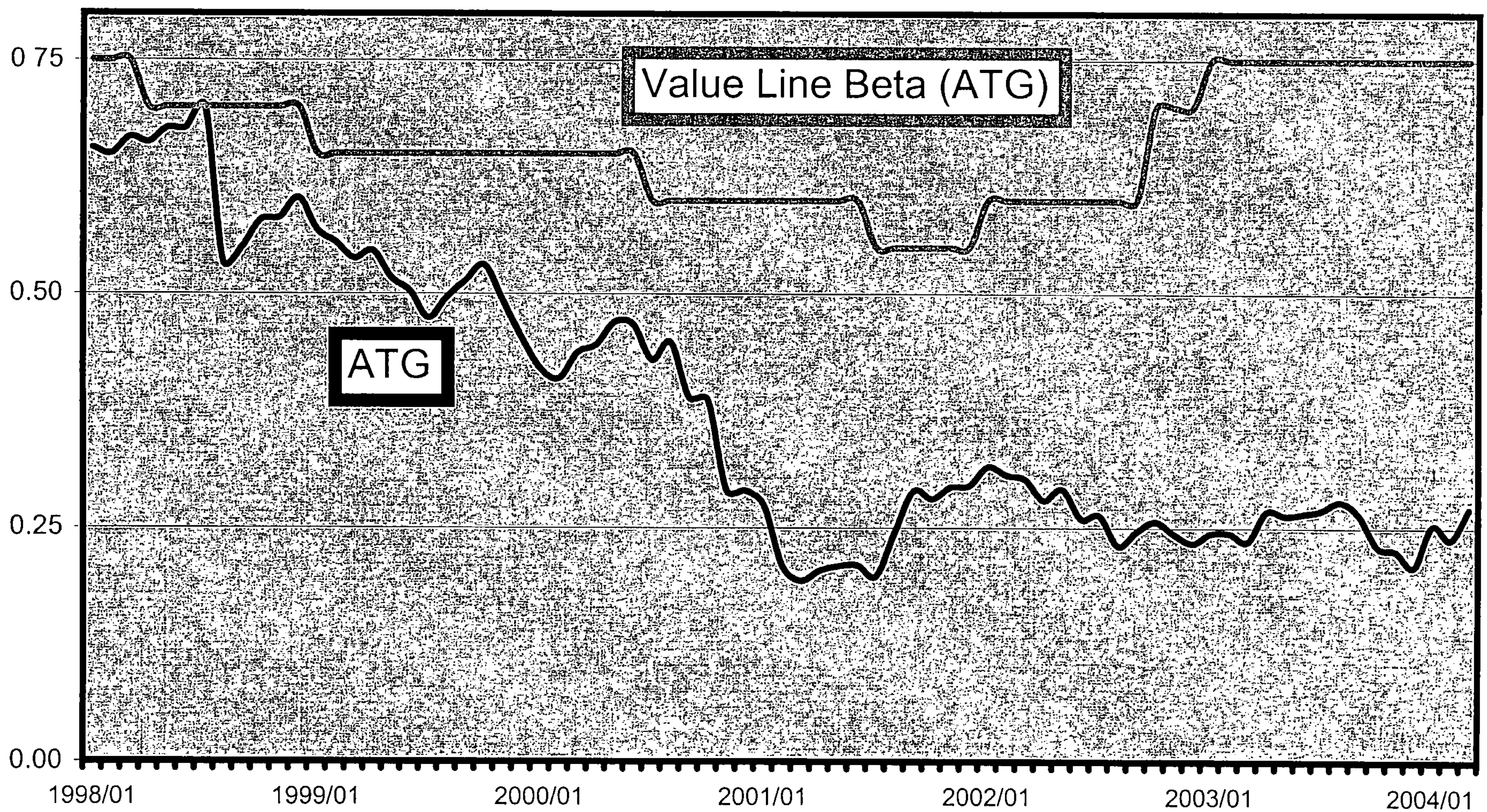
Calculated Values 'Masked' by Value Line Procedures

Calculated Beta	Value Line Beta
0.00	0.35
0.10	0.42
0.20	0.48
0.30	0.55
0.40	0.62
0.50	0.68
0.60	0.75
0.70	0.82
0.80	0.88
0.90	0.95
1.00	1.02

History Of Value Line Beta For AGL Resources

Date of Value Line Publication				Beta
Yr	Mo	Day		
1994	4	1		0 60
1994	7	1		0.60
1994	9	30		0.65
1994	12	30		0.65
1995	3	31		0.65
1995	6	30		0.65
1995	9	29		0.60
1995	12	29		0.70
1996	3	29		0 75
1996	6	28		0.75
1996	9	27		0 75
1996	12	27		0.75
1997	3	28		0 70
1997	6	27		0 70
1997	9	26		0 70
1997	12	26		0 75
1998	3	27		0.70
1998	6	26		0.70
1998	9	25		0.70
1998	12	25		0.65
1999	3	26		0 65
1999	6	25		0.65
1999	9	24		0 65
1999	12	24		0.65
2000	3	24		0.65
2000	6	23		0.60
2000	9	22		0 60
2000	12	22		0 60
2001	3	23		0 60
2001	6	22		0 55
2001	9	21		0.55
2001	12	21		0.60
2002	3	22		0 60
2002	6	21		0 60
2002	9	20		0.70
2002	12	20		0 75
2003	3	21		0.75
2003	6	20		0.75
2003	9	23		0.75
2003	12	19		0 75

AGL Resources Calculated Beta Vs. Value Line's Beta: Jan. 1998 - Jan. 2004



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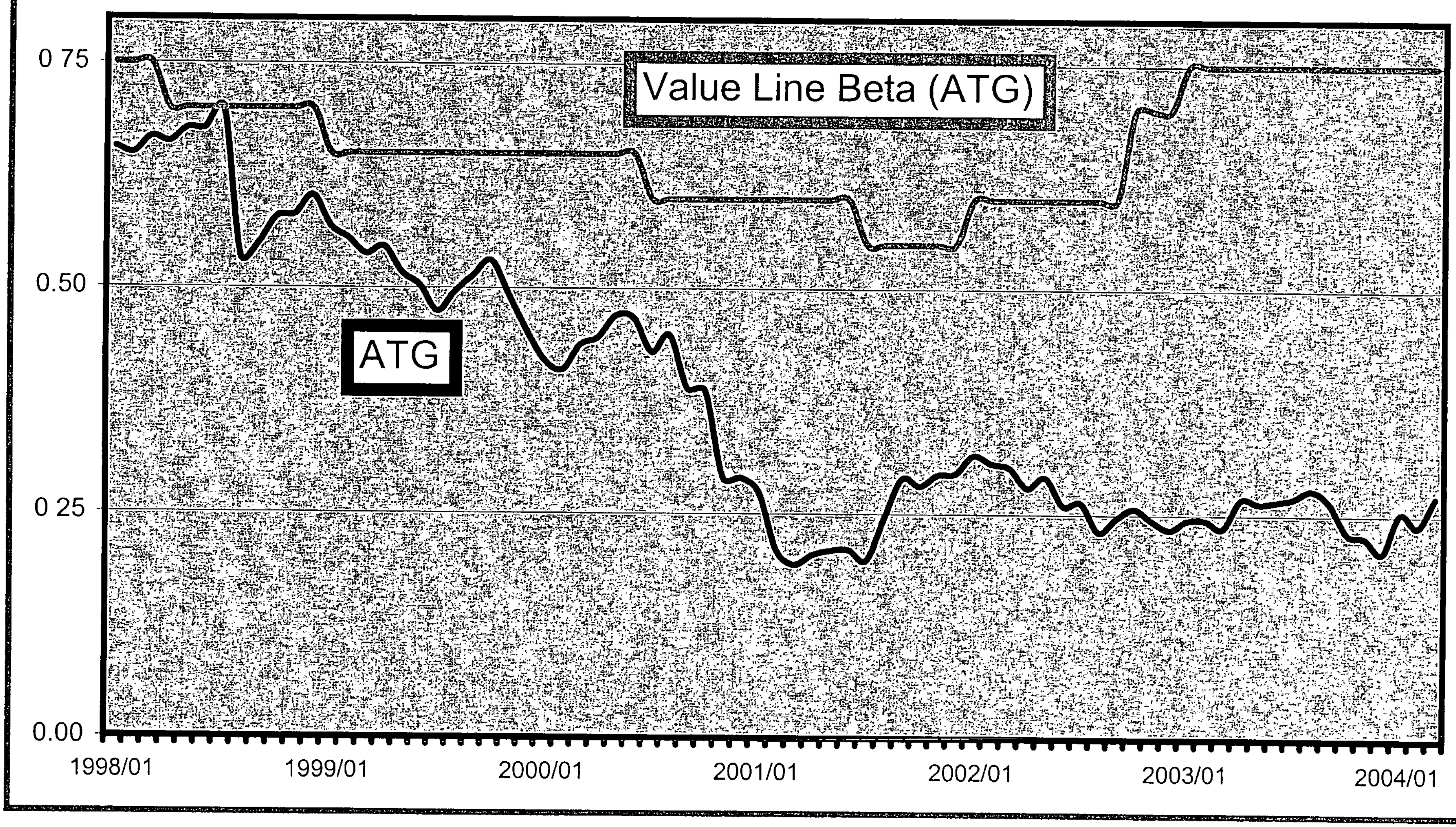
AGL Resources Calculated Beta Vs. Value Line's Beta: Jan. 1998 - Jan. 2004



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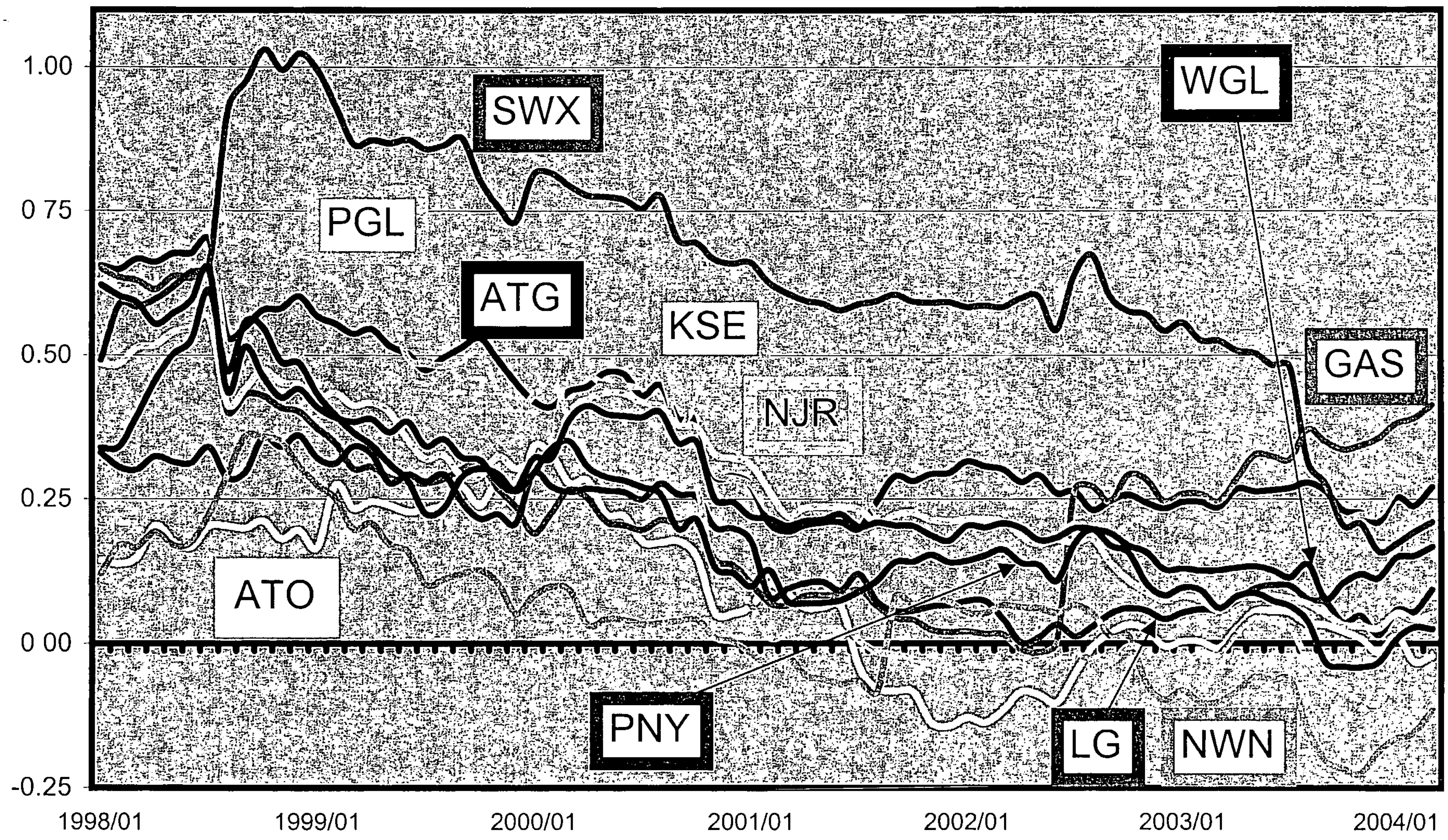
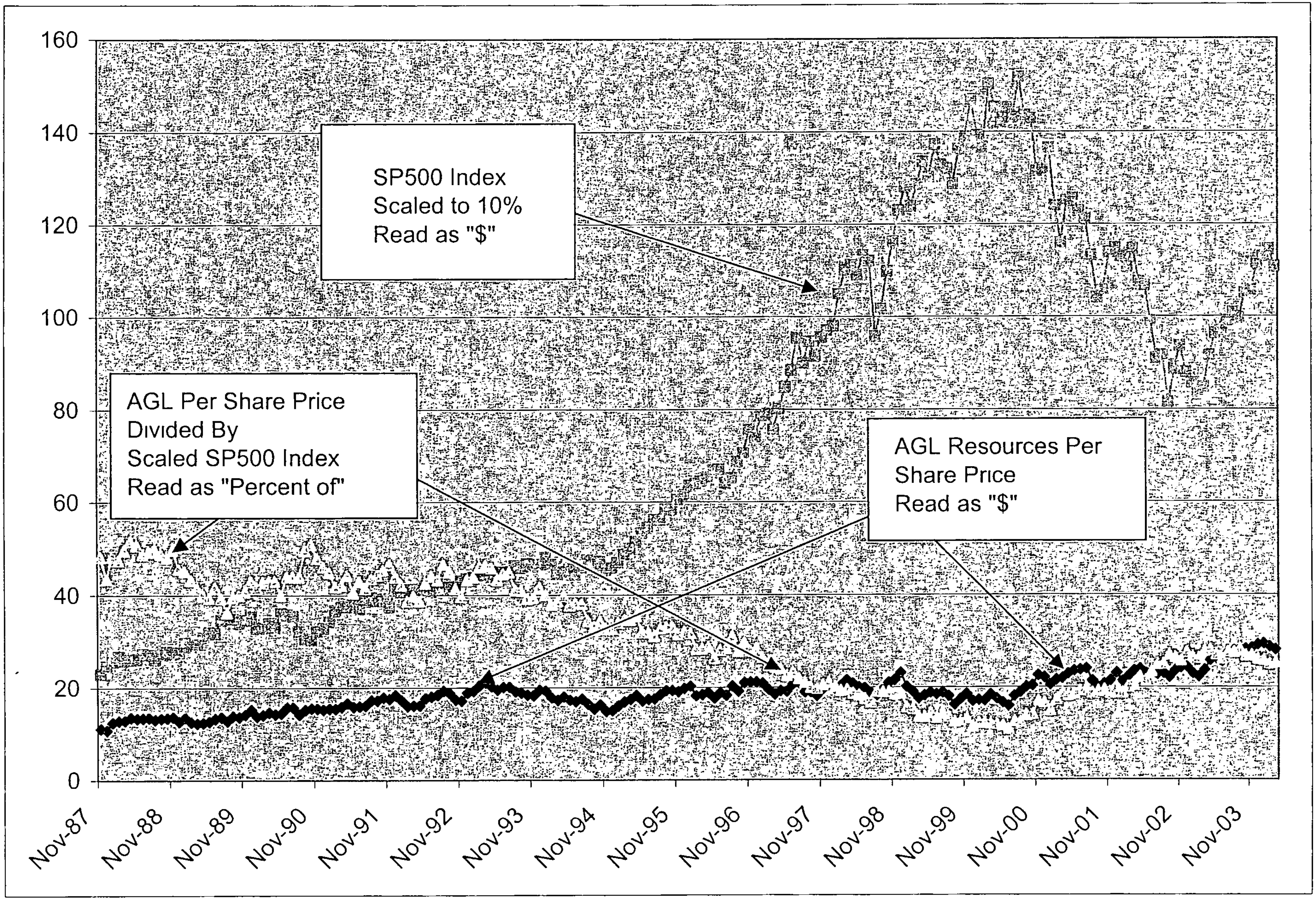
Companies' Betas Change: Since Jan. 1998



Comparison of AGL Stock Price: Relative to SP500 Index



RISK PREMIUM ANALYSIS AGL RESOURCES AND COMPARABLE COMPANIES REGRESSED AGAINST S&P 500

BETA FOR 60 MONTH PERIOD ENDING	AGL Resources (NYSE ATG)	Atmos Energy Cp (NYSE ATO)	Nicor Inc (NYSE GAS)	KEYSPAN CORP (NYSE KSE)	LaClede Group (NYSE LG)	N J Resources (NYSE NJR)	Northwest Natural (NYSE NWN)	Peoples Energy (NYSE P GL)	Piedmont Nat Gas (NYSE PNY)	SOUTHWEST GAS (NYSE SWX)	WGL Holdings Inc (NYSE W GL)	Value Line Beta (ATG)
1998/01	0.66	0.14	0.65	0.77	0.33	0.49	0.12	0.94	0.34	0.49	0.622	0.75
1998/02	0.65	0.14	0.64	0.77	0.31	0.48	0.17	0.86	0.34	0.59	0.604	0.75
1998/03	0.67	0.15	0.63	0.76	0.30	0.51	0.17	0.85	0.39	0.58	0.592	0.75
1998/04	0.66	0.20	0.61	0.74	0.32	0.52	0.19	0.84	0.46	0.60	0.555	0.70
1998/05	0.68	0.18	0.64	0.73	0.31	0.54	0.17	0.81	0.50	0.62	0.573	0.70
1998/06	0.68	0.17	0.63	0.70	0.31	0.55	0.18	0.83	0.53	0.64	0.595	0.70
1998/07	0.70	0.20	0.64	0.73	0.34	0.57	0.22	0.89	0.61	0.66	0.648	0.70
1998/08	0.53	0.20	0.40	0.50	0.29	0.42	0.29	0.70	0.47	0.93	0.438	0.70
1998/09	0.55	0.20	0.43	0.50	0.30	0.44	0.36	0.71	0.56	0.98	0.515	0.70
1998/10	0.58	0.21	0.43	0.51	0.36	0.48	0.36	0.70	0.55	1.03	0.463	0.70
1998/11	0.58	0.18	0.41	0.49	0.34	0.45	0.35	0.67	0.49	1.00	0.426	0.70
1998/12	0.60	0.20	0.40	0.50	0.36	0.45	0.31	0.68	0.49	1.02	0.441	0.70
1999/01	0.57	0.17	0.37	0.47	0.32	0.42	0.27	0.64	0.43	0.99	0.410	0.65
1999/02	0.56	0.27	0.35	0.45	0.31	0.43	0.25	0.63	0.40	0.93	0.392	0.65
1999/03	0.54	0.23	0.30	0.39	0.34	0.41	0.20	0.58	0.37	0.87	0.384	0.65
1999/04	0.55	0.25	0.31	0.40	0.33	0.42	0.21	0.62	0.34	0.87	0.389	0.65
1999/05	0.52	0.24	0.29	0.39	0.28	0.40	0.17	0.59	0.31	0.87	0.366	0.65
1999/06	0.50	0.23	0.28	0.40	0.29	0.35	0.16	0.50	0.28	0.87	0.384	0.65
1999/07	0.47	0.23	0.28	0.36	0.28	0.32	0.10	0.49	0.22	0.86	0.342	0.65
1999/08	0.50	0.24	0.28	0.35	0.29	0.33	0.11	0.48	0.23	0.86	0.354	0.65
1999/09	0.51	0.27	0.30	0.36	0.24	0.29	0.12	0.49	0.29	0.88	0.323	0.65
1999/10	0.53	0.24	0.31	0.35	0.22	0.29	0.13	0.51	0.30	0.80	0.318	0.65
1999/11	0.49	0.28	0.27	0.34	0.22	0.32	0.10	0.44	0.29	0.76	0.281	0.65
1999/12	0.45	0.24	0.24	0.30	0.21	0.30	0.05	0.40	0.26	0.73	0.266	0.65
2000/01	0.42	0.34	0.19	0.27	0.29	0.32	0.08	0.43	0.30	0.81	0.321	0.65
2000/02	0.41	0.33	0.23	0.31	0.27	0.32	0.10	0.45	0.34	0.82	0.321	0.65
2000/03	0.44	0.28	0.27	0.51	0.26	0.40	0.09	0.40	0.35	0.79	0.388	0.65
2000/04	0.45	0.28	0.25	0.47	0.27	0.42	0.03	0.33	0.31	0.78	0.412	0.65
2000/05	0.47	0.22	0.21	0.45	0.26	0.44	0.04	0.29	0.29	0.77	0.398	0.65
2000/06	0.47	0.22	0.20	0.45	0.26	0.43	0.04	0.29	0.28	0.77	0.394	0.65
2000/07	0.43	0.18	0.20	0.45	0.25	0.42	0.03	0.29	0.27	0.75	0.392	0.60
2000/08	0.45	0.17	0.21	0.47	0.28	0.41	0.04	0.30	0.26	0.78	0.401	0.60
2000/09	0.39	0.18	0.21	0.38	0.26	0.38	0.04	0.27	0.20	0.70	0.347	0.60
2000/10	0.39	0.15	0.21	0.40	0.25	0.38	0.04	0.27	0.21	0.70	0.350	0.60
2000/11	0.29	0.05	0.15	0.30	0.20	0.33	0.01	0.11	0.13	0.67	0.250	0.60
2000/12	0.29	0.05	0.14	0.29	0.20	0.32	0.00	0.10	0.12	0.66	0.245	0.60
2001/01	0.27	0.06	0.10	0.27	0.18	0.31	-0.02	0.07	0.10	0.66	0.219	0.60
2001/02	0.21	0.10	0.07	0.23	0.08	0.27	-0.04	0.01	0.13	0.63	0.216	0.60
2001/03	0.19	0.09	0.07	0.24	0.09	0.22	-0.02	0.02	0.07	0.61	0.204	0.60
2001/04	0.20	0.06	0.08	0.24	0.10	0.23	-0.06	0.03	0.07	0.60	0.212	0.60
2001/05	0.21	0.06	0.08	0.24	0.11	0.24	-0.06	0.03	0.07	0.59	0.214	0.60
2001/06	0.21	0.06	0.08	0.26	0.09	0.24	-0.07	0.02	0.07	0.58	0.223	0.60
2001/07	0.20	-0.04	0.09	0.26	0.12	0.23	-0.06	0.00	0.09	0.59	0.202	0.55
2001/08	0.25	-0.08	0.06	0.22	0.07	0.21	-0.08	-0.02	0.11	0.59	0.209	0.55
2001/09	0.29	-0.08	0.04	0.19	0.06	0.22	0.08	-0.02	0.14	0.61	0.204	0.55
2001/10	0.28	-0.08	0.04	0.19	0.06	0.23	0.07	-0.03	0.14	0.59	0.203	0.55
2001/11	0.29	-0.14	0.02	0.16	0.06	0.21	0.08	-0.04	0.15	0.59	0.187	0.55
2001/12	0.30	-0.14	0.02	0.15	0.07	0.21	0.07	-0.05	0.14	0.59	0.177	0.55
2002/01	0.32	-0.13	0.02	0.17	0.07	0.22	0.05	-0.04	0.14	0.58	0.204	0.60
2002/02	0.31	-0.14	0.02	0.17	0.07	0.21	0.05	-0.04	0.15	0.59	0.200	0.60
2002/03	0.30	-0.12	0.02	0.19	0.04	0.21	0.07	-0.04	0.16	0.58	0.207	0.60
2002/04	0.28	-0.08	-0.01	0.20	0.00	0.19	0.06	-0.04	0.14	0.60	0.199	0.60
2002/05	0.29	-0.09	-0.02	0.19	0.01	0.17	0.06	-0.05	0.13	0.60	0.178	0.60
2002/06	0.26	-0.10	0.00	0.19	0.03	0.18	0.05	-0.03	0.11	0.54	0.182	0.60
2002/07	0.26	-0.05	0.27	0.21	0.01	0.17	0.07	-0.02	0.17	0.64	0.199	0.60
2002/08	0.23	-0.01	0.27	0.21	0.03	0.18	0.05	-0.03	0.20	0.67	0.198	0.60
2002/09	0.25	0.02	0.25	0.20	0.05	0.14	0.01	-0.03	0.17	0.60	0.190	0.60
2002/10	0.26	0.03	0.29	0.22	0.06	0.11	0.01	-0.01	0.16	0.58	0.169	0.70
2002/11	0.24	0.02	0.28	0.19	0.06	0.09	-0.07	-0.01	0.10	0.57	0.157	0.70
2002/12	0.23	-0.01	0.25	0.18	0.04	0.07	-0.10	-0.05	0.08	0.54	0.127	0.70
2003/01	0.24	0.00	0.26	0.19	0.05	0.08	-0.08	-0.04	0.10	0.56	0.129	0.75
2003/02	0.24	0.00	0.26	0.18	0.06	0.07	-0.10	-0.02	0.09	0.53	0.126	0.75
2003/03	0.24	-0.01	0.25	0.17	0.06	0.06	-0.10	-0.02	0.06	0.53	0.126	0.75
2003/04	0.27	0.03	0.29	0.20	0.07	0.08	-0.08	0.02	0.08	0.51	0.131	0.75
2003/05	0.26	0.06	0.33	0.20	0.10	0.08	-0.06	0.05	0.09	0.50	0.133	0.75
2003/06	0.27	0.06	0.32	0.23	0.10	0.08	-0.06	0.04	0.07	0.48	0.125	0.75
2003/07	0.27	0.05	0.32	0.22	0.10	0.08	-0.06	0.03	0.06	0.48	0.114	0.75
2003/08	0.28	0.03	0.37	0.25	0.08	0.07	-0.15	-0.03	0.04	0.31	0.136	0.75
2003/09	0.26	0.03	0.35	0.23	0.07	0.05	-0.20	-0.06	-0.03	0.28	0.077	0.75
2003/10	0.23	0.02	0.34	0.21	0.04	0.03	-0.22	-0.09	-0.04	0.20	0.104	0.75
2003/11	0.23	0.01	0.34	0.22	0.05	0.03	-0.23	-0.10	-0.04	0.21	0.119	0.75
2003/12	0.21	-0.02	0.36	0.22	0.01	0.03	-0.19	-0.10	-0.03	0.16	0.113	0.75
2004/01	0.25	0.01	0.38	0.26	0.06	0.05	-0.16	-0.06	0.01	0.17	0.149	0.75
2004/02	0.24	-0.03	0.39	0.26	0.06	0.04	-0.15	-0.06	0.03	0.19	0.151	0.75
2004/03	0.27	-0.02	0.41	0.29	0.09	0.05	-0.12	-0.04	0.02	0.21	0.167	0.75
Average - Recent 12 Mos	0.25	0.02	0.35	0.23	0.07	0.06	-0.14	-0.03	0.02	0.31	0.13	0.75

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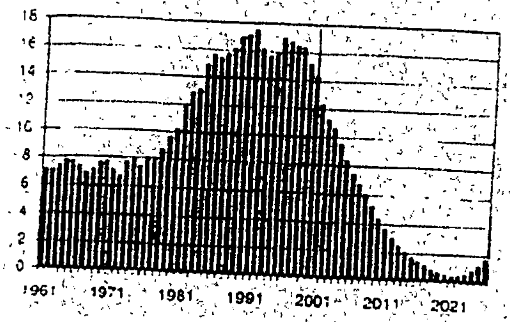
EXHIBIT 14
Net Interest Paid by the Federal Government
(Percent of federal government expenditures excluding investment)



Government. Federal discretionary spending is expected to remain under pressure throughout the projection period, as Washington attempts to mitigate the impacts of rapidly rising entitlement spending on the federal budget. As a share of GDP, federal government current expenditures will fall from their recent peak of almost 22.5% in 1992 to a low of 16.3% in 2011, before gradually rising to 18.7% by 2026. Personal transfer payments will expand as a share of government current expenditures, increasing from 42% last year to 59% by 2026.

Real military spending should decline between 2001 and 2026, as the nation continues to reap a peace dividend. In 2000 military spending garnered only 18% of total federal outlays, down from 28% as recently as 1988. The average defense share of federal outlays will average 15.48% during 2000-26.

Interest payments—the fastest-growing component of federal spending in recent years—rose from about an 8% share of the budget in 1976 to a 17.5% share in 1991, mostly due to the rapidly expanding federal debt (which climbed from 25% to 46% of GDP over the same period). This interest share should steadily fall to less than 2% after 2014 (Exhibit 14). After 28 years of deficit, the federal budget (unified basis) recorded a surplus in fiscal 1998. We expect surpluses to continue through 2020, and average 0.2% of GDP through fiscal 2026.

For much of the postwar period, state and local government spending was a leading "growth industry." Real municipal consumption and investment rose 4.4% annually from 1960 to 1975, boosting total state and local spending's share of GDP from 9.0% to 12.8%. This pattern then changed dramatically, as demand for state and local services slackened and resistance to higher taxes stiffened. In addition, real federal grants-in-aid were unchanged between 1975 and 1990, reducing their share of nominal state receipts from 23% to 17% over these years. Since then, rising Medicaid outlays have pushed this share back to 20%.

State and local consumption and investment have moderated since their robust advances of 1983-90, and should continue to rise less than 1.0% annually through the projection period. Spending, following revenues, will grow more slowly during the second half of the forecast interval than during the first half. Overall outlays will rise more rapidly than consumption and investment, the result of big increases in Medicaid outlays and retirement pensions.

International. The outlook for foreign trade is probably the most uncertain among all of the economy's sectors. The dollar's real exchange rate should decline through the forecast period. By 2026, the U.S. unit will be about 11% below its 2000 level.

Contrary to the general postwar experience, the export share of GDP plummeted in the early 1980s, from 10% in 1980 to 7% in 1986. Helped by the weakening dollar and growing foreign economies, though, this share steadily improved to nearly 11% by 2000. After some weakness this year, real exports should again record healthy advances, averaging 6.6% annual gains through 2026. Meanwhile, real imports will also continue to climb rapidly, averaging 6.0% growth over the forecast interval.

Profits and Equities. Before-tax profits will hover between 7.6% and 9.0% of GNP, above the average share during the 1980s. Meanwhile, corporate cash flow will average 11.1% of GNP over the projection period, above the average of the past 25 years. The stable growth, modest inflation, and moderate real interest rates found in the trend outlook provide an excellent environment for equities over the next ten years, with stock prices enjoying steady 5.3% annual gains between 2001 and 2026.

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE	35	P/E RATIO	15.6 (Trailing 15.1 / Median 13.0)	RELATIVE P/E RATIO	0.95	DIV'D YLD	6.0%	VALUE LINE	471

TIMELINESS 4 Below Average (Relative Price Performance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA .60 (1.00 = Market)

High:	10.3	14.5	19.0	24.3	26.4	28.0	30.8	32.1	37.6	39.0	42.5	38.9	Target Price Range 1997 1998 1999
Low:	7.7	9.6	14.0	18.5	19.4	21.5	23.9	26.5	29.8	30.3	34.0	34.0	

1997-99 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+30%)	*11%*
Low	30	(-15%)	*3%*

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	1	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q'93	3Q'93	4Q'93
to Buy	30	19	16
to Sell	21	24	24
Hld's(000)	4284	4323	3975

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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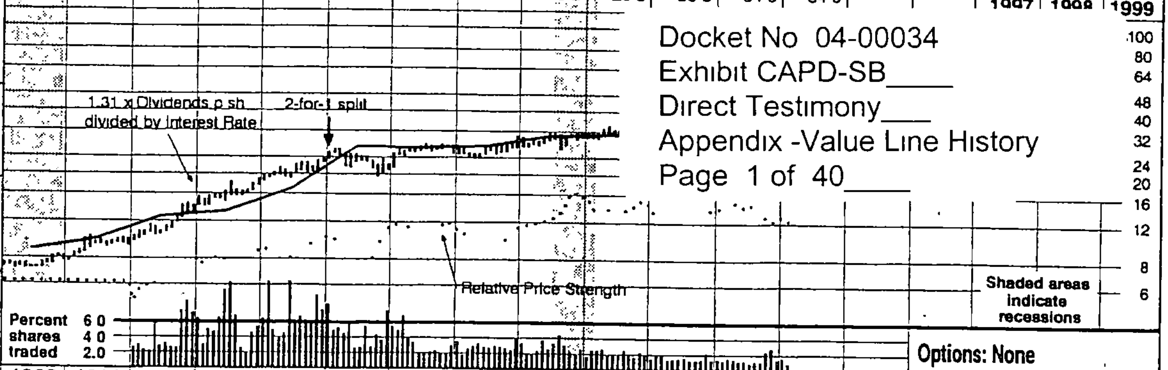


Options: None

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	© VALUE LINE PUB., INC.	97-99
48.06	60.27	77.11	91.44	104.23	96.54	92.00	74.85	55.17	52.48	45.94	43.26	45.17	40.52	40.88	45.47	*46.80*	*49.25*	Revenues per sh A	*57.25*
3.25	3.04	3.40	3.27	2.99	3.20	3.74	3.38	3.04	3.68	3.79	3.86	4.09	4.14	4.67	4.51	*4.40*	*4.64*	"Cash Flow" per sh	*5.25*
1.62	1.31	1.55	1.29	.91	1.56	2.25	1.82	1.67	2.04	2.25	1.90	2.02	2.07	2.26	2.16	*2.25*	*2.35*	Earnings per sh B	*2.80*
.68	.72	.75	.84	.90	.96	1.08	1.26	1.40	1.60	1.76	1.88	1.96	2.04	2.06	2.08	*2.09*	*2.12*	Div'ds Decl'd per sh C■	*2.26*
3.43	3.51	3.97	4.90	5.05	4.87	5.89	6.03	6.60	7.18	5.72	5.29	5.47	5.91	5.48	4.98	*5.40*	*4.90*	Cap'l Spending per sh	*4.85*
11.12	11.71	12.52	12.99	12.90	12.74	13.84	14.25	15.18	15.78	17.44	17.66	17.93	18.84	19.57	19.79	*20.50*	*21.25*	Book Value per sh D	*23.25*
9.07	9.07	9.07	9.07	9.26	11.54	13.32	15.56	18.28	18.74	21.24	21.70	22.16	23.79	24.33	24.86	*25.90*	*26.40*	Common Shs Outst'g E	*28.00*
4.8	6.1	4.8	5.9	8.3	5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*13.5*
.65	.88	.64	.72	.91	.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.05			Relative P/E Ratio	*1.05*
8.6%	9.1%	10.2%	11.1%	12.0%	10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%			Avg Ann'l Div'd Yield	*6.0%*

CAPITAL STRUCTURE as of 12/31/93
Total Debt $739.3 mill. Due in 5 Yrs $15.0 mill.
LT Debt $509.8 mill. LT Interest $42.1 mill.
(LT interest earned 3.4x; total interest coverage 3.0x)

Leases, Uncapitalized Annual rentals $6.0 mill.

Pension Liability None

Pfd Stock $58.7 mill. Pfd Div'd $4.4 mill.
$14.2 mill. 4.50%-8.32% cum., callable at $101.96-$105.25; $44.5 mill. 7.70% cum.

Common Stock 24,989,222 shs.

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995		97-99
1225.7	1164.7	1008.3	983.5	975.6	938.7	1000.9	963.9	994.6	1130.3	*1210*	*1300*	Revenues ($mill) A	*1600*
29.6	29.7	29.2	39.4	46.0	42.1	45.6	49.4	55.4	57.5	*61.5*	*66.0*	Net Profit ($mill)	*82.0*
47.8%	46.7%	46.0%	47.6%	31.8%	27.6%	31.7%	34.6%	31.8%	32.9%	*32.0%*	*32.0%*	Income Tax Rate	*32.0%*
2.4%	2.5%	2.9%	4.0%	4.7%	4.5%	4.6%	5.1%	5.5%	5.1%	*5.1%*	*5.1%*	Net Profit Margin	*5.1%*
48.6%	49.8%	49.4%	46.2%	49.3%	47.9%	50.2%	49.6%	49.5%	47.6%	*47.5%*	*47.5%*	Long-Term Debt Ratio	*48.0%*
45.3%	45.5%	46.9%	50.3%	48.2%	49.8%	47.8%	48.8%	49.0%	46.8%	*47.0%*	*47.5%*	Common Equity Ratio	*48.0%*
407.2	487.7	590.9	587.7	768.5	770.0	831.9	918.3	962.8	1050.7	*1130*	*1180*	Total Capital ($mill)	*1350*
492.2	560.7	652.1	757.7	866.5	979.1	1049.6	1141.6	1217.9	1281.3	*1345*	*1420*	Net Plant ($mill)	*1625*
10.2%	8.8%	7.6%	9.0%	8.2%	7.8%	7.6%	7.6%	7.8%	7.5%	*7.5%*	*7.5%*	% Earned Total Cap'l	*8.0%*
14.2%	12.1%	9.8%	12.5%	11.8%	10.5%	11.0%	10.7%	11.2%	10.4%	*10.5%*	*10.5%*	% Earned Net Worth	*11.5%*
15.0%	12.5%	9.9%	12.8%	12.0%	10.6%	11.2%	10.8%	11.4%	10.8%	*10.5%*	*11.0%*	% Earned Comm Equity	*12.0%*
7.7%	3.8%	1.7%	2.8%	2.7%	.2%	.2%	.2%	1.0%	.4%	*1.0%*	*1.0%*	% Retained to Comm Eq	*2.5%*
52%	72%	84%	79%	79%	98%	98%	98%	91%	96%	*93%*	*90%*	% All Div'ds to Net Prof	*82%*

CURRENT POSITION ($MILL.)

	1992	1993	12/31/93
Cash Assets	1.2	3.3	4.3
Other	181.7	232.1	377.0
Current Assets	182.9	235.4	381.3
Accts Payable	66.7	63.6	81.4
Debt Due	258.6	132.1	229.5
Other	89.4	77.0	90.7
Current Liab.	414.7	272.7	401.6
Fix. Chg. Cov.	246%	239%	253%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '91-'93 to '97-'99
Revenues	-8.0%	-4.0%	*5.0%*
"Cash Flow"	3.5%	5.0%	*3.0%*
Earnings	5.5%	1.5%	*4.5%*
Dividends	8.5%	5.5%	*1.5%*
Book Value	4.0%	3.5%	*3.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1991	295.3	379.0	159.3	130.3	963.9
1992	300.2	395.3	176.0	123.1	994.6
1993	334.1	448.2	197.7	150.3	1130.3
1994	361.9	*485*	*215*	*148.1*	*1210*
1995	*390*	*520*	*230*	*160*	*1300*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1991	1.05	1.47	d.11	d.31	2.07
1992	.88	1.79	d.08	d.31	2.26
1993	.87	1.79	d.14	d.34	2.16
1994	1.01	*1.84*	*d.20*	*d.40*	*2.25*
1995	*1.00*	*1.90*	*d.20*	*d.35*	*2.35*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1990	.49	.49	.49	.51	1.98
1991	.51	.51	.51	.51	2.04
1992	.51	.52	.52	.52	2.07
1993	.52	.52	.52	.52	2.08
1994	.52				

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah, and in Chattanooga, Tennessee. Has about 1,280,900 customers. System throughput: 266.4 Bcf in FY '93 vs. 269.6 Bcf in FY '92. Purchased gas cost 62% of revs. in FY '93 vs. 59.5% in FY '92. Firm gas supply profile FY '93: Pipeline mktrs., 54%; Major oil cos., 26%; Ind. prod., 11%; Ind. mktrs. 9%. Revenue breakdown, FY '93: Residential, 58%; commercial, 24%; industrial, 14%; transport and other 4%. Depreciation rate: 3.3%. Has about 3,764 employees, 18,000 shrhldrs. Pres. & C.E.O.: David R. Jones. Inc.: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Tel.: 404-584-4000.

Atlanta Gas Light's residential customers used more gas in the December quarter. The increase in volumes was not related to weather, since it was actually warmer this year than last in AGL's service territory. However, much of the increase was the result of deliveries made in a single month, December. Even though it is not clear that this necessarily signals a trend towards increased usage by the utility's space-heating customers, we are cautiously optimistic that there might be some pickup in demand as the fiscal year continues to unfold (ends September 30th). But since the margin lost due to the Arcadian bypass in 1993 is primarily being recovered in the winter months, the utility's losses will probably be a little larger in the summer. Accordingly, we are maintaining our earnings estimate at $2.25 a share for 1994. Share earnings might move to $2.35 next year.

The yield on AGL stock is attractive in comparison with that of other gas distributors. It is no secret that utility equities have been adversely effected by the current uncertainty over interest rates. At this point, it appears that rates have bottomed out and are headed upward. In response, investors are requiring higher dividend yields on utility stocks before making a commitment. But we believe that the market has been too stingy in Atlanta's case, providing an opportunity for investors seeking current income. Some of the weakness in this equity's price is probably also related to the Georgia commission's latest rate order. Although it seems that the regulators want to keep a sharp eye on net income, they did approve the company's Integrated Resource Plan last year. This gives AGL the ability to build strategic load while embracing efficiency and conservation measures. Moreover, Atlanta's home-heating roster will probably continue to grow at 2.0%-2.5% a year through 1997-99, favorable for a utility of this size.

On the other hand, the current payout ratio does not leave much room for dividend growth. The pace of dividend increases may well improve in the next 3 to 5 years, but income-oriented investors looking for a good risk-adjusted total return will probably do better elsewhere.

Charles Clark *April 1, 1994*

(A) Fiscal year ends September 30th.
(B) Primary earnings. Next egs. report due early May. Excl. extra. gains: '84, 37¢; '88, 15¢.
(C) Next dividend meeting early May. Goes ex mid-May. Approximate div'd payment dates: March 1, June 1, Sept. 1, Dec. 1.
■ Dividend reinvestment plan available.
(D) Including deferred charges. In '93: $37.1 mill., $1.49/sh.
(E) In millions, adj'd for stock split.
(F) In '91, '92, '93, Quarters do not add to total due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	85
Earnings Predictability	65

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
35	14.6 (Trailing 14.0 / Median 13.0)	0.99	6.0%	471

TIMELINESS 4 Below Average (Relative Price Perform-ance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA 60 (1 00 = Market)

High:	10 3	14 5	19 0	24 3	26 4	28 0	30 8	32.1	37 6	39 0	42 5	38 9	
Low:	7 7	9 6	14 0	18 5	19 4	21 5	23 9	26.5	29 8	30 3	34 0	34 0	

Target Price Range 1997 | 1998 | 1999

1997-99 PROJECTIONS

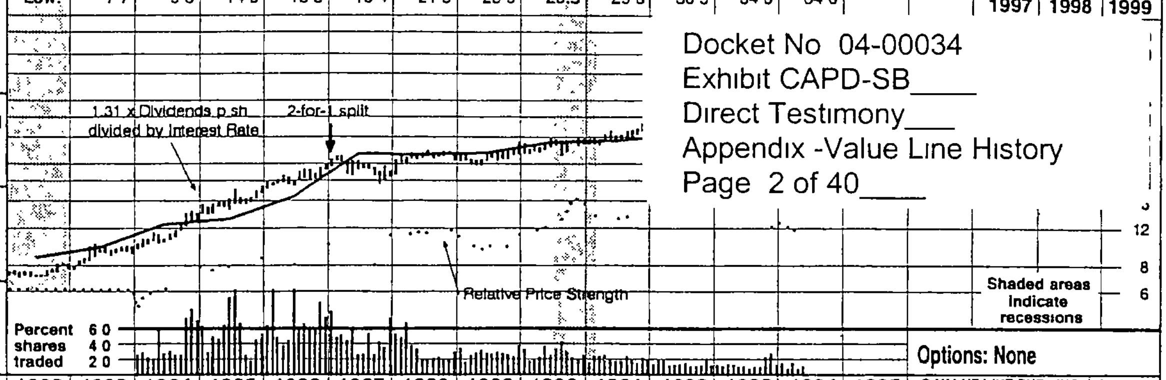
	Price	Gain	Ann'l Total Return
High	45	(+30%)	11%
Low	30	(-15%)	3%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	1	0	0	0	0
Options	1	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	2

Institutional Decisions

	3Q'93	4Q'93	1Q'94
to Buy	19	16	21
to Sell	24	24	22
Hld's(000)	4323	3975	4464



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Direct Testimony___
Appendix -Value Line History
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Options: None

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	© VALUE LINE PUB, INC	97-99
48 06	60 27	77 11	91 44	104 23	96 54	92 00	74 85	55 17	52 48	45 94	43.26	45 17	40 52	40 88	45 47	*47.30*	*50.20*	Revenues per sh A	*57.25*
3.25	3 04	3 40	3.27	2 99	3.20	3 74	3 38	3 04	3 68	3 79	3 86	4.09	4 14	4 67	4 51	*4 80*	*5 00*	"Cash Flow" per sh	*5 60*
1 62	1 31	1 55	1 29	91	1 56	2.25	1 82	1 67	2 04	2.25	1 90	2 02	2.07	2 26	2 16	*2 35*	*2.45*	Earnings per sh B	*2.80*
68	72	75	84	90	96	1 08	1 26	1 40	1 60	1 76	1 88	1 96	2 04	2 06	2 08	*2 09*	*2.12*	Div'ds Decl'd per sh C■	*2.26*
3 43	3 51	3 97	4 90	5 05	4 87	5 89	6 03	6 60	7 18	5 72	5.29	5 47	5 91	5 48	4 98	*5.40*	*4 90*	Cap'l Spending per sh	*4 85*
11 12	11 71	12.52	12 99	12 90	12 74	13 84	14 25	15 18	15 78	17 44	17 66	17 93	18 84	19 57	19 79	*20 65*	*21 50*	Book Value per sh D	*23 25*
9 07	9 07	9 07	9 07	9 26	11.54	13 32	15 56	18 28	18 74	21 24	21 70	22 16	23 79	24 33	24 86	*25 90*	*26 40*	Common Shs Outst'g E	*28.00*
4 8	6 1	4 8	5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14.2	15 3	15 5	17 9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*13 5*
65	88	64	72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 05			Relative P/E Ratio	*1 05*
8 6%	9 1%	10.2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%			Avg Ann'l Div'd Yield	*6.0%*

CAPITAL STRUCTURE as of 3/31/94
Total Debt $569 5 mill Due In 5 Yrs Nil
LT Debt $554 5 mill LT Interest $43 3 mill
(LT interest earned 3 4x, total interest coverage 3 1x)

Leases, Uncapitalized Annual rentals $6 0 mill

Pension Liability None

Pfd Stock $58 7 mill Pfd Div'd $4 4 mill
$14 2 mill 4 50%-8 32% cum, callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 25,123,046 shs

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995		97-99
1225 7	1164 7	1008 3	983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	*1225*	*1325*	Revenues ($mill) A	*1600*
29 6	29 7	29 2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	*64 0*	*68 0*	Net Profit ($mill)	*82.0*
47 8%	46 7%	46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 8%	32 9%	*34 0%*	*34 0%*	Income Tax Rate	*34 0%*
2 4%	2 5%	2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 5%	5 1%	*5 2%*	*5.1%*	Net Profit Margin	*5 1%*
48 6%	49 8%	49 4%	46.2%	49 3%	47 9%	50.2%	49 6%	49 5%	47 6%	*48 5%*	*47 5%*	Long-Term Debt Ratio	*48.5%*
45 3%	45 5%	46 9%	50 3%	48.2%	49 8%	47 8%	48 8%	49 0%	46 8%	*46.5%*	*47 5%*	Common Equity Ratio	*47.5%*
407 2	487 7	590 9	587 7	768 5	770 0	831 9	918 3	962 8	1050 7	*1150*	*1195*	Total Capital ($mill)	*1375*
492.2	560 7	652 1	757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	*1345*	*1415*	Net Plant ($mill)	*1625*
10.2%	8 8%	7 6%	9 0%	8.2%	7 8%	7 6%	7 6%	7 8%	7 5%	*7 5%*	*7 5%*	% Earned Total Cap'l	*8.0%*
14.2%	12 1%	9 8%	12 5%	11 8%	10 5%	11 0%	10 7%	11.2%	10 4%	*10.5%*	*11 0%*	% Earned Net Worth	*11.5%*
15 0%	12 5%	9 9%	12 8%	12 0%	10 6%	11.2%	10 8%	11 4%	10 8%	*11 0%*	*11 5%*	% Earned Comm Equity	*12.0%*
7 7%	3 8%	1 7%	2 8%	2 7%	.2%	.2%	.2%	1 0%	4%	*1 0%*	*1 5%*	% Retained to Comm Eq	*2.5%*
52%	72%	84%	79%	79%	98%	98%	98%	91%	96%	*90%*	*88%*	% All Div'ds to Net Prof	*81%*

CURRENT POSITION ($MILL.)

	1992	1993	3/31/94
Cash Assets	1 2	3 3	8 0
Other	181 7	232 1	284 3
Current Assets	182 9	235 4	292 3
Accts Payable	66 7	63 6	67 3
Debt Due	258 6	132 1	15 0
Other	89 4	77 0	166 8
Current Liab	414 7	272 7	249 1
Fix Chg Cov	246%	239%	264%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '91-'93 to '97-'99
Revenues	-8 0%	-4 0%	*5 0%*
"Cash Flow"	3 5%	5 0%	*3 0%*
Earnings	5 5%	1 5%	*4 5%*
Dividends	8 5%	5 5%	*1 5%*
Book Value	4 0%	3 5%	*3 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec. 31	Mar.31	Jun.30	Sep 30	Full Fiscal Year
1991	295 3	379 0	159 3	130 3	963 9
1992	300 2	395 3	176 0	123 1	994 6
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	*215*	*147 9*	*1225*
1995	*390*	*540*	*235*	*160*	*1325*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec.31	Mar.31	Jun 30	Sep 30	Full Fiscal Year
1991	1 05	1 47	d 11	d 31	2 07
1992	88	1 79	d.08	d 31	2 26
1993	87	1 79	d 14	d 34	2 16
1994	1 01	1 97	*d 20*	*d 43*	*2 35*
1995	*1.05*	*2 00*	*d.20*	*d 40*	*2 45*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun 30	Sep 30	Dec 31	Full Year
1990	49	49	49	51	1 98
1991	51	51	51	51	2 04
1992	51	52	52	52	2.07
1993	52	52	52	52	2 08
1994	52	52			

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah, and in Chattanooga, Tennessee Has about 1,280,900 customers System throughput 266 4 Bcf in FY '93 vs 269 6 Bcf in FY '92 Purchased gas cost 62% of revs in FY '93 vs 59 5% in FY '92 Firm gas supply profile FY '93 Pipeline mktrs, 54%, Major oil cos, 26%, Ind prod., 11%, Ind mktrs 9% Revenue breakdown, FY '93 Residential, 58%, commercial, 24%, industrial, 14%, transport and other 4% Depreciation rate 3 3% Has about 3,764 employees, 18,000 shrhldrs Pres & C E O David R Jones Inc Georgia. Address 303 Peachtree St, N E Atlanta, GA 30308 Tel 404-584-4000

Atlanta Gas Light posted better-than-expected financial results over the heating season. Despite temperatures averaging above the 30-year norm, residential heating customers continued to use more gas in the first six months of fiscal 1994 (ends September 30th) Although the reason for the greater demand from AGL's residential roster is not completely clear yet, it may well be reflective of the better economy in its service area We are cautiously optimistic on this point

AGL has filed for rate relief. This plan, filed by the utility on March 31st to take effect October 1st, requests a $40 5 million increase in yearly revenues and a 12.75% return on common equity In addition, it has some interesting features that should benefit both ratepayers and shareholders AGL is asking for a competitive pricing structure for interruptible sales, a proposal to share earnings above allowed levels with residential and other general service customers, and a minimum two-year moratorium on further rate case filings The acceptance of some sort of competitive pricing will place the company in a better position to compete with interstate pipelines for the delivery of gas to large industrial customers, limiting the threat of bypass of AGL's distribution system This is surely a topical issue for the commission to consider, given federal regulators' continued drive towards establishing more competitive markets for the delivery of natural gas We view earnings sharing as an incentive to management to garner the largest return available for shareholders. Ratepayers will also benefit from this part of the proposal, since a portion of any excess income over that allowed by regulators will be returned to them The two-year moratorium on rate filings is a benefit to everyone involved since they are time consuming and expensive The consumers' advocate and the adversary staff of the Georgia commission have recently endorsed competitive pricing We believe that this augurs well for the approval of major parts of this innovative rate case

This investment-grade stock currently offers income-oriented investors a good dividend yield. But the high payout ratio will likely limit dividend growth to 1 5%-2.0% a year through 1997-99

Charles Clark *July 1, 1994*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early August Excl nonrec items '84, 37¢, '88, 15¢
(C) Next dividend meeting early August
Goes ex mid-August Approximate div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Including deferred charges In '93 $37 1 mill, $1 49/sh
(E) In millions, adj'd for stock split
(F) In '91,'92,'93 Quarters do not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	80
Earnings Predictability	70

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE	P/E RATIO	(Trailing: 12.7 / Median: 13.0)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
31	13.4	Trailing: 12.7 Median: 13.0	0.92	6.7%	471

TIMELINESS 4 Below Average (Relative Price Performance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA .60 (1.00 = Market)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
High:	10.3	14.5	19.0	24.3	26.4	28.0	30.8	32.1	37.6	39.0	42.5	38.9
Low:	7.7	9.6	14.0	18.5	19.4	21.5	23.9	26.5	29.8	30.3	34.0	30.4

Target Price Range 1997 | 1998 | 1999

1997-99 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+45%)	15%
Low	30	(-5%)	6%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	1	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	1	0
to Sell	0	0	0	0	0	0	2	0	0

Institutional Decisions

	4Q'93	1Q'94	2Q'94
to Buy	16	21	23
to Sell	24	22	20
Hld's(000)	3975	4464	4424

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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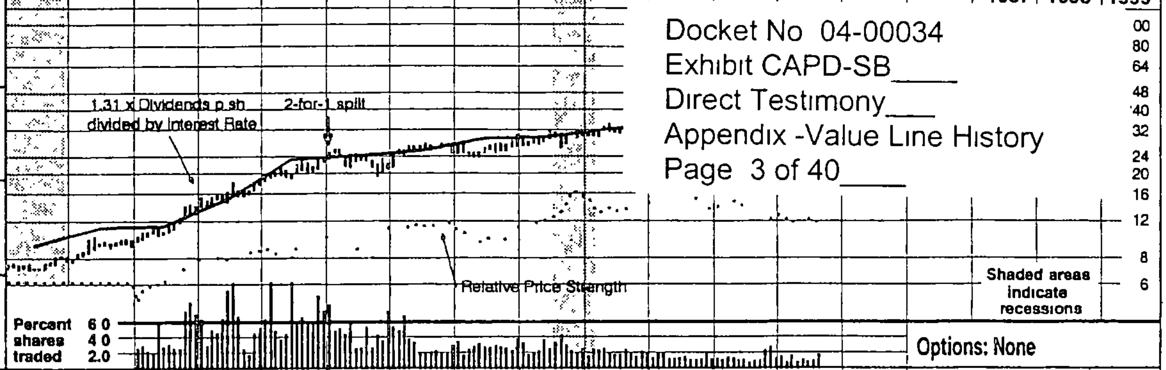

Options: None

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	© VALUE LINE PUB., INC	97-99
48.06	60.27	77.11	91.44	104.23	96.54	92.00	74.85	55.17	52.48	45.94	43.26	45.17	40.52	40.88	45.47	*47.25*	*49.25*	Revenues per sh A	*57.25*
3.25	3.04	3.40	3.27	2.99	3.20	3.74	3.38	3.04	3.68	3.79	3.86	4.09	4.14	4.67	4.51	*4.70*	*4.85*	"Cash Flow" per sh	*5.60*
1.62	1.31	1.55	1.29	.91	1.56	2.25	1.82	1.67	2.04	2.25	1.90	2.02	2.07	2.26	2.16	*2.35*	*2.30*	Earnings per sh B	*2.80*
.68	.72	.75	.84	.90	.96	1.08	1.26	1.40	1.60	1.76	1.88	1.96	2.04	2.06	2.08	2.08	*2.08*	Div'ds Decl'd per sh C■	*2.26*
3.43	3.51	3.97	4.90	5.05	4.87	5.89	6.03	6.60	7.18	5.72	5.29	5.47	5.91	5.48	4.98	*5.40*	*4.90*	Cap'l Spending per sh	*4.85*
11.12	11.71	12.52	12.99	12.90	12.74	13.84	14.25	15.18	15.78	17.44	17.66	17.93	18.84	19.57	19.79	*21.15*	*21.20*	Book Value per sh D	*23.25*
9.07	9.07	9.07	9.07	9.26	11.54	13.32	15.56	18.28	18.74	21.24	21.70	22.16	23.79	24.33	24.86	*25.40*	*26.40*	Common Shs Outst'g E	*28.00*
4.8	6.1	4.8	5.9	8.3	5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	*15.0*		Avg Ann'l P/E Ratio	*13.5*
.65	.88	.64	.72	.91	.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.05	*.90*		Relative P/E Ratio	*1.05*
8.6%	9.1%	10.2%	11.1%	12.0%	10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.8%		Avg Ann'l Div'd Yield	*6.0%*

CAPITAL STRUCTURE as of 6/30/94
Total Debt $587.5 mill **Due in 5 Yrs** Nil
LT Debt $554.5 mill **LT Interest** $43.3 mill
(LT interest earned 3.4x, total interest coverage 3.1x)

Leases, Uncapitalized Annual rentals $6.0 mill

Pension Liability None

Pfd Stock $58.6 mill **Pfd Div'd** $4.4 mill
$14.2 mill 4.50%-8.32% cum., callable at $101.96-$105.25, $44.5 mill 7.70% cum

Common Stock 25,263,029 shs

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995		97-99
1225.7	1164.7	1008.3	983.5	975.6	938.7	1000.9	963.9	994.6	1130.3	*1200*	*1300*	Revenues ($mill) A	*1600*
29.6	29.7	29.2	39.4	46.0	42.1	45.6	49.4	55.4	57.5	*64.0*	*64.5*	Net Profit ($mill)	*82.0*
47.8%	46.7%	46.0%	47.6%	31.8%	27.6%	31.7%	34.6%	31.8%	32.9%	*34.0%*	*34.0%*	Income Tax Rate	*34.0%*
2.4%	2.5%	2.9%	4.0%	4.7%	4.5%	4.6%	5.1%	5.5%	5.1%	*5.3%*	*5.0%*	Net Profit Margin	*5.1%*
48.6%	49.8%	49.4%	46.2%	49.3%	47.9%	50.2%	49.6%	49.5%	47.6%	*48.5%*	*48.0%*	Long-Term Debt Ratio	*48.5%*
45.3%	45.5%	46.9%	50.3%	48.2%	49.8%	47.8%	48.8%	49.0%	46.8%	*46.5%*	*47.0%*	Common Equity Ratio	*47.5%*
407.2	487.7	590.9	587.7	768.5	770.0	831.9	918.3	962.8	1050.7	*1150*	*1195*	Total Capital ($mill)	*1375*
492.2	560.7	652.1	757.7	866.5	979.1	1049.6	1141.6	1217.9	1281.3	*1345*	*1400*	Net Plant ($mill)	*1625*
10.2%	8.8%	7.6%	9.0%	8.2%	7.8%	7.6%	7.6%	7.8%	7.5%	*7.5%*	*7.5%*	% Earned Total Cap'l	*8.0%*
14.2%	12.1%	9.8%	12.5%	11.8%	10.5%	11.0%	10.7%	11.2%	10.4%	*10.5%*	*10.5%*	% Earned Net Worth	*11.5%*
15.0%	12.5%	9.9%	12.8%	12.0%	10.6%	11.2%	10.8%	11.4%	10.8%	*11.0%*	*10.5%*	% Earned Comm Equity	*12.0%*
7.7%	3.8%	1.7%	2.8%	2.7%	.2%	.2%	.2%	1.0%	.4%	*1.5%*	*1.0%*	% Retained to Comm Eq	*2.5%*
52%	72%	84%	79%	79%	98%	98%	98%	91%	96%	*90%*	*91%*	% All Div'ds to Net Prof	*81%*

CURRENT POSITION ($MILL.)	1992	1993	6/30/94
Cash Assets	1.2	3.3	3.4
Other	181.7	232.1	237.9
Current Assets	182.9	235.4	241.3
Accts Payable	66.7	63.6	51.7
Debt Due	258.6	132.1	33.0
Other	89.4	77.0	137.6
Current Liab	414.7	272.7	222.3
Fix Chg Cov	246%	239%	262%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs	Est'd '91-'93 to '97-'99
Revenues	-8.0%	-4.0%	*5.0%*
"Cash Flow"	3.5%	5.0%	*4.0%*
Earnings	5.5%	1.5%	*4.5%*
Dividends	8.5%	5.5%	*1.5%*
Book Value	4.0%	3.5%	*3.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1991	295.3	379.0	159.3	130.3	963.9
1992	300.2	395.3	176.0	123.1	994.6
1993	334.1	448.2	197.7	150.3	1130.3
1994	361.9	500.2	191.2	*146.7*	*1200*
1995	*380*	*530*	*230*	*160*	*1300*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1991	1.05	1.47	d.11	d.31	2.07
1992	.88	1.79	d.08	d.31	2.26
1993	.87	1.79	d.14	d.34	2.16
1994	1.01	1.97	d.19	*d.44*	*2.35*
1995	*1.00*	*1.95*	*d.20*	*d.45*	*2.30*

Calendar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1990	.49	.49	.49	.51	1.98
1991	.51	.51	.51	.51	2.04
1992	.51	.52	.52	.52	2.07
1993	.52	.52	.52	.52	2.08
1994	.52	.52	.52		

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah, and in Chattanooga, Tennessee. Has about 1,280,900 customers. System throughput 266.4 Bcf in FY '93 vs. 269.6 Bcf in FY '92. Purchased gas cost 62% of revs in FY '93 vs. 59.5% in FY '92. Firm gas supply profile FY '93: Pipeline mktrs., 54%, Major oil cos., 26%, Ind. prod., 11%, Ind. mktrs. 9%. Revenue breakdown, FY '93: Residential, 58%, commercial, 24%, industrial, 14%, transport and other 4%. Depreciation rate 3.3%. Has about 3,764 employees, 18,000 shrhldrs. Pres. & C.E.O.: David R. Jones. Inc.: Georgia. Address: 303 Peachtree St., N.E. Atlanta, GA 30308. Tel.: 404-584-4000.

Atlanta Gas Light will make do without a rate increase in fiscal 1995 (begins October 1st). But not because the utility did not apply for rate relief. AGL had submitted a framework in its latest rate case that included a competitive pricing structure for interruptible customers, along with a tariff increase on firm service accounts. The pricing proposal on interruptible sales would have allowed the utility to more effectively compete in this market, which has become increasingly competitive under a recent federal regulatory order (Order 636). The company later agreed to revise its request so that it still included the new pricing structure on interruptible load in exchange for a freeze on firm service rates for two years. However, AGL's regulators could find little that they liked in this proposal and chose to deny it, despite its wide acceptance, which included such groups as the Consumers' Utility Counsel and the Adversary Staff of the Georgia commission. At this point in the process, the company decided to withdraw its request for relief and wait to refile when the board was more amendable (next March?).

We were disappointed with the commission's inaction. There is evidently concern on AGL's part regarding its ability to effectively compete for large industrial load in the alternate fuels market. Under the competitive pricing structure that the utility proposed, some interruptible customers' rates likely would have been lowered, while others would have gone up. But the essential ingredient here is that the prices would have been more reflective of the market. Federal regulators seem to be in favor of more competition rather than less in this arena, given recent decisions. Accordingly, we believe that the Georgia commission missed a chance to show some leadership and seriously consider a proposal that in the end may well have been beneficial to both ratepayers and shareholders.

We would defer new commitments to Atlanta Gas Light stock for now. We continue to view the utility's dividend as secure. But the prospects for dividend growth have dimmed, at least in the near term, given recent state regulatory decisions.

Charles Clark *September 30, 1994*

(A) Fiscal year ends September 30th.
(B) Primary egs. Next egs. report due early Dec. Excl. nonrec. items: '84, 37¢; '88, 15¢.
(C) Next dividend meeting early November. Goes ex mid-November. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1.
■ Dividend reinvestment plan available.
(D) Including deferred charges. In '93: $37.1 mill., $1.49/sh.
(E) In millions, adj'd for stock split.
(F) In '91,'92,'93 Quarters do not add to total due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	70

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE	31	P/E RATIO	13.4 (Trailing 13.1; Median 13.0)	RELATIVE P/E RATIO	0.99	DIV'D YLD	6.7%	VALUE LINE	472

TIMELINESS 5 Lowest (Relative Price Performance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA .65 (1.00 = Market)

High:	10.3	14.5	19.0	24.3	26.4	28.0	30.8	32.1	37.6	39.0	42.5	38.9
Low:	7.7	9.6	14.0	18.5	19.4	21.5	23.9	26.5	29.8	30.3	34.0	29.1

Target Price Range 1997 | 1998 | 1999

1997-99 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+45%)	15%
Low	30	(-5%)	6%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	0	0	0	1
Options	0	0	0	0	1	0	0	0	0
to Sell	0	0	0	2	0	0	0	0	0

Institutional Decisions

	1Q'94	2Q'94	3Q'94
to Buy	21	23	26
to Sell	22	20	21
Hld's(000)	4464	4424	4193

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Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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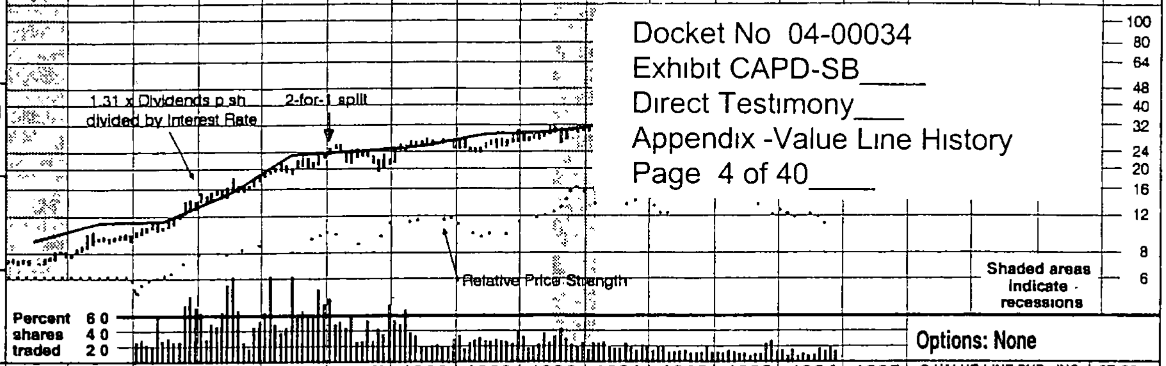

Options: None

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	© VALUE LINE PUB., INC	97-99
48.06	60.27	77.11	91.44	104.23	96.54	92.00	74.85	55.17	52.48	45.94	43.26	45.17	40.52	40.88	45.47	47.24	*46.80*	Revenues per sh A	*54.50*
3.25	3.04	3.40	3.27	2.99	3.20	3.74	3.38	3.04	3.68	3.79	3.86	4.09	4.14	4.67	4.51	4.64	*4.40*	"Cash Flow" per sh	*5.25*
1.62	1.31	1.55	1.29	.91	1.56	2.25	1.82	1.67	2.04	2.25	1.90	2.02	2.07	2.26	2.16	2.34	*2.30*	Earnings per sh B	*2.80*
.68	.72	.75	.84	.90	.96	1.08	1.26	1.40	1.60	1.76	1.88	1.96	2.04	2.06	2.08	2.08	*2.08*	Div'ds Decl'd per sh C■	*2.24*
3.43	3.51	3.97	4.90	5.05	4.87	5.89	6.03	6.60	7.18	5.72	5.29	5.47	5.91	5.48	4.98	4.81	*4.55*	Cap'l Spending per sh	*4.50*
11.12	11.71	12.52	12.99	12.90	12.74	13.84	14.25	15.18	15.78	17.44	17.66	17.93	18.84	19.57	19.79	20.41	*20.15*	Book Value per sh D	*24.50*
9.07	9.07	9.07	9.07	9.26	11.54	13.32	15.56	18.28	18.74	21.24	21.70	22.16	23.79	24.33	24.86	25.40	*26.70*	Common Shs Outst'g E	*28.50*
4.8	6.1	4.8	5.9	8.3	5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1		Avg Ann'l P/E Ratio	*13.5*
.65	.88	.64	.72	.91	.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.05	.92		Relative P/E Ratio	*1.05*
8.6%	9.1%	10.2%	11.1%	12.0%	10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%		Avg Ann'l Div'd Yield	*6.0%*

CAPITAL STRUCTURE as of 9/30/94
Total Debt $664.9 mill **Due in 5 Yrs** $110.4 mill
LT Debt $554.5 mill **LT Interest** $43.2 mill
(LT interest earned 4.4x, total interest coverage 4.0x)

Leases, Uncapitalized Annual rentals $6.0 mill

Pension Liability None

Pfd Stock $58.5 mill **Pfd Div'd** $4.5 mill
$14.2 mill 4.50%-8.32% cum., callable at $101.96-$105.25, $44.5 mill 7.70% cum

Common Stock 25,400,000 shs

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995		97-99
1225.7	1164.7	1008.3	983.5	975.6	938.7	1000.9	963.9	994.6	1130.3	1199.9	*1250*	Revenues ($mill) A	*1550*
29.6	29.7	29.2	39.4	46.0	42.1	45.6	49.4	55.4	57.5	63.2	*64.0*	Net Profit ($mill)	*83.0*
47.8%	46.7%	46.0%	47.6%	31.8%	27.6%	31.7%	34.6%	31.8%	32.9%	35.2%	*35.0%*	Income Tax Rate	*35.0%*
2.4%	2.5%	2.9%	4.0%	4.7%	4.5%	4.6%	5.1%	5.5%	5.1%	5.3%	*5.1%*	Net Profit Margin	*5.4%*
48.6%	49.8%	49.4%	46.2%	49.3%	47.9%	50.2%	49.6%	49.5%	47.6%	49.7%	*49.0%*	Long-Term Debt Ratio	*47.5%*
45.3%	45.5%	46.9%	50.3%	48.2%	49.8%	47.8%	48.8%	49.0%	46.8%	45.2%	*46.0%*	Common Equity Ratio	*48.0%*
407.2	487.7	590.9	587.7	768.5	770.0	831.9	918.3	962.8	1050.7	1146.5	*1165*	Total Capital ($mill)	*1325*
492.2	560.7	652.1	757.7	866.5	979.1	1049.6	1141.6	1217.9	1281.3	1297.4	*1340*	Net Plant ($mill)	*1550*
10.2%	8.8%	7.6%	9.0%	8.2%	7.8%	7.6%	7.6%	7.8%	7.5%	7.4%	*7.5%*	% Earned Total Cap'l	*8.0%*
14.2%	12.1%	9.8%	12.5%	11.8%	10.5%	11.0%	10.7%	11.2%	10.4%	11.0%	*10.5%*	% Earned Net Worth	*12.0%*
15.0%	12.5%	9.9%	12.8%	12.0%	10.6%	11.2%	10.8%	11.4%	10.8%	11.3%	*11.0%*	% Earned Comm Equity	*12.5%*
7.7%	3.8%	1.7%	2.8%	2.7%	.2%	.2%	.2%	1.0%	.4%	1.3%	*1.0%*	% Retained to Comm Eq	*2.5%*
52%	72%	84%	79%	79%	98%	98%	98%	91%	96%	90%	*92%*	% All Div'ds to Net Prof	*81%*

CURRENT POSITION ($MILL.)	1992	1993	9/30/94
Cash Assets	1.2	3.3	3.3
Other	181.7	232.1	267.8
Current Assets	182.9	235.4	271.1
Accts Payable	66.7	63.6	57.6
Debt Due	258.6	132.1	110.4
Other	89.4	77.0	117.9
Current Liab	414.7	272.7	285.9
Fix. Chg. Cov.	246%	239%	256%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs	Est'd '92-'94 to '97-'99
Revenues	-8.0%	-4.0%	*4.5%*
"Cash Flow"	3.5%	5.0%	*3.0%*
Earnings	5.5%	1.5%	*4.5%*
Dividends	8.5%	5.5%	*1.5%*
Book Value	4.0%	3.5%	*4.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar.31	Jun 30	Sep.30	Full Fiscal Year
1991	295.3	379.0	159.3	130.3	963.9
1992	300.2	395.3	176.0	123.1	994.6
1993	334.1	448.2	197.7	150.3	1130.3
1994	361.9	500.2	191.2	146.6	1199.9
1995	*365*	*510*	*220*	*155*	*1250*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec 31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1991	1.05	1.47	d.11	d.31	2.07
1992	.88	1.79	d.08	d.31	2.26
1993	.87	1.79	d.14	d.34	2.16
1994	1.01	1.97	d.19	d.43	2.34
1995	*1.00*	*1.95*	*d.20*	*d.45*	*2.30*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec.31	Full Year
1990	.49	.49	.49	.51	1.98
1991	.51	.51	.51	.51	2.04
1992	.51	.52	.52	.52	2.07
1993	.52	.52	.52	.52	2.08
1994	.52	.52	.52	.52	2.08

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah, and in Chattanooga, Tennessee. Has about 1,280,900 customers. System throughput 266.4 Bcf in FY '93 vs. 269.6 Bcf in FY '92. Purchased gas cost 62% of revs. in FY '93 vs. 59.5% in FY '92. Firm gas supply profile FY '93: Pipeline mktrs., 54%, Major oil cos., 26%, Ind. prod., 11%, Ind. mktrs. 9%. Revenue breakdown, FY '93: Residential, 58%, commerical, 24%, industrial, 14%, transport and other 4%. Depreciation rate 3.3%. Has about 3,764 employees, 18,000 shrhldrs. Pres. & C.E.O.: David R. Jones. Inc.: Georgia. Address: 303 Peachtree St., N.E. Atlanta, GA 30308. Tel.: 404-584-4000.

Atlanta Gas Light has announced a restructuring plan. The plan calls for the company to be organized around three primary functions—Customer Operations, Market Services, and Business Support. The move should allow AGL to provide high-quality service to its customers while working to improve the efficiency and effectiveness of its operations. The utility will be streamlining its field organization by combining offices and creating centralized call centers and a network of locations where customers can pay bills. Atlanta should also be better able to take advantage of opportunities resulting from the regulatory changes effecting interstate pipelines.

The restructuring will likely reduce AGL's work force by around 600 people. The aftertax cost will probably be somewhere in the $23 to $37 million range. We will treat these charges as nonrecurring and so will not include them in our earnings presentation. However, an allowance has been made for them in our estimate of ending common equity for fiscal 1995 (ends September 30th). The program is now under implementation, and will probably take two years to complete. We believe that most of the charges will likely be offset through lower operating expenses over the pull to 1997-99. And the plan may well lessen the company's dependence on its regulators for rate relief, given management's emphasis on developing new markets for natural gas (transportation, gas cooling, etc.). However, AGL is faced with making large capital expenditures to support the growth of the residential customer base in its service territory. Consequently, it will still need to apply for relief from time to time in order to recover the resulting capital costs (which are rising). Also, competitive pricing for its interruptible load is still an unresolved issue.

This stock offers income-oriented investors an attractive yield. But the prospects for dividend growth are not that great, at least over the near term, given the company's high payout ratio. Leaner operations, coupled with timely and reasonable regulatory relief, should work to move earnings forward through 1997-99. The payout ratio, then, will likely decline, and modest dividend growth return.

Charles Clark *December 30, 1994*

(A) Fiscal year ends September 30th.
(B) Primary egs. Next egs. report due early Feb. Excl. nonrec. items: '84, 37¢; '88, 15¢; '95, *($1.00-$1.50)*.
(C) Next dividend meeting early Feb. Goes ex mid-Feb. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1.
■ Dividend reinvestment plan available.
(D) Incl. def'd chgs. '94: $48.2 mill., $1.90/sh.
(E) In millions, adj'd for stock split.
(F) In '91,'92,'93,'94 Quarters do not add to total due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	70

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
34	13.6 (Trailing 13.7 / Median: 14.0)	0.99	6.1%	474

TIMELINESS (Relative Price Performance Next 12 Mos) **4** Below Average

SAFETY **2** Above Average
(Scale 1 Highest to 5 Lowest)

BETA 65 (1 00 = Market)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
High	14 5	19 0	24 3	26 4	28 0	30 8	32.1	37 6	39 0	42 5	38 9	34 4
Low	9 6	14 0	18 5	19 4	21 5	23 9	26 5	29 8	30 3	34 0	29 1	29 8

Target Price Range 1998 | 1999 | 2000

1998-00 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+30%)	*12%*
Low	35	(+5%)	*7%*

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	1	0	0	0
Options	0	1	0	0	0	0	0	0	0
to Sell	2	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q'94	3Q'94	4Q'94
to Buy	23	26	15
to Sell	20	21	31
Hld's(000)	4424	4193	4072

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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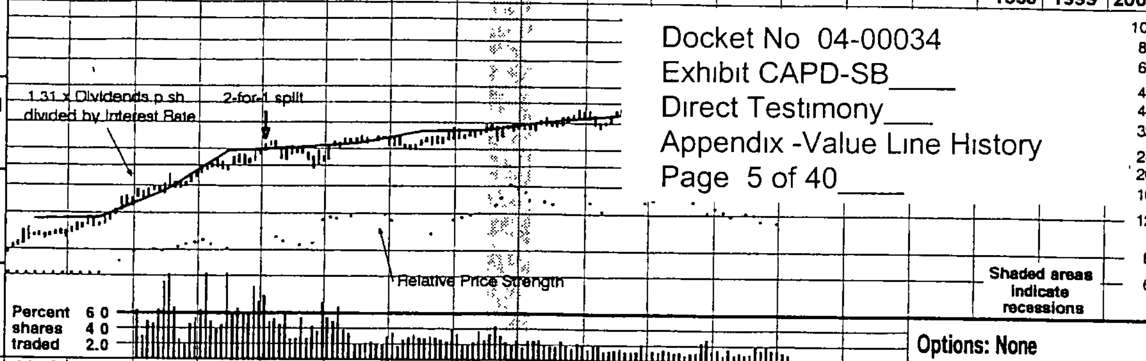


Options: None

1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	© VALUE LINE PUB., INC.	98-00
60.27	77 11	91 44	104 23	96 54	92 00	74 85	55 17	52 48	45 94	43.26	45 17	40 52	40 85	45 47	47 18	*43.05*	*45.95*	Revenues per sh A	*54.50*
3 04	3 40	3 27	2 99	3.20	3 74	3 38	3 04	3 68	3 79	3 86	4 09	4 14	4 62	4 51	4 49	*4.55*	*4 85*	"Cash Flow" per sh	*5.50*
1 31	1 55	1 29	91	1 56	2.25	1 82	1 67	2.04	2 25	1 90	2 02	2.07	2.26	2.16	2 34	*2.50*	*2 65*	Earnings per sh B	*3.00*
72	75	84	90	96	1 08	1 26	1 40	1 60	1 76	1 88	1 96	2 04	2.06	2 08	2 08	*2.08*	*2.12*	Div'ds Decl'd per sh C■	*2.30*
3 51	3 97	4 90	5 05	4 87	5 89	6 03	6 60	7 18	5 72	5.29	5 47	5 91	5 48	4 98	4 74	*4.55*	*4 60*	Cap'l Spending per sh	*4 50*
11 71	12 52	12 99	12 90	12 74	13 84	14.25	15 18	15 78	17 44	17 66	17 93	18 84	19 39	19 79	20 39	*20.15*	*21 00*	Book Value per sh D	*23 50*
9 07	9 07	9 07	9 26	11 54	13 32	15 56	18 28	18 74	21 24	21 70	22 16	23 79	24 35	24 86	25 43	*26.70*	*27.20*	Common Shs Outst'g E	*28.50*
6 1	4 8	5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14.2	15 3	15 5	17 9	15 1	***Bold figures are***		Avg Ann'l P/E Ratio	*13 5*
88	64	72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	97	***Value Line***		Relative P/E Ratio	*1 05*
9 1%	10.2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	***estimates***		Avg Ann'l Div'd Yield	*5 7%*

CAPITAL STRUCTURE as of 12/31/94
Total Debt $718 1 mill **Due in 5 Yrs** $163 6 mill
LT Debt $554 5 mill **LT Interest** $43 2 mill
(LT interest earned 3 5x, total interest coverage 3 2x)

Leases, Uncapitalized Annual rentals $6 0 mill

Pension Liability None

Pfd Stock $58 5 mill **Pfd Div'd** $4 5 mill
$14 2 mill 4 50%-8 32% cum , callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 25,600,552 shs

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996		98-00
1164 7	1008 3	983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	*1150*	*1250*	Revenues ($mill) A	*1550*
29 7	29 2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	*69.5*	*75.0*	Net Profit ($mill)	*90 0*
46 7%	46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	*35 0%*	*35 0%*	Income Tax Rate	*35 0%*
2 5%	2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	*6.0%*	*6.0%*	Net Profit Margin	*5 8%*
49 8%	49 4%	46.2%	49 3%	47 9%	50.2%	49 6%	40.2%	40 5%	49 0%	*49 0%*	*49.0%*	Long-Term Debt Ratio	*47 5%*
45 5%	46 9%	50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	*46.0%*	*46 5%*	Common Equity Ratio	*48.0%*
487 7	590 9	587 7	768 5	770 0	831 9	918 3	812 7	925 7	1131 5	*1165*	*1230*	Total Capital ($mill)	*1350*
560 7	652 1	757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	*1340*	*1400*	Net Plant ($mill)	*1550*
8 8%	7 6%	9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	*8.0%*	*8.0%*	% Earned Total Cap'l	*8 5%*
12 1%	9 8%	12 5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	*11.5%*	*12.0%*	% Earned Net Worth	*12.5%*
12 5%	9 9%	12 8%	12 0%	10 6%	11.2%	10 8%	11 5%	10 8%	11 3%	*12 0%*	*12.5%*	% Earned Comm Equity	*13 0%*
3 8%	1 7%	2 8%	2 7%	.2%	.2%	.2%	1 0%	4%	3 0%	*2.0%*	*2.5%*	% Retained to Comm Eq	*3 0%*
72%	84%	79%	79%	98%	98%	98%	91%	96%	90%	*83%*	*82%*	% All Div'ds to Net Prof	*77%*

CURRENT POSITION ($MILL.)	1993	1994	12/31/94
Cash Assets	3 3	3 3	4 2
Other	232 1	267 8	333 1
Current Assets	235 4	271 1	337 3
Accts Payable	63 6	57 6	51 7
Debt Due	132 1	110 4	163 6
Other	77 0	117 9	162 2
Current Liab	272 7	285 9	377 5
Fix Chg Cov	239%	256%	266%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '92-'94 to '98-'00
Revenues	-7 5%	-1 0%	*3 5%*
"Cash Flow"	3 0%	3 5%	*3 0%*
Earnings	3 5%	2 0%	*5 0%*
Dividends	8 0%	3 5%	*2 0%*
Book Value	4 0%	3 0%	*3 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar.31	Jun 30	Sep.30	Full Fiscal Year
1992	300 2	395 3	176 0	123 1	994 6
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	*495*	*185*	*141.2*	*1150*
1996	*375*	*520*	*200*	*155*	*1250*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec 31	Mar.31	Jun.30	Sep 30	Full Fiscal Year
1992	88	1 79	d.08	d 31	2.26
1993	87	1 79	d 14	d 34	2 16
1994	1 01	1 97	d.19	d.43	2 34
1995	1 14	*2 01*	*d.20*	*d 45*	*2.50*
1996	*1.20*	*2.10*	*d.20*	*d.45*	*2.65*

Calendar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun 30	Sep.30	Dec 31	Full Year
1991	51	51	51	51	2.04
1992	51	52	52	52	2 07
1993	52	52	52	52	2 08
1994	52	52	52	52	2.08
1995	52				

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah Also operates the Chattanooga Gas Company in Tennessee Has about 1,325,200 customers in total System throughput 260 4 Bcf in FY '94 System throughput (operating margin) breakdown, FY '94 Residential, 38 5% (61 4%), commercial, 15 6% (19 7%), industrial and interruptible, 19 1% (10 0%), transportation and other, 26 8% (8 9%) Depreciation rate 3 3% Purchased gas cost 61 4% of revenues in FY '94 Has about 3,325 employees, 18,000 shareholders President & C E O David R Jones Inc Georgia Address 303 Peachtree St, N E Atlanta, GA 30308 Telephone 404-584-4000

Atlanta Gas Light is moving along well with its restructuring program. The utility is looking to reduce its headcount by a total of 600 under the program. Nearly 440 employees have already agreed to accept retirement under the company's Special Voluntary Retirement Plan (SVRP). The balance of the personnel reduction will likely be accomplished over the next couple of years through the SVRP offer and attrition. Further, we expect the streamlining of AGL's field organization into centralized call centers will be largely complete by early September. The restructuring is now estimated to cost between $37-$39 million after tax. The charges, which we are excluding from our earnings presentation, should be largely recovered through lower operating and maintenance expenses over the next 2 to 3 years

Customer growth continues to be a plus for AGL. Its residential heating roster is advancing at about 2.5% to 3.0% a year This is better than most gas distributors of this utility's size, and reflects the economic vitality of its service area Moreover, AGL's residential customers are using more gas (on a weather-normalized basis) The trend to higher usage began with the first quarter of fiscal 1994 (years end September 30th) Whether this trend is sustainable is not clear, given conservation measures and moves towards more efficient heating systems Nevertheless, the current usage pattern has provided a boost to the company's gross margin (revenues less the cost of gas), and has had a positive effect on share earnings so far this year As a result, we have raised our earnings estimate 20¢, to $2 50, a share for 1995 Share net may reach $2 65 next year

The prospects for this equity have improved, in our view. Earnings ought to advance in the next couple of years—even without the aid of general rate relief—as the effect of the restructuring takes hold. And AGL's regulators recently made some positive moves that allow the utility to more effectively compete for interruptible load, diminishing the threat of system bypass by large customers. In sum, dividend growth should resume in 1996 (or maybe sooner), and continue through 1998-2000. On that assumption, the stock offers a worthwhile, risk-adjusted total return.

Charles Clark *March 31, 1995*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early May Excl nonrec items '84, 37¢, '88, 15¢, '95, *($1 40-$1 50)*
(C) Next dividend meeting early May Goes ex mid-May Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '94 $48 2 mill , $1 90/sh
(E) In millions , adj'd for stock split
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	70

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE **35** | P/E RATIO **14.2** (Trailing. 14.4 Median: 14.0) | RELATIVE P/E RATIO **1.00** | DIV'D YLD **6.0%** | VALUE LINE **473**

TIMELINESS 4 Below Average (Relative Price Performance Next 12 Mos.)
SAFETY 2 Above Average (Scale. 1 Highest to 5 Lowest)
BETA 65 (1 00 = Market)

High.	14 5	19 0	24 3	26 4	28 0	30 8	32.1	37 6	39 0	42 5	38 9	36 8
Low	9 6	14 0	18 5	19 4	21 5	23 9	26.5	29 8	30 3	34 0	29 1	29 8

Target Price Range 1998 | 1999 | 2000

1998-00 PROJECTIONS

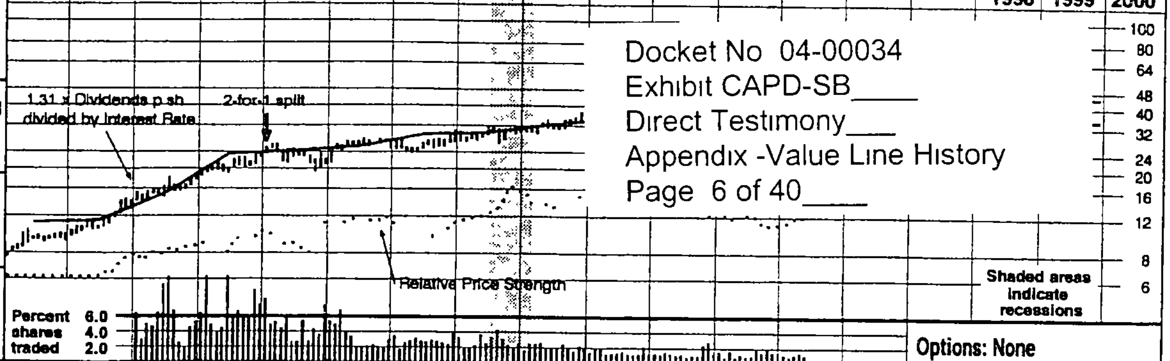
	Price	Gain	Ann'l Total Return
High	45	(+30%)	11%
Low	35	(Nil)	6%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	1	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	1
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q'94	4Q'94	1Q'95
to Buy	26	15	28
to Sell	21	31	22
Hld's(000)	4193	4072	4315



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
Page 6 of 40____

Options: None

1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	© VALUE LINE PUB., INC.	98-00
60.27	77.11	91 44	104.23	96.54	92.00	74 85	55 17	52.48	45 94	43.26	45 17	40 52	40 85	45 47	47 18	*41.20*	*45.35*	Revenues per sh A	*50 00*
3.04	3 40	3 27	2.99	3.20	3 74	3 38	3 04	3 68	3 79	3 86	4 09	4 14	4 62	4 51	4 49	*4.40*	*4.75*	"Cash Flow" per sh	*5.35*
1 31	1.55	1.29	91	1 56	2.25	1 82	1 67	2.04	2.25	1 90	2 02	2.07	2.26	2 16	2 34	*2 45*	*2.60*	Earnings per sh B	*2.95*
72	75	84	90	.96	1 08	1.26	1 40	1 60	1 76	1 88	1 96	2 04	2 06	2.08	2 08	*2.08*	*2.12*	Div'ds Decl'd per sh C■	*2.24*
3.51	3.97	4 90	5 05	4 87	5 89	6 03	6 60	7 18	5 72	5.29	5 47	5 91	5 48	4 98	4 74	*4 45*	*3 75*	Cap'l Spending per sh	*4.25*
11 71	12 52	12.99	12.90	12.74	13 84	14.25	15 18	15 78	17 44	17 66	17 93	18 84	19 39	19 79	20 39	*20 00*	*21 10*	Book Value per sh D	*23.00*
9 07	9 07	9 07	9.26	11 54	13 32	15 56	18.28	18 74	21.24	21 70	22 16	23.79	24 35	24 86	25 43	*27.50*	*28 00*	Common Shs Outst'g E	*29 00*
6 1	4 8	5 9	8 3	5.7	4 7	8 3	11.8	11 5	11 1	13.7	14.2	15 3	15 5	17 9	15 1	*Bold figures are*		Avg Ann'l P/E Ratio	*13 5*
88	64	72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	97	*Value Line*		Relative P/E Ratio	*1 05*
9 1%	10.2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	*estimates*		Avg Ann'l Div'd Yield	*5 7%*
						1164 7	1008 3	983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	*1115*	*1250*	Revenues ($mill) A	*1450*
						29 7	29 2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	63.2	*68.5*	*77 0*	Net Profit ($mill)	*90 0*
						46 7%	46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32.9%	35 2%	*36 0%*	*36.0%*	Income Tax Rate	*36.0%*
						2 5%	2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	*6.1%*	*6.1%*	Net Profit Margin	*6.2%*
						49 8%	49 4%	46.2%	49 3%	47 9%	50.2%	49 6%	40.2%	40 5%	49 0%	*47.5%*	*48.0%*	Long-Term Debt Ratio	*45 5%*
						45 5%	46 9%	50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	*47 5%*	*47 5%*	Common Equity Ratio	*50 5%*
						487 7	590 9	587 7	768.5	770 0	831 9	918 3	812.7	925 7	1131 5	*1170*	*1245*	Total Capital ($mill)	*1325*
						560 7	652 1	757 7	866.5	979 1	1049 6	1141.6	1217 9	1281 3	1297 4	*1340*	*1400*	Net Plant ($mill)	*1550*
						8 8%	7 6%	9 0%	8.2%	7.8%	7 6%	7 6%	9 4%	8 6%	7 5%	*8.0%*	*8.0%*	% Earned Total Cap'l	*8 5%*
						12 1%	9 8%	12 5%	11.8%	10.5%	11 0%	10 7%	11 4%	10 4%	11 0%	*11 0%*	*12 0%*	% Earned Net Worth	*12.5%*
						12 5%	9.9%	12 8%	12 0%	10 6%	11.2%	10 8%	11 5%	10 8%	11 3%	*11 5%*	*12 5%*	% Earned Comm Equity	*13 0%*
						3 8%	1 7%	2.8%	2 7%	.2%	.2%	.2%	1 0%	4%	3 0%	*1.5%*	*2.5%*	% Retained to Comm Eq	*3.0%*
						72%	84%	79%	79%	98%	98%	98%	91%	96%	90%	*87%*	*82%*	% All Div'ds to Net Prof	*77%*

CAPITAL STRUCTURE as of 3/31/95
Total Debt $554 5 mill **Due in 5 Yrs** $50 mill.
LT Debt $554 5 mill **LT Interest** $41 5 mill
(LT interest earned. 3 4x, total interest coverage 3 1x)

Leases, Uncapitalized Annual rentals $6 0 mill

Pension Liability None

Pfd Stock $58 5 mill **Pfd Div'd** $4 5 mill
$14 2 mill 4 50%-8 32% cum , callable at $101 96-$105.25, $44 5 mill. 7 70% cum

Common Stock 25,744,226 shs

CURRENT POSITION ($MILL.)	1993	1994	3/31/95
Cash Assets	3 3	3 3	36.2
Other	232 1	267 8	240 1
Current Assets	235 4	271 1	276 3
Accts Payable	63.6	57 6	50 8
Debt Due	132 1	110 4	- -
Other	77 0	117 9	236 4
Current Liab	272 7	285 9	287 2
Fix Chg Cov	239%	256%	265%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '92-'94 to '98-'00
Revenues	-7 5%	-1 0%	*2 0%*
"Cash Flow"	3 0%	3 5%	*3 0%*
Earnings	3 5%	2.0%	*4 5%*
Dividends	8.0%	3 5%	*1 5%*
Book Value	4 0%	3 0%	*2 5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1992	300 2	395 3	176 0	123 1	994 6
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	*190*	*148*	*1115*
1996	*375*	*520*	*200*	*155*	*1250*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1992	88	1 79	d.08	d 31	2 26
1993	87	1 79	d 14	d.34	2.16
1994	1 01	1 97	d.19	d.43	2 34
1995	1 14	1 91	*d.20*	*d.40*	*2.45*
1996	*1.15*	*2.00*	*d.15*	*d.40*	*2.60*

Calendar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1991	51	51	51	51	2.04
1992	51	52	52	52	2.07
1993	52	52	52	52	2.08
1994	52	52	52	52	2 08
1995	52	52			

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah Also operates the Chattanooga Gas Company in Tennessee Has about 1,325,200 customers in total System throughput. 260 4 Bcf in FY '94 System throughput (operating margin) breakdown, FY '94 Residential, 38 5% (61 4%), commerical, 15 6% (19 7%), industrial and interruptible, 19 1% (10 0%), transportation and other, 26 8% (8 9%) Depreciation rate 3 3% Purchased gas cost 61 4% of revenues in FY '94 Has about 3,325 employees, 18,000 shareholders President & C E O David R Jones Inc Georgia Address 303 Peachtree St., N E Atlanta, GA 30308 Telephone 404-584-4000

Atlanta Gas Light will likely acquire a 35% interest in Sonat Marketing Company. The deal, though not yet finalized, has a price tag of $32 million. Sonat Marketing is one of the largest natural gas marketing firms in the U.S. The move follows from AGL's goal of making energy-related investments, especially those that provide a way to benefit from the opportunities arising from FERC Order 636, which unbundled interstate pipeline sales service. This transaction will likely have a neutral effect on share earnings initially, but it should prove increasingly additive in the next couple of years.

The utility continues to make progress with its restructuring plan. The largest part of the plan's costs have probably been realized (The charges are excluded from our earnings presentation and are estimated to be between $41 4 million and $43 million after taxes) These costs ought to be largely offset by lower operating expenses in the next couple of years It still looks likely that the streamlining of the company's field organization will be completed soon. Accordingly, some of the savings may start to be felt in the fourth fiscal quarter (years end September 30th).

AGL recently completed a common equity offering. It issued about 1 5 million shares at $33 625 each, yielding around $48 million after expenses With this in hand, AGL will not need to visit the capital markets again until sometime in fiscal 1996, when its requirements may be in the $40 million to $50 million range (probably funded with debt).

Atlanta Gas stock may be of interest to income-oriented investors. Earnings ought to advance in the next year or so, even without the aid of general rate relief, as the effect of the restructuring takes hold We also think that AGL ought to build equity by making further investments in non-regulated activities, though we expect them to be closely related to its core business—natural gas distribution And recent rulings by state regulators have diminished the threat of system bypass by large customers. In sum, dividend growth should resume in 1996 and continue through 1998-2000 On that assumption, this equity offers a worthwhile, risk-adjusted total return

Charles Clark *June 30, 1995*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early August Excl nonrec items. '84, 37¢, '88, 15¢, '95, *$1 65*
(C) Next dividend meeting early August Goes ex mid-August Approx div'd payment dates March 1, June 1, Sept. 1, Dec. 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '94 $48 2 mill , $1 90/sh
(E) In millions , adj'd for stock split
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	75

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE	38	P/E RATIO	13.3 (Trailing: 14.2 Median 14.0)	RELATIVE P/E RATIO	0.90	DIV'D YLD	5.6%	VALUE LINE	473

TIMELINESS 4 Below Average (Relative Price Performance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA 60 (1 00 = Market)

High.	14 5	19 0	24 3	26 4	28 0	30 8	32.1	37 6	39 0	42 5	38 9	38 4			Target Price Range
Low	9 6	14 0	18 5	19 4	21 5	23 9	26.5	29 8	30 3	34 0	29 1	29 8			1998 | 1999 | 2000

1998-00 PROJECTIONS

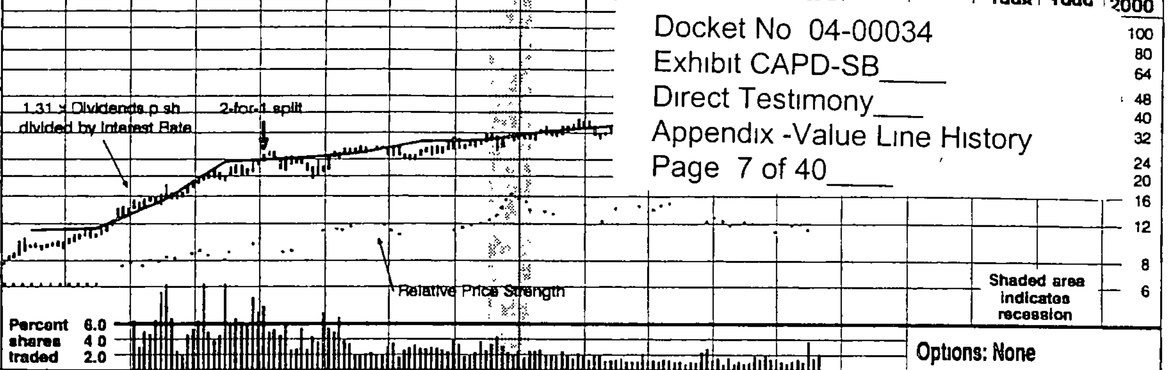
	Price	Gain	Ann'l Total Return
High	50	(+30%)	12%
Low	35	(-10%)	4%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	1	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	1	0	1
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q'94	1Q'95	2Q'95
to Buy	15	28	31
to Sell	31	22	23
Hld's(000)	4072	4315	4668



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Direct Testimony___
Appendix -Value Line History
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Options: None

1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	© VALUE LINE PUB , INC.	98-00
60.27	77 11	91 44	104.23	96 54	92 00	74 85	55 17	52.48	45 94	43.26	45 17	40 52	40 85	45 47	47 18	*39.25*	*41.05*	Revenues per sh A	*45 75*
3 04	3 40	3.27	2 99	3.20	3 74	3 38	3.04	3.68	3.79	3 86	4 09	4 14	4 62	4 51	4 49	*4 65*	*4 95*	"Cash Flow" per sh	*5 50*
1 31	1.55	1 29	91	1 56	2.25	1 82	1 67	2.04	2.25	1 90	2 02	2.07	2.26	2 16	2 34	*2.65*	*2.85*	Earnings per sh B	*3 20*
72	75	84	90	96	1 08	1.26	1 40	1 60	1 76	1 88	1 96	2.04	2 06	2.08	2 08	*2 08*	*2.12*	Div'ds Decl'd per sh C■	*2.26*
3.51	3 97	4 90	5 05	4 87	5 89	6 03	6 60	7 18	5 72	5.29	5 47	5 91	5 48	4 98	4 74	*4 45*	*4.10*	Cap'l Spending per sh	*4.25*
11 71	12 52	12 99	12.90	12.74	13 84	14.25	15 18	15 78	17 44	17 66	17 93	18 84	19 39	19.79	20 39	*20 40*	*21.50*	Book Value per sh D	*24.00*
9 07	9 07	9 07	9 26	11 54	13 32	15 56	18 28	18 74	21 24	21 70	22 16	23.79	24 35	24 86	25 43	*27.50*	*28.00*	Common Shs Outst'g E	*29.00*
6 1	4 8	5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15.5	17 9	15 1	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
88	64	72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	97	*Value Line*		Relative P/E Ratio	*1.00*
9 1%	10.2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	*estimates*		Avg Ann'l Div'd Yield	*5 4%*

CAPITAL STRUCTURE as of 6/30/95
Total Debt $554 5 mill **Due in 5 Yrs** $50 mill
LT Debt $554 5 mill **LT Interest** $41 5 mill
(LT interest earned 3 8x, total interest coverage 3 4x)

Leases, Uncapitalized Annual rentals $6 0 mill

Pension Liability None

Pfd Stock $58 5 mill **Pfd Div'd** $4 5 mill
$14 2 mill 4 50%-8 32% cum , callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 27,375,405 shs

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996		98-00
1164 7	1008 3	983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	*1080*	*1150*	Revenues ($mill) A	*1325*
29 7	29 2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	*74 5*	*83 5*	Net Profit ($mill)	*96.0*
46 7%	46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35.2%	*36 0%*	*36.0%*	Income Tax Rate	*36 0%*
2.5%	2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	*6.9%*	*7.3%*	Net Profit Margin	*7.2%*
49 8%	49 4%	46.2%	49 3%	47 9%	50.2%	49 6%	40.2%	40 5%	49.0%	*47 0%*	*47 5%*	Long-Term Debt Ratio	*46 5%*
45 5%	46.9%	50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	*48.0%*	*47 5%*	Common Equity Ratio	*49 5%*
487 7	590 9	587 7	768.5	770 0	831 9	918 3	812 7	925 7	1131 5	*1175*	*1260*	Total Capital ($mill)	*1400*
560 7	652 1	757 7	866.5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	*1340*	*1400*	Net Plant ($mill)	*1550*
8 8%	7 6%	9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	*8.5%*	*8.5%*	% Earned Total Cap'l	*9.0%*
12 1%	9 8%	12.5%	11 8%	10.5%	11 0%	10 7%	11 4%	10 4%	11 0%	*12 0%*	*12.5%*	% Earned Net Worth	*13.0%*
12 5%	9 9%	12 8%	12 0%	10 6%	11.2%	10 8%	11.5%	10 8%	11 3%	*12.5%*	*13.0%*	% Earned Comm Equity	*13.0%*
3 8%	1 7%	2 8%	2 7%	.2%	.2%	.2%	1 0%	4%	3 0%	*2.5%*	*3 5%*	% Retained to Comm Eq	*7 0%*
72%	84%	79%	79%	98%	98%	98%	91%	96%	90%	*80%*	*76%*	% All Div'ds to Net Prof	*72%*

CURRENT POSITION ($MILL.)	1993	1994	6/30/95
Cash Assets	3 3	3 3	78 4
Other	232 1	267 8	200 1
Current Assets	235 4	271 1	278 5
Accts Payable	63 6	57 6	55 5
Debt Due	132 1	110 4	- -
Other	77 0	117 9	200 9
Current Liab	272 7	285 9	256 4
Fix Chg Cov	239%	256%	283%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs	Est'd '92-'94 to '98-'00
Revenues	-7 5%	-1 0%	*5%*
"Cash Flow"	3 0%	3 5%	*3 5%*
Earnings	3 5%	2 0%	*6 0%*
Dividends	8 0%	3 5%	*1 5%*
Book Value	4 0%	3 0%	*3 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1992	300 2	395 3	176 0	123 1	994 6
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	*125.5*	*1080*
1996	*350*	*500*	*175*	*125*	*1150*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1992	88	1 79	d 08	d 31	2 26
1993	87	1 79	d.14	d.34	2 16
1994	1 01	1 97	d.19	d 43	2 34
1995	1 14	1 91	05	*d 45*	*2.65*
1996	*1.20*	*2.05*	*Nil*	*d.40*	*2.85*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep.30	Dec.31	Full Year
1991	51	51	51	51	2.04
1992	51	52	52	52	2 07
1993	52	52	52	52	2 08
1994	52	52	52	52	2.08
1995	52	52	52		

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah Also operates the Chattanooga Gas Company in Tennessee Has about 1,325,200 customers in total System throughput 260 4 Bcf in FY '94 System throughput (operating margin) breakdown, FY '94 Residential, 38 5% (61 4%), commerical, 15 6% (19 7%), industrial and interruptible, 19 1% (10 0%), transportation and other, 26 8% (8 9%) Depreciation rate 3 3% Purchased gas cost 61 4% of revenues in FY '94 Has about 3,325 employees, 18,000 shareholders President & C E O David R Jones Inc Georgia Address 303 Peachtree St , N E Atlanta, GA 30308 Telephone 404-584-4000

The restructuring at Atlanta Gas Light is taking hold. In the June quarter, operating and maintenance expenses were down sharply. True, the company has now broken out the operating costs associated with such programs as its Integrated Resource Plan (IRP), calling attention to the decline. But these expenses are recovered in the utility's rates Consequently, they are essentially offset by revenues, and the new presentation provides meaningful information, in our view. We continue to expect that the costs of the restructuring, which reduced employee count, realigned business processes, and streamlined field operations, should be offset through lower operating expenses over the next three fiscal years. (Years end September 30th) The total costs of the plan may reach $43 million after taxes; almost all has been accrued. (The charge is excluded from our earnings presentation)

The utility's margin on providing natural gas service should continue to progress. This figure's advance (defined as operating revenues less the cost of gas) is underpinned by the customer growth in AGL's service area For the 12 months ending June 30th, the company's roster has expanded by about 2.8%, of which the vast majority remains the higher-margined residential load The growth of the utility's service area is likely to keep pace with the established trend of around 2.5% a year or so, which is above the average for gas distributors of its size AGL's margin, then, ought to advance a little faster than customer additions (net of IRP effects), reflecting the volume increases it appears to be garnering from its industrial customers This estimate assumes no changes in rate design. We do not expect AGL to file a general rate case for some time, given the recent restructuring, though capital spending will likely remain substantial, reflecting the expansion of demand in its service territory

AGL stock may be of interest to income-oriented investors. No guarantees are made, but the company appears to now be in a position to boost its quarterly dividend for the first time since 1992 Further, our projections through 1998-2000 suggest a decent, risk-adjusted total return over this time frame

Charles Clark *September 29, 1995*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early November Excl nonrecurring items '84, 37¢, '88, 15¢, '95, *$1 65*
(C) Next dividend meeting early November Goes ex mid-November Approx div'd payment dates March 1, June 1, Sept. 1, Dec. 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '94 $48 2 mill , $1 90/sh
(E) In millions , adj'd for stock split
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	75

ATLANTA GAS LIGHT NYSE-ATG

RECENT PRICE **20** | P/E RATIO **14.2** (Trailing 14.8 / Median. 14.0) | RELATIVE P/E RATIO **0.99** | DIV'D YLD **5.3%** | VALUE LINE **473**

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Direct Testimony___
Appendix -Value Line History
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TIMELINESS 4 Below Average
(Relative Price Performance Next 12 Mos)
SAFETY 2 Above Average
(Scale 1 Highest to 5 Lowest)
BETA .70 (1 00 = Market)

	High	Low
	7 3	4 8
	9 5	7 0
	12 1	9 3
	13 2	9.7
	14 0	10 8
	15 4	11 9
	16.1	13.3
	18 8	14 9
	19 5	15
	21 3	
	19 4	
	19 9	

Target Price Range

1998-00 PROJECTIONS

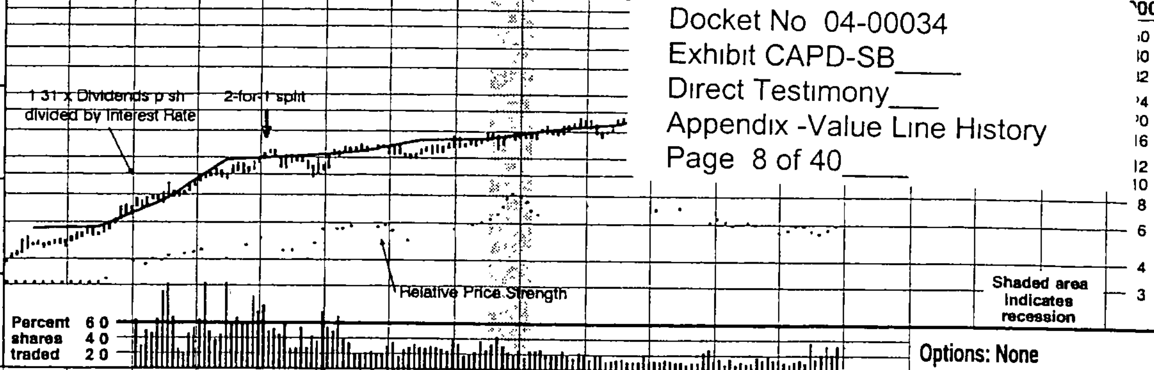
	Price	Gain	Ann'l Total Return
High	25	(+25%)	10%
Low	18	(-10%)	3%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	1	0	0	0
Options	0	0	1	0	1	0	0	0	3
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q'95	2Q'95	3Q'95
to Buy	28	31	45
to Sell	22	23	23
Hld's(000)	8630	9336	15970



Options: None

1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	© VALUE LINE PUB., INC.	98-00
30 14	38 56	45 72	52.11	48 27	46 00	37 42	27 58	26.24	22 97	21 63	22 58	20.26	20 43	22.73	23 59	19 33	*20.20*	Revenues per sh A	*21 65*
1.52	1 70	1 63	1 50	1 60	1 87	1 69	1.52	1 84	1 90	1.93	2 04	2 07	2.31	2.25	2.24	2 40	*2 50*	"Cash Flow" per sh	*2.75*
65	78	64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	*1 45*	Earnings per sh B	*1 65*
36	38	42	45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	*1.06*	Div'ds Decl'd per sh C■	*1 18*
1 76	1.99	2 45	2 52	2 43	2 95	3 01	3 30	3 59	2.86	2 65	2 73	2.95	2 74	2.49	2 37	2.21	*1 95*	Cap'l Spending per sh	*2 00*
5 85	6.26	6 49	6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 13	*10.70*	Book Value per sh D	*11 90*
18 14	18 14	18 14	18 53	23 07	26 64	31 12	36 55	37 48	42.47	43 40	44 32	47 57	48 69	49 72	50 86	55 00	*56 00*	Common Shs Outst'g E	*60.00*
6 1	4 8	5.9	8 3	5 7	4 7	8 3	11 8	11.5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6		Avg Ann'l P/E Ratio	*13 0*
88	64	72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	85		Relative P/E Ratio	*1 00*
9 1%	10 2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6.2%		Avg Ann'l Div'd Yield	*5 5%*

CAPITAL STRUCTURE as of 9/30/95
Total Debt $554 5 mill **Due in 5 Yrs** $50 0 mill
LT Debt $554 5 mill **LT Interest** $45 0 mill
(LT interest earned 3 9x, total interest coverage 3 4x)

Leases, Uncapitalized Annual rentals $6 0 mill

Pension Liability None

Pfd Stock $58 5 mill **Pfd Div'd** $4 5 mill
$14 2 mill 4 50%-8 32% cum , callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 55,000,000 shs

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996		98-00
1164 7	1008 3	983 5	975 6	938.7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	*1130*	Revenues ($mill) A	*1300*
29 7	29 2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	73 9	*82.5*	Net Profit ($mill)	*98 0*
46 7%	46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	*37 0%*	Income Tax Rate	*37 0%*
2 5%	2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	6 9%	*7 3%*	Net Profit Margin	*7 5%*
49 8%	49 4%	46.2%	49 3%	47 9%	50.2%	49 6%	40.2%	40 5%	49 0%	47 4%	*48.0%*	Long-Term Debt Ratio	*46 0%*
45 5%	46 9%	50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	*47 5%*	Common Equity Ratio	*50 0%*
487 7	590 9	587 7	768 5	770 0	831 9	918 3	812.7	925 7	1131 5	1170 6	*1260*	Total Capital ($mill)	*1425*
560 7	652 1	757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	*1400*	Net Plant ($mill)	*1500*
8 8%	7 6%	9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 3%	*8 5%*	% Earned Total Cap'l	*8 5%*
12 1%	9 8%	12.5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12.0%	*12.5%*	% Earned Net Worth	*12.5%*
12 5%	9 9%	12 8%	12 0%	10 6%	11.2%	10 8%	11.5%	10 8%	11 3%	12 5%	*13 0%*	% Earned Comm Equity	*13 0%*
3 8%	1 7%	2 8%	2 7%	.2%	.2%	.2%	1 0%	4%	1 3%	2 7%	*3 5%*	% Retained to Comm Eq	*3 5%*
72%	84%	79%	79%	98%	98%	98%	91%	96%	90%	80%	*77%*	% All Div'ds to Net Prof	*76%*

CURRENT POSITION ($MILL)	1993	1994	9/30/95
Cash Assets	3 3	3 3	3 7
Other	232 1	267 8	216 3
Current Assets	235 4	271 1	220 0
Accts Payable	63 6	57 6	72 3
Debt Due	132 1	110 4	- -
Other	77 0	117 9	156 0
Current Liab	272 7	285 9	228 3
Fix. Chg Cov	239%	256%	292%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs	Est'd '92-'94 to '98-'00
Revenues	-7 5%	-1 0%	*- 5%*
"Cash Flow"	3 0%	3 5%	*3 5%*
Earnings	3 5%	2 0%	*6 0%*
Dividends	8 0%	3 5%	*2 0%*
Book Value	4 0%	3 0%	*3 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec 31	Mar 31	Jun.30	Sep 30	Full Fiscal Year
1992	300 2	395 3	176 0	123 1	994 6
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	108 5	1063 0
1996	*350*	*480*	*175*	*125*	*1130*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec.31	Mar.31	Jun 30	Sep.30	Full Fiscal Year
1992	44	89	d 04	d 16	1 13
1993	43	89	d 07	d 17	1 08
1994	50	98	d 09	d.21	1 17
1995	57	95	03	d 19	1 33
1996	*60*	*1 00*	*Nil*	*d.15*	*1 45*

Calendar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun 30	Sep 30	Dec.31	Full Year
1991	255	255	255	255	1 02
1992	255	26	26	26	1 04
1993	.26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	26	26	26	265	

BUSINESS Atlanta Gas Light Company provides natural gas service in 228 Georgia municipalities and surrounding areas including metropolitan Atlanta, Augusta, and Savannah Also operates the Chattanooga Gas Company in Tennessee Has about 1,325,200 customers in total System throughput 260 4 Bcf in FY '94 System throughput (operating margin) breakdown, FY '94. Residential, 38 5% (61 4%), commerical, 15 6% (19 7%), industrial and interruptible, 19 1% (10 0%), transportation and other, 26 8% (8 9%) Depreciation rate 3 3% Purchased gas cost 61 4% of revenues in FY '94 Has about 3,325 employees, 18,000 shareholders President & CEO David R Jones Inc Georgia Address 303 Peachtree St, N E Atlanta, GA 30308 Telephone 404-584-4000

Atlanta Gas Light's customer base should continue to expand in fiscal 1996 and beyond. (Years end September 30th) The utility's roster grew by over 37,000 in 1995, an advance of 2 8% and slightly above the historical trend of around 2 5% a year Customer growth ought to stay on the established path through late decade, given the city of Atlanta's attractive business environment.

The lion's share of the meter additions will likely accrue to AGL's residential load, which accounts for the largest part of its overall gross margin (revenues less the cost of gas) But the utility should also be able to increase its throughput (and its margin) by pursuing the markets for natural gas cooling, electric power generation, and natural gas vehicles. Further, the company's recently completed restructuring—which reduced employee count, realigned business processes, and streamlined field operations—should moderate the growth of operating and maintenance expenses.

Non-regulated activities ought to be more of a factor in the next couple of years. Although the bulk of AGL's operating profits are likely to continue to come from its regulated operations, it is looking to take advantage of the energy-related business opportunities that are arising from the general movement toward market competition in the regulated utility arena Indeed, it made an equity investment in Sonat's natural gas marketing business in 1995 And it is seeking to form a holding company (to be called AGL Resources, Inc.), which will provide for a clear separation between its regulated and non-regulated enterprises The new corporate structure will also facilitate the funding of these new ventures (no regulatory approval will be needed) In sum, AGL's share earnings and dividends should advance nicely over the next 3 to 5 years. *(Note. All figures have been adjusted to reflect a 2-for-1 stock split effected on December 1st.)*

This stock may be of interest to income-oriented investors. Dividend growth has resumed And our projections suggest it will likely continue through 1998-2000, leading to a decent, risk-adjusted total return over this time frame

Charles Clark *December 29, 1995*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early February Excl nonrecurring items '84, 37¢, '88, 15¢, '95, d83¢
(C) Next dividend meeting early February Goes ex mid-February Approx div'd payment dates. March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '95 $56 9 mill , $1 04/sh
(E) In millions , adj'd for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	80

AGL RESOURCES NYSE-ATG

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
18	12.4	(Trailing: 14.0 Median 14.0)	0.82	5.9%	473

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Direct Testimony___
Appendix -Value Line History
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TIMELINESS 5 Lowest (Relative Price Performance Next 12 Mos)
SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)
BETA 75 (1 00 = Market)

High	9 5	12 1	13 2	14 0	15 4	16.1	18 8	19 5	21 3	19 4	20 0	20 4	
Low	7 0	9 3	9 7	10 8	11 9	13 3	14 9	15 1	17 0	14 6	14 9	17 8	

Target Price Range 1999 | 2000 | 2001

1999-01 PROJECTIONS

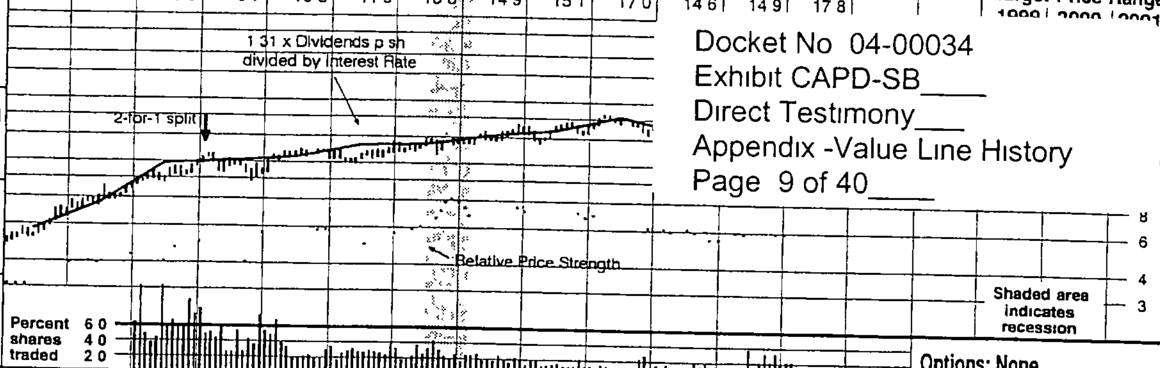
	Price	Gain	Ann'l Total Return
High	25	(+40%)	13%
Low	19	(+5%)	7%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	1	0	0	0	0	1
Options	1	0	1	0	0	0	3	1	2
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q'95	3Q'95	4Q'95
to Buy	31	45	31
to Sell	23	23	28
Hld's(000)	9336	15970	10410



Options: None

1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	© VALUE LINE PUB., INC.	99-01
38 56	45 72	52 11	48 27	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20.26	20 43	22 73	23 59	19 32	*19 80*	*20 80*	Revenues per sh A	*21 65*
1 70	1 63	1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2.31	2 25	2 24	2 33	*2 55*	*2.75*	"Cash Flow" per sh	*3 00*
.78	64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	*1 45*	*1 55*	Earnings per sh B	*1 75*
38	42	45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	*1 06*	*1 12*	Div'ds Decl'd per sh C■	*1 24*
1 99	2 45	2 52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	*2 00*	*2.00*	Cap'l Spending per sh	*2.00*
6 26	6 49	6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	*10.80*	*11.20*	Book Value per sh D	*12 30*
18 14	18 14	18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44.32	47 57	48 69	49 72	50 86	55 02	*55.50*	*56 00*	Common Shs Outst'g E	*60 00*
4 8	5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
64	.72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	86	*Value Line*		Relative P/E Ratio	*1.00*
10.2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6.2%	*estimates*		Avg Ann'l Div'd Yield	*5 5%*

CAPITAL STRUCTURE as of 12/31/95
Total Debt $554 5 mill Due in 5 Yrs $50 0 mill
LT Debt $554 5 mill LT Interest $45 0 mill
(LT interest earned 3 9x, total interest coverage 3 5x)

Leases, Uncapitalized Annual rentals $6 0 mill

Pension Liability None

Pfd Stock $58 5 mill Pfd Div'd $4 5 mill
$14 2 mill 4 50%-8 32% cum , callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 55,167,451 shs

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997		99-01
1008 3	983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	*1100*	*1165*	Revenues ($mill) A	*1300*
29 2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	74 3	*84 5*	*91 5*	Net Profit ($mill)	*110*
46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	*37 0%*	*37 0%*	Income Tax Rate	*37 0%*
2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	*7 7%*	*7 9%*	Net Profit Margin	*8.5%*
49 4%	46.2%	49 3%	47 9%	50 2%	49 6%	40.2%	40 5%	49 0%	47 4%	*48.0%*	*48.5%*	Long-Term Debt Ratio	*46.0%*
46 9%	50 3%	48 2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	*47 5%*	*47 5%*	Common Equity Ratio	*50 0%*
590 9	587 7	768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	*1260*	*1320*	Total Capital ($mill)	*1475*
652 1	757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	*1400*	*1460*	Net Plant ($mill)	*1550*
7 6%	9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	*8 5%*	*9 0%*	% Earned Total Cap'l	*9.0%*
9 8%	12 5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	*13 0%*	*13 5%*	% Earned Net Worth	*14 0%*
9 9%	12 8%	12 0%	10 6%	11.2%	10 8%	11 5%	10 8%	11 3%	12 5%	*13 5%*	*14 0%*	% Earned Com Equity	*14 5%*
1 7%	2 8%	2 7%	.2%	.2%	2%	1 0%	4%	3 0%	4 6%	*3 5%*	*4 0%*	% Retained to Com Eq	*4 0%*
84%	79%	79%	98%	98%	98%	91%	96%	90%	80%	*75%*	*73%*	% All Div'ds to Net Prof	*72%*

CURRENT POSITION ($MILL.)	1994	1995	12/31/95
Cash Assets	3 3	3 7	5 8
Other	267 8	216 3	332 3
Current Assets	271 1	220 0	338 1
Accts Payable	57 6	72 3	83 1
Debt Due	110 4	- -	- -
Other	117 9	156 0	249 7
Current Liab	285 9	228 3	332 8
Fix Chg Cov	256%	292%	321%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs	Est'd '93-'95 to '99-'01
Revenues	-6 5%	-0 5%	*Nil*
"Cash Flow"	3 0%	3 0%	*4 5%*
Earnings	2 5%	3 0%	*6 5%*
Dividends	6 5%	2 0%	*3 0%*
Book Value	4 0%	2 5%	*3 5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec. 31	Mar 31	Jun 30	Sep.30	Full Fiscal Year
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	*465*	*185*	*121.2*	*1100*
1997	*350*	*490*	*195*	*130*	*1165*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1993	43	89	d 07	d 17	1 08
1994	50	98	d 09	d 21	1 17
1995	57	95	03	d 19	1 33
1996	53	*87*	*.08*	*d 03*	*1.45*
1997	*.55*	*90*	*.10*	*Nil*	*1 55*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun.30	Sep 30	Dec 31	Full Year
1992	255	26	26	26	1 04
1993	26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	265				

BUSINESS AGL Resources, Inc is a holding company Its primary subsidiary is Atlanta Gas Light, which provides natural gas service in 228 Georgia municipalities and surrounding areas including metro Atlanta, Augusta, and Savannah Also operates the Chattanooga Gas Company in Tennessee Has about 1,378,500 customers in total System throughput 262 0 Bcf in FY '95 System throughput (oper margin) breakdown, FY '95 Residential, 35 0% (62 4%), commercial, 14 4% (20 1%), industrial and interruptible, 23 0% (9 8%), transportation and other, 27 6% (7 7%) Depr rate 3 0% Gas cost 53 8% of revs in FY '95 Has about 3,349 empls , 17,250 shrhdrs Pres & C E O David R Jones Inc GA Addr 303 Peachtree St., N E Atlanta, GA 30308 Tel 404-584-4000

AGL Resources, Inc., a newly formed holding company, is the parent company of Atlanta Gas Light. This structure was adopted in order to provide a clear separation between Atlanta's regulated and non-regulated enterprises This distinction is likely to become increasingly important, since AGL is looking to take advantage of energy-related business opportunities that are arising from the general movement toward market competition in the regulated utility arena. True, most of the company's operating profits probably will continue to come from natural gas distribution in coming years. But now funding for any future forays into non-regulated ventures will not require regulatory approval In addition, the new structure is more consistent with management's overall strategy, likely facilitating the implementation of its plans.

The design of Atlanta Gas Light's rates to firm-service customers has been revised. The change increases the monthly customer charge and decreases the charge collected based on the volume of gas used by a corresponding amount. The upshot is a portion of the utility's share earnings will be shifted from the winter-heating months and into the warmer months, starting this fiscal year (ends September 30th) We have adjusted our 1996 earnings estimates to reflect the new rate design We note that the effect is on interim results only and that our estimates for 1996 and 1997 are unchanged

Customer growth is still progressing nicely. AGL's residential-heating roster grew by just under 3%, on average, in the December quarter, in line with 1995's advance and above the historical trend of about 2 5% a year Customer growth ought to stay on the established path through late decade, given the city of Atlanta's attractive business environment Hence,

AGL stock may be of interest to income-oriented investors. The company is benefiting from last year's restructuring And our projections suggest shareholders may receive a decent risk-adjusted total return through 1999-2001, owing to the earnings and dividend growth we envision. We also note that this stock has held its own fairly well, given the recent jump in long-term interest rates.

Charles Clark *March 29, 1996*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early May Excl nonrecurring items '84, 37¢, '88, 15¢, '95, d83¢

(C) Next dividend meeting early May Goes ex mid-May Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available

(D) Incl def'd chgs '95 $56 9 mill , $1 04/sh
(E) In millions , adj'd for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	80

AGL RESOURCES NYSE-ATG

RECENT PRICE	18	P/E RATIO	12.7 (Trailing: 15.3 / Median: 14.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	6.1%	VALUE LINE	474

TIMELINESS 5 Lowest (Relative Price Performance Next 12 Mos)
SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)
BETA 75 (1 00 = Market)

High	9 5	12 1	13 2	14 0	15 4	16.1	18 8	19 5	21 3	19 4	20 0	20 4
Low	7 0	9 3	9 7	10 8	11 9	13 3	14.9	15 1	17 0	14 6	14 9	17 1

Target Price Range 1999 | 2000 | 2001

1999-01 PROJECTIONS

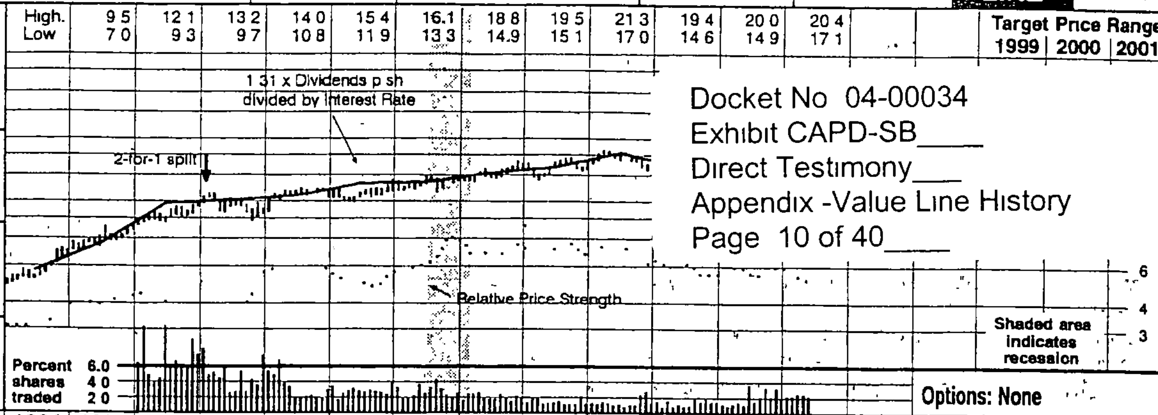
	Price	Gain	Ann'l Total Return
High	25	(+40%)	13%
Low	20	(+10%)	8%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	1	0	0	0	0	0
Options	1	2	0	2	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q'95	4Q'95	1Q'96
to Buy	52	46	45
to Sell	27	34	57
Hld's(000)	14796	10889	10672



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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Options: None

1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	© VALUE LINE PUB., INC	99-01
38 56	45 72	52 11	48.27	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20.26	20 43	22 73	23 59	19 32	*20 10*	*20 80*	Revenues per sh A	*23.00*
1 70	1 63	1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	*2 50*	*2 60*	"Cash Flow" per sh	*2.90*
78	64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	*1 40*	*1.50*	Earnings per sh B	*1 80*
38	42	45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	*1 06*	*1 12*	Div'ds Decl'd per sh C■	*1 26*
1 99	2 45	2 52	2 43	2 95	3 01	3 30	3 59	2 86	2.65	2 73	2 95	2 74	2.49	2 37	2 17	*2 15*	*2.35*	Cap'l Spending per sh	*2.10*
6.26	6 49	6 45	6 37	6.92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	*10.40*	*10 65*	Book Value per sh D	*11.75*
18 14	18 14	18 53	23.07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	*55.75*	*57.00*	Common Shs Outst'g E	*60.00*
4 8	5 9	8 3	5 7	4 7	8 3	11 8	11.5	11 1	13 7	14.2	15 3	15 5	17 9	15 1	12 6	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
64	72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	86	*Value Line*		Relative P/E Ratio	*1 00*
10.2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	*estimates*		Avg Ann'l Div'd Yield	*5 4%*
						1008 3	983.5	975 6	938 7	1000 9	963.9	994 6	1130 3	1199 9	1063 0	*1120*	*1185*	Revenues ($mill) A	*1380*
						29.2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	63.2	74 3	*82.0*	*89.0*	Net Profit ($mill)	*110*
						46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	*37 0%*	*37 0%*	Income Tax Rate	*37 0%*
						2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	*7 3%*	*7 5%*	Net Profit Margin	*8.0%*
						49 4%	46.2%	49 3%	47 9%	50.2%	49 6%	40.2%	40 5%	49 0%	47 4%	*46 5%*	*47 5%*	Long-Term Debt Ratio	*47 5%*
						46 9%	50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	*48 5%*	*48.0%*	Common Equity Ratio	*48.5%*
						590 9	587 7	768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	*1190*	*1265*	Total Capital ($mill)	*1450*
						652 1	757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	*1400*	*1470*	Net Plant ($mill)	*1650*
						7 6%	9 0%	8 2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8.2%	*8.5%*	*9 0%*	% Earned Total Cap'l	*9 5%*
						9 8%	12 5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	*13 0%*	*13 5%*	% Earned Net Worth	*14.5%*
						9 9%	12 8%	12 0%	10 6%	11.2%	10 8%	11 5%	10 8%	11.3%	12 5%	*14 0%*	*14.5%*	% Earned Com Equity	*15.5%*
						1 7%	2 8%	2 7%	.2%	2%	.2%	1 0%	4%	3 0%	4 6%	*3 5%*	*3.5%*	% Retained to Com Eq	*4.5%*
						84%	79%	79%	98%	98%	98%	91%	96%	75%	66%	*77%*	*76%*	% All Div'ds to Net Prof	*72%*

CAPITAL STRUCTURE as of 3/31/96
Total Debt $621 0 mill **Due in 5 Yrs** $116 5 mill.
LT Debt $554 5 mill **LT Interest** $42 5 mill
(LT interest earned 3 6x, total interest coverage 3 3x)

Leases, Uncapitalized Annual rentals $8 0 mill

Pension Liability None

Pfd Stock $58 5 mill **Pfd Div'd** $4 5 mill
$14 0 mill 4 50%-8 32% cum , callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 55,362,112 shs

CURRENT POSITION ($MILL.)	1994	1995	3/31/96
Cash Assets	3 3	3 7	4 5
Other	267 8	216 3	280 3
Current Assets	271 1	220 0	284 8
Accts Payable	57 6	72 3	81 5
Debt Due	110 4	51.0	66 5
Other	117 9	107 6	126 0
Current Liab	285 9	230 9	274 0
Fix Chg Cov	250%	288%	271%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs.	Est'd '93-'95 to '99-'01
Revenues	-6 5%	-0 5%	*1 0%*
"Cash Flow"	3 0%	3 0%	*4 0%*
Earnings	2 5%	3 0%	*7 0%*
Dividends	6 5%	2 0%	*3 0%*
Book Value	4 0%	2 5%	*2 5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar.31	Jun.30	Sep 30	Full Fiscal Year
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177.5	108 5	1063 0
1996	328 8	478 8	*190*	*122 4*	*1120*
1997	*350*	*505*	*200*	*130*	*1185*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1993	43	89	d.07	d 17	1 08
1994	50	98	d.09	d 21	1 17
1995	57	95	03	d 19	1 33
1996	53	81	*.09*	*d.03*	*1.40*
1997	*.55*	*85*	*.10*	*Nil*	*1.50*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1992	255	26	26	26	1 04
1993	26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	.26	26	26	265	1 05
1996	265	265			

BUSINESS AGL Resources, Inc is a holding company Its primary subsidiary is Atlanta Gas Light, which provides natural gas service in 229 Georgia municipalities and surrounding areas including metro Atlanta, Augusta, and Savannah Also operates the Chattanooga Gas Company in Tennessee Has about 1,372,700 customers in total System throughput 262 0 Bcf in FY '95 System throughput (oper margin) breakdown, FY '95 Residential, 35 0% (62 4%), commercial, 14 4% (20 1%), industrial and interruptible, 23 0% (9 8%), transportation and other, 27 6% (7 7%) Depr rate 3 0% Gas cost 53 8% of revs in FY '95 Has about 3,349 empls , 17,250 shrhdrs Pres & C E O David R Jones Inc GA Addr 303 Peachtree St., N E., Atlanta, GA 30308 Tel 404-584-4000

AGL Resources received stockholder approval for its restructuring plan on March 6. AGL is looking to boost operating results through expansion into nonregulated, somewhat riskier, arenas The separation of the main business, Atlanta Gas Light Co , as an independent unit allows AGL to pursue nonregulated opportunities without approval of the Georgia Public Service Commission A recent move along these lines is AGL's formation of EnerConnect, a retail marketing unit, to provide energy procurement and management services to industrial and large commercial clients

We expect modest share earnings growth in fiscal 1996 and 1997. (Years end September 30) Quarterly year-to-year earnings comparisons in fiscal 1996 have been skewed due to mandated revisions of rates to firm-service customers The new rate structure essentially transfers earnings from the colder periods into the spring and summer months, while maintaining the same overall yearly level of earnings The Summer Olympics, to be hosted in Atlanta, might also boost AGL's bottom line this year, as the city's metro-area population of 3 5 million will be supplemented by 2 million people. Earnings through late decade should continue to rise as a result of customer growth at about a 2 5% to 3.0% annual clip and favorable economic conditions in Georgia The Atlanta market, in particular, ought to be particularly strong in the coming years due to its expanding infrastructure

Upcoming capital expenditures will probably center on system upgrades. Management intends to further expand AGL's natural gas system, due largely to unusually cold weather this past winter-heating season and likely customer additions. We expect AGL to supplement its "cash flow" with debt and equity to fund this expansion, maintaining fairly consistent capitalization ratios along the way

This issue is probably best suited for income investors. Recent price activity and a rise in long-term interest rates suggest that appreciation potential is below average for the upcoming year This stock's investment merit lies primarily in its current dividend yield and decent total return potential to decade's end

Oscar L. Vidal. *June 28, 1996*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early August Excl nonrecurring items '84, 37¢, '88, 15¢; '95, d83¢
(C) Next dividend meeting early August Goes ex mid-August Approx div'd payment dates March 1, June 1, Sept. 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '95 $56 9 mill , $1 04/sh
(E) In millions , adj'd for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	80

AGL RESOURCES NYSE-ATG

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
20	13.7	(Trailing: 16.5 Median 14.0)	0.91	5.6%	474

TIMELINESS 4 Below Average (Relative Price Performance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA .75 (1.00 = Market)

1999-01 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+25%)	10%
Low	20	(Nil)	6%

Insider Decisions

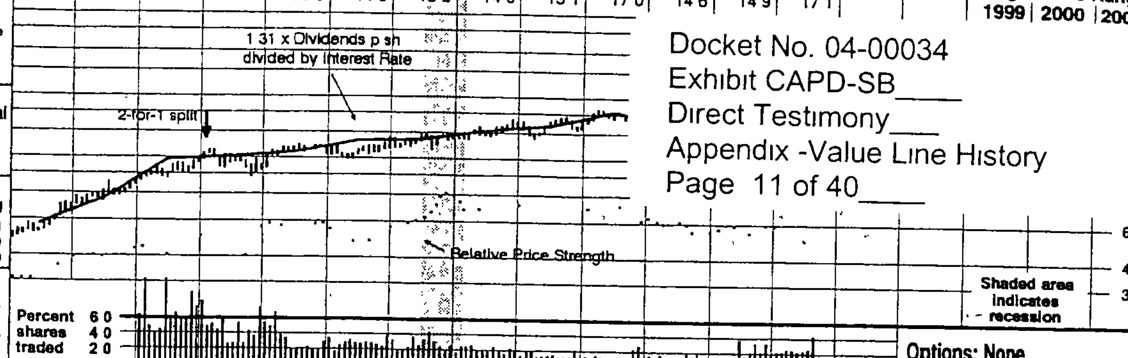
	N	D	J	F	M	A	M	J	J
to Buy	1	0	0	0	0	0	0	0	0
Options	2	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q'95	1Q'96	2Q'96
to Buy	46	45	51
to Sell	34	57	35
Hld's(000)	10889	10672	12890

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
High	9.5	12.1	13.2	14.0	15.4	16.1	18.8	19.5	21.3	19.4	20.0	21.1
Low	7.0	9.3	9.7	10.8	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1

Target Price Range 1999 | 2000 | 2001



Docket No. 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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Options: None

1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	© VALUE LINE PUB., INC.	99-01
38.56	45.72	52.11	48.27	46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	*21.25*	*22.00*	Revenues per sh A	*24.25*
1.70	1.63	1.50	1.60	1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	*2.50*	*2.60*	"Cash Flow" per sh	*2.90*
.78	.64	.45	.78	1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	*1.40*	*1.50*	Earnings per sh B	*1.80*
.38	.42	.45	.48	.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	*1.06*	*1.12*	Div'ds Decl'd per sh C■	*1.26*
1.99	2.45	2.52	2.43	2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	*2.15*	*2.30*	Cap'l Spending per sh	*2.10*
6.26	6.49	6.45	6.37	6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	*10.40*	*10.60*	Book Value per sh D	*11.70*
18.14	18.14	18.53	23.07	26.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	*55.75*	*57.00*	Common Shs Outst'g E	*60.00*
4.8	5.9	8.3	5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*13.0*
.64	.72	.91	.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.86			Relative P/E Ratio	*1.00*
10.2%	11.1%	12.0%	10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%			Avg Ann'l Div'd Yield	*5.4%*

CAPITAL STRUCTURE as of 6/30/96
Total Debt $626.4 mill **Due in 5 Yrs** $121.9 mill
LT Debt $554.5 mill **LT Interest** $42.5 mill
(LT interest earned: 3.7x; total interest coverage: 3.4x)

Leases, Uncapitalized Annual rentals $8.0 mill

Pension Liability None

Pfd Stock $58.5 mill **Pfd Div'd** $4.4 mill
$14.0 mill 4.50%-8.32% cum., callable at $101.96-$105.25; $44.5 mill 7.70% cum.

Common Stock 55,526,692 shs

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	© VALUE LINE PUB., INC.	99-01
1008.3	983.5	975.6	938.7	1000.9	963.9	994.6	1130.3	1199.9	1063.0	*1185*	*1255*	Revenues ($mill) A	*1455*
29.2	39.4	46.0	42.1	45.6	49.4	55.4	57.5	63.2	74.3	*80.0*	*90.0*	Net Profit ($mill)	*110*
46.0%	47.6%	31.8%	27.6%	31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	*37.0%*	*37.0%*	Income Tax Rate	*37.0%*
2.9%	4.0%	4.7%	4.5%	4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	*6.8%*	*7.2%*	Net Profit Margin	*7.6%*
49.4%	46.2%	49.3%	47.9%	50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	*46.5%*	*47.5%*	Long-Term Debt Ratio	*47.5%*
46.9%	50.3%	48.2%	49.8%	47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	*48.5%*	*48.0%*	Common Equity Ratio	*48.5%*
590.9	587.7	768.5	770.0	831.9	918.3	812.7	925.7	1131.5	1170.3	*1190*	*1265*	Total Capital ($mill)	*1450*
652.1	757.7	866.5	979.1	1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	*1450*	*1550*	Net Plant ($mill)	*1700*
7.6%	9.0%	8.2%	7.8%	7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	*8.5%*	*9.0%*	% Earned Total Cap'l	*9.5%*
9.8%	12.5%	11.8%	10.5%	11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	*13.0%*	*13.5%*	% Earned Net Worth	*14.5%*
9.9%	12.8%	12.0%	10.6%	11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	*14.0%*	*14.5%*	% Earned Com Equity	*15.5%*
1.7%	2.8%	2.7%	.2%	.2%	.2%	1.0%	.4%	3.0%	4.6%	*3.5%*	*3.5%*	% Retained to Com Eq	*4.5%*
84%	79%	79%	98%	98%	98%	91%	96%	75%	66%	*77%*	*76%*	% All Div'ds to Net Prof	*72%*

CURRENT POSITION ($MILL.)	1994	1995	6/30/96
Cash Assets	3.3	3.7	2.2
Other	267.8	216.3	245.4
Current Assets	271.1	220.0	247.6
Accts Payable	57.6	72.3	70.0
Debt Due	110.4	51.0	71.9
Other	117.9	107.6	105.0
Current Liab.	285.9	230.9	246.9
Fix. Chg. Cov.	250%	288%	270%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '93-'95 to '99-'01
Revenues	-6.5%	-.5%	*1.5%*
"Cash Flow"	3.0%	3.0%	*4.0%*
Earnings	2.5%	3.0%	*7.0%*
Dividends	6.5%	2.0%	*3.0%*
Book Value	4.0%	2.5%	*2.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1993	334.1	448.2	197.7	150.3	1130.3
1994	361.9	500.2	191.2	146.6	1199.9
1995	328.8	448.2	177.5	108.5	1063.0
1996	328.8	478.8	241.1	*136.3*	*1185*
1997	*350*	*505*	*255*	*145*	*1255*

Fiscal Year Ends	EARNINGS PER SHARE ABF Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1993	.43	.89	d.07	d.17	1.08
1994	.50	.98	d.09	d.21	1.17
1995	.57	.95	.03	d.19	1.33
1996	.53	.81	.06	*Nil*	*1.40*
1997	*.55*	*.85*	*.10*	*Nil*	*1.50*

Calendar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1992	.255	.26	.26	.26	1.04
1993	.26	.26	.26	.26	1.04
1994	.26	.26	.26	.26	1.04
1995	.26	.26	.26	.265	1.05
1996	.265	.265	.265		

BUSINESS. AGL Resources, Inc. is a holding company. Its primary subsidiary is Atlanta Gas Light Co., which distributes natural gas to about 1.4 million customers in Georgia and southern Tennessee. Also involved in natural gas and power marketing, energy management services, and wholesale and retail propane sales. System throughput: 262.0 Bcf in FY '95. System throughput (oper. margin) breakdown, FY '95: Residential, 35.0% (62.4%); commerical, 14.4% (20.1%); industrial and interruptible, 23.0% (9.8%); transportation and other, 27.6% (7.7%). Depr. rate: 3.0%. Gas cost: 53.8% of revs. in FY '95. Has about 3,349 empls., 17,250 shrhdrs. Pres. & C.E.O.: David R. Jones. Inc.: GA. Addr.: 303 Peachtree St., N.E., Atlanta, GA 30308. Tel.: 404-584-9470.

AGL Resources' anticipated 1996 fiscal fourth-quarter share-earnings gains will be primarily attributable to weather normalization of rates. (Quarter ends September 30th.) This fiscal year, Atlanta Gas Light Company, its regulated distribution subsidiary, adopted a revised rate structure which shifts some profits from the heating season (November to March) into warmer periods. Hence, the weather normalization will likely boost fourth-quarter share net to the break-even point. Overall annual profits, however, will not be affected by the new rate design.

In fiscal 1997 and beyond, AGL's nonregulated operations should make significant contributions to the bottom line. On August 5, 1996, in response to rapidly growing gas industry deregulation, the company announced its corporate reorganization. Three unregulated subsidiaries—The Energy Spring, AGL Investments, and AGL Energy Services—were formed to focus largely on gas marketing and energy management. Although such efforts are somewhat riskier than AGL's traditional distribution activities, the company's know-how suggests that these businesses will provide worthwhile returns and increase share earnings accordingly.

We expect Atlanta Gas Light Company to maintain its solid operating performance. Strength in Atlanta's economy and various infrastructural needs should provide support for about 2.5% to 3.0% annual customer growth through late decade. These meter additions bode well for AGL's net income in upcoming years.

This issue's investment merit lies mainly in its dividend yield. Income-oriented investors should note the stock's dividend yield, which is more than twice the *Value Line* median. The stock price has risen by about 11% since our last review published in June. A good part of this rise can be attributed to growing investor speculation on mergers between electric and gas utilities. Recent price activity and higher long-term interest rates both contribute to our below-average appreciation expectations for the stock in the year ahead and the 3- to 5-year pull. Success in nonregulated businesses, however, should allay interest-rate concerns associated with the distribution operations.

Oscar L. Vidal *September 27, 1996*

(A) Fiscal year ends September 30th.
(B) Primary egs. Next egs. report due early November. Excl. nonrecurring items: '84, 37¢; '88, 15¢; '95, d83¢.
(C) Next dividend meeting early November. Goes ex mid-November. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1.
■ Dividend reinvestment plan available.
(D) Incl. def'd chgs. '95: $56.9 mill., $1.04/sh.
(E) In millions, adj'd for stock splits.
(F) Quarters may not add to total due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	85

AGL RESOURCES NYSE-ATG

RECENT PRICE	21	P/E RATIO	14.4 (Trailing 15.4 / Median 14 0)	RELATIVE P/E RATIO	0.92	DIV'D YLD	5.1%	VALUE LINE	473

TIMELINESS **4** Below Average (Relative Price Performance Next 12 Mos)
SAFETY **2** Above Average (Scale 1 Highest to 5 Lowest)
BETA 75 (1 00 = Market)

High	9 5	12 1	13 2	14 0	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	Target Price Range
Low	7 0	9 3	9 7	10 8	11 9	13 3	14 9	15 1	17				

1999-01 PROJECTIONS

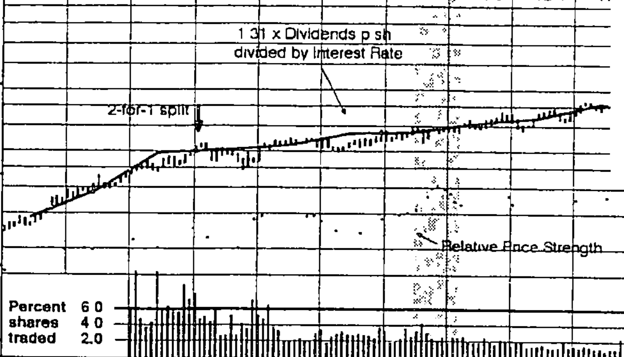
	Price	Gain	Ann'l Total Return
High	30	(+45%)	13%
Low	20	(-5%)	4%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	1	0

Institutional Decisions

	1Q'96	2Q'96	3Q'96
to Buy	45	51	36
to Sell	57	35	47
Hld's(000)	10672	12890	12377



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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Options: None

1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	© VALUE LINE PUB , INC	99-01
38 56	45 72	52 11	48 27	46 00	37 42	27 58	26.24	22 97	21 63	22 58	20 26	20 43	22.73	23 59	19 32	21 91	*22 80*	Revenues per sh A	*26 15*
1 70	1 63	1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	*2 70*	"Cash Flow" per sh	*3 05*
78	64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	*1 50*	Earnings per sh B	*1 80*
38	42	45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	*1 08*	Div'ds Decl'd per sh C■	*1 26*
1 99	2 45	2.52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2.74	2 49	2.37	2 17	2 37	*2.10*	Cap'l Spending per sh	*2.10*
6.26	6 49	6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	*10 80*	Book Value per sh D	*11 85*
18 14	18 14	18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	*57 00*	Common Shs Outst'g E	*60 00*
4 8	5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8		Avg Ann'l P/E Ratio	*14 0*
64	72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86		Relative P/E Ratio	*1 10*
10.2%	11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%		Avg Ann'l Div'd Yield	*5 0%*

CAPITAL STRUCTURE as of 9/30/96
Total Debt $706 5 mill **Due in 5 Yrs** $222 0 mill
LT Debt $554 5 mill **LT Interest** $42 5 mill
(LT interest earned 3 9x, total interest coverage 3 5x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability $4 9 mill in '96 vs $10 3 mill in '95

Pfd Stock $58 5 mill **Pfd Div'd** $4 4 mill
$14 0 mill 4 50%-8 32% cum , callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 55,700,000 shs

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997		99-01
1008 3	983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	*1300*	Revenues ($mill) A	*1570*
29 2	39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	74 3	75 6	*90 0*	Net Profit ($mill)	*110*
46 0%	47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	*37 5%*	Income Tax Rate	*37.5%*
2 9%	4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	*6 9%*	Net Profit Margin	*7 0%*
49 4%	46 2%	49 3%	47 9%	50.2%	49 6%	40.2%	40 5%	49 0%	47 4%	46 2%	*46 5%*	Long-Term Debt Ratio	*47 0%*
46 9%	50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	*49 0%*	Common Equity Ratio	*48 5%*
590 9	587 7	768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	*1255*	Total Capital ($mill)	*1460*
652 1	757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	*1475*	Net Plant ($mill)	*1650*
7 6%	9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 1%	*8 5%*	% Earned Total Cap'l	*9 5%*
9 8%	12 5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	*13 0%*	% Earned Net Worth	*14 5%*
9 9%	12 8%	12 0%	10 6%	11.2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 9%	*14 5%*	% Earned Com Equity	*15.5%*
1 7%	2 8%	2 7%	.2%	.2%	.2%	1 0%	4%	3 0%	4 6%	3 8%	*3 5%*	% Retained to Com Eq	*4 5%*
84%	79%	79%	98%	98%	98%	91%	96%	75%	66%	71%	*76%*	% All Div'ds to Net Prof	*72%*

CURRENT POSITION ($MILL.)

	1994	1995	9/30/96
Cash Assets	3 3	3 7	8 7
Other	267 8	216 3	280 5
Current Assets	271 1	220 0	289 2
Accts Payable	57 6	72 3	73 7
Debt Due	110 4	51 0	152 0
Other	117 9	107 6	96 8
Current Liab	285 9	230 9	322 5
Fix Chg Cov	250%	288%	280%

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs	Est'd '94-'96 to '99-'01
Revenues	-5 0%	--	*4 0%*
"Cash Flow"	3 5%	3 0%	*5 5%*
Earnings	3 0%	5 5%	*7 0%*
Dividends	5 5%	1 5%	*4 0%*
Book Value	3 5%	2 5%	*3 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec. 31	Mar.31	Jun.30	Sep 30	Full Fiscal Year
1993	334 1	448 2	197 7	150 3	1130 3
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	478 8	241 1	171 5	1220 2
1997	*360*	*520*	*255*	*165*	*1300*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
1993	43	89	d 07	d 17	1 08
1994	50	98	d 09	d 21	1 17
1995	57	95	03	d 19	1 33
1996	53	81	06	d 04	1 37
1997	*55*	*85*	*10*	*Nil*	*1 50*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1992	255	26	26	26	1 04
1993	26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	265	265	265	27	

BUSINESS AGL Resources, Inc is a holding company Its primary subsidiary is Atlanta Gas Light Co , which distributes natural gas to about 1.4 million customers in Georgia and southern Tennessee Also involved in natural gas and power marketing, energy management services, and wholesale and retail propane sales System throughput 289 2 Bcf in fiscal '96 System throughput breakdown, fiscal '96 residential, 40 3%, commercial, 18 6%, industrial, 15 5%, transportation and other, 25 6% Depreciation rate 3 3% Gas cost 59 0% of revenues in fiscal '96 Has about 2,940 employees, 16,760 shareholders President & C E O David R Jones Incorporated in Georgia Address 303 Peachtree St , N E , Atlanta, GA 30308 Telephone 404-584-9470

AGL Resources ought to post a healthy share-earnings advance in fiscal 1997 ... (Years end September 30th) One driver for this anticipated rise in income will likely be meter additions for Atlanta Gas Light Company, its regulated gas distribution subsidiary In fiscal 1996, the utility's number of customers increased by approximately 3 1%, versus the industry average of about 1 7%. Over the next few years, we believe that the distributor can maintain a 2 5%-to-3 0% customer growth rate, given the apparent strength in Atlanta's economy and various infrastructural needs Ongoing efforts to improve efficiency (as measured by operations and maintenance expense per customer and customers served per employee) should also help the bottom line Weather-normalization riders in the utility's rates ought to provide earnings stability and ease the company's efforts to earn its authorized return on equity In fact, over the past three years, Atlanta Gas Light has exceeded its allowed return

... and long-term prospects for AGL's nonregulated operations look promising. Such businesses include wholesale natural gas and power marketing, wholesale and retail propane sales, and energy management services. Start-up expenses for some of these ventures will likely partially offset the aforementioned fiscal 1997 share-net gains Such costs, however, should be more than recovered in subsequent years This already seems evident in the case of the gas marketing operations In fiscal 1996, the marketing units reported $3 1 million in net income, providing the major portion of AGL's year-to-year earnings-per-share increase By the year 2000, management expects non-regulated businesses to account for roughly 25% of the bottom line

AGL's primary investment merit lies in its dividend. Strong operating results and continued speculation on gas and electric industry mergers have steadily pushed this stock's P/E ratio higher in 1996 Due, in part, to this price strength, 3- to 5-year appreciation potential is unexciting The dividend yield, though, holds at about the industry average The Safety rank is above average, making the issue well-suited for conservative, income-oriented investors

Oscar L Vidal *December 27, 1996*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early February Excl nonrecurring items '84, 37¢, '88, 15¢, '95, d83¢
(C) Next dividend meeting early February Goes ex mid-February Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs 96 $61 2 mill, $1 10/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	85

AGL RESOURCES NYSE-ATG	RECENT PRICE 20	P/E RATIO 13.8 (Trailing 14 7 Median 14.0)	RELATIVE P/E RATIO 0.87	DIV'D YLD 5.6%	VALUE LINE 472

TIMELINESS 5 Lowest (Relative Price Perform- ance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA 70 (1 00 = Market)

High	12 1	13 2	14 0	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6
Low	9 3	9 7	10 8	11 9	13.3	14 9	15 1	17 0	14 6	14 9	17 1	19 4

Target Price Range 2000 | 2001 | 2002

2000-02 PROJECTIONS

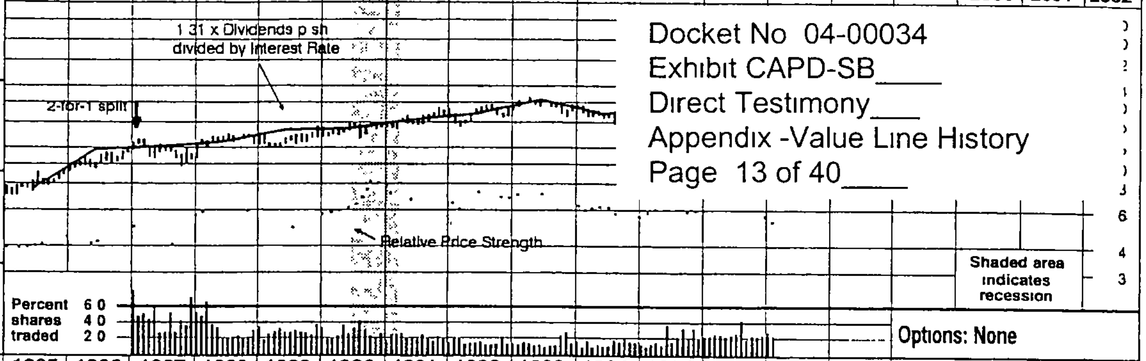
	Price	Gain	Ann'l Total Return
High	30	(+50%)	15%
Low	25	(+25%)	11%

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	1
Options	0	0	0	0	0	2	6	0	0
to Sell	0	0	0	1	0	0	0	0	0

Institutional Decisions

	2Q'96	3Q'96	4Q'96
to Buy	51	36	41
to Sell	35	47	41
Hld's(000)	12890	12377	11895



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
Page 13 of 40____

Options: None

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	© VALUE LINE PUB , INC	00-02
45 72	52 11	48 27	46 00	37 42	27 58	26.24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	23.55	24 65	Revenues per sh A	29 15
1 63	1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 70	2 80	"Cash Flow" per sh	3 20
64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 45	1 55	Earnings per sh B	1 90
42	45	48	54	63	70	80	.88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 14	Div'ds Decl'd per sh C■	1 30
2 45	2 52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 15	2 20	Cap'l Spending per sh	2 25
6 49	6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 90	11 20	Book Value per sh D	12 65
18 14	18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 25	57 00	Common Shs Outst'g E	58 00
5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	Bold figures are	Value Line	Avg Ann'l P/E Ratio	14 0
72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86		estimates	Relative P/E Ratio	1.00
11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6.2%	5 6%			Avg Ann'l Div'd Yield	5 0%

CAPITAL STRUCTURE as of 12/31/96
Total Debt $773 3 mill Due in 5 Yrs $258 8 mill
LT Debt $584 5 mill LT Interest $43 8 mill
(LT interest earned 3 9x, total interest coverage 3 5x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability $4 9 mill in '96 vs $10 3 mill in '95

Pfd Stock $58 5 mill Pfd Div'd $4 4 mill
$14 0 mill 4 50%-8 32% cum , callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 55,867,649 shs

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998		00-02
983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1325	1405	Revenues ($mill) A	1690
39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	74 3	75 6	85 0	90 0	Net Profit ($mill)	115
47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35.2%	36 9%	38 6%	37 5%	37 5%	Income Tax Rate	37 5%
4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	6 4%	6 4%	Net Profit Margin	6 8%
46.2%	49 3%	47 9%	50.2%	49 6%	40.2%	40 5%	49 0%	47 4%	46 2%	48.0%	48.5%	Long-Term Debt Ratio	47 5%
50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	47 0%	47 5%	Common Equity Ratio	48 5%
587 7	768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	1295	1345	Total Capital ($mill)	1520
757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1475	1530	Net Plant ($mill)	1700
9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8.2%	8 0%	8 5%	8.5%	% Earned Total Cap'l	9 0%
12 5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	13 0%	13 0%	% Earned Net Worth	14 5%
12 8%	12 0%	10 6%	11 2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	14 0%	14 5%	% Earned Com Equity	15 5%
2 8%	2 7%	.2%	.2%	.2%	1 0%	4%	3 0%	4 6%	3 8%	3 5%	3 5%	% Retained to Com Eq	4 5%
79%	79%	98%	98%	98%	91%	96%	75%	66%	71%	76%	75%	% All Div'ds to Net Prof	70%

CURRENT POSITION ($MILL)	1995	1996	12/31/96
Cash Assets	3 7	8 7	1 1
Other	216 3	280 5	403 5
Current Assets	220 0	289 2	404 6
Accts Payable	72 3	73 7	108 7
Debt Due	51 0	152 0	188 8
Other	107 6	96 8	105 5
Current Liab	230 9	322 5	403 0
Fix Chg Cov	288%	280%	282%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '94-'96 to '00-'02
Revenues	-5 0%	--	5 0%
"Cash Flow"	3 5%	3 0%	5 5%
Earnings	3 0%	5 5%	6 5%
Dividends	5 5%	1 5%	3 5%
Book Value	3 5%	2 5%	3 5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar.31	Jun 30	Sep 30	Full Fiscal Year
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	478 8	241 1	171 5	1220 2
1997	379 6	520	255	170 4	1325
1998	400	550	275	180	1405

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec 31	Mar 31	Jun.30	Sep 30	Full Fiscal Year
1994	50	98	d 09	d 21	1 17
1995	57	95	03	d 19	1 33
1996	53	81	06	d 04	1 37
1997	53	85	08	d 01	1.45
1998	56	90	09	Nil	1 55

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec.31	Full Year
1993	26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	265	265	265	27	1 07
1997	27				

BUSINESS AGL Resources, Inc is a holding company Its primary subsidiary is Atlanta Gas Light Co , which distributes natural gas to about 1 4 million customers in Georgia and southern Tennessee Also involved in natural gas and power marketing, energy management services, and wholesale and retail propane sales System throughput 289 2 Bcf in fiscal '96 System throughput breakdown, fiscal '96 residential, 40 3%, commercial, 18 6%, industrial, 15 5%, transportation and other, 25 6% Depreciation rate 3 3% Gas cost 59 0% of revenues in fiscal '96 Has about 2,950 employees, 16,760 shareholders President & C E O David R Jones Incorporated in Georgia Addr 303 Peachtree St , N E , Atlanta, GA 30308 Tel 404-584-9470 Internet addr http //www aglr com

We have trimmed AGL Resources' fiscal 1997 share-earnings estimate by a nickel. (Year ends September 30, 1997) This stems partly from higher-than-expected operating expenses in the fiscal 1997 first quarter that resulted in share net a few pennies below our expectation Also, temperatures have remained warmer than normal through the end of February, 1997 This is not much of a concern for AGL's gas-distribution segment, since its rates contain weather-normalization adjustment riders. The climate, though, will likely have an effect on earnings from the company's nonregulated 35% Sonat Marketing joint venture, which is engaged in wholesale gas marketing

AGL's nonregulated efforts should account for the bulk of share-net advances in fiscal 1998 and beyond. Management recently announced the acquisition of Jordan Gas Propane Companies, effective February 1, 1997. This deal essentially triples AGL's propane sales volumes, making it the 30th largest propane distribution company in the nation As a result, we expect this segment's total bottom-line contribution to triple as well, to almost $0 06 a share Despite the aforementioned weather effects on gas marketing operations, we still anticipate solid income streams going forward in this area AGL's fledgling retail energy business has already shown some profitability All told, the company is shooting for about a 25% contribution to earnings from the nonregulated operations by the year 2000, versus 5% in fiscal 1996

These shares are best suited for income-oriented investors. AGL's nonregulated opportunities will likely serve as a welcome complement to its solid, regulated distribution operations Healthy economic conditions in Atlanta should allow the utility to maintain its above-industry-average customer growth The lack of positive price and earnings momentum of late are primary factors behind this stock's unfavorable Timeliness rank. Three- to five-year appreciation potential is also subpar This issue's primary investment merit lies in its dividend. The yield is currently at 5 6%, slightly higher than the natural gas distribution industry average, and we are projecting modest growth in the payout

Oscar L Vidal *March 28, 1997*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early May Excl nonrecurring items '84, 37¢, '88, 15¢, '95, d83¢
(C) Next dividend meeting about early May Goes ex mid-May Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '96 $61 2 mill , $1 10/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	85

AGL RESOURCES NYSE-ATG

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
20	13.4	(Trailing 14.0 Median 14.0)	0.79	5.7%	471

TIMELINESS 4 Below Average (Relative Price Performance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA 70 (1 00 = Market)

High	12 1	13 2	14 0	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6	Target Price Range
Low	9 3	9 7	10 8	11 9	13 3	14 9	15 1	17 0	14 [illegible]	[illegible]	[illegible]	[illegible]	

2000-02 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+50%)	15%
Low	25	(+25%)	11%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	1	1	0	0
Options	0	0	2	6	0	0	1	0	0
to Sell	1	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q'96	3Q'96	4Q'96
to Buy	51	36	41
to Sell	35	47	41
Hld's(000)	12890	12377	11895

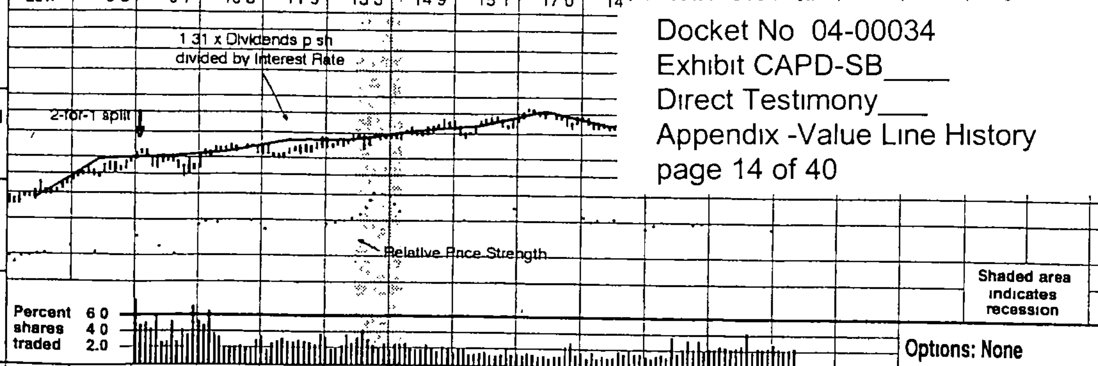


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Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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Options: None

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	© VALUE LINE PUB., INC	00-02
45 72	52 11	48 27	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	*23 10*	*24 10*	Revenues per sh A	*28 45*
1 63	1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2.25	2 24	2 33	2 49	*2 70*	*2.85*	"Cash Flow" per sh	*3.25*
64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	*1 45*	*1 55*	Earnings per sh B	*1 90*
42	45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	*1 08*	*1 14*	Div'ds Decl'd per sh C■	*1 30*
2 45	2 52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2.17	2 37	*2 05*	*2 10*	Cap'l Spending per sh	*2 25*
6 49	6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	*10 90*	*11 20*	Book Value per sh D	*12 65*
18 14	18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	*56.25*	*57 00*	Common Shs Outst'g E	*58 00*
5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	*Bold figures are*		Avg Ann'l P/E Ratio	*14 0*
72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	*Value Line*		Relative P/E Ratio	*1 00*
11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	*estimates*		Avg Ann'l Div'd Yield	*5 0%*

CAPITAL STRUCTURE as of 3/31/97

Total Debt $697 5 mill Due in 5 Yrs $183 0 mill
LT Debt $584 5 mill LT Interest $43 8 mill
(LT interest earned 3 9x, total interest coverage 3 5x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability $4 9 mill in '96 vs $10 3 mill in '95

Pfd Stock $58 5 mill Pfd Div'd $4 4 mill
$14 0 mill 4 50%-8 32% cum, callable at $101 96-$105 25, $44 5 mill 7 70% cum

Common Stock 56,059,806 shs

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998		00-02
983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	*1300*	*1375*	Revenues ($mill) A	*1650*
39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	74 3	75 6	*87 0*	*92 0*	Net Profit ($mill)	*115*
47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	*37 5%*	*37 5%*	Income Tax Rate	*37 5%*
4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	*6 7%*	*6 7%*	Net Profit Margin	*7 0%*
46.2%	49 3%	47 9%	50 2%	49 6%	40.2%	40 5%	49 0%	47 4%	46.2%	*47 0%*	*47 5%*	Long-Term Debt Ratio	*47 5%*
50 3%	48 2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	*44 5%*	*47 0%*	Common Equity Ratio	*47 5%*
587 7	768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	*1380*	*1365*	Total Capital ($mill)	*1540*
757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	*1460*	*1505*	Net Plant ($mill)	*1650*
9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	*8 0%*	*8 5%*	% Earned Total Cap'l	*9 0%*
12 5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	*12.0%*	*13 0%*	% Earned Net Worth	*14 0%*
12 8%	12 0%	10 6%	11.2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	*14 0%*	*14 5%*	% Earned Com Equity	*.15 5%*
2 8%	2 7%	.2%	.2%	.2%	1 0%	4%	3 0%	4 6%	3 8%	*3 5%*	*3 5%*	% Retained to Com Eq	*4 5%*
79%	79%	98%	98%	98%	91%	96%	75%	66%	71%	*76%*	*75%*	% All Div'ds to Net Prof	*71%*

CURRENT POSITION ($MILL.)	1995	1996	3/31/97
Cash Assets	3 7	8 7	8 7
Other	216 3	280 5	305 0
Current Assets	220 0	289 2	313 7
Accts Payable	72 3	73 7	58 6
Debt Due	51 0	152 0	113 0
Other	107 6	96 8	136 6
Current Liab	230 9	322 5	308 2
Fix Chg. Cov	288%	280%	291%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs.	Est'd '94-'96 to '00-'02
Revenues	-5 0%	--	*4 5%*
"Cash Flow"	3 5%	3 0%	*5 5%*
Earnings	-3 0%	5 5%	*6 5%*
Dividends	5 5%	1 5%	*3 5%*
Book Value	3 5%	2 5%	*3 5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec 31	Mar.31	Jun 30	Sep 30	Full Fiscal Year
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	478 8	241 1	171 5	1220 2
1997	379 6	496 7	*250*	*173.7*	*1300*
1998	*405*	*525*	*265*	*180*	*1375*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec.31	Mar 31	Jun.30	Sep.30	Full Fiscal Year
1994	50	98	d 09	d 21	1 17
1995	57	95	03	d 19	1 33
1996	53	81	06	d 04	1 37
1997	53	88	*05*	*d 01*	*1 45*
1998	*57*	*94*	*05*	*d 01*	*1 55*

Calendar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep.30	Dec 31	Full Year
1993	26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	.265	265	265	27	1 07
1997	27	27			

BUSINESS AGL Resources, Inc is a holding company Its primary subsidiary is Atlanta Gas Light Co, which distributes natural gas to more than 1 4 million customers in Georgia and southern Tennessee Also involved in natural gas and power marketing, energy management services, and wholesale and retail propane sales System throughput 289 2 Bcf in fiscal '96 System throughput breakdown, fiscal '96 residential, 40 3%, commercial, 18 6%, industrial, 15 5%, transportation and other, 25 6% Depreciation rate 3 3% Gas cost 59 0% of revenues in fiscal '96 Has about 2,950 employees, 16,760 shareholders Pres & C E O David R Jones Incorporated in Georgia Addr 303 Peachtree St, N E, Atlanta, GA 30308 Tel 404-584-9470 Internet addr http //www aglr com

AGL Resources is on track to meet our fiscal 1997 and 1998 share-earnings estimates of $1.45 and $1.55, respectively. (Years end September 30th) A significant driver of this should be above-industry-average meter additions. Customer growth ought to hold close to this pace going forward, considering the favorable economic conditions in Atlanta

Nonregulated efforts' contributions to share-net advances should steadily increase in the pull to 2000-2002. Over the next five years, AGL is looking for a 25% contribution to total earnings here (versus 5% in fiscal 1996) The recently announced acquisition of Capital Fuels Inc, a small retail propane distributor, complements last February's purchase of Jordan Gas Propane Companies We expect propane operations to contribute roughly $0 06 a share to income annually Moreover, AGL's 35% Sonat Marketing joint venture has become the eighth-largest wholesale gas marketer in the United States.

Potential unbundling of AGL's utility operations may provide further non-regulated business opportunities. Last April, Georgia enacted "The Natural Gas Competition and Deregulation Act" The law provides AGL the option to open its gas system to competition That is expected to lead to unregulated sales opportunities for gas marketers, including the company's own Energy Spring subsidiary The Georgia Public Service Commission, AGL's regulatory body, has yet to complete the rulemaking process necessary to implement the new law AGL is currently adopting a "wait and see" attitude as the new rules evolve to determine how the act would affect the company AGL will probably elect whether or not to unbundle its system sometime in calendar 1998 We suspect that the new regulations will be a plus for the company's profits in time

This issue is well-suited for conservative, income-oriented investors. The dividend yield remains slightly above the gas distribution industry average Furthermore, we believe that AGL's nonregulated businesses serve as a good partner to solid utility assets, permitting good earnings and dividend growth

Oscar L Vidal *June 27, 1997*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early Aug Excl nonrecurring items '84, 37¢, '88, 15¢, '95, d83¢
(C) Next dividend meeting about early Aug Goes ex mid-Aug Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '96 $61 2 mill, $1 10/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	85

AGL RESOURCES NYSE-ATG

RECENT PRICE	19	P/E RATIO	12.7 (Trailing 13.6 / Median: 14.0)	RELATIVE P/E RATIO	0.71	DIV'D YLD	6.0%	VALUE LINE	469

TIMELINESS 5 Lowest (Relative Price Performance Next 12 Mos)

SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)

BETA 70 (1 00 = Market)

	High	Low
	12 1	9 3
	13.2	9 7
	14 0	10 8
	15 4	11 9
	18 1	13.3
	18 8	14 9
	19 5	15 1
	21 3	17 0
	19 4	14
	20 0	
	22 0	
	21 6	

Target Price Range

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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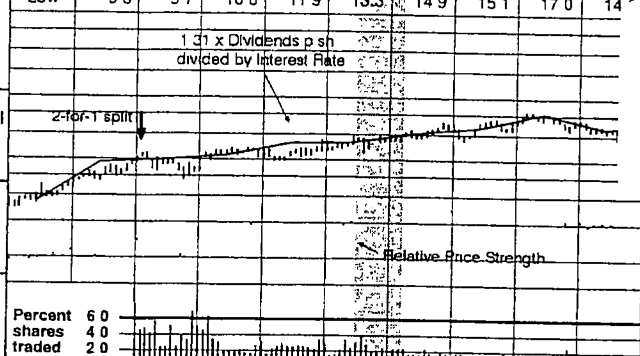

2000-02 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+60%)	16%
Low	25	(+30%)	12%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	1	1	0	0	0	0	0
Options	6	0	0	1	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q'96	4Q'96	1Q'97
to Buy	36	41	43
to Sell	47	41	40
Hld's(000)	12377	11895	12050

Percent shares traded 6 0 / 4 0 / 2 0

Options: None

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	© VALUE LINE PUB., INC.	00-02
45 72	52 11	48.27	46 00	37 42	27 58	26.24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 35	23 30	Revenues per sh A	27 65
1 63	1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2.04	2 07	2 31	2.25	2 24	2.33	2 49	2.65	2 80	"Cash Flow" per sh	3 25
64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 40	1 55	Earnings per sh B	1.90
42	45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 14	Div'ds Decl'd per sh C■	1 30
2 45	2 52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2.49	2 37	2.17	2 37	2.30	2.00	Cap'l Spending per sh	2.15
6 49	6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 75	11 05	Book Value per sh D	12.60
18 14	18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	57 00	58.00	Common Shs Outst'g E	59 00
5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	Bold figures are		Avg Ann'l P/E Ratio	14 0
72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	Value Line		Relative P/E Ratio	1 00
11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6.2%	5 6%	estimates		Avg Ann'l Div'd Yield	4 9%

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998		00-02
983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1275	1350	Revenues ($mill) A	1630
39 4	46 0	42 1	45 6	49 4	55 4	57 5	63.2	74 3	75 6	85 0	95 0	Net Profit ($mill)	115
47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	38 0%	38.0%	Income Tax Rate	38.0%
4 0%	4 7%	4.5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6.2%	6.7%	7 0%	Net Profit Margin	7.1%
46 2%	49 3%	47 9%	50 2%	49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	47 0%	47 5%	Long-Term Debt Ratio	47.0%
50 3%	48 2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	44 5%	47 0%	Common Equity Ratio	48 0%
587 7	768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	1380	1365	Total Capital ($mill)	1550
757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1470	1510	Net Plant ($mill)	1650
9 0%	8.2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 5%	8 5%	% Earned Total Cap'l	9 0%
12.5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12.1%	11 7%	11 5%	13 0%	% Earned Net Worth	14 0%
12 8%	12 0%	10 6%	11.2%	10 8%	11 5%	10 8%	11 3%	12.5%	12 1%	13 5%	14 5%	% Earned Com Equity	15 5%
2 8%	2 7%	.2%	2%	.2%	1 0%	4%	3 0%	4 6%	3 8%	3 0%	3 5%	% Retained to Com Eq	4 5%
79%	79%	98%	98%	98%	91%	96%	75%	66%	71%	79%	75%	% All Div'ds to Net Prof	70%

CAPITAL STRUCTURE as of 6/30/97
Total Debt $618 0 mill **Due in 5 Yrs** $104 0 mill
LT Debt $584 5 mill **LT Interest** $43 8 mill
(LT interest earned 3 8x, total interest coverage 3 4x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability None in '96 vs $4 9 mill. in '95

Pfd Stock $118 8 mill **Pfd Div'd** $10 5 mill
$74 3 mill 8 17% subsidiary obligated mandatorily redeemable pfd secs , $44 5 mill 7 70% cum

Common Stock 56,456,402 shs

CURRENT POSITION ($MILL.)	1995	1996	6/30/97
Cash Assets	3 7	8 7	4 3
Other	216 3	280 5	265 1
Current Assets	220 0	289 2	269 4
Accts Payable	72 3	73 7	65 7
Debt Due	51 0	152 0	33 5
Other	107 6	96 8	125 2
Current Liab	230 9	322 5	224 4
Fix Chg Cov	288%	280%	280%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '94-'96 to '00-'02
Revenues	-5 0%	- -	4 0%
"Cash Flow"	3 5%	3 0%	5 5%
Earnings	3 0%	5 5%	6 5%
Dividends	5 5%	1 5%	3 5%
Book Value	3 5%	2 5%	3 5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	478 8	241 1	171 5	1220 2
1997	379 6	496 7	216 7	182	1275
1998	400	525	230	195	1350

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec 31	Mar.31	Jun 30	Sep 30	Full Fiscal Year
1994	50	98	d 09	d 21	1 17
1995	57	95	03	d 19	1 33
1996	53	81	06	d 04	1 37
1997	53	88	03	d.04	1 40
1998	57	94	05	d 01	1 55

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1993	26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	265	265	265	27	1 07
1997	27	27	27		

BUSINESS AGL Resources, Inc is a holding company Its primary subsidiary is Atlanta Gas Light Co , which distributes natural gas to more than 1 4 million customers in Georgia and southern Tennessee Also involved in natural gas and power marketing, energy management services, and wholesale and retail propane sales System throughput. 289 2 Bcf in fiscal '96 System throughput breakdown, fiscal '96 residential, 40 3%, commercial, 18.6%, industrial, 15 5%, transportation and other, 25 6% Depreciation rate 3 3% Gas cost 59 0% of revenues in fiscal '96 Has about 2,950 employees, 16,760 shareholders Pres & C E O David R Jones Incorporated in Georgia Addr 303 Peachtree St , N E , Atlanta, GA 30308 Tel 404-584-9470 Internet addr http.//www aglr com

We expect continued share-earnings advances for AGL Resources through fiscal 1998 (ends September 30th). The company's utility operations remain solid The bottom line should be helped along by above industry average customer growth at about a 2% to 3% clip We believe that this rate of meter additions is sustainable in light of healthy economic trends in Atlanta Furthermore, the gas distributor seems to have a good handle on its operating expenses

The nonregulated businesses are apt to provide a considerable boost to income per share. Acquisitions earlier this year have enabled AGL's wholesale and retail propane operations to become the 30th largest nationwide We expect annual share net from this segment of a little more than a nickel. The retail marketing subsidiary formed in July, 1996 is well on its way and making significant profit contributions. Management is currently exploring its options with respect to "The Natural Gas Competition and Deregulation Act" recently passed in Georgia Under the new law, AGL will have the option to open its gas system to competition This ought to result in nonregulated sales opportunities for gas marketers, such as the company's Energy Spring unit At this point, with rulemaking still pending to implement the act, the jury is out with regard to the bottom-line benefits for AGL Nonetheless, the company is ultimately seeking a 25% nonregulated contribution to total earnings over the next five years, versus 5% in fiscal 1996.

AGL strengthened its balance sheet somewhat with the June issue of nearly $75 million in hybrid preferred securities. The company ultimately wants to call all of its other remaining preferred shares, leading to a lower after-tax cost of capital

This issue is appropriate for conservative, total-return-oriented accounts. The dividend yield exceeds the gas distribution industry mean by about a percentage point. Also, 3- to 5-year appreciation potential is a bit above average As a result, this stock provides a worthwhile projected total return over the pull to 2000-2002. Risk is limited as well, judging from the Safety rank of 2 (Above Average).

Oscar L Vidal *September 26, 1997*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early Nov Excl nonrecurring items '84, 37¢, '88, 15¢, '95, d83¢

(C) Next dividend meeting about early Nov Goes ex mid-Nov Approx div'd payment dates. March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available

(D) Incl def'd chgs '96 $61 2 mill , $1 10/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	25
Earnings Predictability	90

AGL RESOURCES NYSE-ATG

RECENT PRICE	19	P/E RATIO	14.5 (Trailing: 13 8 Median 14.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	6.0%	VALUE LINE	467

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Direct Testimony___
Appendix -Value Line History
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TIMELINESS 5 Lowest (Relative Price Performance Next 12 Mos)
SAFETY 2 Above Average (Scale 1 Highest to 5 Lowest)
BETA 75 (1 00 = Market)

High	12 1	13 2	14 0	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6		Target Price Range
Low	9 3	9 7	10 8	11 9	13 3	14 9	15 1	17 0	14 6	14 9	17 1	17 8		2000 | 2001 | 2002

2000-02 PROJECTIONS

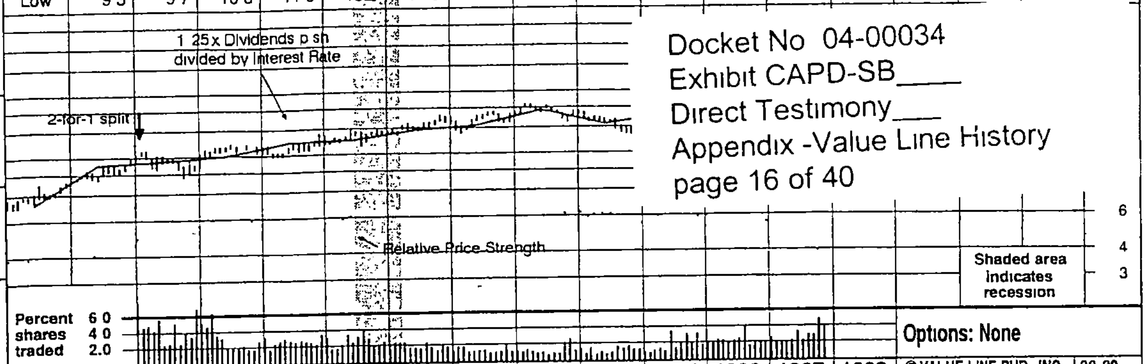
	Price	Gain	Ann'l Total Return
High	30	(+60%)	16%
Low	20	(+5%)	7%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	1	0	0	0	0	0	0	1	0
Options	1	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q'96	1Q'97	2Q'97
to Buy	41	43	41
to Sell	41	40	35
Hld's(000)	11895	12050	12725



Options: None

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	© VALUE LINE PUB , INC.	00-02
45 72	52 11	48 27	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	*22 75*	*23 85*	Revenues per sh [A]	*28 00*
1 63	1 50	1 60	1 87	1 69	1 52	1 84	1 90	1.93	2 04	2 07	2 31	2 25	2.24	2.33	2 49	*2.55*	*2.55*	"Cash Flow" per sh	*3 10*
64	45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	*1 30*	Earnings per sh [B]	*1 70*
42	45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	*1 08*	Div'ds Decl'd per sh [C■]	*1 15*
2 45	2 52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	*2 60*	*2 10*	Cap'l Spending per sh	*2 15*
6 49	6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	*11 00*	*11 30*	Book Value per sh [D]	*12 85*
18 14	18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	*56 60*	*57 00*	Common Shs Outst'g [E]	*59 00*
5 9	8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	13 8		Avg Ann'l P/E Ratio	*14 5*
72	91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	79		Relative P/E Ratio	*1 05*
11 1%	12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7.2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 7%		Avg Ann'l Div'd Yield	*4 8%*

CAPITAL STRUCTURE as of 6/30/97
Total Debt $618 0 mill **Due in 5 Yrs** $104 0 mill
LT Debt $584 5 mill **LT Interest** $43 8 mill
(LT interest earned 3 8x, total interest coverage 3 4x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability None in '96 vs $4 9 mill in '95

Pfd Stock $118 8 mill **Pfd Div'd** $10 5 mill
$74 3 mill 8 17% subsidiary obligated mandatorily redeemable pfd secs , $44 5 mill 7 70% cum

Common Stock 56,456,402 shs

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998		00-02
983 5	975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	*1360*	Revenues ($mill) [A]	*1650*
39 4	46 0	42 1	45 6	49 4	55 4	57 5	63 2	74 3	75 6	76 6	*74 0*	Net Profit ($mill)	*100*
47 6%	31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	*38 0%*	*38 0%*	Income Tax Rate	*38 0%*
4 0%	4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	*5 4%*	Net Profit Margin	*6 1%*
46.2%	49 3%	47 9%	50 2%	49 6%	40.2%	40 5%	49 0%	47 4%	46 2%	*48 5%*	*48 5%*	Long-Term Debt Ratio	*47 0%*
50 3%	48.2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	*46 0%*	*46 0%*	Common Equity Ratio	*48 0%*
587 7	768 5	770 0	831 9	918 3	812.7	925 7	1131 5	1170 3	1201 3	*1355*	*1395*	Total Capital ($mill)	*1575*
757 7	866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	*1495*	*1560*	Net Plant ($mill)	*1650*
9 0%	8 2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	*7 5%*	*7 0%*	% Earned Total Cap'l	*9 0%*
12 5%	11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	*11 5%*	*11 0%*	% Earned Net Worth	*12 5%*
12 8%	12 0%	10 6%	11 2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	*12.5%*	*11 5%*	% Earned Com Equity	*13 0%*
2 8%	2 7%	2%	.2%	.2%	1 0%	4%	3 0%	4 6%	3 8%	*2 5%*	*2.0%*	% Retained to Com Eq	*4 0%*
79%	79%	98%	98%	98%	91%	96%	75%	66%	71%	*79%*	*83%*	% All Div'ds to Net Prof	*68%*

CURRENT POSITION ($MILL.)	1995	1996	6/30/97
Cash Assets	3 7	8 7	4 3
Other	216 3	280 5	265 1
Current Assets	220 0	289 2	269 4
Accts Payable	72 3	73 7	65 7
Debt Due	51 0	152 0	33 5
Other	107 6	96 8	125 2
Current Liab	230 9	322 5	224 4
Fix Chg Cov	288%	280%	280%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '94-'96 to '00-'02
Revenues	-5 0%	- -	*4 5%*
"Cash Flow"	3 5%	3 0%	*4 5%*
Earnings	3 0%	5 5%	*6 0%*
Dividends	5 5%	1 5%	*1 5%*
Book Value	3 5%	2 5%	*3 5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) [A] Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1994	361 9	500 2	191 2	146 6	1199 9
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	478 8	241 1	171 5	1220 2
1997	379 6	496 7	216 7	194 6	1287 6
1998	*400*	*520*	*230*	*210*	*1360*

Fiscal Year Ends	EARNINGS PER SHARE [A B F] Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1994	50	98	d 09	d 21	1 17
1995	57	95	03	d 19	1 33
1996	53	81	06	d 04	1 37
1997	53	88	03	d 07	1 37
1998	*52*	*85*	*01*	*d 08*	*1 30*

Calendar	QUARTERLY DIVIDENDS PAID [C■] Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1993	26	26	26	26	1 04
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	265	265	265	27	1 07
1997	27	27	27	27	

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co , a regulated distributor of natural gas to more than 1 4 million customers in Georgia and southern Tennessee Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales Fiscal 1996 gas system throughput, 289 billion cu ft Throughput breakdown residential, 40%, commercial, 19%, industrial, 15%, transportation and other, 26% Cost of gas sold 59 0% of revenues Has about 2,950 employees, 16,760 shareholders Pres & Ch Exec Off David R Jones Incorporated in Georgia Address 303 Peachtree St , N E , Atlanta, GA 30308 Telephone 404-584-9470 Internet addr http //www aglr com

AGL Resources' share earnings may have peaked in fiscal 1997 (ended September 30th). While most other gas-utility stocks have gained support in the past year because of lower interest rates and aggressive participation in nonregulated natural gas marketing, AGL shares have lost a little ground. The problem here is that while this holding company is also joining the fray in gas marketing, it will need perhaps a year or so to prepare the non-utility subsidiary to meet the competitive incursions by other marketers and begin a program of unbundled services. Overall, since the effort in fiscal 1998 will mean additional costs that won't be fully recoverable, AGL's share earnings may settle back a little this year

This untimely stock continues to be a good-quality holding for income. The gas utility, which will face much less business risk than the marketers, should continue to add modestly to last year's profits in fiscal 1998 This prospect assumes normal weather conditions in the Georgia service area and continued growth of the gas distributor's customer rolls at a 2 5%-3 0% annual rate. But with overall profits apt to dip this year and AGL developing a nonregulated business that might have unseen pitfalls, directors may have no latitude to raise the dividend And keeping the dividend level this year will support management's efforts to lower the *payout ratio* to a more comfortable range of 60%-70% The stock's recent price sets the dividend yield about 1 5 percentage points above the gas-utility average and takes into account the probable absence of a higher quarterly payment in 1998

The lower payout ratio may take a few years to attain. AGL, in the meantime, might be willing to resume dividend increases in 1999 as long as they lag the company's renewed earnings upturn that we project. The utility's financial results will provide the benchmark for rising dividends These regulated profits should benefit from Georgia's pending ratemaking incentives and may grow by about twice the inflation rate If so, AGL's dividend may advance by 1 5%-2 0% annually, which would pretty much match the dividend prospects for most other regulated gas distributors

Gerald Holtzman *December 26, 1997*

(A) Fiscal year ends September 30th
(B) Primary egs Next egs report due early Feb Excl nonrecurring items '84, 37¢, '88, 15¢, '95, d83¢
(C) Next dividend meeting about early Feb Goes ex mid-Feb Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'd chgs '96 $61 2 mill, $1 10/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	25
Earnings Predictability	90

AGL RESOURCES NYSE-ATG

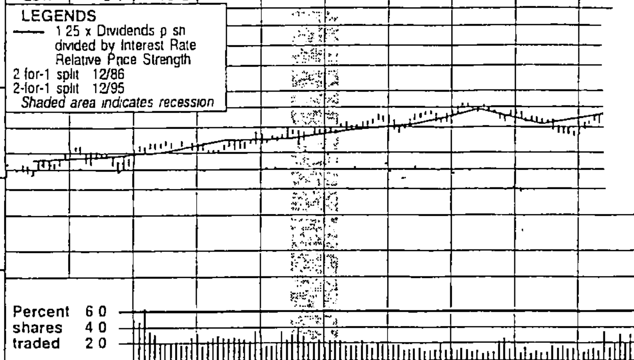
RECENT PRICE	P/E RATIO	(Trailing 16.3 / Median 14.0)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
21	16.8	Trailing 16.3, Median 14.0	0.88	5.1%	466

TIMELINESS 4 Raised 1/16/98
SAFETY 2 New 7/27/90
TECHNICAL 4 Raised 1/23/98
BETA .70 (1.00 = Market)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
High	13.2	14.0	15.4	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	21.0
Low	9.7	10.8	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	18.9

Target Price Range 2001 | 2002 | 2003

LEGENDS
— 1.25 x Dividends p sh divided by Interest Rate
··· Relative Price Strength
2-for-1 split 12/86
2-for-1 split 12/95
Shaded area indicates recession



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Direct Testimony___
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2001-03 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+45%)	13%
Low	20	(-5%)	4%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	1	0	0	1
Options	0	0	0	0	0	0	0	0	1
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q'97	3Q'97	4Q'97
to Buy	41	52	67
to Sell	35	42	36
Hld's(000)	12725	12099	14085

Percent shares traded 6.0 / 4.0 / 2.0

% TOT RETURN 2/98

	THIS STOCK	VL ARITH INDEX
1 yr	10.2	34.2
3 yr	42.4	107.5
5 yr	32.4	154.7

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	© VALUE LINE PUB., INC.	01-03
52.11	48.27	46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	*23.75*	*24.85*	Revenues per sh A	*28.50*
1.50	1.60	1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	*2.45*	*2.60*	"Cash Flow" per sh	*3.20*
.45	.78	1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	*1.25*	*1.40*	Earnings per sh B	*1.70*
.45	.48	.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.15*
2.52	2.43	2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	*2.50*	*2.50*	Cap'l Spending per sh	*2.50*
6.45	6.37	6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	*11.30*	*11.70*	Book Value per sh D	*13.75*
18.53	23.07	26.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	*57.25*	*58.00*	Common Shs Outst'g E	*59.50*
8.3	5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	*Bold figures are*		Avg Ann'l P/E Ratio	*14.5*
.91	.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.83	*Value Line*		Relative P/E Ratio	*1.05*
12.0%	10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	*estimates*		Avg Ann'l Div'd Yield	*4.7%*

CAPITAL STRUCTURE as of 12/31/97
Total Debt $810.5 mill. Due in 5 Yrs $265.0 mill.
LT Debt $660.0 mill. LT Interest $49.0 mill.
(total interest coverage: 3.4x)

Leases, Uncapitalized Annual rentals $6.1 mill.
Pension Liability None

Pfd Stock $118.8 mill. Pfd Div'd $10.5 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. secs., $44.5 mill. 7.70% cum.

Common Stock 56,456,402 shs.

MARKET CAP: $1.1 billion (Mid Cap)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999		01-03
975.6	938.7	1000.9	963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	*1360*	*1440*	Revenues ($mill) A	*1700*
46.0	42.1	45.6	49.4	55.4	57.5	63.2	74.3	75.6	76.6	*71.0*	*79.5*	Net Profit ($mill)	*100*
31.8%	27.6%	31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	*37.5%*	*37.5%*	Income Tax Rate	*37.0%*
4.7%	4.5%	4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	*5.2%*	*5.5%*	Net Profit Margin	*5.9%*
49.3%	47.9%	50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	*48.0%*	*48.0%*	Long-Term Debt Ratio	*48.0%*
48.2%	49.8%	47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	*46.0%*	*47.0%*	Common Equity Ratio	*48.0%*
768.5	770.0	831.9	918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	*1380*	*1455*	Total Capital ($mill)	*1670*
866.5	979.1	1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	*1550*	*1610*	Net Plant ($mill)	*1800*
8.2%	7.8%	7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	*7.0%*	*7.5%*	Return on Total Cap'l	*7.5%*
11.8%	10.5%	11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	*10.5%*	*11.5%*	Return on Shr. Equity	*12.0%*
12.0%	10.6%	11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	*11.0%*	*11.5%*	Return on Com Equity	*12.0%*
2.7%	.2%	.2%	.2%	1.0%	.4%	3.0%	4.6%	3.8%	3.2%	*1.5%*	*2.5%*	Retained to Com Eq	*4.0%*
79%	98%	98%	98%	91%	96%	75%	66%	71%	74%	*86%*	*78%*	All Div'ds to Net Prof	*68%*

CURRENT POSITION ($MILL.)

	1996	1997	12/31/97
Cash Assets	8.7	4.8	7.9
Other	280.5	287.9	400.8
Current Assets	289.2	292.7	408.7
Accts Payable	73.7	65.1	96.6
Debt Due	152.0	29.5	150.5
Other	96.8	148.8	110.5
Current Liab.	322.5	243.4	357.6
Fix. Chg. Cov.	330%	311%	293%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '95-'97 to '01-'03
Revenues	-3.5%	--	*5.0%*
"Cash Flow"	3.5%	2.5%	*5.0%*
Earnings	4.0%	5.0%	*4.0%*
Dividends	4.0%	1.0%	*1.5%*
Book Value	3.5%	2.5%	*4.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1995	328.8	448.2	177.5	108.5	1063.0
1996	328.8	478.8	241.1	171.5	1220.2
1997	379.6	496.7	216.7	194.6	1287.6
1998	402.3	*520*	*230*	*207.7*	*1360*
1999	*425*	*550*	*245*	*220*	*1440*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1995	.57	.95	.03	d.19	1.33
1996	.53	.81	.06	d.04	1.37
1997	.53	.88	.03	d.07	1.37
1998	.45	*.85*	*.02*	*d.07*	*1.25*
1999	*.55*	*.88*	*.04*	*d.07*	*1.40*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1993	.26	.26	.26	.26	1.04
1994	.26	.26	.26	.26	1.04
1995	.26	.26	.26	.265	1.05
1996	.265	.265	.265	.27	1.07
1997	.27	.27	.27	.27	

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia and southern Tennessee. Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales. Fiscal 1997 gas system throughput, 280 billion cu. ft. Throughput breakdown: residential, 36%; commercial, 16%; industrial, 12%; transportation and other, 36%. Has about 2,985 employees, 16,760 shareholders. Chairman: David R. Jones. Pres. & Ch. Exec. Off.: Walter M. Higgins. Incorporated in Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet addr.: http://www.aglr.com.

AGL Resources seeks to adapt itself to a competitive market. The utility subsidiary, Atlanta Gas Light (AGL), is preparing for a time (which might only be a few years away) when nonregulated marketers will pretty much dominate the business of arranging to obtain natural gas supplies for all comers. Right now that job is still largely the utility's. But the marketers are gradually gaining ground in Georgia, and AGL sees itself in the future as only a transporter of gas supplies, not a merchant. Since the utility may profit only on its capital investment in plant, it is asking the state to approve a new incentive rate design that gives the gas system a better earning potential in the changing market structure. The proposed tariffs would be based on a return on common equity of, say, 11.5%- 12.0%, with AGL permitted to exceed the state-ordered benchmark by operating the gas system with increasing efficiency. The excess profits would be shared, perhaps 50-50, with ratepayers as billing credits, which would effectively give AGL a competitive edge over the local electric company.

The proposed tariffs would also allow a more reliable coverage of fixed capital costs. AGL hopes to set a higher minimum monthly charge for its transport service. Such an increase would help the utility compensate for a diminished gas flow during long spells of mild winter weather and would improve the its cash stream during the summer off-season.

The dividend seems secure, but it won't likely be raised for a while. Earnings of AGL Resources for fiscal 1998 (ends September 30th) may recede a little because of management's efforts to ready the company for the competitive playing field. Subsidiaries are engaged in the marketing of fuel and allied services. In all, they are turning a small profit, though most of it, at this juncture, seems to be coming from the sale of propane. As for the principal utility business, AGL sees a dip in system earnings this year due to lower gas consumption per customer, reflecting end-user conservation. The pending rate design should help to compensate for this problem. In the meantime, there will be a cap on the dividend, which is factored into this untimely stock's generous yield.

Gerald Holtzman *March 27, 1998*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next egs. report due early May. Excl. nonrecurring items: '84, $0.37; '88, $0.15; '95, d$0.83.
(C) Next dividend meeting about early May. Goes ex mid-May. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1.
■ Dividend reinvestment plan available.
(D) Incl. def'ed chgs: '97, 72.4 mill., $1.28/sh.
(E) In millions, adjusted for stock splits.
(F) Quarters may not add to total due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	25
Earnings Predictability	90

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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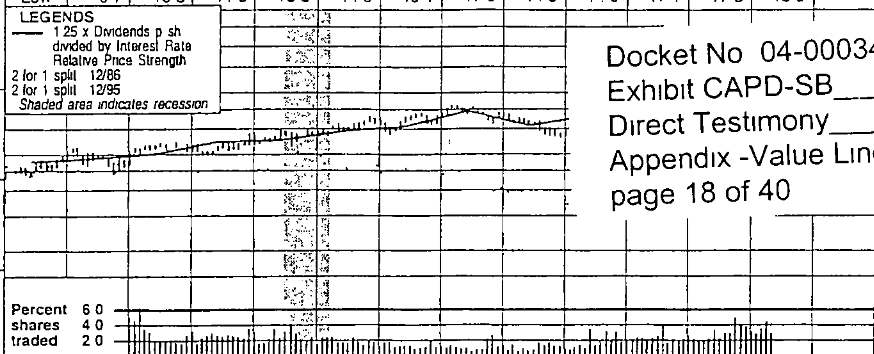
AGL RESOURCES NYSE-ATG

RECENT PRICE	20	P/E RATIO	15.9 (Trailing 16 7 / Median 14 0)	RELATIVE P/E RATIO	0.90	DIV'D YLD	5.4%	VALUE LINE	467

TIMELINESS 4 Raised 1/16/98
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 6/5/98
BETA 70 (1 00 = Market)

High	13 2	14 0	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6	22 1		
Low	9 7	10 8	11 9	13 3	14 9	15 1	17 0	14 6	14 9	17 1	17 8	18 9		

Target Price Range 2001 | 2002 | 2003



2001-03 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+50%)	15%
Low	20	(Nil)	5%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	1	0	0	1	1	2	0	0
Options	0	0	0	0	1	0	1	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q1997	3Q1997	4Q1997
to Buy	41	52	67
to Sell	35	42	36
Hld's(000)	12725	12099	14085

% TOT RETURN 5/98

	THIS STOCK	VL ARITH. INDEX
1 yr	10 6	25 8
3 yr	37 9	87 8
5 yr	36 7	127 3

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	© VALUE LINE PUB , INC	01-03
52 11	48 27	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	*22 95*	*24 40*	Revenues per sh A	*28 35*
1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	*2.45*	*2 50*	"Cash Flow" per sh	*3.20*
45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	*1.20*	*1 30*	Earnings per sh B	*1 65*
45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	*1 08*	*1 08*	Div'ds Decl'd per sh C■	*1 15*
2 52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	*2 00*	*2 00*	Cap'l Spending per sh	*2.10*
6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	*11.25*	*11 55*	Book Value per sh D	*13 65*
18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	*57.25*	*58 00*	Common Shs Outst'g E	*60 00*
8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	*Bold figures are*		Avg Ann'l P/E Ratio	*15 0*
91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	83	*Value Line*		Relative P/E Ratio	*1 05*
12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	*estimates*		Avg Ann'l Div'd Yield	*4 7%*
						975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	*1315*	*1415*	Revenues ($mill) A	*1700*
						46 0	42 1	45 6	49 4	55 4	57 5	63 2	74 3	75 6	76 6	*68 0*	*74 0*	Net Profit ($mill)	*100*
						31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	*37 5%*	*37 5%*	Income Tax Rate	*37 0%*
						4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	*5 2%*	*5 5%*	Net Profit Margin	*5 9%*
						49 3%	47 9%	50 2%	49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	*48 0%*	*48 0%*	Long-Term Debt Ratio	*46 5%*
						48 2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	*46 0%*	*47 0%*	Common Equity Ratio	*49 0%*
						768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	1356 4	*1380*	*1440*	Total Capital ($mill)	*1670*
						866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	*1565*	*1630*	Net Plant ($mill)	*1835*
						8 2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	*7 0%*	*7 0%*	Return on Total Cap	*7 5%*
						11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	*10 5%*	*11 0%*	Return on Shr Equity	*12.0%*
						12 0%	10 6%	11 2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	*10 5%*	*11 0%*	Return on Com Equity	*12 0%*
						2 7%	2%	2%	2%	1 0%	4%	3 0%	4 6%	3 8%	3 2%	*1 0%*	*2.0%*	Retained to Com Eq	*3 5%*
						79%	98%	98%	98%	91%	96%	75%	66%	71%	74%	*90%*	*83%*	All Div'ds to Net Prof	*70%*

CAPITAL STRUCTURE as of 3/31/98
Total Debt $664 4 mill Due in 5 Yrs $120 0 mill
LT Debt $660 0 mill LT Interest $49 0 mill
(total interest coverage 3 2x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability None

Pfd Stock $74 3 mill Pfd Div'd $5 0 mill
$74 3 mill 8 17% subsidiary obligated mandatorily redeemable pfd secs

Common Stock 57,000,000 shs

MARKET CAP $1 1 billion (Mid Cap)

CURRENT POSITION ($MILL)	1996	1997	3/31/98
Cash Assets	8 7	4 8	7 7
Other	280 5	287 9	279 3
Current Assets	289 2	292 7	287 0
Accts Payable	73 7	65 1	77 2
Debt Due	152 0	29 5	4 4
Other	96 8	148 8	135 9
Current Liab	322 5	243 4	217 5
Fix Chg Cov	330%	311%	280%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '95-'97 to '01-'03
Revenues	-3 5%	--	5 0%
"Cash Flow"	3 5%	2 5%	5 0%
Earnings	4 0%	5 0%	3 5%
Dividends	4 0%	1 0%	1 5%
Book Value	3 5%	2 5%	4 5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	478 8	241 1	171 5	1220 2
1997	379 6	496 7	216 7	194 6	1287 6
1998	402 3	483 9	*220*	*208 8*	*1315*
1999	*425*	*540*	*230*	*220*	*1415*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1995	57	95	03	d 19	1 33
1996	53	81	06	d 04	1 37
1997	53	88	03	d 07	1 37
1998	45	79	*02*	*d 06*	*1 20*
1999	*51*	*80*	*04*	*d 05*	*1 30*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	265	265	265	27	1 07
1997	27	27	27	27	1 08
1998	27	27			

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co , a regulated distributor of natural gas to more than 1 4 million customers in Georgia and southern Tennessee Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales Fiscal 1997 gas system throughput, 280 billion cu ft Throughput breakdown residential, 36%, commercial, 16%, industrial, 12%, transportation and other, 36% Has about 3,010 employees, 16,760 shareholders Chairman David R Jones Pres & Ch Exec Off Walter M Higgins Incorporated in Georgia Address 303 Peachtree St , N E , Atlanta, GA 30308 Telephone 404-584 9470 Internet addr http //www aglr com

AGL Resources may operate at a reduced earnings level for a while. The slack in profits in fiscal 1998 (year ends September 30th) isn't due to an unusually warm winter That's because the utility invoked its weather normalization provision to make up for revenue deficiencies resulting from temperature deviations from seasonal norms Rather, AGL blames the setback on declining sales per meter due to conservation factors, such as more efficient gas furnaces and better insulated homes Management will begin to work on the problem in fiscal 1999

A new rate design may lift profits. The competitive marketplace now evolving has required AGL to recast its operating structure It has formed a new subsidiary, Atlanta Gas Light Services (AGLS), which will join the fray against several marketing heavyweights in customer-choice programs as a nonregulated gas supplier Operating with a familiar name on its home turf should let AGLS win its fair share of business AGL's regional gas utility will remain fully regulated But it will abandon its customary merchant role to become solely a gas transporter, since the marketers will do the buying and reselling of gas System revenues will be derived entirely from the associated carrier charges (as it always has) and profits will continue to be based on the regulated return on plant investment To realize the allowed return, which might be set at about 11 5% on common equity, AGL seeks a big boost in the fixed-minimum monthly charge to customers A higher minimum would improve cash flow, especially in the summer AGL also proposes that new customers remotely situated from the system's main pipeline route pay for the line extension through added tariffs The new rate structure may be approved soon and should gradually play out in AGL's favor

But don't expect a dividend increase in fiscal 1999. Dividend reinvestments in newly issued stock effectively reduce the payout ratio and thus supplement cash flow But AGL is unlikely to up the quarterly declaration until the *indicated* payout ratio recedes to 80% or less via rising profits The prospect of a flat cash dividend into next year is reflected in this untimely stock's very generous yield

Gerald Holtzman *June 26, 1998*

(A) Fiscal year ends September 30th
(B) Diluted earnings per share Next egs report due early Aug Excl nonrecurring items '84, $0 37, '88, $0 15, '95, d$0 83
(C) Next dividend meeting about early Aug Goes ex mid-Aug Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'ed chgs '97 72 4 mill, $1 28/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	20
Earnings Predictability	85

AGL RESOURCES NYSE-ATG

RECENT PRICE	19	P/E RATIO	15.6 (Trailing 16.5 / Median 14.0)	RELATIVE P/E RATIO	1.03	DIV'D YLD	5.7%	VALUE LINE	466

TIMELINESS 4 Raised 1/16/98
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 6/5/98
BETA .70 (1.00 = Market)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
High	13.2	14.0	15.4	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	22.1
Low	9.7	10.8	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7

Target Price Range 2001 | 2002 | 2003

LEGENDS
— 1.25 x Dividends p sh divided by Interest Rate
Relative Price Strength
2-for-1 split 12/86
2-for-1 split 12/95
Options No
Shaded area indicates recession

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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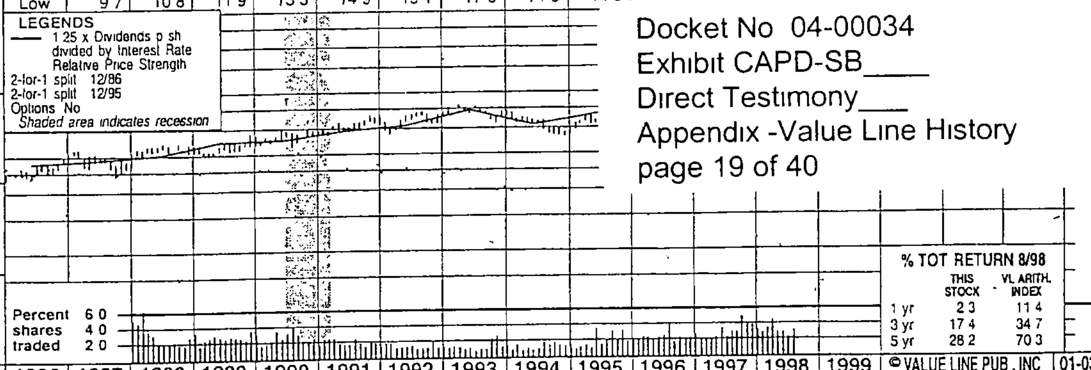

2001-03 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+60%)	16%
Low	20	(+5%)	7%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	1	0	2	0	0	0	0	1
Options	0	1	0	1	0	0	1	0	0
to Sell	0	0	0	0	0	0	1	0	0

Institutional Decisions

	4Q1997	1Q1998	2Q1998
to Buy	67	46	51
to Sell	36	52	49
Hld's(000)	14085	14956	16571

Percent shares traded 6.0 4.0 2.0

% TOT RETURN 8/98

	THIS STOCK	VL ARITH. INDEX
1 yr	2.3	11.4
3 yr	17.4	34.7
5 yr	28.2	70.3

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	© VALUE LINE PUB., INC.	01-03
52.11	48.27	46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	*23.65*	*25.00*	Revenues per sh A	*30.00*
1.50	1.60	1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	*2.35*	*2.50*	"Cash Flow" per sh	*3.00*
.45	.78	1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	*1.15*	*1.30*	Earnings per sh B	*1.65*
.45	.48	.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.15*
2.52	2.43	2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	*2.00*	*2.00*	Cap'l Spending per sh	*2.10*
6.45	6.37	6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	*11.20*	*11.55*	Book Value per sh D	*13.65*
18.53	23.07	26.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	*57.25*	*58.00*	Common Shs Outst'g E	*60.00*
8.3	5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	*Bold figures are*	*Value Line*	Avg Ann'l P/E Ratio	*15.0*
.91	.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.83	*estimates*		Relative P/E Ratio	*1.05*
12.0%	10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%			Avg Ann'l Div'd Yield	*4.7%*
						975.6	938.7	1000.9	963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	*1355*	*1450*	Revenues ($mill) A	*1800*
						46.0	42.1	45.6	49.4	55.4	57.5	63.2	74.3	75.6	76.6	*66.0*	*74.0*	Net Profit ($mill)	*100*
						31.8%	27.6%	31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	*37.5%*	*37.5%*	Income Tax Rate	*37.0%*
						4.7%	4.5%	4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	*4.9%*	*5.1%*	Net Profit Margin	*5.6%*
						49.3%	47.9%	50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	*48.0%*	*48.0%*	Long-Term Debt Ratio	*46.5%*
						48.2%	49.8%	47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	*46.5%*	*47.0%*	Common Equity Ratio	*49.0%*
						768.5	770.0	831.9	918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	*1380*	*1440*	Total Capital ($mill)	*1670*
						866.5	979.1	1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	*1550*	*1615*	Net Plant ($mill)	*1800*
						8.2%	7.8%	7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	*7.0%*	*7.0%*	Return on Total Cap'l	*7.5%*
						11.8%	10.5%	11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	*10.5%*	*11.0%*	Return on Shr. Equity	*12.0%*
						12.0%	10.6%	11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	*10.5%*	*11.0%*	Return on Com Equity	*12.0%*
						2.7%	2%	2%	2%	1.0%	4%	3.0%	4.6%	3.8%	3.2%	*5%*	*2.0%*	Retained to Com Eq	*3.5%*
						79%	98%	98%	98%	91%	96%	75%	66%	71%	74%	*94%*	*83%*	All Div'ds to Net Prof	*70%*

CAPITAL STRUCTURE as of 6/30/98
Total Debt $670.4 mill. Due in 5 Yrs $125.0 mill.
LT Debt $660.0 mill. LT Interest $49.0 mill.
(total interest coverage 3.0x)

Leases, Uncapitalized Annual rentals $6.1 mill.
Pension Liability None

Pfd Stock $74.3 mill. Pfd Div'd $5.0 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. secs. (Div'ds are a tax-deductible fixed charge.)

Common Stock 57,165,252 shs.
MARKET CAP: $1.1 billion (Mid Cap)

CURRENT POSITION ($MILL.)	1996	1997	6/30/98
Cash Assets	8.7	4.8	9.5
Other	280.5	287.9	254.3
Current Assets	289.2	292.7	263.8
Accts Payable	73.7	65.1	77.3
Debt Due	152.0	29.5	10.4
Other	96.8	148.8	114.9
Current Liab.	322.5	243.4	202.6
Fix. Chg. Cov.	330%	311%	265%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '95-'97 to '01-'03
Revenues	-3.5%	--	*5.0%*
"Cash Flow"	3.5%	2.5%	*5.0%*
Earnings	4.0%	5.0%	*3.5%*
Dividends	4.0%	1.0%	*1.5%*
Book Value	3.5%	2.5%	*4.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1995	328.8	448.2	177.5	108.5	1063.0
1996	328.8	478.8	241.1	171.5	1220.2
1997	379.6	496.7	216.7	194.6	1287.6
1998	402.3	483.9	247.0	*221.8*	*1355*
1999	*420*	*525*	*265*	*240*	*1450*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1995	.57	.95	.03	d.19	1.33
1996	.53	.81	.06	d.04	1.37
1997	.53	.88	.03	d.07	1.37
1998	.45	.79	d.02	*d.07*	*1.15*
1999	*.51*	*.80*	*.04*	*d.05*	*1.30*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1994	.26	.26	.26	.26	1.04
1995	.26	.26	.26	.265	1.05
1996	.265	.265	.265	.27	1.07
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27		

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia and southern Tennessee. Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales. Fiscal 1997 gas system throughput, 280 billion cu. ft. Throughput breakdown: residential, 36%; commercial, 16%; industrial, 12%; transportation and other, 36%. Has about 3,010 employees, 16,760 shareholders. Chairman: David R. Jones. Pres. & Ch. Exec. Off.: Walter M. Higgins. Incorporated in Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet addr.: http://www.aglr.com.

AGL Resources' new rate order includes a key element in the utility's favor. Atlanta Gas Light has been challenged by a decline in natural gas consumption per meter. The utility, citing better insulated homes and more efficient space-heating appliances as the reasons for the sales erosion, asked its regulators for a new tariff that would let the utility overcome the conservation factor. Georgia, last June, responded with a so-called straight fixed-variable rate design, which, in effect, raises the fixed monthly charge to customers. The new tariff improves AGL's chances of recouping its investment in gas plant, while reduces the utility's reliance on customers' actual gas demand.

There are a few regulatory hurdles to get over. The commission, though it has kept the allowed return on common equity at 11.0%, has denied performance-based regulation, which would let AGL exceed its benchmark return by increasing operating efficiency through cost savings. Additionally, the order is based on a common equity ratio (43.9%) in the utility's capital structure, which is lower than AGL requested (47.6%). The difference, we estimate, means a yearly share earnings shortfall of $0.05-$0.08. Management is asking the state to reconsider these adverse decisions.

Regulators also raised an obstacle for the marketing business. A separate subsidiary is marketing gas to all comers in Georgia in a competitive arena. The state, however, bars this non-regulated unit from using the proprietary name of the Atlanta Gas Light utility as part of its own name—a constraint that would stop the marketer from trading on its sister company's goodwill. A Georgia court has stayed the order pending a full review of the issue.

The stock may be held for income. The marketing business won't put the utility at risk, since it will serve as the sole transporter of gas in its Georgia service area. It should profit entirely on the basis of its investment in gas plant. Assuming the benefits of the new rate design kick in soon, the dividend should get added security, though the payout might not be increased until fiscal year 2000 (accounting years begin September 1st). The stock's current lofty yield factors in the likely absence of a near-term dividend hike.

Gerald Holtzman *September 25, 1998*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next egs. report due early Nov. Excl. nonrecurring items: '84, $0.37; '88, $0.15; '95, d$0.83.
(C) Next dividend meeting about early Nov. Goes ex mid-Nov. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1.
■ Dividend reinvestment plan available.
(D) Incl. def'ed chgs. '97: 72.4 mill., $1.28/sh.
(E) In millions, adjusted for stock splits.
(F) Quarters may not add to total due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	20
Earnings Predictability	85

AGL RESOURCES NYSE-ATG

RECENT PRICE	22	P/E RATIO	16.4 (Trailing 15 6 / Median 14 0)	RELATIVE P/E RATIO	1.02	DIV'D YLD	4.9%	VALUE LINE	467

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Direct Testimony___
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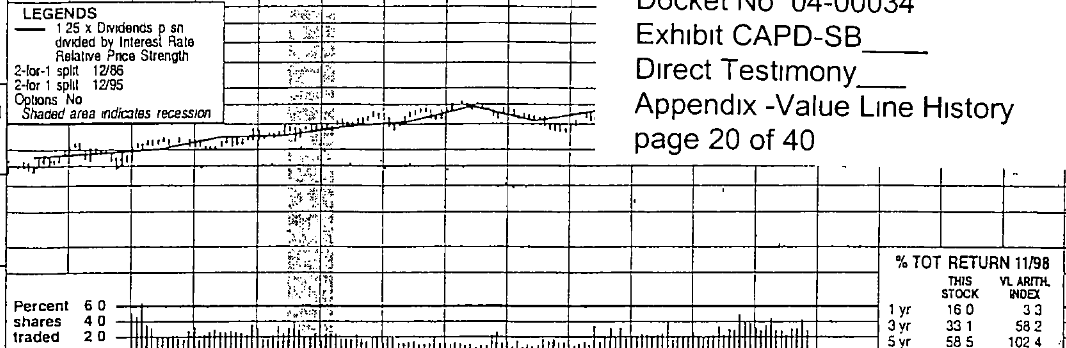
TIMELINESS 3 Raised 10/30/98
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 6/5/98
BETA 65 (1 00 = Market)

High	13 2	14 0	15 4	16 1	18 8	19 5	21 3	19 4	2
Low	9 7	10 8	11 9	13 3	14 9	15 1	17 0	14 6	1

LEGENDS
— 1 25 x Dividends p sh divided by Interest Rate
Relative Price Strength
2-for-1 split 12/86
2-for 1 split 12/95
Options No
Shaded area indicates recession



2001-03 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+35%)	12%
Low	20	(-10%)	3%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	2	0	0	0	0	1	0	0	0
Options	1	0	0	1	0	0	0	0	0
to Sell	0	0	0	1	0	0	0	0	0

Institutional Decisions

	1Q1998	2Q1998	3Q1998
to Buy	46	51	50
to Sell	52	49	40
Hld's(000)	14956	16571	17280

Percent shares traded 6 0 / 4 0 / 2 0

% TOT RETURN 11/98

	THIS STOCK	VL ARITH. INDEX
1 yr	16 0	3 3
3 yr	33 1	58 2
5 yr	58 5	102 4

1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	©VALUE LINE PUB, INC	01-03
52 11	48 27	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	*23 65*	*24 15*	Revenues per sh A	*30 00*
1 50	1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	*2 65*	*2.80*	"Cash Flow" per sh	*3 00*
45	78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	*1 45*	Earnings per sh B	*1 65*
45	48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	*1 08*	Div'ds Decl'd per sh C■	*1 15*
2 52	2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	*2.25*	*2 75*	Cap'l Spending per sh	*2.10*
6 45	6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	*11.20*	*11 80*	Book Value per sh D	*13 65*
18 53	23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	*57.25*	*58 00*	Common Shs Outst'g E	*60 00*
8 3	5 7	4 7	8 3	11 8	11 5	11 1	13 7	14.2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9		Avg Ann'l P/E Ratio	*15 0*
91	48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	83	73		Relative P/E Ratio	*1 05*
12 0%	10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	-	Avg Ann'l Div'd Yield	*4 7%*

CAPITAL STRUCTURE as of 9/30/98
Total Debt 736 5 mill Due in 5 Yrs $190 0 mill
LT Debt $660 0 mill LT Interest $49 0 mill
(total interest coverage 3 0x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability None

Pfd Stock $74 3 mill Pfd Div'd $5 0 mill
$74 3 mill 8 17% subsidiary obligated mandatorily redeemable pfd secs (Div'ds are a tax-deductible fixed charge)

Common Stock 57,300,000 shs
MARKET CAP $1 3 billion (Mid Cap)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	©VALUE LINE PUB, INC	01-03
975 6	938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	*1400*	Revenues ($mill) A	*1800*
46 0	42.1	45 6	49 4	55 4	57 5	63 2	74 3	75 6	76 6	80 6	*82.5*	Net Profit ($mill)	*100*
31 8%	27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	*36 0%*	Income Tax Rate	*37 0%*
4 7%	4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	*5 9%*	Net Profit Margin	*5 6%*
49 3%	47 9%	50 2%	49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	*47 5%*	*48 0%*	Long-Term Debt Ratio	*46 5%*
48 2%	49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	*47 0%*	*47 0%*	Common Equity Ratio	*49 0%*
768 5	770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	1356 4	*1390*	*1450*	Total Capital ($mill)	*1670*
866 5	979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	*1535*	*1600*	Net Plant ($mill)	*1800*
8 2%	7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	*7 5%*	*7 5%*	Return on Total Cap	*7 5%*
11 8%	10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	*12.5%*	*12 0%*	Return on Shr Equity	*12.0%*
12 0%	10 6%	11 2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	*12.5%*	*12.0%*	Return on Com Equity	*12.0%*
2 7%	2%	2%	2%	1 0%	4%	3 0%	4 6%	3 8%	3 2%	*5%*	*3 0%*	Retained to Com Eq	*3 5%*
79%	98%	98%	98%	91%	96%	75%	66%	71%	74%	*94%*	*77%*	All Div'ds to Net Prof	*70%*

CURRENT POSITION ($MILL.)	1996	1997	9/30/98
Cash Assets	8 7	4 8	3 6
Other	280 5	287 9	294 0
Current Assets	289 2	292 7	297 6
Accts Payable	73 7	65 1	51 1
Debt Due	152 0	29 5	76 5
Other	96 8	148 8	125 1
Current Liab	322 5	243 4	252 7
Fix Chg Cov	330%	311%	295%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '95-'97 to '01-'03
Revenues	-3 5%	- -	*6 0%*
"Cash Flow"	3 5%	2 5%	*3 5%*
Earnings	4 0%	5 0%	*3 5%*
Dividends	4 0%	1 0%	*1 5%*
Book Value	3 5%	2 5%	*4 5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1995	328 8	448 2	177 5	108 5	1063 0
1996	328 8	478 8	241 1	171 5	1220 2
1997	379 6	496 7	216 7	194 6	1287 6
1998	402 3	483 9	247 0	205 4	1338 6
1999	*440*	*460*	*265*	*235*	*1400*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1995	57	95	03	d 19	1-33
1996	53	81	06	d 04	1 37
1997	53	88	03	d 07	1 37
1998	45	79	d 02	19	1 41
1999	*37*	*40*	*38*	*30*	*1 45*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1994	26	26	26	26	1 04
1995	26	26	26	265	1 05
1996	265	265	265	27	1 07
1997	27	27	27	27	1 08
1998	27	27	27		

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co, a regulated distributor of natural gas to more than 1 4 million customers in Georgia and southern Tennessee Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales Fiscal 1997 gas system throughput, 280 billion cu ft Throughput breakdown residential, 36%, commercial, 16%, industrial, 12%, transportation and other, 36% Has about 3,010 employees, 16,760 shareholders Chairman David R Jones Pres & Ch Exec Off Walter M Higgins Incorporated in Georgia Address 303 Peachtree St, N E, Atlanta, GA 30308 Telephone 404-584-9470 Internet address www aglr com

AGL Resources is adapting to Georgia's unbundled gas-service structure. The state, in 1997, deregulated the prices of natural gas and electricity Decontrol has requred AGL to set up a separate marketing subsidiary to sell gas as a commodity in competiton with other marketers willing to court business in Georgia Under the new rules, the state aims to eventually eliminate the AGL utility system as a seller of gas, leaving it only to do business as a gas transporter (common carrier) for the region's residential and industrial consumers Barring a major diversification move by acquisition, hauling gas for others is apt to remain AGL's biggest business, in terms of total capital investment, and its main source of profits And in keeping with tradition, the utility will be the sole gas-system operator in the service area, the tradeoff being regulation of transportation prices and profits State oversight will minimize the business risks for this capital intensive gas distributor In this way, the stock will continue to appeal to investors seeking income

A new rate structure seems to be rebuilding system profits. Management blames customer conservation efforts for declining gas sales per meter To overcome this problem and to stay compatible with the state's unbundled services program, the utility has been operating since last July with a so-called straight fixed-variable rate The new tariff more than doubles the residential fixed monthly charge to $19 This increase in the basic service charge betters AGL's chances of clearing its capital costs (interest and preferred dividends) to provide a satisfactory profit for common shareholders The new rate design (which alters AGL's quarterly earnings pattern) should work in the system's favor during long warm spells in winter and especially during the summer months

By the same token, the dividend should get better coverage. Competition may keep marketing profits very thin But AGL's cash flow is apt to be more predictable under the utility's new tariff, thus moving directors to up the dividend, perhaps within the next four quarters or so The stock's current yield seems to take that prospect into account

Gerald Holtzman *December 25, 1998*

(A) Fiscal year ends September 30th
(B) Diluted earnings per share Next egs report due early Feb Excl nonrecurring items '84, $0 37, '88, $0 15, '95 d$0 83
(C) Next dividend meeting early Feb Goes ex mid-Feb Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'ed chgs '97 72 4 mill, $1 28/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	15
Earnings Predictability	85

AGL RESOURCES NYSE-ATG

RECENT PRICE	19	P/E RATIO	13.6 (Trailing 15 3 / Median 14 0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	5.7%	VALUE LINE	467

TIMELINESS 4 Lowered 3/12/99

SAFETY 2 New 7/27/90

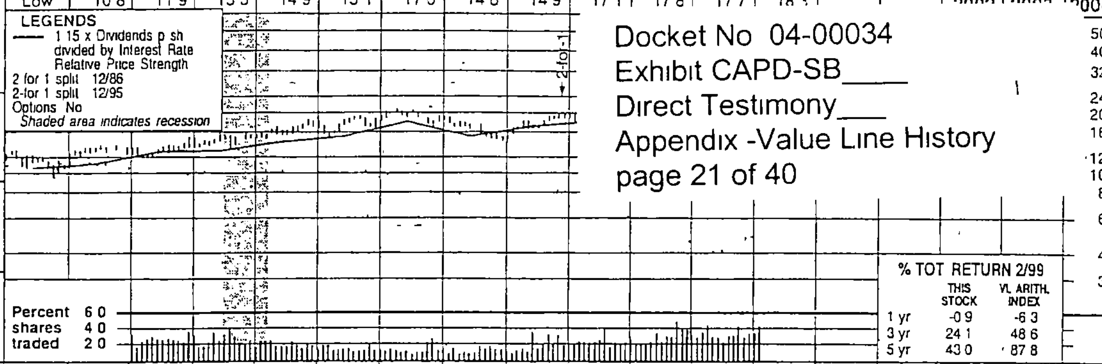
TECHNICAL 3 Raised 6/5/98

BETA 65 (1 00 = Market)

High	14 0	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4
Low	10 8	11 9	13 3	14 9	15 1	17 0	14 6	14 9	17 1	17 8	17 7	18 3

Target Price Range 2002 2003 2004

LEGENDS
— 1 15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2 for 1 split 12/86
2-for 1 split 12/95
Options No
Shaded area indicates recession



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Direct Testimony___
Appendix -Value Line History
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2002-04 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+60%)	16%
Low	20	(+5%)	7%

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	1	0	0	0	0	0	0
Options	1	0	0	0	0	0	0	1	1
to Sell	1	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q1998	3Q1998	4Q1998
to Buy	51	50	73
to Sell	49	40	41
Hld's(000)	16571	17280	18921

Percent shares traded 6 0 / 4 0 / 2 0

% TOT RETURN 2/99	THIS STOCK	VL ARITH. INDEX
1 yr	-0 9	-6 3
3 yr	24 1	48 6
5 yr	43 0	87 8

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	© VALUE LINE PUB, INC	02-04
48 27	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	*24 15*	*24.20*	Revenues per sh A	*28 00*
1 60	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2.42	2 53	*2 70*	*2 90*	"Cash Flow" per sh	*2.45*
78	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	*1 40*	*1 60*	Earnings per sh B	*1 90*
48	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	*1 08*	*1 08*	Div'ds Decl'd per sh C■	*1.20*
2 43	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2.95	2 74	2 49	2 37	2 17	2 37	2 59	2 05	*2 75*	*2 60*	Cap'l Spending per sh	*2 50*
6 37	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	*11 70*	*12 30*	Book Value per sh D	*14 60*
23 07	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	*58 00*	*58 50*	Common Shs Outst'g E	*60 00*
5 7	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	*Bold figures are*		Avg Ann'l P/E Ratio	*13 5*
48	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	85	73	*Value Line*		Relative P/E Ratio	*90*
10 9%	10 1%	8 4%	7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	*estimates*		Avg Ann'l Div'd Yield	*4 8%*

CAPITAL STRUCTURE as of 12/31/98
Total Debt 773 0 mill Due in 5 Yrs $225 0 mill
LT Debt $660 0 mill LT Interest $49 0 mill
(total interest coverage 2 8x)

Leases, Uncapitalized Annual rentals $6 1 mill
Pension Liability None

Pfd Stock $74 3 mill Pfd Div'd $5 0 mill
$74 3 mill 8 17% subsidiary obligated mandatorily redeemable pfd secs (Div'ds are a tax-deductible fixed charge)

Common Stock 57,524,148 shs
MARKET CAP $1 1 billion (Mid Cap)

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000		02-04
938 7	1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	*1285*	*1415*	Revenues ($mill) A	*1675*
42 1	45 6	49 4	55 4	57 5	63 2	74 3	75 6	76 6	80 6	*81 0*	*92 0*	Net Profit ($mill)	*112*
27 6%	31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	*36 0%*	*36 0%*	Income Tax Rate	*36 0%*
4 5%	4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	*6 3%*	*6 5%*	Net Profit Margin	*6 7%*
47 9%	50 2%	49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	*48 0%*	*47 5%*	Long-Term Debt Ratio	*48 5%*
49 8%	47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	*47 0%*	*47 5%*	Common Equity Ratio	*48 0%*
770 0	831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	1356 4	1388 4	*1450*	*1520*	Total Capital ($mill)	*1850*
979 1	1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	*1600*	*1660*	Net Plant ($mill)	*1950*
7 8%	7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	*7 5%*	*8 0%*	Return on Total Cap'l	*8 0%*
10 5%	11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	*12 0%*	*12.5%*	Return on Shr Equity	*12.5%*
10 6%	11 2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	11 3%	*12 0%*	*13 0%*	Return on Com Equity	*13 0%*
2%	2%	2%	1 0%	4%	3 0%	4 6%	3 8%	3 2%	3 4%	*3 0%*	*4 0%*	Retained to Com Eq	*5 0%*
98%	98%	98%	91%	96%	75%	66%	71%	74%	72%	*77%*	*68%*	All Div'ds to Net Prof	*63%*

CURRENT POSITION ($MILL)	1997	1998	12/31/98
Cash Assets	4 8	3 6	- -
Other	287 9	294 0	354 8
Current Assets	292 7	297 6	354 8
Accts Payable	65 1	51 1	71 0
Debt Due	29 5	76 5	113 0
Other	148 8	125 1	125 6
Current Liab	243 4	252 7	309 6
Fix Chg Cov	311%	295%	*270%*

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '96-'98 to '02-'04
Revenues	-1 0%	1 5%	*3 5%*
"Cash Flow"	3 5%	2 5%	*Nil*
Earnings	3 5%	5 0%	*5 5%*
Dividends	3 0%	1 0%	*2 0%*
Book Value	3 0%	2 5%	*5 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1996	328 8	478 8	241 1	171 5	1220 2
1997	379 6	496 7	216 7	194 6	1287 6
1998	402 3	483 9	247 0	205 4	1338 6
1999	323 9	*460*	*265*	*236 1*	*1285*
2000	*400*	*485*	*280*	*250*	*1415*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1996	53	81	06	d 04	1 37
1997	53	88	03	d 07	1 37
1998	45	79	d 02	19	1 41
1999	.28	*42*	*40*	*30*	*1 40*
2000	*41*	*45*	*42*	*32*	*1 60*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1995	26	26	26	265	1 05
1996	265	265	265	27	1 07
1997	27	27	27	27	1 08
1998	27	27	27	27	1 08
1999	27				

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co, a regulated distributor of natural gas to more than 1 4 million customers in Georgia and southern Tennessee Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales Fiscal 1998 gas system throughput, 330 billion cu ft Throughput breakdown residential, 33%, commercial, 13%, industrial, 15%, transportation and other, 39% Has about 3,010 employees, 16,760 shareholders Chairman David R Jones Pres & Ch Exec Off Walter M Higgins Incorporated in Georgia Address 303 Peachtree St, N E, Atlanta, GA 30308 Telephone 404-584-9470 Internet address www aglr com

AGL Resources has encountered a pitfall in the nonregulated arena. Though the utility's new rate structure, ordered last summer, serves to minimize the seasonal earnings peaks and valleys, AGL's results for the first quarter of fiscal 1999 (began October 1st) fell more than management expected The main reason was the loss incurred by the gas-marketing venture with Sonat AGL's 35% share of the red ink came to $4 1 million, reflecting an $0 11-a-share swing from the year-ago profit The deficit was due to certain adverse accounting items and the ill effects of much warmer weather on commodity gas sales AGL says it can bow out of the partnership on favorable terms, which we expect it to do if it is faced with more financial surprises

The utility, though not fully insulated from the effects of warmer-than-normal winters, won't have to fend off competition. Under Georgia's deregulation rules, AGL has set up a separate marketing subsidiary that goes head to head with other sellers to attract customers This nonregulated business will replace the utility as the supplier of record for system customers But since rival marketers may now sign up the former system accounts, each of which *must* now choose a gas purveyor, AGL's marketing arm would undergo some measure of attrition And price competition would likely limit the growth of profits, at least for the near term The utility, while it will give up its historic role as gas merchant, will continue to transport supplies to the end users As the franchised distributor, it won't have competition, but it will be still regulated by the state as to prices and profits Representing most of AGL's assets, the gas system, applying its new rate design, now has a better chance of clearing its fixed costs, it should have a more predictable cash flow through the year to help service debt and fund capital spending

The stock remains an income vehicle Due to the demands involved in developing nonregulated businesses, AGL may not be willing to up the dividend until rising profits hold the payout ratio below 70% for a year or two So the next dividend hike may not come before 2001 The stock's lofty current yield takes this prospect into account

Gerald Holtzman *March 26, 1999*

(A) Fiscal year ends September 30th
(B) Diluted earnings per share Next egs report due early May Excl nonrecurring items '84, $0 37, '88, $0 15, '95, d$0 83
(C) Next dividend meeting early May Goes ex mid-May Approx div'd payment dates March 1, June 1, Sept 1, Dec 1
■ Dividend reinvestment plan available
(D) Incl def'ed chgs '98 134 2 mill, $2 34/sh
(E) In millions, adjusted for stock splits
(F) Quarters may not add to total due to change in shares outstanding

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	15
Earnings Predictability	85

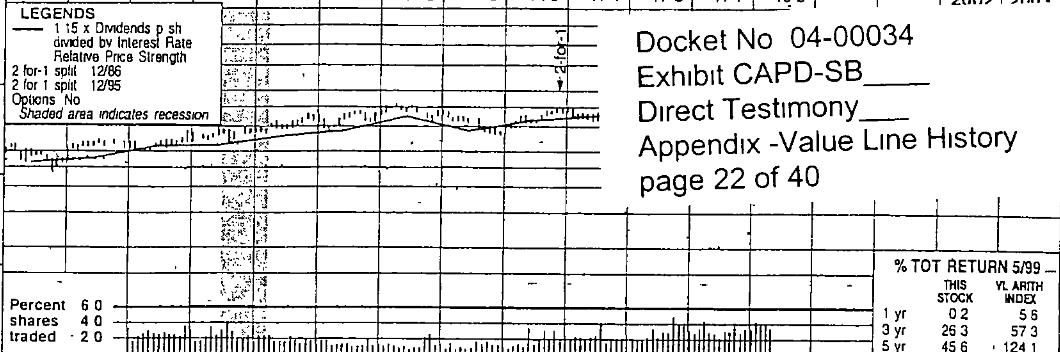
AGL RESOURCES NYSE-ATG

RECENT PRICE	19	P/E RATIO	13.1 (Trailing 21.8, Median 14.0)	RELATIVE P/E RATIO	0.78	DIV'D YLD	5.7%	VALUE LINE	467

TIMELINESS 4 Lowered 3/12/99
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 6/5/98
BETA .65 (1.00 = Market)

High	14.0	15.4	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	Target Price Range 2002 2003 2004
Low	10.8	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	16.8	

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2 for-1 split 12/86
2 for 1 split 12/95
Options No
Shaded area indicates recession



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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2002-04 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+60%)	16%
Low	20	(+5%)	7%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	1	0
Options	0	0	0	0	1	1	1	0	0
to Sell	0	0	0	0	0	0	0	2	0

Institutional Decisions

	2Q1998	3Q1998	4Q1998
to Buy	51	50	73
to Sell	49	40	41
Hld's(000)	16571	17280	18921

Percent shares traded 6.0 4.0 2.0

% TOT RETURN 5/99

	THIS STOCK	VL ARITH INDEX
1 yr	0.2	5.6
3 yr	26.3	57.3
5 yr	45.6	124.1

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	© VALUE LINE PUB., INC.	02-04
48.27	46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	21.30	23.00	Revenues per sh A	27.00
1.60	1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.53	2.65	2.85	"Cash Flow" per sh	3.50
.78	1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	1.35	1.55	Earnings per sh B	1.90
.48	.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	Div'ds Decl'd per sh C■	1.20
2.43	2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.75	2.60	Cap'l Spending per sh	2.50
6.37	6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.65	12.20	Book Value per sh D	14.60
23.07	25.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	58.00	58.50	Common Shs Outst'g E	60.00
5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	Bold figures are	Value Line	Avg Ann'l P/E Ratio	13.5
.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.73	estimates		Relative P/E Ratio	.90
10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%			Avg Ann'l Div'd Yield	4.8%

CAPITAL STRUCTURE as of 3/31/99
Total Debt $661.5 mill. Due in 5 Yrs $112.0 mill.
LT Debt $660.0 mill. LT Interest $49.0 mill.
(total interest coverage: 3.1x)

Leases, Uncapitalized Annual rentals $6.1 mill.
Pension Liability None

Pfd Stock $74.3 mill. Pfd Div'd $6.1 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. secs. (Div'ds are a tax-deductible fixed charge.)

Common Stock 57,700,000 shs.
MARKET CAP: $1.1 billion (Mid Cap)

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000		02-04
938.7	1000.9	963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1235	1345	Revenues ($mill) A	1625
42.1	45.6	49.4	55.4	57.5	63.2	74.3	75.6	76.6	80.6	78.0	90.0	Net Profit ($mill)	112
27.6%	31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	36.0%	36.0%	Income Tax Rate	36.0%
4.5%	4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	6.3%	6.7%	Net Profit Margin	6.9%
47.9%	50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	48.0%	46.0%	Long-Term Debt Ratio	48.5%
49.8%	47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	46.5%	48.0%	Common Equity Ratio	48.0%
770.0	831.9	918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1445	1490	Total Capital ($mill)	1850
979.1	1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1600	1660	Net Plant ($mill)	1950
7.8%	7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	7.5%	8.0%	Return on Total Cap'l	8.0%
10.5%	11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	11.5%	12.5%	Return on Shr. Equity	12.5%
10.6%	11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	11.3%	11.5%	12.5%	Return on Com Equity	13.0%
2%	2%	2%	1.0%	4%	3.0%	4.6%	3.8%	3.2%	3.4%	2.5%	4.0%	Retained to Com Eq	5.0%
98%	98%	98%	91%	96%	75%	66%	71%	74%	72%	80%	70%	All Div'ds to Net Prof	63%

CURRENT POSITION ($MILL.)

	1997	1998	3/31/99
Cash Assets	4.8	3.6	6.9
Other	287.9	294.0	255.9
Current Assets	292.7	297.6	262.8
Accts Payable	65.1	51.1	43.3
Debt Due	29.5	76.5	1.5
Other	148.8	125.1	180.1
Current Liab.	243.4	252.7	224.9
Fix. Chg. Cov.	311%	295%	285%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '96-'98 to '02-'04
Revenues	-1.0%	1.5%	3.0%
"Cash Flow"	3.5%	2.5%	6.0%
Earnings	3.5%	5.0%	5.5%
Dividends	3.0%	1.0%	2.0%
Book Value	3.0%	2.5%	5.0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1996	328.8	478.8	241.1	171.5	1220.2
1997	379.6	496.7	216.7	194.6	1287.6
1998	402.3	483.9	247.0	205.4	1338.6
1999	323.9	375.1	300	236	1235
2000	360	400	330	255	1345

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1996	.53	.81	.06	d.04	1.37
1997	.53	.88	.03	d.07	1.37
1998	.45	.79	d.02	.19	1.41
1999	.28	.42	.38	.27	1.35
2000	.38	.46	.41	.30	1.55

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1995	.26	.26	.26	.265	1.05
1996	.265	.265	.265	.27	1.07
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27	.27	1.08
1999	.27	.27			

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia and southern Tennessee. Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales. Fiscal 1998 gas system throughput, 330 billion cu. ft. Throughput breakdown: residential, 33%; commercial, 13%; industrial, 15%; transportation and other, 39%. Has about 3,010 employees, 16,760 shareholders. Chairman: David R. Jones. Pres. & Ch. Exec. Off.: Walter M. Higgins. Incorporated in Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet address: www.aglr.com.

AGL Resources is a full participant in Georgia's deregulation program. The state is encouraging a competitive gas market to keep a lid on energy costs. By October 1st, AGL's traditional utility, Atlanta Gas Light, will no longer hold the role of reseller. Rather, its distribution system, with its underground mains in place, will continue as the sole gas transporter in the service area, governed by its state franchise, flowing gas supplied by the region's many new resellers to the end-users. A separate AGL subsidiary, Georgia Natural Gas Services (GNGS), has joined the fray as a marketer. To date, under state rules, about 55% of the utility's customers have signed up with a marketer of their choice. By August 11th, the remaining customers will be assigned a gas purveyor; we assume GNGS will hold on to its current 30%-35% share of the field.

GNGS has to bear start-up costs. Gas marketing is shareholder-risk business. As such, the AGL unit's losses, as it absorbs the cost of building a customer base, may be on the order of $0.05 a share in fiscal 1999 (ends September 30th). GNGS should begin to cross breakeven in fiscal 2000. Though the state doesn't set price or profit caps on marketing sales, GNGS' earnings promise down the road will depend on the degree of competition. To date, while only a few regional rivals have dropped out of marketing, the arena is still too competitive to allow GNGS more than modest profits for the next few years.

AGL's dividend may stay fixed through fiscal 2000. GNGS' market development costs and other subsidiary costs are one reason AGL can't raise its payout. Notably, the company has recently dropped out of its money-losing marketing venture with Sonat, which has agreed to buy back AGL's 35% partnership stake at a fair value that may be no less than its original $32 million investment. Meanwhile, the utility will continue to contribute nearly all of AGL's earnings, with its new rate design for gas-transport service, giving the system a better chance of clearing its fixed charges. If that's the case, the odds for a small dividend boost should rise in fiscal 2001, or possibly a bit sooner. Meantime, this untimely, but good-quality, stock is priced on a generous yield basis.

Gerald Holtzman *June 25, 1999*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next egs. report due early Aug. Excl. nonrecurring items: '84, $0.37; '88, $0.15; '95, d$0.83.
(C) Next dividend meeting early Aug. Goes ex mid-Aug. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available.
(D) Incl. deferred chgs. In '98: $2.34/sh.
(E) In millions, adjusted for stock splits.
(F) Quarters may not add to total due to change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	15
Earnings Predictability	80

AGL RESOURCES NYSE-ATG

RECENT PRICE	18	P/E RATIO	15.1 (Trailing 17.8 / Median 14.0)	RELATIVE P/E RATIO	0.96	DIV'D YLD	6.0%	VALUE LINE	466

TIMELINESS 4 Lowered 3/12/99

SAFETY 2 New 7/27/90

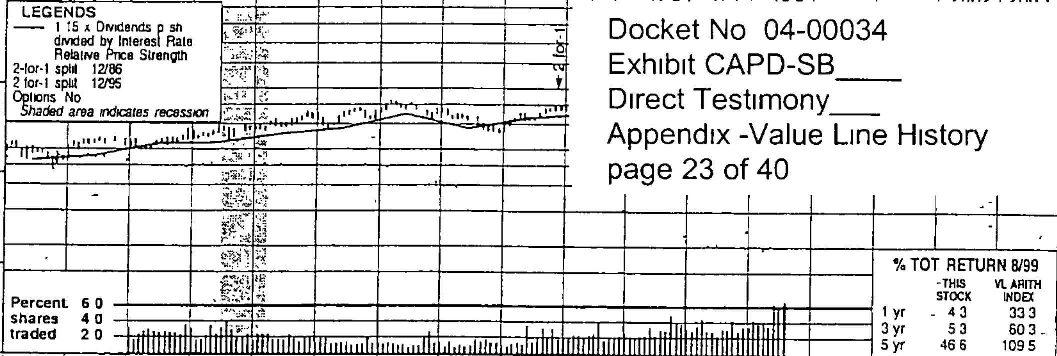
TECHNICAL 4 Raised 9/17/99

BETA .65 (1.00 = Market)

High	14.0	15.4	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4
Low	10.8	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	16.8

Target Price Range 2002 | 2003 | 2004

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 12/86
2-for-1 split 12/95
Options: No
Shaded area indicates recession



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Direct Testimony___
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2002-04 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+65%)	18%
Low	20	(+10%)	8%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	1	0	1	0
Options	0	0	1	1	1	0	0	0	0
to Sell	0	0	0	0	0	2	0	0	0

Institutional Decisions

	3Q1998	4Q1998	1Q1999
to Buy	50	73	70
to Sell	40	41	50
Hld's(000)	17280	18921	19356

Percent shares traded 6.0 / 4.0 / 2.0

% TOT. RETURN 8/99

	THIS STOCK	VL ARITH INDEX
1 yr	4.3	33.3
3 yr	5.3	60.3
5 yr	46.6	109.5

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	© VALUE LINE PUB., INC.	02-04
48.27	46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	*19.65*	*21.75*	Revenues per sh A	*27.00*
1.60	1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.53	*2.55*	*2.90*	"Cash Flow" per sh	*3.50*
.78	1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	*1.10*	*1.45*	Earnings per sh B	*1.85*
.48	.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.20*
2.43	2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	*2.75*	*2.60*	Cap'l Spending per sh	*2.50*
6.37	6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	*11.65*	*12.30*	Book Value per sh D	*14.20*
23.07	26.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	*57.00*	*57.50*	Common Shs Outst'g E	*59.00*
5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.73	*Value Line*		Relative P/E Ratio	*.90*
10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	*estimates*		Avg Ann'l Div'd Yield	*4.8%*

CAPITAL STRUCTURE as of 6/30/99
Total Debt $661.5 mill. Due in 5 Yrs $112.0 mill.
LT Debt $610.0 mill. LT Interest $45.0 mill.
(total interest coverage: 2.9x)

Leases, Uncapitalized Annual rentals $6.1 mill.
Pension Liability None

Pfd Stock $74.3 mill. Pfd Div'd $6.1 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. secs. (Div'ds are a tax-deductible fixed charge.)

Common Stock 56,911,802 shs.
MARKET CAP: $1.0 billion (Mid Cap)

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000		02-04
938.7	1000.9	963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	*1120*	*1250*	Revenues ($mill) A	*1600*
42.1	45.6	49.4	55.4	57.5	63.2	74.3	75.6	76.6	80.6	*64.0*	*84.0*	Net Profit ($mill)	*110*
27.6%	31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	*33.0%*	*33.0%*	Income Tax Rate	*34.0%*
4.5%	4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	*5.7%*	*6.7%*	Net Profit Margin	*6.9%*
47.9%	50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	*46.5%*	*46.5%*	Long-Term Debt Ratio	*47.0%*
49.8%	47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	*48.0%*	*48.5%*	Common Equity Ratio	*48.5%*
770.0	831.9	918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	*1400*	*1450*	Total Capital ($mill)	*1725*
979.1	1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	*1600*	*1660*	Net Plant ($mill)	*1900*
7.8%	7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	*6.5%*	*7.5%*	Return on Total Cap'l	*8.0%*
10.5%	11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	*9.5%*	*12.0%*	Return on Shr. Equity	*13.0%*
10.6%	11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	11.3%	*9.5%*	*12.0%*	Return on Com Equity	*13.0%*
2%	2%	2%	1.0%	4%	3.0%	4.6%	3.8%	3.2%	3.4%	*1.0%*	*3.0%*	Retained to Com Eq	*4.0%*
98%	98%	98%	91%	96%	75%	66%	71%	74%	72%	*98%*	*74%*	All Div'ds to Net Prof	*65%*

CURRENT POSITION ($MILL.)

	1997	1998	6/30/99
Cash Assets	4.8	3.6	14.0
Other	287.9	294.0	209.9
Current Assets	292.7	297.6	223.9
Accts Payable	65.1	51.1	39.7
Debt Due	29.5	76.5	51.5
Other	148.8	125.1	138.7
Current Liab.	243.4	252.7	229.9
Fix. Chg. Cov.	311%	295%	280%

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '96-'98 to '02-'04
Revenues	-1.0%	1.5%	3.0%
"Cash Flow"	3.5%	2.5%	6.0%
Earnings	3.5%	5.0%	5.5%
Dividends	3.0%	1.0%	2.0%
Book Value	3.0%	2.5%	5.0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1996	328.8	478.8	241.1	171.5	1220.2
1997	379.6	496.7	216.7	194.6	1287.6
1998	402.3	483.9	247.0	205.4	1338.6
1999	323.9	375.1	185.9	*235.1*	*1120*
2000	*360*	*400*	*230*	*260*	*1250*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1996	.53	.81	.06	d.04	1.37
1997	.53	.88	.03	d.07	1.37
1998	.45	.79	d.02	.19	1.41
1999	.28	.42	.12	*.28*	*1.10*
2000	*.32*	*.47*	*.36*	*.30*	*1.45*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1995	.26	.26	.26	.265	1.05
1996	.265	.265	.265	.27	1.07
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27		

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia and southern Tennessee. Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales. Fiscal 1998 gas system throughput, 330 billion cu. ft. Throughput breakdown: residential, 33%; commercial, 13%; industrial, 15%; transportation and other, 39%. Has about 3,010 employees, 16,760 shareholders. Chairman: David R. Jones. Pres. & Ch. Exec. Off.: Walter M. Higgins. Incorporated in Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet address: www.aglr.com.

AGL Resources now has to share its gas-sales business with rival marketers. The Georgia legislature has decreed that gas companies in the state must establish separate agreements with customers (residential, commercial, and industrial) to sell them gas, segregating this function from the traditional utility service of flowing the fuel to the users' burner tips. For its part, AGL has formed a new marketing subsidiary, Georgia Natural Gas Service (GNGS), to assume the role of merchant in competition with the many other marketers now doing business in Georgia. The state is hopeful consumers will benefit from free market pricing of natural gas, which should attract enough sellers to the playing field to justify deregulation. Under Georgia's ground rules, utility customers have selected their gas providers at a rapid rate. GNGS may continue to hold about a third of the market. But the expeditious switchover has been costly for Atlanta Gas Light, AGL's utility business, which is to blame for most of the parent's earnings sag this year.

Results may improve in fiscal 2000 (begins October 1, 1999). Gas customers' migratory rush to marketers has been very costly for Atlanta Gas Light. It has been hit with a measure of lost revenues and a jump in operating expenses—in all, more than $40 million on an annualized basis. Though this cost should diminish a little in fiscal 2000, management is working to achieve more efficient utility operations via consolidations and computer-system upgrades. The utility may also ask state regulators for permission to defer much of these costs. And next year, GNGS should begin to erase its losses. AGL Resources, in addition, has dropped out of its money-losing marketing venture with Sonat and should realize a gain on the sale-back transaction with its former partner.

The utility continues to generate most of AGL's profits and cash flow. Its new regulated gas transportation tariff should allow better coverage of fixed charges. The dividend seems secure. Still, there may not be enough earnings to permit a higher payout for at least another year. This prospect is factored into the stock's recent price. AGL shares are untimely, but may be held for their liberal yield.

Gerald Holtzman *September 24, 1999*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next egs. report due early Nov. Excl. nonrecurring items: '84, $0.37; '88, $0.15; '95, d$0.83.
(C) Next dividend meeting early Nov. Goes ex mid-Nov. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available.
(D) Incl. deferred chgs. In '98: $2.34/sh.
(E) In millions, adjusted for stock splits.
(F) Quarters may not add to total due to change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	15
Earnings Predictability	80

AGL RESOURCES NYSE-ATG

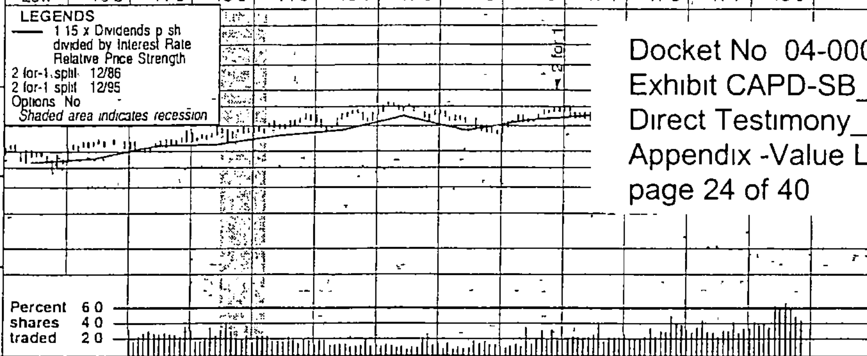
RECENT PRICE	18	P/E RATIO	19.1 (Trailing 19.8, Median 14.0)	RELATIVE P/E RATIO	1.33	DIV'D YLD	6.0%	VALUE LINE	464

TIMELINESS 4 Lowered 3/12/99
SAFETY 2 New 7/27/90
TECHNICAL 4 Raised 9/17/99
BETA .65 (1.00 = Market)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
High	14.0	15.4	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	
Low	10.8	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	

Target Price Range 2002 2003 2004

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2-for-1 split 12/86
2-for-1 split 12/95
Options: No
Shaded area indicates recession



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Percent shares traded 6.0 4.0 2.0

2002-04 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+40%)	13%
Low	20	(+10%)	8%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	1	0	1	0	0	0	2
Options	1	1	0	0	0	0	0	0	0
to Sell	0	0	2	0	0	0	0	0	0

Institutional Decisions

	1Q1999	2Q1999	3Q1999
to Buy	70	62	53
to Sell	50	63	62
Hld's(000)	19356	19789	21203

% TOT RETURN 11/99

	THIS STOCK	VL ARITH. INDEX
1 yr	-9.2	10.6
3 yr	3.5	44.7
5 yr	65.4	121.2

1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	© VALUE LINE PUB., INC.	02-04
48.27	46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	18.80	Revenues per sh A	22.00
1.60	1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.53	2.29	2.65	"Cash Flow" per sh	3.50
.78	1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.10	Earnings per sh B	1.70
.48	.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	Div'ds Decl'd per sh C■	1.15
2.43	2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.50	2.50	Cap'l Spending per sh	2.50
6.37	6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.75	Book Value per sh D	13.75
23.07	26.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	57.50	Common Shs Outst'g E	59.00
5.7	4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4		Avg Ann'l P/E Ratio	13.5
.48	.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.73	1.18		Relative P/E Ratio	.90
10.9%	10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.6%		Avg Ann'l Div'd Yield	5.0%
						938.7	1000.9	963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	1080	Revenues ($mill) A	1300
						42.1	45.6	49.4	55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	65.0	Net Profit ($mill)	100
						27.6%	31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	33.0%	Income Tax Rate	34.0%
						4.5%	4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	6.0%	Net Profit Margin	7.7%
						47.9%	50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	49.2%	47.5%	Long-Term Debt Ratio	47.5%
						49.8%	47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	45.3%	47.5%	Common Equity Ratio	48.0%
						770.0	831.9	918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1346.3	1425	Total Capital ($mill)	1700
						979.1	1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1604.9	1660	Net Plant ($mill)	1850
						7.8%	7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.5%	7.0%	Return on Total Cap'l	8.0%
						10.5%	11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.9%	9.5%	Return on Shr. Equity	12.5%
						10.5%	11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	11.3%	7.9%	9.5%	Return on Com Equity	12.5%
						2%	2%	2%	1.0%	4%	3.0%	4.6%	3.8%	3.2%	3.4%	NMF	Nil	Retained to Com Eq	4.0%
						98%	98%	98%	91%	96%	75%	66%	71%	74%	72%	101%	98%	All Div'ds to Net Prof	68%

CAPITAL STRUCTURE as of 9/30/99
Total Debt $661.5 mill. Due in 5 Yrs $112.0 mill.
LT Debt $610.0 mill. LT Interest $45.0 mill.
(total interest coverage: 2.3x)

Leases, Uncapitalized Annual rentals $6.1 mill.
Pension Liability None

Pfd Stock $74.3 mill. Pfd Div'd $6.1 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. secs. (Div'ds are a tax-deductible fixed charge.)

Common Stock 57,100,000 shs.
MARKET CAP: $1.0 billion (Mid Cap)

CURRENT POSITION ($MILL.)	1997	1998	9/30/99
Cash Assets	4.8	3.6	32.9
Other	287.9	294.0	152.3
Current Assets	292.7	297.6	185.2
Accts Payable	65.1	51.1	32.0
Debt Due	29.5	76.5	51.5
Other	148.8	125.1	129.8
Current Liab.	243.4	252.7	213.3
Fix. Chg. Cov.	311%	295%	232%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '96-'98 to '02-'04
Revenues	-1.0%	1.5%	-.5%
"Cash Flow"	3.5%	2.5%	6.0%
Earnings	3.5%	5.0%	3.5%
Dividends	3.0%	1.0%	2.0%
Book Value	3.0%	2.5%	4.0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1996	328.8	478.8	241.1	171.5	1220.2
1997	379.6	496.7	216.7	194.6	1287.6
1998	402.3	483.9	247.0	205.4	1338.6
1999	323.9	375.1	185.9	183.7	1068.6
2000	320	380	190	190	1080

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1996	.53	.81	.06	d.03	1.37
1997	.53	.88	.03	d.07	1.37
1998	.45	.79	d.02	.19	1.41
1999	.28	.42	.12	.09	.91
2000	.25	.30	.30	.25	1.10

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1995	.26	.26	.26	.265	1.05
1996	.265	.265	.265	.27	1.07
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia and southern Tennessee. Also engaged in nonregulated natural gas and power marketing, energy management services, and wholesale and retail propane sales. Fiscal 1998 gas system throughput, 330 billion cu. ft. Throughput breakdown: residential, 33%; commercial, 13%; industrial, 15%; transportation and other, 39%. Has about 3,010 employees; 16,760 shareholders. Chairman: David R. Jones. Pres. & Ch. Exec. Off.: Walter M. Higgins. Incorporated in Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet address: www.aglresources.com.

AGL Resources leads the gas distribution industry in facilitating deregulation. Aiming to hold down energy costs, Georgia has fostered development of a competitive gas market. Obeying the will of the legislature, the state utility commission has ordered all gas companies in its charge to segregate their traditional services. That includes gas purchasing and resale, and the delivery of the fuel. In effect, the Atlanta Gas Light system has ended its merchant role as a reseller, turning that function over to a new AGL Resources subsidiary, Georgia Natural Gas Services (GNGS). The gas system, as a discrete business unit, acts only to flow this fuel to the customers' burner tips under full state regulation. GNGS is a nonregulated operation that has to go toe to toe with other gas marketers to attract customers by offering the best prices. The state has required all gas users to select a seller in short order. As it stands now, GNGS is the dominant marketer, having captured a third of the regional market.

But AGL's shift to the new business structure occurred too quickly. The full migration of system customers to marketers within a year's time has been costly for the utility, in terms of lost revenues and higher expenses. Service costs and account delinquencies rose sharply in fiscal 1999 (ended September 30th), without compensating tariff adjustments. In fiscal 2000, the utility will defer the bump-up in operating expenses by amortizing them to the extent that lets the system earn no more than its allowed return on equity of 11.6%, the system, notably, was able to exceed this benchmark in previous years. In marketing, AGL has sold off its money-losing wholesale ventures and is hopeful of soon eliminating startup expenses in the retail end of the business, and begin to cross into the black.

The dividend's thin earnings coverage suggests a flat payout for a while. The utility, a regulated monopoly, is still AGL's chief moneymaker. On this basis, the dividend seems secure and should continue to support this untimely stock with a liberal yield. But income investors should note that AGL is looking for merger partner. Rumors and news to that effect might spark skittish action in the shares.

Gerald Holtzman *December 24, 1999*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next egs. report due early Feb. Excl. nonrecurring items: '84, $0.37; '88, $0.15; '95, d$0.83; '99, $0.39.
(C) Next dividend meeting early Feb. Goes ex mid-Feb. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available.
(D) Incl. deferred chgs. In '98: $2.34/sh.
(E) In millions, adjusted for stock splits.
(F) Quarters may not add to total due to change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	5
Earnings Predictability	70

AGL RESOURCES NYSE-ATG

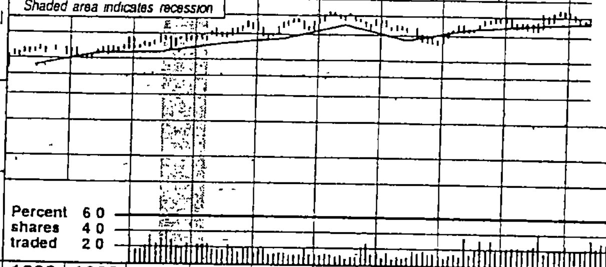
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
18	15.7	(Trailing 19.4 / Median 15.0)	1.20	6.0%	462

TIMELINESS 3 Raised 2/4/00
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 12/31/99
BETA .65 (1.00 = Market)

High	15.4	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	18.0
Low	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	16.0

Target Price Range 2003 | 2004 | 2005

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2 for 1 split 12/95
Options: No
Shaded area indicates recession



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Direct Testimony___
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2003-05 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+40%)	13%
Low	20	(+10%)	8%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	1	0	0	0	2	0	0	0
Options	0	0	0	0	0	0	1	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q1999	3Q1999	4Q1999
to Buy	62	53	62
to Sell	63	62	50
Hld's(000)	19789	21203	22850

Percent shares traded 6.0 / 4.0 / 2.0

% TOT RETURN 2/00

	THIS STOCK	VL ARITH. INDEX
1 yr	5.0	12.0
3 yr	3.7	38.9
5 yr	34.0	107.6

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	© VALUE LINE PUB., INC.	03-05
46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	13.75	14.75	Revenues per sh A	19.65
1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.65	2.80	"Cash Flow" per sh	3.45
1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.15	1.25	Earnings per sh B	1.65
.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	Div'ds Decl'd per sh C■	1.15
2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.50	2.50	Cap'l Spending per sh	2.50
6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	12.00	12.00	Book Value per sh D	13.35
26.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	56.70	56.70	Common Shs Outst'g E	57.00
4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	Bold figures are		Avg Ann'l P/E Ratio	14.0
.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	Value Line		Relative P/E Ratio	.95
10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	estimates		Avg Ann'l Div'd Yield	5.0%

CAPITAL STRUCTURE as of 12/31/99
Total Debt $679.0 mill. Due in 5 Yrs $212.0 mill.
LT Debt $610.0 mill. LT Interest $45.0 mill.
(total interest coverage: 2.6x)

Leases, Uncapitalized Annual rentals $8.5 mill.
Pension Liability None

Pfd Stock $74.3 mill. Pfd Div'd $6.1 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. secs. (Div'ds are a tax-deductible fixed charge.)

Common Stock 56,952,069 shs.
MARKET CAP: $1.0 billion (Mid Cap)

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		03-05
1000.9	963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	780	835	Revenues ($mill) A	1120
45.6	49.4	55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	65.0	71.0	Net Profit ($mill)	95.0
31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	33.0%	33.0%	Income Tax Rate	34.0%
4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	8.3%	8.5%	Net Profit Margin	8.5%
50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.5%	46.0%	Long-Term Debt Ratio	47.5%
47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	49.0%	48.5%	Common Equity Ratio	48.0%
831.9	918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1345	1380	Total Capital ($mill)	1585
1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1650	1710	Net Plant ($mill)	1900
7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.0%	7.0%	Return on Total Cap'l	8.5%
11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.0%	10.5%	Return on Shr. Equity	12.5%
11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	10.0%	10.5%	Return on Com Equity	12.5%
2%	2%	1.0%	4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	5%	1.5%	Retained to Com Eq	4.0%
98%	98%	91%	96%	75%	66%	71%	74%	64%	101%	94%	86%	All Div'ds to Net Prof	69%

CURRENT POSITION ($MILL.)

	1998	1999	12/31/99
Cash Assets	3.6	32.9	4.2
Other	294.0	124.6	91.4
Current Assets	297.6	157.5	95.6
Accts Payable	51.1	31.3	34.6
Debt Due	76.5	51.5	69.0
Other	125.1	140.1	73.7
Current Liab.	252.7	222.9	177.3
Fix. Chg. Cov.	274%	262%	280%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '97-'99 to '03-'05
Revenues	-1.0%	-0.5%	-1.5%
"Cash Flow"	2.5%	1.5%	6.0%
Earnings	2.0%	2.0%	5.0%
Dividends	2.0%	1.0%	1.0%
Book Value	3.0%	2.5%	3.0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1997	379.6	496.7	216.7	194.6	1287.6
1998	402.3	483.9	247.0	205.4	1338.6
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	213	192	192.7	780
2001	193	228	207	207	835

Fiscal Year Ends	EARNINGS PER SHARE A B Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1997	.53	.88	.03	d.07	1.37
1998	.45	.79	d.02	.19	1.41
1999	.28	.42	.12	.09	.91
2000	.30	.40	.23	.22	1.15
2001	.32	.44	.25	.24	1.25

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1996	.265	.265	.265	.27	1.07
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27				

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail, Utilipro provides billing services for GNGS and other marketers, AGL Propane distributes propane. Has about 2890 employees, 16,760 shareholders. Chairman & Ch. Exec. Off.: Walter M. Higgins. Incorp.: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet address: www.aglresources.com.

AGL Resources is bearing the cost of unbundling its gas business. Georgia, a leading proponent of deregulation, has required the company to segregate its traditional utility services—gas sales and gas transportation—and operate each under separate subsidiaries. The transport function continues as a regulated business operated by the Atlanta Gas Light system. The sale, or marketing, of gas is now a deregulated activity competing with other regional marketers. Since the utility is no longer a reseller of gas, it has had to turn over all of its customers to the marketers, of which AGL's subsidiary, Georgia Natural Gas Service (GNGS), is the largest. The utility's primary task today is to flow gas to the end users and bill the marketers for this service. The restructured company has the potential to achieve satisfactory profits. But it has been a costly transition. GNGS has had high startup expenses, while the utility has met with added service costs and delinquent accounts associated with the migration of customers to marketers. The transition costs may be mostly cleared away by the close of fiscal 2000 (ends September 30th).

In the meantime, the dividend should remain secure. Though AGL's share earnings should gradually improve into fiscal 2001, it may be a while longer before they reach a new high. Thus, for this year and next, directors are apt to see no margin for raising the dividend. Still, we expect the board to be inclined to hold the quarterly payout at the current rate. This prospect is largely taken into account at the stock's recent price, which sets the annual dividend at a moderate premium to the gas-stock average. But conservative investors should note that AGL is seeking a merger partner. So this stock's usually sleepy price action might display a bit of turbulence at times due to takeover talk.

Gas marketing won't expose the utility to a major business risk. Unlike the regional marketers, which are vying with each other for a share of the field, the utility still has an exclusive franchise as a regulated gas system. As a reseller, the utility was never allowed by the state to mark up the cost of gas for profit, earnings continue to be based entirely on the investment in gas plant.

Gerald Holtzman *March 24, 2000*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next egs report due late Apr. Excl. nonrecurring gains: '84, $0.37; '88, $0.15; '95, d$0.83; '99, $0.39.
(C) Next dividend meeting early May. Goes ex mid-May. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available.
(D) Incl. deferred chgs. In '99: $2.78/sh.
(E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	5
Earnings Predictability	70

AGL RESOURCES NYSE-ATG

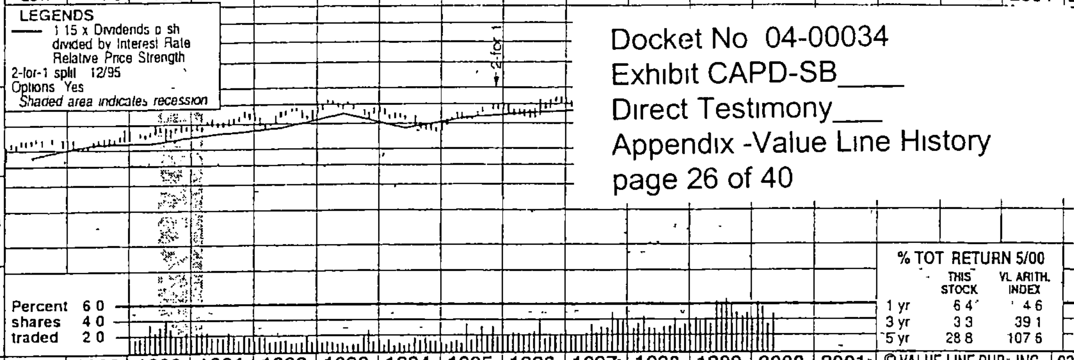
RECENT PRICE	16	P/E RATIO	13.7 (Trailing 17.4 / Median 15.0)	RELATIVE P/E RATIO	1.01	DIV'D YLD	6.8%	VALUE LINE	463

TIMELINESS 3 Raised 2/4/00
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 12/31/99
BETA .60 (1.00 = Market)

High	15.4	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	18.4
Low	11.9	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.8

Target Price Range 2003 | 2004 | 2005

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 12/95
Options: Yes
Shaded area indicates recession



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2003-05 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+55%)	16%
Low	20	(+25%)	11%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	2	0	0	0	0	0	0
Options	0	0	0	1	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q1999	4Q1999	1Q2000
to Buy	53	62	53
to Sell	62	50	63
Hld's(000)	21203	22850	19948

Percent shares traded 6.0 / 4.0 / 2.0

% TOT. RETURN 5/00

	THIS STOCK	VL ARITH. INDEX
1 yr	6.4	4.6
3 yr	3.3	39.1
5 yr	28.8	107.6

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	© VALUE LINE PUB., INC.	03-05
46.00	37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	*12.80*	*13.70*	Revenues per sh A	*18.20*
1.87	1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	*2.75*	*2.95*	"Cash Flow" per sh	*3.50*
1.13	.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	*1.15*	*1.25*	Earnings per sh B	*1.75*
.54	.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.15*
2.95	3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	*2.65*	*2.65*	Cap'l Spending per sh	*2.50*
6.92	7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	*11.40*	*11.60*	Book Value per sh D	*13.50*
26.64	31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	*54.00*	*54.00*	Common Shs Outst'g E	*55.00*
4.7	8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*13.0*
.44	.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22			Relative P/E Ratio	*.85*
10.1%	8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%			Avg Ann'l Div'd Yield	*5.0%*

CAPITAL STRUCTURE as of 3/31/00
Total Debt $721.0 mill. Due in 5 Yrs $250.0 mill.
LT Debt $590.0 mill. LT Interest $43.0 mill.
(total interest coverage 2.6x)

Leases, Uncapitalized Annual rentals $8.5 mill.
Pension Liability None

Pfd Stock $74.3 mill. Pfd Div'd $6.1 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. secs. (Div'ds are a tax-deductible fixed charge.)

Common Stock 54,285,667 shs.
MARKET CAP: $875 million (Small Cap)

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		03-05
1000.9	963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	*690*	*740*	Revenues ($mill) A	*1000*
45.6	49.4	55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	*64.0*	*70.0*	Net Profit ($mill)	*95.0*
31.7%	34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	*33.0%*	*33.0%*	Income Tax Rate	*34.0%*
4.6%	5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	*9.3%*	*9.5%*	Net Profit Margin	*9.5%*
50.2%	49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	*46.5%*	*47.5%*	Long-Term Debt Ratio	*46.5%*
47.8%	48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	*47.5%*	*47.0%*	Common Equity Ratio	*49.0%*
831.9	918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	*1290*	*1325*	Total Capital ($mill)	*1535*
1049.6	1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	*1665*	*1715*	Net Plant ($mill)	*1900*
7.6%	7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	*6.5%*	*7.0%*	Return on Total Cap'l	*7.5%*
11.0%	10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	*10.5%*	*11.0%*	Return on Shr. Equity	*12.5%*
11.2%	10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	*10.5%*	*11.0%*	Return on Com Equity	*12.5%*
2%	2%	1.0%	4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	*5%*	*1.5%*	Retained to Com Eq	*4.5%*
98%	98%	91%	96%	75%	66%	71%	74%	64%	101%	*94%*	*85%*	All Div'ds to Net Prof	*66%*

CURRENT POSITION ($MILL.)

	1998	1999	3/31/00
Cash Assets	3.6	32.9	6.5
Other	294.0	124.6	77.8
Current Assets	297.6	157.5	84.3
Accts Payable	51.1	31.3	27.4
Debt Due	76.5	51.5	131.0
Other	125.1	140.1	72.8
Current Liab.	252.7	222.9	231.2
Fix. Chg. Cov.	274%	262%	280%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '97-'99 to '03-'05
Revenues	-1.0%	-.5%	*-2.5%*
"Cash Flow"	2.5%	1.5%	*6.0%*
Earnings	2.0%	2.0%	*6.0%*
Dividends	2.0%	1.0%	*1.0%*
Book Value	3.0%	2.5%	*4.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1997	379.6	496.7	216.7	194.6	1287.6
1998	402.3	483.9	247.0	205.4	1338.6
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	160.1	*170*	*177.6*	*690*
2001	*190*	*180*	*180*	*190*	*740*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1997	.53	.88	.03	d.07	1.37
1998	.45	.79	d.02	.19	1.41
1999	.28	.42	.12	.09	.91
2000	.30	.41	*.23*	*.21*	*1.15*
2001	*.32*	*.44*	*.25*	*.24*	*1.25*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1996	.265	.265	.265	.27	1.07
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27	.27			

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail; Utilipro provides billing services for GNGS and other marketers; AGL Propane distributes propane. Has about 2890 employees, 16,760 shareholders. Chairman & Ch. Exec. Off.: Walter M. Higgins. Incorp.: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet address: www.aglresources.com.

In its biggest deal ever, AGL Resources plans to acquire Virginia Natural Gas. Dominion Resources will sell its VNG utility to comply with a regulatory order so that it can complete its acquisition of Consolidated Natural Gas. AGL would buy VNG for $500 million-$550 million. The actual cash price will depend on how Dominion wants the deal structured for tax purposes. Even assuming a price at the lower end of the range, AGL would be making a large financial commitment.

The purchase is apt to be funded in full with borrowings. Given its large regulated utility business, AGL operates prudently with a balance sheet leveraged with debt and preferred stock. The VNG acquisition will require additional long-term debt of about $500 million, making AGL somewhat top-heavy with 65% senior capital (excluding short-term debt). In effect, though VNG is a profitable utility with a fast-growing customer base, its pairing with AGL would likely have a small dilutive impact on share earnings of $0.05-$0.10. Management expects VNG to begin adding to share earnings within a year of the acquisition's closing date, which may happen before the end of 2000.

AGL will form a holding company to facilitate the VNG purchase. VNG is a gas distributor serving the Newport News-Hampton Roads area of southeast Virginia. Since its gas lines are geographically too far apart from AGL's Atlanta Gas Light system for the two distributors to be interconnected, the holding company structure would give AGL more flexibility in financing the needs of each subsidiary. In addition, AGL may pick up a measure of business synergy in the nonregulated area of gas marketing, which both Georgia and Virginia are encouraging.

AGL shares, which have sold off moderately due to the VNG buyout terms, offer generous income. AGL could sell some of VNG's assets if it has to ease its post-merger financial burden. Assuming the current quarterly dividend holds, its yield—nearly two percentage points above the gas-stock average—should give the stock a good underpinning in the year-ahead market. Still, the lofty yield suggests a measure of investment risk that is unsuitable for conservative accounts.

Gerald Holtzman *June 23, 2000*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next egs. report due late July. Excl. nonrecurring gains: '84, $0.37; '88, $0.15; '95, d$0.83; '99, $0.39.
(C) Next dividend meeting early Aug. Goes ex mid-Aug. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvestment plan available.
(D) Incl. deferred chgs. In '99: $2.78/sh.
(E) In millions, adjusted for stock split.

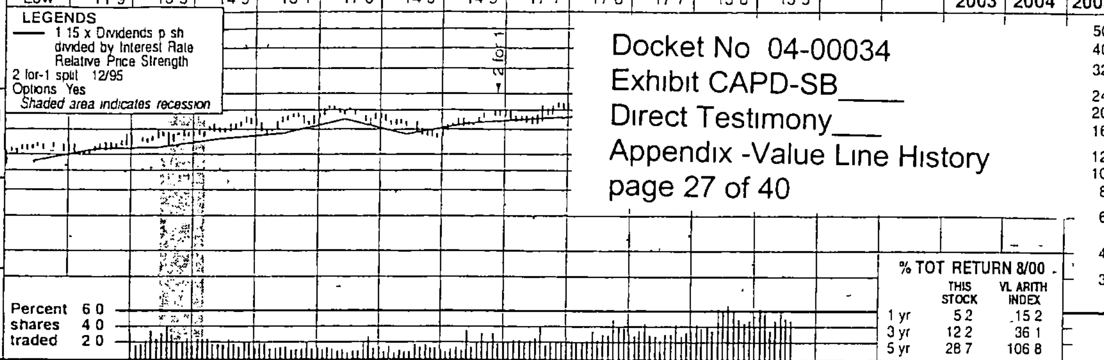
Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	5
Earnings Predictability	70

AGL RESOURCES NYSE-ATG

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
20	15.9	(Trailing 18 9 Median 15 0)	1.11	5.4%	468

TIMELINESS 3 Raised 2/4/00
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 9/8/00
BETA 60 (1 00 = Market)

														Target Price Range 2003 | 2004 | 2005
High	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4	20 4		
Low	11 9	13 3	14 9	15 1	17 0	14 6	14 9	17 1	17 8	17 7	15 6	15 5		



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Direct Testimony___
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2003-05 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+25%)	10%
Low	20	(Nil)	5%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	1	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q1999	1Q2000	2Q2000
to Buy	62	53	73
to Sell	50	63	42
Hld's(000)	22850	19948	20489

Percent shares traded 6 0 / 4 0 / 2 0

% TOT RETURN 8/00

	THIS STOCK	VL ARITH INDEX
1 yr	5 2	15 2
3 yr	12 2	36 1
5 yr	28 7	106 8

1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	© VALUE LINE PUB, INC	03-05
46 00	37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	18 71	*11.20*	*10 85*	Revenues per sh A	*18.20*
1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	2 65	2 29	*2 75*	*2 85*	"Cash Flow" per sh	*3 50*
1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	91	*1.20*	*1 30*	Earnings per sh B	*1 70*
54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	1 08	*1 08*	*1 08*	Div'ds Decl'd per sh C■	*1 15*
2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	2 05	2 51	*2 65*	*2 65*	Cap'l Spending per sh	*2 50*
6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	11 59	*11 45*	*11 65*	Book Value per sh D	*13 50*
26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	57 10	*54 00*	*54 00*	Common Shs Outst'g E	*55 00*
4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	21 4	*Bold figures are*		Avg Ann'l P/E Ratio	*13 0*
44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	85	72	1 22	*Value Line*		Relative P/E Ratio	*85*
10 1%	8 4%	7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	5 5%	*estimates*		Avg Ann'l Div'd Yield	*5 0%*

CAPITAL STRUCTURE as of 6/30/00
Total Debt 748 5 mill Due in 5 Yrs 278 0 mill
LT Debt $590 0 mill LT Interest $43 0 mill
(total interest coverage 3 3x)

Leases, Uncapitalized Annual rentals $8 5 mill
Pension Liability None

Pfd Stock $74 3 mill Pfd Div'd $6 1 mill
$74 3 mill 8 17% subsidiary obligated mandatorily sredeemable pfd secs (Div'ds are a tax-deductible fixed charge)

Common Stock 54,186,135 shs
MARKET CAP $1 1 billion (Mid Cap)

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		03-05
1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	1068 6	*605*	*585*	Revenues ($mill) A	*720*
45 6	49 4	55 4	57 5	63 2	74 3	75 6	76 6	80 6	52 1	*65 0*	*70 0*	Net Profit ($mill)	*93 0*
31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	33 1%	*36 0%*	*36 0%*	Income Tax Rate	*35 0%*
4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	4 9%	*10 8%*	*12 0%*	Net Profit Margin	*12 9%*
50 2%	49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	45 3%	*46 0%*	*47 0%*	Long-Term Debt Ratio	*47 0%*
47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	49 2%	*48 0%*	*47 5%*	Common Equity Ratio	*48 5%*
831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	1356 4	1388 4	1345 8	*1285*	*1325*	Total Capital ($mill)	*1535*
1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	1598 9	*1665*	*1715*	Net Plant ($mill)	*1900*
7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	5 7%	*6 5%*	*7 0%*	Return on Total Cap'l	*7 5%*
11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	7 1%	*10 5%*	*11 0%*	Return on Shr Equity	*12.5%*
11 2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	12 3%	7 9%	*10 5%*	*11 0%*	Return on Com Equity	*12.5%*
2%	2%	1 0%	4%	3 0%	4 6%	3 8%	3 2%	4 4%	NMF	*1 0%*	*2 0%*	Retained to Com Eq	*4 0%*
98%	98%	91%	96%	75%	66%	71%	74%	64%	101%	*90%*	*83%*	All Div'ds to Net Prof	*68%*

CURRENT POSITION ($MILL)	1998	1999	6/30/00
Cash Assets	3 6	32 9	- -
Other	294 0	124 6	75 1
Current Assets	297 6	157 5	75 1
Accts Payable	51 1	31 3	30 0
Debt Due	76 5	51 5	158 5
Other	125 1	140 1	55 9
Current Liab	252 7	222 9	244 4
Fix Chg Cov	274%	262%	*300%*

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '97-'99 to '03-'05
Revenues	-1 0%	- 5%	*3 0%*
"Cash Flow"	2 5%	1 5%	*6 0%*
Earnings	2 0%	2 0%	*6 0%*
Dividends	2 0%	1 0%	*1 0%*
Book Value	3 0%	2 5%	*3 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1997	379 6	496 7	216 7	194 6	1287 6
1998	402 3	483 9	247 0	205 4	1338 6
1999	323 9	375 1	185 9	183 7	1068 6
2000	182 3	160 1	131 8	*130 8*	*605*
2001	*150*	*165*	*135*	*135*	*585*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1997	53	88	03	d 07	1 37
1998	45	79	d 02	19	1 41
1999	28	42	12	09	91
2000	30	41	26	*.23*	*1 20*
2001	*33*	*44*	*28*	*25*	*1 30*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1996	265	265	265	27	1 07
1997	27	27	27	27	1 08
1998	27	27	27	27	1 08
1999	27	27	27	27	1 08
2000	27	27	27		

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co, a regulated distributor of natural gas to more than 1 4 million customers in Georgia, primarily Atlanta, and in southern Tennessee Also engaged in nonregulated natural gas marketing and other, allied services Also wholesales and retails propane Nonregulated subsidiaries Georgia Natural Gas Services markets natural gas at retail, Utilipro provides billing services for GNGS and other marketers, AGL Propane distributes propane Has about 2890 employees, 16,760 shareholders President & Chief Exec Off Paula Rospot Incorp Georgia. Address 303 Peachtree St, N E, Atlanta, GA 30308 Telephone 404 584-9470 Internet address www aglresources com

AGL Resources is gradually adapting to deregulation. Georgia, in mid-1999, mandated the full segregation of energy services by utilities in the state to foster competition In the gas business, AGL's distribution system has had to abandon its role as reseller and turn the marketing effort over to a new subsidiary, Georgia Natural Gas Services The utility continues as the franchised common carrier of natural gas Between the initial scramble for gas-sales business and the transfer of utility customers to GNGS and rival marketers, AGL, which began the unbundling transition in 1998, has found the going somewhat chaotic The Atlanta Gas Light utility has had to deal with abnormally high service costs and uncollectible accounts associated with the customer migration to marketers And GNGS has had to get through a costly start-up period

The worst seems to be behind the company. The abnormal expenses are diminishing, with the state letting the gas system defer certain costs and amortize them to the extent that the utility can earn its permissible return In addition, AGL Resources has sold its unprofitable wholesale gas-marketing operation and its retail propane venture In the coming years, marketing and distribution should continue to post moderate earnings growth Though marketing is entirely a shareholder-risk business, the principal gas transportation business won't face competition and will remain fully regulated to minimize the risk to shareholders

Income is still the stock's main appeal. Since it may be another two years before AGL has attained enough earning power to raise the dividend, AGL will continue to sell on a generous yield basis Walter Higgins, CEO since '98, recently resigned his position to return to his former post as CEO of Sierra Pacific Resources Paula Rospot, formerly president of AGL's utility, is the parent company's new CEO She will continue to carry out Mr Higgins' business plan and will preside over the coming acquisition of Virginia Natural Gas, which will give AGL a new regulated gas-distribution arm in Newport News This $500 million buyout, to be financed with debt, may dilute share earnings by $0 05-$0 10 in the first year

Gerald Holtzman *September 22, 2000*

(A) Fiscal year ends September 30th
(B) Diluted earnings per share Next egs report due late Oct Excl nonrecurring gains '84, $0 37, '88, $0 15, '95, d$0 83, '99, $0 39
(C) Next dividend meeting early Nov Goes ex mid-Nov Approx div'd payment dates March 1, June 1, Sept 1, Dec 1 ■ Div'd reinvest plan available
(D) Incl deferred chgs In '99 $2 78/sh
(E) In millions, adjusted for stock split

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	5
Earnings Predictability	70

AGL RESOURCES NYSE-ATG

RECENT PRICE	22	P/E RATIO	16.7 (Trailing 17 7 / Median 15 0)	RELATIVE P/E RATIO	1.14	DIV'D YLD	4.9%	VALUE LINE	468

TIMELINESS 3 Raised 2/4/00
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 9/8/00
BETA 60 (1 00 = Market)

High	15 4	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4	23 0
Low	11 9	13 3	14 9	15 1	17 0	14 6	14 9	17 1	17 8	17 7	15 6	15 5

Target Price Range 2003 | 2004 | 2005

LEGENDS
— 1 15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2 for-1 split 12/95
Options Yes
Shaded area indicates recession

2-for-1

50 40 32 24 20 16 12 10 8 6 4 3

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Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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2003-05 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+35%)	12%
Low	20	(-10%)	3%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q2000	2Q2000	3Q2000
to Buy	53	73	64
to Sell	63	42	50
Hld's(000)	19948	20489	22115

Percent shares traded 6 0 4 0 2 0

% TOT RETURN 11/00	THIS STOCK	VL ARITH. INDEX
1 yr	21 9	4 8
3 yr	28 4	19 7
5 yr	47 3	83 4

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	© VALUE LINE PUB., INC 03-05
Revenues per sh A	46 00	37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	18 71	11.25	10 95	18 20
"Cash Flow" per sh	1 87	1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	2 65	2 29	2 80	2 85	3 50
Earnings per sh B	1 13	91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	91	1 24	1 35	1 70
Div'ds Decl'd per sh C■	54	63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	1 08	1 08	1 08	1 15
Cap'l Spending per sh	2 95	3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	2 05	2 51	2 65	2 65	2 50
Book Value per sh D	6 92	7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	11 59	11 50	11 80	13 50
Common Shs Outst'g E	26 64	31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	57 10	54 00	54 00	55 00
Avg Ann'l P/E Ratio	4 7	8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	21 4	14 2		14 0
Relative P/E Ratio	44	67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	85	72	1 22	96		95
Avg Ann'l Div'd Yield	10 1%	8 4%	7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	5 5%	6 2%		4 8%
Revenues ($mill) A							1000 9	963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	1068 6	607 4	590	720
Net Profit ($mill)							45 6	49 4	55 4	57 5	63 2	74 3	75 6	76 6	80 6	52 1	68 6	75 0	93 0
Income Tax Rate							31 7%	34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	33 1%	35 0%	35 0%	35 0%
Net Profit Margin							4 6%	5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	4 9%	11 3%	12 7%	12 9%
Long-Term Debt Ratio							50 2%	49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	45 3%	46 5%	47 0%	47 0%
Common Equity Ratio							47 8%	48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	49 2%	47 5%	47 5%	48 5%
Total Capital ($mill)							831 9	918 3	812 7	925 7	1131 5	1170 3	1201 3	1356 4	1388 4	1345 8	1305	1350	1535
Net Plant ($mill)							1049 6	1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	1598 9	1665	1715	1900
Return on Total Cap'l							7 6%	7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	5 7%	7 0%	7 5%	7 5%
Return on Shr Equity							11 0%	10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	7 1%	11 0%	11 5%	12.5%
Return on Com Equity							11 2%	10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	12 3%	7 9%	11 0%	11 5%	12 5%
Retained to Com Eq							2%	2%	1 0%	4%	3 0%	4 6%	3 8%	3 2%	4 4%	NMF	1 5%	2 5%	4 0%
All Div'ds to Net Prof							98%	98%	91%	96%	75%	66%	71%	74%	64%	101%	87%	80%	68%

CAPITAL STRUCTURE as of 6/30/00
Total Debt 748 5 mill Due in 5 Yrs 278 0 mill
LT Debt $590 0 mill LT Interest $43 0 mill
(total interest coverage 3 3x)

Leases, Uncapitalized Annual rentals $8 5 mill
Pension Liability None

Pfd Stock $74 3 mill Pfd Div'd $6 1 mill
$74 3 mill 8 17% subsidiary obligated mandatorily sredeemable pfd secs (Div'ds are a tax-deductible fixed charge)

Common Stock 54,186,135 shs
MARKET CAP $1 2 billion (Mid Cap)

CURRENT POSITION ($MILL)	1998	1999	6/30/00
Cash Assets	3 6	32 9	- -
Other	294 0	124 6	75 1
Current Assets	297 6	157 5	75 1
Accts Payable	51 1	31 3	30 0
Debt Due	76 5	51 5	158 5
Other	125 1	140 1	55 9
Current Liab	252 7	222 9	244 4
Fix Chg Cov	274%	262%	300%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '97-'99 to '03-'05
Revenues	-1 0%	- 5%	-3 0%
"Cash Flow"	2 5%	1 5%	6 0%
Earnings	2 0%	2 0%	5 5%
Dividends	2 0%	1 0%	1 0%
Book Value	3 0%	2 5%	3 0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1997	379 6	496 7	216 7	194 6	1287 6
1998	402 3	483 9	247 0	205 4	1338 6
1999	323 9	375 1	185 9	183 7	1068 6
2000	182 3	160 1	131 8	133 2	607 4
2001	150	165	137	138	590

Fiscal Year Ends	EARNINGS PER SHARE A B Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1997	53	88	03	d 07	1 37
1998	45	79	d 02	19	1 41
1999	28	42	12	09	91
2000	30	41	26	27	1 24
2001	33	44	28	30	1 35

Calendar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1996	265	265	265	27	1 07
1997	27	27	27	27	1 08
1998	27	27	27	27	1 08
1999	27	27	27	27	1 08
2000	27	27	27		

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co , a regulated distributor of natural gas to more than 1 4 million customers in Georgia, primarily Atlanta, and in southern Tennessee Also engaged in nonregulated natural gas marketing and other, allied services Also wholesales and retails propane Nonregulated subsidiaries Georgia Natural Gas Services markets natural gas at retail, Utilipro provides billing services for GNGS and other marketers, AGL Propane distributes propane Has about 2890 employees, 16,760 shareholders President & Chief Exec Off Paula Rospot Incorp Georgia Address 303 Peachtree St , N E , Atlanta, GA 30308 Telephone 404-584 9470 Internet address www aglresources com

AGL Resources' unbundling transition isn't leaving lasting financial scars. The company has carried out Georgia's 1999 legislative mandate to segregate its traditional utility operation into regulated and nonregulated services The distribution system, with its infrastructure of underground mains, continues as a regulated monopoly The big difference today is that it is no longer a buyer and reseller of gas supplies That merchant role now belongs to the new Georgia Natural Gas subsidiary (GNGS), the dominant marketer operating in competition with other regional sellers The utility is now solely a gas transporter, flowing gas supplies procured by the marketers to local end-users The transition, however, was costly, especially for the gas system, which had to absorb stepped-up service costs and record account delinquencies as customers transferred their business to the marketers Management's application of new operating efficiencies is taking the utility out of its slump, and GNGS is clearing away its start-up losses In all, earnings now seem to be on a forward heading

The dividend is getting a wider margin of safety. Despite Georgia's competitive marketing arena for natural gas, the utility is apt to remain AGL's chief moneymaker. A new rate design reduces the gas-transport system's dependence on weather-sensitive demand for fuel The state also permits certain costs to be deferred and amortized to the extent the system can earn its allowed return, now at 10 6% AGL's regulated systems, moreover, should afford shareholders a good measure of insulation from the risk effects of nonutility business We believe the Atlanta system's recovering profits will protect the payout, though a quarterly boost might be a year or so away The shares, offering a generous yield, are a safe haven for conservative investors

Virginia Natural Gas serves as a new distribution arm. Serving Newport News, this recent $500 million acquisition (not now factored into our estimates) may dilute share earnings modestly in fiscal 2001 (ends September 30th) The dilution might be lessened or eliminated if AGL finds unwanted assets to sell and uses the proceeds to pay down the acquisition debt

Gerald Holtzman *December 22, 2000*

(A) Fiscal year ends September 30th
(B) Diluted earnings per share Next earnings report due late Jan Excl nonrecurring gains '84, $0 37, '88, $0 15, '95, d$0 83, '99, $0 39, '00, $0 05
(C) Next dividend meeting early Feb Goes ex mid-Feb Approx div'd payment dates March 1, June 1, Sept 1, Dec 1 ■ Div'd reinvest. plan available
(D) Incl deferred chgs In '99 $2 78/sh
(E) In millions, adjusted for stock split

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	5
Earnings Predictability	65

AGL RESOURCES NYSE-ATG

RECENT PRICE 20.96 | P/E RATIO 15.0 (Trailing 15.0 / Median 15.0) | RELATIVE P/E RATIO 0.96 | DIV'D YLD 5.2% | VALUE LINE 468

TIMELINESS 3 Raised 2/4/00
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 9/8/00
BETA .60 (1.00 = Market)

High	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	23.2	22.3
Low	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.5	19.5

Target Price Range 2004 | 2005 | 2006

2004-06 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+45%)	13%
Low	20	(-5%)	4%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q2000	3Q2000	4Q2000
to Buy	73	64	64
to Sell	42	50	53
Hld's(000)	20489	22115	22338

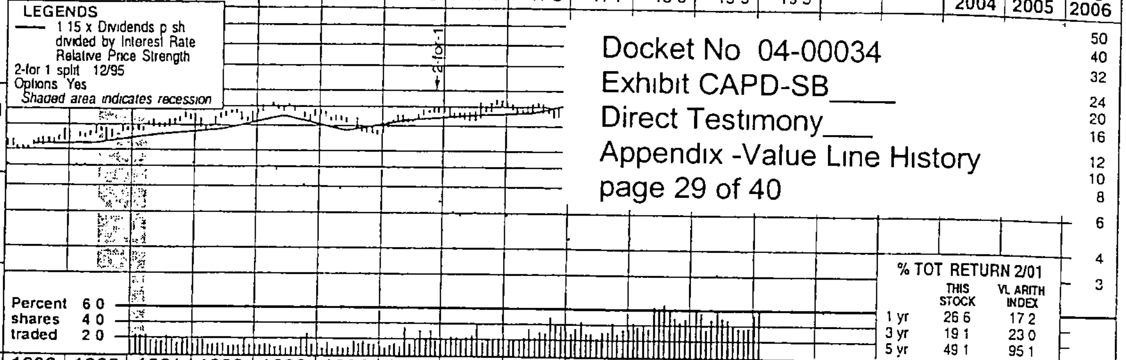

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Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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% TOT RETURN 2/01

	THIS STOCK	VL ARITH INDEX
1 yr	26.6	17.2
3 yr	19.1	23.0
5 yr	49.1	95.1

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	© VALUE LINE PUB., INC.	04-06
37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	*11.45*	*11.80*	Revenues per sh A	*13.70*
1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	*3.40*	*3.45*	"Cash Flow" per sh	*3.80*
.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	*1.40*	*1.50*	Earnings per sh B	*1.70*
.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.15*
3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	*2.65*	*2.50*	Cap'l Spending per sh	*2.50*
7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	*11.85*	*12.60*	Book Value per sh D	*14.10*
31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	*54.25*	*56.00*	Common Shs Outst'g E	*57.00*
8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	*Bold figures are*	*Value Line*	Avg Ann'l P/E Ratio	*15.0*
.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.90	*estimates*		Relative P/E Ratio	*1.00*
8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%			Avg Ann'l Div'd Yield	*4.8%*
						963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	*620*	*660*	Revenues ($mill) A	*780*
						49.4	55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	*78.0*	*84.0*	Net Profit ($mill)	*97.0*
						34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
						5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	*12.6%*	*12.7%*	Net Profit Margin	*12.4%*
						49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	*54.5%*	*51.0%*	Long-Term Debt Ratio	*50.0%*
						48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	*40.5%*	*44.5%*	Common Equity Ratio	*46.0%*
						918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	*1580*	*1590*	Total Capital ($mill)	*1750*
						1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	*1730*	*1775*	Net Plant ($mill)	*1925*
						7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	*7.0%*	*7.0%*	Return on Total Cap'l	*7.5%*
						10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	*12.0%*	*12.0%*	Return on Shr. Equity	*12.0%*
						10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	*12.0%*	*12.0%*	Return on Com Equity	*12.0%*
						2%	1.0%	4%	3.0%	4.6%	3.8%	2.4%	3.0%	NMF	1.8%	*3.0%*	*3.5%*	Retained to Com Eq	*4.0%*
						98%	91%	96%	75%	66%	71%	79%	76%	119%	84%	*77%*	*72%*	All Div'ds to Net Prof	*68%*

CAPITAL STRUCTURE as of 12/31/00
Total Debt 1328.6 mill. Due in 5 Yrs 885.0 mill.
LT Debt $590.0 mill. LT Interest $43.0 mill.
(total interest coverage: *2.5x*)
Leases, Uncapitalized Annual rentals $18.3 mill.
Pension Liability $6.7 mill. in '00 vs. $5.3 mill. in '99

Pfd Stock $74.3 mill. Pfd Div'd $6.1 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. securities. (Div'ds are a tax-deductible fixed charge.)
VE
Common Stock 54,208,371 shs.
MARKET CAP: $1.1 billion (Mid Cap)

CURRENT POSITION ($MILL.)	1999	2000	12/31/00
Cash Assets	32.9	2.0	2.0
Other	124.6	97.7	205.7
Current Assets	157.5	99.7	207.7
Accts Payable	31.3	34.0	80.7
Debt Due	51.5	161.2	738.6
Other	140.1	89.6	130.1
Current Liab.	222.9	284.8	949.4
Fix. Chg. Cov.	262%	239%	*215%*

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '98-'00 to '04-'06
Revenues	-2.5%	-4.0%	*-4.0%*
"Cash Flow"	3.0%	2.5%	*6.5%*
Earnings	1.5%	--	*6.0%*
Dividends	1.5%	1.0%	*1.0%*
Book Value	2.5%	2.5%	*3.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1998	402.3	483.9	247.0	205.4	1338.6
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	160.1	131.8	133.2	607.4
2001	164.0	*175*	*141*	*140*	*620*
2002	*175*	*185*	*150*	*150*	*660*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1998	.45	.79	d.02	.19	1.41
1999	.28	.42	.12	.09	.91
2000	.30	.41	.26	.32	1.29
2001	.41	*.48*	*.27*	*.24*	*1.40*
2002	*.44*	*.52*	*.28*	*.26*	*1.50*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27				

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail; Utilipro provides billing services for GNGS and other marketers; AGL Propane distributes propane. Has about 2890 employees, 16,760 shareholders. President & Chief Exec. Off.: Paula Rospot. Incorp.: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet address: www.aglresources.com.

AGL Resources is improving its dividend coverage. Back in 1998, Georgia regulators began to place certain traditional energy services under a deregulated category. Under the state's new ground rules, the Atlanta Gas Light utility had to expedite the transfer of its resale customers to marketers, including the parent's subsidiary, Georgia Natural Gas Services (GNGS). It was a costly experience in terms of the extra customer service endeavor that was needed and the uncollectible bills. In fiscal 2000 (ended September 30th), the utility business began to go along more smoothly. This year, the gas system, functioning now as a gas transporter and assuming less business risk than before, continues to pare operating costs. A recent acquisition is also providing financial benefits. So, the utility's earnings climb has more than offset the effect of competitive pressure on GNGS, which isn't fully recovering the steep rise in gas costs. In all, the dividend is getting better earnings coverage. But don't expect a dividend boost until after the payout ratio falls below 70%—and that may not happen before fiscal 2003.

Utility operations will remain the chief business activity for a while, likely contributing more than 90% of earnings and cash flow. Since the Atlanta Gas Light system is no longer a reseller of gas, but a transporter, it isn't exposed to unrecovered purchased fuel costs. And the utility's improved rate design should insulate it more from the adverse financial impact of warm winters.

AGL has acquired Virginia Natural Gas. This $500 million purchase adds a new regulated distribution arm, this one serving the Newport News area. The deal was financed mainly with borrowings. We expect management to use the proceeds from asset sales to pay down the added debt to sustain a share-earnings benefit from VNG. But the accretion might be small at first, if AGL has to sell more common shares to balance the swell in senior capital. Though the nonregulated earnings base may grow in the coming years, AGL is still best suited as a good-quality income vehicle. Its current yield is above the peer-group average, reflecting the probable absence of a near-term dividend hike.

Gerald Holtzman *March 23, 2001*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next earnings report due late Apr. Excl. nonrecurring gains: '88, $0.15; '95, d$0.83; '99, $0.39.
(C) Next dividend meeting in early May. Goes ex in mid-May. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available.
(D) Incl. deferred chgs. In '00: $3.19/sh.
(E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	5
Earnings Predictability	60

AGL RESOURCES NYSE-ATG

RECENT PRICE	P/E RATIO	(Trailing / Median)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
23.15	13.7	(Trailing 12.7 / Median 15.0)	0.79	4.7%	468

TIMELINESS 3 Raised 2/4/00
SAFETY 2 New 7/27/90
TECHNICAL 4 Lowered 6/22/01
BETA .55 (1.00 = Market)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
High	16.1	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	23.2	24.3
Low	13.3	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.5	19.5

Target Price Range 2004 | 2005 | 2006

2004-06 PROJECTIONS

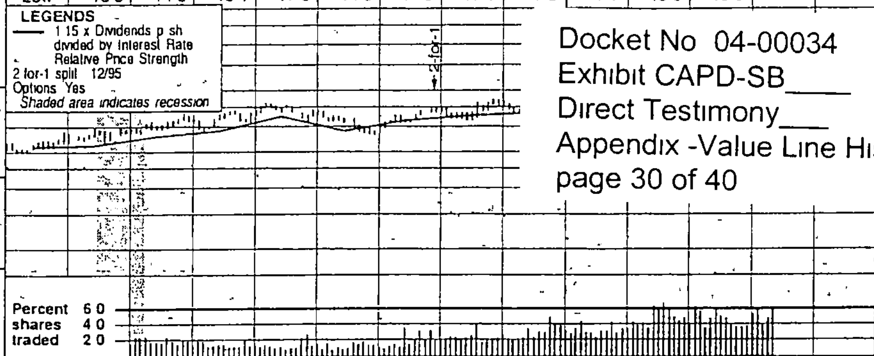
	Price	Gain	Ann'l Total Return
High	35	(+50%)	14%
Low	25	(+10%)	7%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	1	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2000	4Q2000	1Q2001
to Buy	64	64	61
to Sell	50	53	51
Hld's(000)	22115	22338	23798



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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% TOT RETURN 5/01

	THIS STOCK	VL ARITH INDEX
1 yr	40.5	17.1
3 yr	31.2	29.4
5 yr	66.0	92.7

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	© VALUE LINE PUB., INC.	04-06
37.42	27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	*20.65*	*22.20*	Revenues per sh A	*24.00*
1.69	1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	*3.45*	*3.55*	"Cash Flow" per sh	*3.80*
.91	.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	*1.60*	*1.65*	Earnings per sh B	*1.85*
.63	.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.15*
3.01	3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	*2.65*	*2.50*	Cap'l Spending per sh	*2.50*
7.12	7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	*12.20*	*12.90*	Book Value per sh D	*15.35*
31.12	36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	*54.50*	*55.00*	Common Shs Outst'g E	*57.00*
8.3	11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	*Bold figures are*		Avg Ann'l P/E Ratio	*15.5*
.67	.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.90	*Value Line*		Relative P/E Ratio	*1.05*
8.4%	7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*

CAPITAL STRUCTURE as of 3/31/01
Total Debt $1256.3 mill. Due in 5 Yrs $815.0 mill.
LT Debt $890.0 mill. LT Interest $65.0 mill.
(total interest coverage: 2.5x)
Leases, Uncapitalized Annual rentals $18.3 mill.
Pension Liability $6.7 mill. in '00 vs. $5.3 mill. in '99

Pfd Stock $74.3 mill. Pfd Div'd $6.1 mill.
$74.3 mill. 8.17% subsidiary obligated mandatorily redeemable pfd. securities (Div'ds are a tax-deductible fixed charge.)

Common Stock 54,400,000 shs.
MARKET CAP: $1.3 billion (Mid Cap)

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		04-06
963.9	994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	*1125*	*1220*	Revenues ($mill) A	*1375*
49.4	55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	*88.0*	*91.0*	Net Profit ($mill)	*105*
34.6%	31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
5.1%	5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	*7.8%*	*7.5%*	Net Profit Margin	*7.6%*
49.6%	40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	*55.0%*	*54.0%*	Long-Term Debt Ratio	*53.0%*
48.8%	58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	*40.5%*	*35.0%*	Common Equity Ratio	*37.5%*
918.3	812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	*1640*	*2035*	Total Capital ($mill)	*2350*
1141.6	1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	*2050*	*2100*	Net Plant ($mill)	*2350*
7.6%	9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	*7.5%*	*7.0%*	Return on Total Cap'l	*7.0%*
10.7%	11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	*13.0%*	*13.0%*	Return on Shr. Equity	*12.0%*
10.8%	11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	*13.0%*	*13.0%*	Return on Com Equity	*12.0%*
2%	1.0%	4%	3.0%	4.6%	3.8%	2.4%	3.0%	NMF	1.8%	*4.0%*	*4.5%*	Retained to Com Eq	*4.4%*
98%	91%	96%	75%	66%	71%	79%	76%	119%	84%	*68%*	*65%*	All Div'ds to Net Prof	*62%*

CURRENT POSITION ($MILL.)	1999	2000	3/31/01
Cash Assets	32.9	2.0	12.2
Other	124.6	97.7	188.6
Current Assets	157.5	99.7	200.8
Accts Payable	31.3	34.0	80.8
Debt Due	51.5	161.2	366.3
Other	140.1	89.6	185.8
Current Liab.	222.9	284.8	632.9
Fix. Chg. Cov.	262%	239%	245%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '98-'00 to '04-'06
Revenues	-2.5%	-4.0%	5.0%
"Cash Flow"	3.0%	2.5%	6.5%
Earnings	1.5%	--	7.5%
Dividends	1.5%	1.0%	1.0%
Book Value	2.5%	2.5%	5.0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1998	402.3	483.9	247.0	205.4	1338.6
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	160.1	131.8	133.2	607.4
2001	294.8	350.6	*240*	*239.6*	*1125*
2002	*325*	*375*	*260*	*260*	*1220*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1998	.45	.79	d.02	.19	1.41
1999	.28	.42	.12	.09	.91
2000	.30	.41	.26	.32	1.29
2001	.41	.83	*.20*	*.16*	*1.60*
2002	*.50*	*.70*	*.25*	*.20*	*1.65*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1997	.27	.27	.27	.27	1.08
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27	.27			

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.4 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail; Utilipro provides billing services for GNGS and other marketers; AGL Propane distributes propane. Has about 2890 employees, 16,760 shareholders. President & Chief Exec. Off.: Paula Rosput. Incorp.: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet address: www.aglresources.com.

AGL Resources seems to have moved into high gear. Georgia's deregulation program, set in motion in 1998, came on too fast for a good many participants in the state. It put AGL through a period of costly customer dislocation and financial flux as it tried to adjust to the restructured business arena. Earnings were undercut further by the cost of starting up new deregulated energy ventures. Lately, though, management has been steering AGL along a smoother course. It has gotten in better control of AGL's businesses, enabling the regulated utility and the nonregulated segments to achieve, overall, a much higher level of earnings. Results for the second quarter of fiscal 2001 (ends September 30th), were led upward by the utility. The company reports that newly acquired Virginia Natural Gas, a distributor, has been quickly integrated with the utility segment. Apparently, VNG added to share earnings in the March quarter on the peak sales it generated in this winter period. AGL may now be returning to a more pronounced seasonal earnings pattern, though the totals for this year and next may be its best ever, by far.

Management is giving nonutility activities close attention. Apart from its success in beginning to attain profits for its gas marketing and trading businesses, AGL is taking new directions. Georgia has awarded AGL Networks the authority to operate as a Competitive Local Exchange Carrier throughout the state. This permit enables the new subsidiary to sell equipment and services to telecom companies. To meet its business objectives, AGL Networks proposes to build and manage a fiber optics network around metro Atlanta. As a start-up effort, however, a meaningful profit may be deferred for another year or so, or perhaps a little longer, given the slowing domestic economy.

AGL remains largely an income stock. The regulated utility may contribute more than 80% of earnings through fiscal 2002, with the company leveraged heavily with senior capital. Though AGL's use of tax-deductible preferred stock provides a share-earnings advantage, management's efforts to build profits from shareholder-risk ventures may rule out a dividend increase through fiscal 2002.

Gerald Holtzman *June 22, 2001*

(A) Fiscal year ends September 30th.
(B) Diluted earnings per share. Next earnings report due late July. Excl. nonrecurring gains: '88, $0.15; '95, d$0.83; '99, $0.39; '00, $0.13.
(C) Next dividend meeting in early Aug. Goes ex in mid-Aug. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available.
(D) Incl. deferred chgs. 9/30/00: $3.19/sh.
(E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	5
Earnings Predictability	60

AGL RESOURCES NYSE-ATG

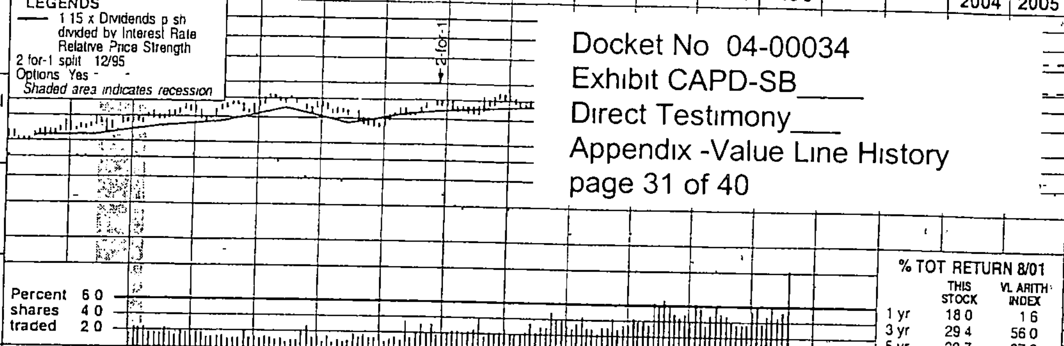
RECENT PRICE	21.14	P/E RATIO	14.5 (Trailing 12 2 / Median 15 0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	5.1%	VALUE LINE	463

TIMELINESS 3 Raised 2/4/00
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 8/3/01
BETA 55 (1 00 = Market)

High	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4	23 2	24 5
Low	13 3	14 9	15 1	17 0	14 6	14 9	17 1	17 8	17 7	15 6	15 5	19 5

Target Price Range 2004 | 2005 | 2006

LEGENDS
— 1 15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2 for-1 split 12/95
Options Yes
Shaded area indicates recession



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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2004-06 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+65%)	17%
Low	25	(+20%)	9%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	1	1
Options	0	0	0	0	1	0	0	1	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2000	1Q2001	2Q2001
to Buy	64	61	79
to Sell	53	51	41
Hld's(000)	22338	23798	25387

Percent shares traded 6 0 / 4 0 / 2 0

% TOT RETURN 8/01

	THIS STOCK	VL ARITH INDEX
1 yr	18 0	1 6
3 yr	29 4	56 0
5 yr	30 7	87 6

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	© VALUE LINE PUB, INC	04-06
37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	18 71	11 25	18 10	20 45	Revenues per sh A	24 55
1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	2 65	2 29	2 86	3 25	3 45	"Cash Flow" per sh	4.20
91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	91	1 29	1 50	1 65	Earnings per sh B	2 05
63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	1 08	1 08	1 08	1 08	Div'ds Decl'd per sh C	1 16
3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	2 05	2 51	2 92	2 25	2.25	Cap'l Spending per sh	3 05
7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	11 59	11 50	12 00	12 55	Book Value per sh D	15 45
31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	57 10	54 00	55 00	55 00	Common Shs Outst'g E	57 00
8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	21 4	13 6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15 5
67	80	77	92	1 04	1 05	98	94	1 06	99	84	86	85	72	1 22	90			Relative P/E Ratio	1 05
8 4%	7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	5 5%	6 2%			Avg Ann'l Div'd Yield	3 7%

CAPITAL STRUCTURE as of 6/30/01
Total Debt 1109 7 mill Due in 5 Yrs 815 0 mill
LT Debt $1064 7 mill LT Interest $75 0 mill
(Inc $219 7 million in trust-preferred securities)
(Total interest coverage 2 5x)
Leases, Uncapitalized Annual rentals $18 3 mill
Pension Liability $6 7 mill in '00 vs $5 3 mill in '99

Pfd Stock None

Common Stock 54,807,072 shs
MARKET CAP $1 2 billion (Mid Cap)

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		04-06
963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	1068 6	607 4	995	1125	Revenues ($mill) A	1400
49 4	55 4	57 5	63 2	74 3	75 6	76 6	80 6	52 1	71 1	83 5	91 0	Net Profit ($mill)	120
34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	33 1%	34 3%	34 0%	34 0%	Income Tax Rate	34 0%
5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	4 9%	11 7%	8 4%	8 1%	Net Profit Margin	8 4%
49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	45 3%	45 9%	62 0%	59 0%	Long-Term Debt Ratio	50 0%
48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	49 2%	48 3%	38 0%	41 0%	Common Equity Ratio	50 0%
918 3	812 7	925 7	1131 5	1170 3	1201 3	1356 4	1388 4	1345 8	1286 2	1725	1690	Total Capital ($mill)	1755
1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	1598 9	1637 5	1765	1890	Net Plant ($mill)	2365
7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	5 7%	7 4%	5 0%	5 5%	Return on Total Cap'l	7 0%
10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	7 1%	10 2%	12.5%	13 0%	Return on Shr Equity	13 5%
10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	12 3%	7 9%	11 5%	12 5%	13 0%	Return on Com Equity	13 5%
2%	1 0%	4%	3 0%	4 6%	3 8%	2 4%	3 0%	NMF	1 8%	3 5%	4 5%	Retained to Com Eq	6 0%
98%	91%	96%	75%	66%	71%	79%	76%	119%	84%	71%	65%	All Div'ds to Net Prof	56%

CURRENT POSITION ($MILL)

	1999	2000	6/30/01
Cash Assets	32 9	2 0	4 5
Other	124 6	97 7	173 9
Current Assets	157 5	99.7	178 4
Accts Payable	31 3	34 0	64 0
Debt Due	51 5	161 2	45 0
Other	140 1	89 6	391 3
Current Liab	222 9	284 8	500 3
Fix Chg Cov	262%	239%	235%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '98-'00 to '04-'06
Revenues	-2 5%	-4 0%	5 5%
"Cash Flow"	3 0%	2 5%	8 5%
Earnings	1 5%	--	9 5%
Dividends	1 5%	1 0%	1 0%
Book Value	2,5%	2 5%	5 0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1998	402 3	483 9	247 0	205 4	1338 6
1999	323 9	375 1	185 9	183 7	1068 6
2000	182 3	160 1	131 8	133 2	607 4
2001	294 8	350.6	175 7	173 9	995
2002	315	375	215	220	1125

Fiscal Year Ends	EARNINGS PER SHARE A B Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1998	45	79	d 02	19	1 41
1999	28	42	12	09	91
2000	30	41	26	32	1 29
2001	41	83	17	09	1 50
2002	50	70	25	20	1 65

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1997	27	27	27	27	1 08
1998	27	27	27	27	1 08
1999	27	27	27	27	1 08
2000	27	27	27	27	1 08
2001	27	27	27		

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co, a regulated distributor of natural gas to more than 1 8 million customers in Georgia, primarily Atlanta, and in southern Tennessee Also engaged in nonregulated natural gas marketing and other, allied services Also wholesales and retails propane Nonregulated subsidiaries Georgia Natural Gas Services markets natural gas at retail Acq Virginia Natural Gas, 10/00 Sold Utilipro, 3/01 Has about 1,938 employees Offs /dirs own 1 1% of out com shs American Century Inv owns 5 7% of com shs (12/00 Proxy) President & CEO Paula Rospot Incorp Georgia Address 303 Peachtree St, NE, Atlanta, GA 30308 Telephone 404-584-9470 Internet www aglresources com

AGL Resources' seasonality has increased due to its acquisition of Virginia Natural Gas (VNG). VNG, a local distribution utility, generates most of its income during the winter months, when gas is in demand to heat buildings and homes The purchase weighed down earnings in the June quarter with higher interest expense than the year-ago period, as well as goodwill amortization Consequently, earnings per share declined 35% year over year, to $0 17 (Note AGL will no longer amortize goodwill beyond September 30, 2001, in adherence to SFAS 142)

The company will change its segment reporting format in fiscal 2002 (begins October 1, 2001) Presently, AGL breaks out performance into two categories Utility and Nonutility Sequent, a nonregulated wholesale-energy trading unit, has been included in the Utility segment, but will be disclosed separately

The nonutility segment has been unprofitable this fiscal year, but the company has questioned the results of its retail-gas trading joint venture (JV) with Dynegy and Peidmont Natural Gas, called SouthStar Energy AGL believes that it should have earned more money than it did from the venture over the past year, given the favorable pricing for natural gas After making numerous attempts to obtain proper documentation of Dynegy's activities as asset manager of the JV, AGL has filed suit against Dynegy for failure to disclose an accounting of transactions, and seeks termination of the partnership

AGL's Georgia utility, Atlanta Gas Light, has come under pressure from regulators. The Georgia Public Service Commission has launched a rate review of the utility, under the premise that it is earning above the allotted 11% return on equity (ROE) The company maintains, however, the utility's ROE is 9 9% A verdict will be reached in March 2002

This issue remains suitable for income-oriented investors. AGL stock displays excellent Price Stability over the long term, though with little Price Growth Persistence The company's move into nonregulated businesses is likely to add a touch of volatility to these shares, but AGL continues to operate primarily as a regulated local distribution company

Michael P Maloney September 21, 2001

(A) Fiscal year ends September 30th
(B) Diluted earnings per share Next earnings report due late Oct Excl nonrecurring gains '88, $0 15, '95, d$0 83, '99, $0 39, '00, $0 13, 2Q'01, $0 13 (C) Next dividend meeting in early Nov Goes ex in mid-Nov Approx div'd payment dates March 1, June 1, Sept 1, Dec 1 ■ Div'd reinvest plan available
(D) Incl deferred chgs 9/30/00 $3 19/sh
(E) In millions, adjusted for stock split

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	10
Earnings Predictability	55

AGL RESOURCES NYSE-ATG

RECENT PRICE 21.45 | P/E RATIO 14.7 (Trailing 13 2 / Median 15 0) | RELATIVE P/E RATIO 0.79 | DIV'D YLD 5.0% | VALUE LINE 462

TIMELINESS 4 Lowered 10/5/01
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 10/26/01
BETA 60 (1 00 = Market)

High	16 1	18 8	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4	23 2	24 5	
Low	13 3	14 9	15 1	17 0	14 6	14 9	17 1	17 8	17 7	15 6	15 5	19 0	

Target Price Range 2004 | 2005 | 2006

LEGENDS
— 1 15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2 for 1 split 12/95
Options Yes
Shaded area indicates recession

Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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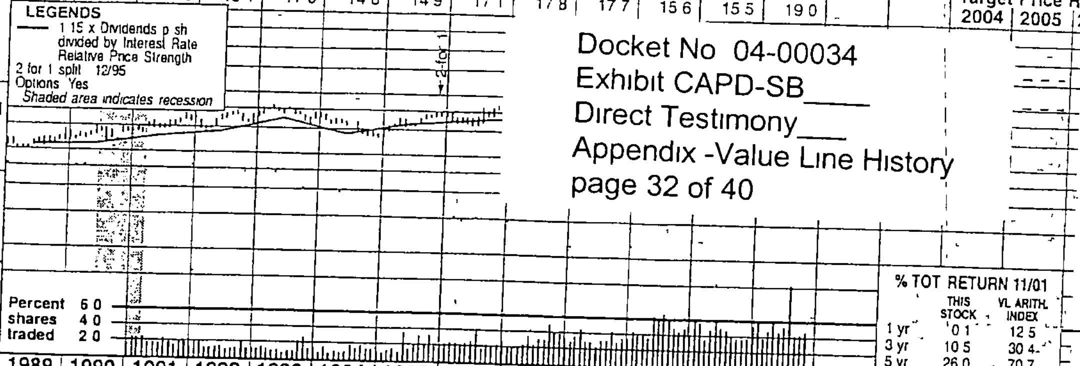


2004-06 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+65%)	17%
Low	25	(+15%)	9%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	1	1	0	0	0
Options	0	1	0	0	1	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q2001	2Q2001	3Q2001
to Buy	61	79	55
to Sell	51	41	59
Hld's(000)	23798	25387	26336

Percent shares traded 6 0 / 4 0 / 2 0

% TOT RETURN 11/01

	THIS STOCK	VL ARITH. INDEX
1 yr	0 1	12 5
3 yr	10 5	30 4
5 yr	26 0	70 7

1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	© VALUE LINE PUB , INC	04-06
37 42	27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	18 71	11.25	*19 10*	*21 00*	Revenues per sh A	*24 55*
1 69	1 52	1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	2 65	2 29	2 86	*3.20*	*3 45*	"Cash Flow" per sh	*4 20*
91	83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	91	1 29	1 50	*1.65*	Earnings per sh B	*2.05*
63	70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	1 08	1 08	1 08	*1 08*	Div'ds Decl'd per sh C■	*1 16*
3 01	3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	2 05	2 51	2 92	*2 25*	*2.25*	Cap'l Spending per sh	*3 05*
7 12	7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	11 59	11 50	*12 00*	*12 55*	Book Value per sh D	*15 45*
31 12	36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	57 10	54 00	*55 00*	*55 00*	Common Shs Outst'g E	*57 00*
8 3	11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	21 4	13 6	14 6		Avg Ann'l P/E Ratio	*15 5*
67	80	77	92	1 04	1 05	98	94	1'06	99	84	86	85	72	1 22	90	77		Relative P/E Ratio	*1 05*
8 4%	7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	5 5%	6 2%	*5 4%*		Avg Ann'l Div'd Yield	*3 7%*
						963 9	994 6	1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	1068 6	607 4	1049 3	*1155*	Revenues ($mill) A	*1400*
						49 4	55 4	57 5	63 2	74 3	75 6	76 6	80 6	52 1	71 1	88 9	*91 0*	Net Profit ($mill)	*120*
						34 6%	31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	33 1%	34 3%	36 0%	*34 0%*	Income Tax Rate	*34 0%*
						5 1%	5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	4 9%	11 7%	8 5%	*7 9%*	Net Profit Margin	*8 4%*
						49 6%	40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	45 3%	45 9%	*62 0%*	*59 0%*	Long-Term Debt Ratio	*50 0%*
						48 8%	58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	49 2%	48 3%	*38 0%*	*41 0%*	Common Equity Ratio	*50 0%*
						918 3	812 7	925 7	1131 5	1170 3	1201 3	1356 4	1388 4	1345 8	1286 2	*1725*	*1690*	Total Capital ($mill)	*1750*
						1141 6	1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	1598 9	1637 5	*1765*	*1890*	Net Plant ($mill)	*2365*
						7 6%	9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	5 7%	7 4%	*5 0%*	*5 5%*	Return on Total Cap'l	*7 0%*
						10 7%	11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	7 1%	10 2%	*12.5%*	*13 0%*	Return on Shr Equity	*13 5%*
						10 8%	11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	12 3%	7 9%	11 5%	*12 5%*	*13 0%*	Return on Com Equity	*13 5%*
						2%	1 0%	4%	3 0%	4 6%	3 8%	2 4%	3 0%	NMF	1 8%	*3 5%*	*4 5%*	Retained to Com Eq	*6 0%*
						98%	91%	96%	75%	66%	71%	79%	76%	119%	84%	*72%*	*65%*	All Div'ds to Net Prof	*56%*

CAPITAL STRUCTURE as of 6/30/01
Total Debt 1109 7 mill Due in 5 Yrs 815 0 mill
LT Debt $1064 7 mill LT Interest $75 0 mill
(Inc $219 7 million in trust preferred securities)
(Total interest coverage 2 5x)
Leases, Uncapitalized Annual rentals $18 3 mill
Pension Liability $6 7 mill in '00 vs $5 3 mill in '99
Pfd Stock None

Common Stock 54,807,072 shs
MARKET CAP $1 2 billion (Mid Cap)

CURRENT POSITION ($MILL)	1999	2000	6/30/01
Cash Assets	32 9	2 0	4 5
Other	124 6	97 7	173 9
Current Assets	157 5	99 7	178 4
Accts Payable	31 3	34 0	64 0
Debt Due	51 5	161 2	45 0
Other	140 1	89 6	391 3
Current Liab	222 9	284 8	500 3
Fix Chg Cov	262%	239%	235%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '98-'00 to '04-'06
Revenues	-2 5%	-4 0%	*5 5%*
"Cash Flow"	3 0%	2 5%	*8 5%*
Earnings	1 5%	- -	*9 5%*
Dividends	1 5%	1 0%	*1 0%*
Book Value	2 5%	2 5%	*5 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1998	402 3	483 9	247 0	205 4	1338 6
1999	323 9	375 1	185 9	183 7	1068 6
2000	182 3	160 1	131 8	133 2	607 4
2001	294 8	350 6	175 7	228 2	1049 3
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	*375*	*215*	*250*	*315*	*1155*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
1998	45	79	d 02	19	1 41
1999	28	42	12	09	91
2000	30	41	26	32	1 29
2001	41	83	17	09	1 50
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	*70*	*25*	*20*	*50*	*1 65*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1997	27	27	27	27	1 08
1998	27	27	27	27	1 08
1999	27	27	27	27	1 08
2000	27	27	27	27	1 08
2001	27	27	27	27	

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co , a regulated distributor of natural gas to more than 1 8 million customers in Georgia, primarily Atlanta, and in southern Tennessee Also engaged in nonregulated natural gas marketing and other, allied services Also wholesales and retails propane Nonregulated subsidiaries Georgia Natural Gas Services markets natural gas at retail Acq Virginia Natural Gas, 10/00 Sold Utilipro, 3/01 Has about 1,938 employees Offs /dirs own 1.1% of out com shs American Century Inv owns 5 7% of com shs (12/00 Proxy) President & CEO Paula Rosput Incorp Georgia Address 303 Peachtree St, N E, Atlanta, GA 30308 Telephone 404-584-9470 Internet www aglresources com

AGL Resources generated double-digit share-net growth in fiscal 2001 (ended September 30th) Earnings from its core business, gas distribution, increased 43% from the prior year, to $215 million before interest and taxes The acquisition of Virginia Natural Gas was the key factor, but cost-cutting measures further enhanced profitability Meanwhile, the company's nonutility businesses, which will likely be the main growth drivers down the road, added moderately to the bottom line in 2001 Its Energy Investments segment, which includes the company's 50% stake in SouthStar Energy Services, and AGL Networks, earned $10 million during the year. Finally, its energy-trading arm, Sequent, generated $3 5 million in profits. Looking ahead, earnings of $1 60-$1 70 a share are for the 12 months ending September 30, 2002, though the company is switching its fiscal year to the normal calendar year starting in January, 2002

The Georgia rate dispute is still an issue for AGL, and the verdict may well impact next year's bottom line Last summer, the Georgia Public Service Commission launched a rate review of AGL's Georgia utility, asserting that its return on equity (ROE) was above the allowed 11% level But AGL maintains that the utility was only generating an ROE of 9 9%, and is seeking a rate increase A decision should be made early next year

Elsewhere, the company recently made a significant step in the development of its telecom business. In November, it agreed to buy a telecommunications' network from ACSI Network Technologies for an undisclosed price The deal, scheduled to be completed by yearend, would make AGL the largest Competitive Local- Exchange Carrier in the metropolitan area The purchase would also speed up AGL's entry to market, and cost less than its previously announced plans to build its own fiber network

This issue is currently a good income stock. Its dividend yield became increasingly appealing as interest rates moved downward (making cash less attractive) Too, its Price Stability rating should continue to hold strong, given that the company's profits come largely from its regulated businesses

Michael P Maloney *December 21, 2001*

(A) Fiscal year ends September 30th Ends December 31st, beginning in January 2002
(B) Diluted earnings per share Next earnings report due late Jan Excl nonrecurring gains '88, $0 15, '95, d$0 83, '99, $0 39, '00, $0 13, '01, $0 13 (C) Next dividend meeting in early Feb Goes ex in mid-Feb Approx div'd payment dates March 1, June 1, Sept 1, Dec 1 ■ Div'd reinvest plan available
(D) Incl deferred chgs 9/30/00 $3 19/sh
(E) In millions, adjusted for stock split

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	10
Earnings Predictability	55

AGL RESOURCES NYSE-ATG

RECENT PRICE 23.37 | P/E RATIO 14.6 E (Trailing 15.2 / Median 15.0) | RELATIVE P/E RATIO 0.73 | DIV'D YLD 4.6% | VALUE LINE 462

TIMELINESS 4 Lowered 10/5/01
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 2/22/02
BETA .60 (1.00 = Market)

High	18 8	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4	23 2	24 5	23 5
Low	14 9	15 1	17 0	14 6	14 9	17 1	17 8	17 7	15 6	15 5	19 0	20 6

Target Price Range 2005 | 2006 | 2007

2005-07 PROJECTIONS

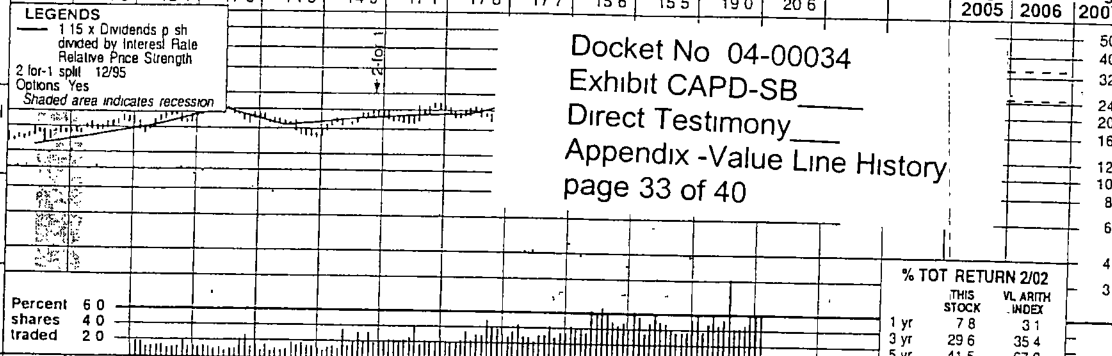
	Price	Gain	Ann'l Total Return
High	35	(+50%)	14%
Low	25	(+5%)	7%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	1	1	0	0	0	0	1	0
Options	0	1	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q2001	3Q2001	4Q2001
to Buy	79	55	62
to Sell	41	59	63
Hld's(000)	25387	26336	26413



Docket No 04-00034
Exhibit CAPD-SB___
Direct Testimony___
Appendix -Value Line History
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% TOT RETURN 2/02

	THIS STOCK	VL ARITH INDEX
1 yr	7 8	3 1
3 yr	29 6	35 4
5 yr	41 5	67 9

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB , INC	05-07
27 58	26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	18 71	11 25	19 04	*21 00*	*22 60*	Revenues per sh A	*27 20*
1 52	1 84	1 90	1 93	2.04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	2 65	2 29	2 86	3 31	*3 55*	*3 75*	"Cash Flow" per sh	*4 30*
83	1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	91	1 29	1 50	*1.65*	*1 80*	Earnings per sh B	*2.10*
70	80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	1 08	1 08	1 08	*1 08*	*1 08*	Div'ds Decl'd per sh C■	*1 16*
3 30	3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	2 05	2 51	2 92	2 83	*2.25*	*2 25*	Cap'l Spending per sh	*2 35*
7 59	7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	11 59	11 50	12 19	*12 65*	*13 70*	Book Value per sh	*16 60*
36 55	37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	57 10	54 00	55 10	*55 50*	*56 00*	Common Shs Outst'g D	*57 00*
11 8	11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	21 4	13 6	14 6	*Bold figures are*		Avg Ann'l P/E Ratio	*15 0*
80	77	92	1 04	1 05	98	94	1 06	99	84	86	85	72	1 22	88	77	*Value Line*		Relative P/E Ratio	*1 00*
7 1%	6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	5 5%	6 2%	4 9%	*estimates*		Avg Ann'l Div'd Yield	*3 7%*
						994 6	1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	1068 6	607 4	1049 3	*1155*	*1265*	Revenues ($mill) A	*1550*
						55 4	57 5	63 2	74 3	75 6	76 6	80 6	52 1	71 1	82 3	*90 5*	*100*	Net Profit ($mill)	*120*
						31 6%	32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	33 1%	34 3%	36 0%	*34 0%*	*34 0%*	Income Tax Rate	*34 0%*
						5 6%	5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	4 9%	11 7%	7 8%	*7 9%*	*8 0%*	Net Profit Margin	*7 8%*
						40 2%	40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	45 3%	45 9%	61 3%	*60 0%*	*57 0%*	Long-Term Debt Ratio	*55 0%*
						58 1%	53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	49 2%	48 3%	38 7%	*40 0%*	*43 0%*	Common Equity Ratio	*45 0%*
						812 7	925 7	1131 5	1170 3	1201 3	1356 4	1388 4	1345 8	1286 2	1736 3	*1765*	*1805*	Total Capital ($mill)	*2100*
						1217 9	1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	1598 9	1637 5	2058 9	*2185*	*2310*	Net Plant ($mill)	*2700*
						9 4%	8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	5 7%	7 4%	6 5%	*5 5%*	*6 0%*	Return on Total Cap'l	*6 0%*
						11 4%	10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	7 1%	10 2%	12 3%	*13 0%*	*13 0%*	Return on Shr Equity	*12.5%*
						11 5%	10 8%	11 3%	12 5%	12 1%	11 3%	12 3%	7 9%	11 5%	12 3%	*13 0%*	*13 0%*	Return on Com Equity	*12 5%*
						1 0%	4%	3 0%	4 6%	3 8%	3 2%	4 4%	NMF	3 2%	4 2%	*4 5%*	*5 0%*	Retained to Com Eq	*5 5%*
						91%	96%	75%	66%	71%	74%	64%	101%	72%	65%	*65%*	*60%*	All Div'ds to Net Prof	*55%*

CAPITAL STRUCTURE as of 12/31/01
Total Debt 1492 7 mill Due in 5 Yrs 198 5 mill
LT Debt $1015 0 mill LT Interest $75 0 mill
(Inc $218 0 million in trust-preferred securities)
(Total interest coverage 2 3x)
Leases, Uncapitalized Annual rentals $19 4 mill
Pension Liability $6 4 mill in '01 vs $7 3 mill in '00
Pfd Stock None

Common Stock 55,568,054 shs
MARKET CAP $1 3 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2000	2001	12/31/01
Cash Assets	2 0	2 8	22 3
Other	97 7	214 6	290 3
Current Assets	99 7	217 4	312 6
Accts Payable	34 0	82 4	98 0
Debt Due	161 2	348 4	477 7
Other	89 6	155 8	133 5
Current Liab	284 8	586 6	709 2
Fix Chg Cov	239%	241%	*245%*

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '99-'01 to '05-'07
Revenues	-2 5%	-5 5%	*9 0%*
"Cash Flow"	3 5%	3 5%	*7 5%*
Earnings	2 0%	-1 0%	*9 5%*
Dividends	1 0%	0 5%	*1 0%*
Book Value	2 5%	2 5%	*6 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A				Full Fiscal Year
	Dec 31	Mar 31	Jun 30	Sep 30	
1999	323 9	375 1	185 9	183 7	1068 6
2000	182 3	160 1	131 8	133 2	607 4
2001	294 8	350 6	175 7	228 2	1049 3
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	*375*	*215*	*250*	*315*	*1155*
2003	*390*	*235*	*285*	*355*	*1265*

Fiscal Year Ends	EARNINGS PER SHARE A B				Full Fiscal Year
	Dec 31	Mar 31	Jun 30	Sep 30	
1999	28	42	12	09	91
2000	30	41	26	32	1 29
2001	41	83	17	09	1 50
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	*85*	*20*	*10*	*50*	*1 65*
2003	*85*	*.25*	*15*	*55*	*1 80*

Cal-endar	QUARTERLY DIVIDENDS PAID C■				Full Year
	Mar 31	Jun 30	Sep 30	Dec 31	
1998	27	27	27	27	1 08
1999	27	27	27	27	1 08
2000	27	27	27	27	1 08
2001	27	27	27	27	1 08
2002	27				

BUSINESS AGL Resources, Inc is a holding company Its principal subsidiary is Atlanta Gas Light Co , a regulated distributor of natural gas to more than 1 8 million customers in Georgia, primarily Atlanta, and in southern Tennessee Also engaged in nonregulated natural gas marketing and other, allied services Also wholesales and retails propane Nonregulated subsidiaries Georgia Natural Gas Services markets natural gas at retail Acquired Virginia Natural Gas, 10/00 Sold Utilipro, 3/01 Has about 1,938 employees Officers/directors own less than 1 0% of outstanding common shares (12/01 Proxy) President & CEO Paula Rospot Incorporated Georgia Address 303 Peachtree St , N E , Atlanta, GA 30308 Telephone 404-584-9470 Internet www aglresources com

AGL Resources appears to be making the most of a difficult environment for natural gas. Temperatures this heating season were well above normal, economic conditions have been sluggish, and storage levels remain high, all of which have pressured spot prices and weakened gas demand But, we believe that the company can still carve out year-on-year earnings growth throughout 2002, as it did in the December quarter with a share net of $0 45 (Note December 2001 Quarterly Revenues and Earnings Per Share do not appear on the page because of the fiscal year change) In the December stub period, earnings from AGL's core distribution companies were flat against 2000 despite a much weaker operating environment Warm weather hurt its Virginia Natural Gas utility, but this was mitigated by aggressive cost-efficiency measures implemented throughout 2001 Meanwhile, the company's Georgia and Tennessee utilities were protected by temperature-adjustment clauses Elsewhere, AGL got a $0 04-a-share boost from Sequent, its newly formed wholesale-services segment

The company is counting on Sequent to be a growth contributor in 2002 and 2003. The nonregulated unit generated an operating income of $3 4 million in the December period, compared to none in the prior year Also, it reported that natural-gas trading volumes grew more than 25%, to more than 2 5 billion cubic feet (Bcf), from 2 Bcf in December The Houston-based energy trading arm believes that it can continue to increase volumes as a result of the void left by the former largest energy trader, Enron

The Georgia rate dispute should be resolved during the second quarter. The Georgia Public Service Commission is reviewing AGL's Georgia utility for a potential $33 million reduction, but AGL is actually seeking a $50 million rate increase A decision date is set for April 17th, and the implementation date is scheduled for May 1st

These shares are currently a decent selection for income. AGL still has a good dividend yield, and earnings continue to come largely from regulated businesses A pickup in interest rates, however, would reduce this issue's appeal

Michael P Maloney *March 22, 2002*

(A) Fiscal year ends September 30, 2001 Ends December 31st, thereafter
(B) Diluted earnings per share Next earnings report due late Apr Excl nonrecurring gains '88, $0 15, '95, d$0 83, '99, $0 39, '00, $0 13, '01, $0 13 (C) Next dividend meeting in early May Goes ex mid May Approx div'd payment dates March 1, June 1, Sept 1, Dec 1 ■ Div'd reinvest plan available (D) In millions, adjusted for stock split (E) December stub period EPS of $0 45 included in P/E calculation

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	10
Earnings Predictability	60

AGL RESOURCES NYSE-ATG

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
22.39	13.6[E]	(Trailing 14.0 / Median 15.0)	0.74	4.8%	461

TIMELINESS 3 Raised 5/10/02
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 5/31/02
BETA .60 (1.00 = Market)

High	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	23.2	24.5	24.3
Low	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.5	19.0	20.6

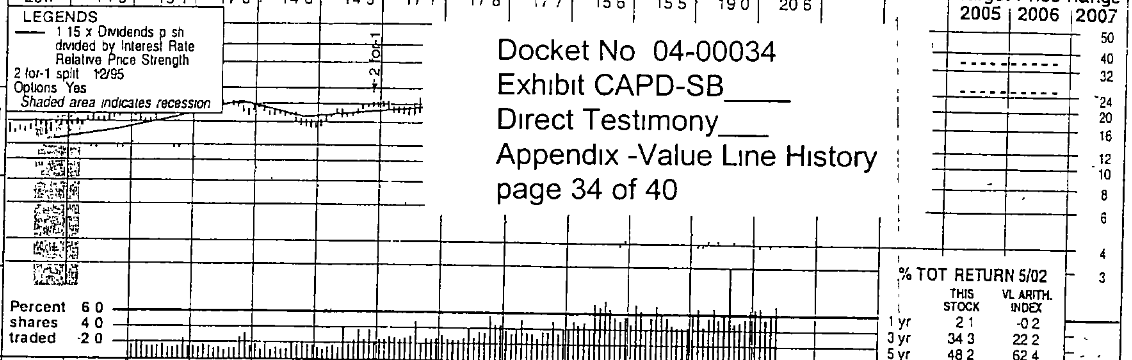

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Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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Target Price Range 2005 | 2006 | 2007

2005-07 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+55%)	16%
Low	25	(+10%)	8%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	1	0	0	0	0
Options	0	0	0	0	0	0	0	0	1
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2001	4Q2001	1Q2002
to Buy	55	62	67
to Sell	59	63	49
Hld's(000)	26336	26413	27120

% TOT RETURN 5/02

	THIS STOCK	VL ARITH. INDEX
1 yr	2.1	-0.2
3 yr	34.3	22.2
5 yr	48.2	62.4

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC.	05-07
27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	*28.15*	*31.25*	Revenues per sh A	*37.70*
1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	*3.50*	*3.80*	"Cash Flow" per sh	*4.30*
.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	*1.65*	*1.80*	Earnings per sh B	*2.10*
.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.16*
3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	*3.50*	*3.50*	Cap'l Spending per sh	*2.65*
7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	*12.65*	*13.40*	Book Value per sh	*16.30*
36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	*56.00*	*56.00*	Common Shs Outst'g D	*57.00*
11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.77	*Value Line*		Relative P/E Ratio	*1.00*
7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	*estimates*		Avg Ann'l Div'd Yield	*3.7%*
						994.5	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	1049.3	*1575*	*1750*	Revenues ($mill) A	*2150*
						55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	82.3	*90.0*	*100*	Net Profit ($mill)	*120*
						31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	36.0%	*35.0%*	*35.0%*	Income Tax Rate	*35.0%*
						5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	*5.7%*	*5.8%*	Net Profit Margin	*5.6%*
						40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	*60.0%*	*58.0%*	Long-Term Debt Ratio	*55.0%*
						58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	*40.0%*	*42.0%*	Common Equity Ratio	*45.0%*
						812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	*1775*	*1785*	Total Capital ($mill)	*2085*
						1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	*2210*	*2360*	Net Plant ($mill)	*2810*
						9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	*5.5%*	*6.0%*	Return on Total Cap'l	*6.0%*
						11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	*12.5%*	*12.5%*	Return on Shr. Equity	*13.0%*
						11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	*12.5%*	*12.5%*	Return on Com Equity	*13.0%*
						1.0%	4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	3.2%	4.2%	*4.5%*	*5.5%*	Retained to Com Eq	*6.0%*
						91%	96%	75%	66%	71%	74%	64%	101%	72%	65%	*66%*	*60%*	All Div'ds to Net Prof	*55%*

CAPITAL STRUCTURE as of 3/31/02
Total Debt 1374.8 mill Due in 5 Yrs 198.5 mill
LT Debt $1014.9 mill LT Interest $75.0 mill
(Inc. $217.9 million in trust-preferred securities)
(Total interest coverage 2.6x)
Leases, Uncapitalized Annual rentals $19.4 mill
Pension Liability $6.4 mill in '01 vs. $7.3 mill in '00
Pfd Stock None

Common Stock 55,895,597 shs
MARKET CAP $1.3 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2000	2001	3/31/02
Cash Assets	2.0	2.8	15.3
Other	97.7	214.6	311.6
Current Assets	99.7	217.4	326.9
Accts Payable	34.0	82.4	153.8
Debt Due	161.2	348.4	359.9
Other	89.6	155.8	271.8
Current Liab.	284.8	586.6	785.5
Fix. Chg. Cov.	239%	241%	245%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '99-'01 to '05-'07
Revenues	-2.5%	-5.5%	15.0%
"Cash Flow"	3.5%	3.5%	7.5%
Earnings	2.0%	-1.0%	9.5%
Dividends	1.0%	0.5%	1.0%
Book Value	2.5%	2.5%	5.5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	160.1	131.8	133.2	607.4
2001	294.8	350.6	175.7	228.2	1049.3
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
2002	492.9	*315*	*350*	*417.1*	*1575*
2003	*530*	*355*	*390*	*475*	*1750*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec. 31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
1999	.28	.42	.12	.09	.91
2000	.30	.41	.26	.32	1.29
2001	.41	.83	.17	.09	1.50
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
2002	.89	*.20*	*.10*	*.46*	*1.65*
2003	*.90*	*.25*	*.15*	*.50*	*1.80*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27	.27	.27	.27	1.08
2002	.27	.27			

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.8 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail. Acquired Virginia Natural Gas, 10/00. Sold Utilipro, 3/01. Has about 1,938 employees. Officers/directors own less than 1.0% of outstanding common shares (12/01 Proxy). President & CEO: Paula Rospot. Incorporated: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet: www.aglresources.com.

AGL Resources is performing well thus far in 2002. Despite lower year-over-year gas demand, it earned $0.89 a share in the first quarter, versus $0.83 in the prior March period. In the company's distribution segment, its Virginia Natural Gas subsidiary experienced lower revenues and margin pressures due to mild weather. The declines were mostly offset, however, by cost-cutting measures, such as lower headcount. Too, call centers are being consolidated for greater efficiency. Meanwhile, AGL's Georgia distributor, Atlanta Gas Light, is benefiting from higher fees that it's charging to marketers for gas storage. Elsewhere, the company's holding in SouthStar, a nonregulated retail gas marketing venture, contributed $5.2 million to earnings in the first quarter, as its customer base grew 12%, to 60,000 customers, from March, 2001.

AGL has resolved its rate dispute with the Georgia Public Service Commission (GPSC). Effective May 1, 2002, the base rates for Atlanta Gas Light's customers will be reduced by $10 million annually for the next three years. In return, the utility can continue to earn a return on equity (ROE) of 11%. Also, it can only file for a rate increase in the next three years if its ROE falls below 10%, and it must forfeit 75% of all returns above 12% to gas customers. Finally, Atlanta Gas Light must file a rate case on May 1, 2005. The corporation indicated that the resolution will reduce share net by $0.02 in 2002. Our full-year estimate remains unchanged at $1.65 a share.

The company is expanding into the telecommunications business. It received approval from the GPSC in April to build networks in Atlanta. Its telecom operation is coming along more slowly than expected due to overall weakness in the sector, but AGL stated that the unit should still post a profit by yearend. It is not engaging in all aspects of the business, but rather it is leveraging AGL's existing gas pipeline systems to lay fiber-optic wiring along those networks.

These shares are a good selection for income-oriented investors. This issue has a healthy yield, while the company's developing businesses should help it achieve a higher return on equity.

Michael P. Maloney *June 21, 2002*

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002. (B) Diluted earnings per share. Next earnings report due late Jul. Excl. nonrecurring gains: '88, -$0.15; '95, d$0.83; '99, $0.39; '00, $0.13; '01, $0.13. (C) Next dividend meeting in early Aug. Goes ex mid-Aug. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available. (D) In millions, adjusted for stock split. (E) December stub period EPS of $0.45 included in P/E calculation.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	10
Earnings Predictability	60

AGL RESOURCES NYSE-ATG

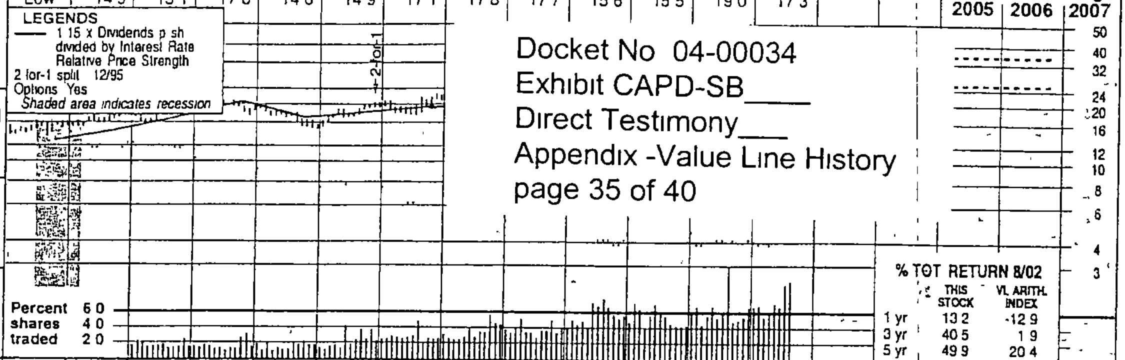
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
23.33	13.6	(Trailing 17.0 / Median 15.0)	0.83	4.6%	461

TIMELINESS 3 Raised 5/10/02
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 5/31/02
BETA .70 (1.00 = Market)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
High	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	23.2	24.5	24.3
Low	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.5	19.0	17.3

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
··· Relative Price Strength
2-for-1 split 12/95
Options: Yes
Shaded area indicates recession

Target Price Range 2005 | 2006 | 2007



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
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2005-07 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+50%)	14%
Low	25	(+5%)	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	0	0	0	0	0	1
Options	0	0	0	0	0	1	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2001	1Q2002	2Q2002
to Buy	62	67	65
to Sell	63	49	55
Hld's(000)	26413	27120	27647

Percent shares traded 6.0 / 4.0 / 2.0

% TOT. RETURN 8/02

	THIS STOCK	VL ARITH. INDEX
1 yr	13.2	-12.9
3 yr	40.5	1.9
5 yr	49.9	20.4

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC.	05-07
27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	*40.20*	*41.25*	Revenues per sh A	46.25
1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	*3.30*	*3.50*	"Cash Flow" per sh	3.95
.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	*1.70*	*1.80*	Earnings per sh A B	2.10
.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	1.08
3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	*3.05*	*3.00*	Cap'l Spending per sh	2.85
7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	*12.95*	*13.85*	Book Value per sh	17.15
36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	*56.00*	*57.00*	Common Shs Outst'g D	60.00
11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	*Bold figures are*		Avg Ann'l P/E Ratio	15.0
.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.77	*Value Line*		Relative P/E Ratio	1.00
7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	*estimates*		Avg Ann'l Div'd Yield	3.4%

CAPITAL STRUCTURE as of 6/30/02
Total Debt $1065.5 mill. Due in 5 Yrs $198.5 mill.
LT Debt $1017.5 mill. LT Interest $70.0 mill.
(Inc. $220.5 million in trust-preferred securities)
(Total interest coverage: 2.6x)
Leases, Uncapitalized Annual rentals $19.4 mill.
Pension Liability $6.4 mill. in '01 vs. $7.3 mill. in '00
Pfd Stock None

Common Stock 56,134,127 shs.
MARKET CAP: $1.3 billion (Mid Cap)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003		05-07
994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	1049.3	*2240*	*2350*	Revenues ($mill) A	2775
55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	82.3	*95.0*	*105*	Net Profit ($mill)	125
31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	36.0%	*34.0%*	*34.0%*	Income Tax Rate	34.0%
5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	*4.2%*	*4.4%*	Net Profit Margin	4.6%
40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	*60.0%*	*58.0%*	Long-Term Debt Ratio	55.0%
58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	*40.0%*	*42.0%*	Common Equity Ratio	45.0%
812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	*1815*	*1880*	Total Capital ($mill)	22805
1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	*2230*	*2400*	Net Plant ($mill)	2910
9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	*5.5%*	*6.0%*	Return on Total Cap'l	6.0%
11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	*13.0%*	*13.0%*	Return on Shr. Equity	12.5%
11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	*13.0%*	*13.0%*	Return on Com Equity	12.5%
1.0%	4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	3.2%	4.2%	*4.5%*	*5.5%*	Retained to Com Eq	6.0%
91%	96%	75%	66%	71%	74%	64%	101%	72%	65%	*65%*	*59%*	All Div'ds to Net Prof	51%

CURRENT POSITION ($MILL.)

	2000	2001	6/30/02
Cash Assets	2.0	2.8	4.3
Other	97.7	214.6	377.3
Current Assets	99.7	217.4	381.6
Accts Payable	34.0	82.4	50.7
Debt Due	161.2	348.4	48.0
Other	89.6	155.8	741.8
Current Liab.	284.8	586.6	840.5
Fix. Chg. Cov.	239%	241%	245%

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01 to '05-'07
Revenues	-2.5%	-5.5%	19.0%
"Cash Flow"	3.5%	3.5%	6.0%
Earnings	2.0%	-1.0%	9.5%
Dividends	1.0%	0.5%	Nil
Book Value	2.5%	2.5%	6.5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A				Full Fiscal Year
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	160.1	131.8	133.2	607.4
2001	294.8	350.6	175.7	228.2	1049.3
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
2002	492.9	570.1	*575*	*602*	*2240*
2003	*545*	*590*	*600*	*615*	*2350*

Fiscal Year Ends	EARNINGS PER SHARE A B				Full Fiscal Year
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	
1999	.28	.42	.12	.09	.91
2000	.30	.41	.26	.32	1.29
2001	.41	.83	.17	.09	1.50
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
2002	.89	.22	*.15*	*.44*	*1.70*
2003	*.90*	*.25*	*.15*	*.50*	*1.80*

Cal-endar	QUARTERLY DIVIDENDS PAID C■				Full Year
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27	.27	.27	.27	1.08
2002	.27	.27	.27		

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.8 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail. Acquired Virginia Natural Gas, 10/00. Sold Utilipro, 3/01. Has about 1,938 employees. Officers/directors own less than 1.0% of outstanding common shares (12/01 Proxy). President & CEO: Paula Rosput. Incorporated: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet: www.aglresources.com.

Cost efficiencies in AGL Resources' utilities are driving earnings results. The company reported a profit of $0.22 a share in the second quarter, a 29% advance from the year-earlier period. This comes despite a settlement for an annual base rate decrease of $10 million from AGL's Georgia public utility, AGLC, that became effective on May 1st. Too, AGLC has experienced a decline in customer accounts over the past year. Nonetheless, AGL managed to achieve year-over-year earnings growth from its gas distribution businesses through lower operation, maintenance, and depreciation expenses. The company has reduced headcount by 230 since last year, trimmed bad debt expense at its Tennessee and Virginia gas utility subsidiaries, and cut depreciation expense as a direct result of AGLC's new performance-based rate plan. Moreover, AGL Resources intends to take additional cost-cutting measures before yearend.

The nonregulated businesses are operating at a net loss. Performance at Sequent, the company's trading and risk management unit, declined, despite increased transactions flow, because of low price volatility, as well as higher operating expenses. Meanwhile, the telecommunications unit, AGL Networks, remains unprofitable. AGL's energy marketing joint venture with Dynegy and Piedmont, SouthStar, did turn a profit, however, as a result of lower wholesale natural gas costs relative to retail prices.

AGL is taking a "contrarian" approach to its nonutility activities. It began to build AGL Networks when the telecommunications industry fell on hard times and companies in bankruptcy were forced to sell assets. Now, it is enhancing the Sequent unit at a time when energy traders have come under duress. That's because AGL believes that these businesses hold considerable, untapped profit potential.

These shares remain a good selection for income investors. The company generates over 90% of earnings from utility operations, while its nonregulated businesses hold opportunity for higher profits. Also, AGL has expressed commitment to maintaining its dividend, and the stock retains excellent price stability.

Michael P. Maloney *September 20, 2002*

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002. (B) Diluted earnings per share. Next earnings report due late Oct. Excl. nonrecurring gains: '88, $0.15; '95, d$0.83; '99, $0.39; '00, $0.13; '01, $0.13. (C) Next dividend meeting in early Nov. Goes ex mid-Nov. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available. (D) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	20
Earnings Predictability	60

AGL RESOURCES NYSE-ATG

RECENT PRICE 24.30 | P/E RATIO 13.6 (Trailing 17.7 / Median 15.0) | RELATIVE P/E RATIO 0.86 | DIV'D YLD 4.4% | VALUE LINE 460

High	18.8	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	23.2	24.5	24.5
Low	14.9	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.5	19.0	17.3

TIMELINESS 3 Raised 5/10/02

SAFETY 2 New 7/27/90

TECHNICAL 2 Raised 11/15/02

BETA .75 (1.00 = Market)

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2-for-1 split 12/95
Options Yes
Shaded area indicates recession

2-for-1

Target Price Range 2005 | 2006 | 2007

80 60 50 40 32 24 16 12 10 8 6

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Exhibit CAPD-SB____
Direct Testimony___
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2005-07 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+45%)	13%
Low	25	(+5%)	5%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	1	0	1	0
Options	0	0	1	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q2002	2Q2002	3Q2002
to Buy	67	65	73
to Sell	49	55	59
Hld's(000)	27120	27647	28389

Percent shares traded 6 4 2

% TOT RETURN 11/02

	THIS STOCK	VL ARITH. INDEX
1 yr	18.0	7.8
3 yr	43.6	8.7
5 yr	51.3	24.2

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	© VALUE LINE PUB., INC	05-07
27.58	26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	*15.50*	*17.10*	Revenues per sh A E	*20.85*
1.52	1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	*3.30*	*3.55*	"Cash Flow" per sh	*3.95*
.83	1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	*1.75*	*1.85*	Earnings per sh A B	*2.10*
.70	.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	*1.08*	*1.08*	Div'ds Decl'd per sh C■	*1.08*
3.30	3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	*3.05*	*3.00*	Cap'l Spending per sh	*2.85*
7.59	7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	*12.85*	*13.95*	Book Value per sh	*17.50*
36.55	37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	*56.50*	*57.00*	Common Shs Outst'g D	*60.00*
11.8	11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	***Bold figures are Value Line estimates***		Avg Ann'l P/E Ratio	*15.0*
.80	.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.77			Relative P/E Ratio	*1.00*
7.1%	6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%			Avg Ann'l Div'd Yield	*3.4%*
						994.6	1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	1049.3	*875*	*975*	Revenues ($mill) A E	*1250*
						55.4	57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	82.3	*95.0*	*105*	Net Profit ($mill)	*130*
						31.6%	32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	36.0%	*34.0%*	*34.0%*	Income Tax Rate	*34.0%*
						5.6%	5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	*11.0%*	*10.9%*	Net Profit Margin	*10.3%*
						40.2%	40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	*60.0%*	*58.0%*	Long-Term Debt Ratio	*55.0%*
						58.1%	53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	*40.0%*	*42.0%*	Common Equity Ratio	*45.0%*
						812.7	925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	*1815*	*1885*	Total Capital ($mill)	*2300*
						1217.9	1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	*2230*	*2400*	Net Plant ($mill)	*2910*
						9.4%	8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	*5.5%*	*6.0%*	Return on Total Cap'l	*6.0%*
						11.4%	10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	*13.0%*	*13.5%*	Return on Shr Equity	*12.0%*
						11.5%	10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	*13.0%*	*13.5%*	Return on Com Equity	*12.0%*
						1.0%	4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	3.2%	4.2%	*5.0%*	*5.5%*	Retained to Com Eq	*6.0%*
						91%	96%	75%	66%	71%	74%	64%	101%	72%	65%	*63%*	*58%*	All Div'ds to Net Prof	*51%*

CAPITAL STRUCTURE as of 9/30/02
Total Debt $1390.7 mill Due in 5 Yrs $368.2 mill
LT Debt $1022.5 mill LT Interest $70.0 mill
(inc. $225.5 million in trust-preferred securities)
(Total interest coverage: 2.6x)
Leases, Uncapitalized Annual rentals $19.4 mill
Pension Liability $6.4 mill in '01 vs. $7.3 mill in '00
Pfd Stock None

Common Stock 56,313,165 shs
MARKET CAP: $1.4 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2000	2001	9/30/02
Cash Assets	2.0	2.8	6.1
Other	97.7	214.6	344.8
Current Assets	99.7	217.4	350.9
Accts Payable	34.0	82.4	36.5
Debt Due	161.2	348.4	368.2
Other	89.6	155.8	342.7
Current Liab.	284.8	586.6	747.4
Fix. Chg. Cov.	239%	241%	245%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01 to '05-'07
Revenues	-2.5%	-5.5%	4.0%
"Cash Flow"	3.5%	3.5%	6.0%
Earnings	2.0%	-1.0%	9.5%
Dividends	1.0%	0.5%	Nil
Book Value	2.5%	2.5%	7.0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
1999	323.9	375.1	185.9	183.7	1068.6
2000	182.3	160.1	131.8	133.2	607.4
2001	294.8	350.6	175.7	228.2	1049.3
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	173.4	255.1	190.7E	*255.8*	*875*
2003	*195*	*280*	*215*	*285*	*975*

Fiscal Year Ends	EARNINGS PER SHARE A B				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
1999	.28	.42	.12	.09	.91
2000	.30	.41	.26	.32	1.29
2001	.41	.83	.17	.09	1.50
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.89	.22	.17	*.47*	*1.75*
2003	*.90*	*.25*	*.20*	*.50*	*1.85*

Cal-endar	QUARTERLY DIVIDENDS PAID C■				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
1998	.27	.27	.27	.27	1.08
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27	.27	.27	.27	1.08
2002	.27	.27	.27	.27	

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.8 million customers in Georgia, primarily Atlanta, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail. Acquired Virginia Natural Gas, 10/00. Sold Utilipro, 3/01. Has about 1,938 employees. Officers/directors own less than 1.0% of outstanding common shares (12/01 Proxy). President & CEO: Paula Rospot. Incorporated: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet: www.aglresources.com.

AGL Resources' core utilities are producing good results. Earnings before interest and taxes (EBIT) from the company's distribution operations during the most recent quarter rose by $3.3 million, to $45 million, versus a year ago. The segment benefited from lower corporate overhead costs, as well as reduced bad debt expense at the Chattanooga Gas subsidiary. Higher revenues and lower depreciation expense at Atlanta Gas Light provided an additional boost to earnings. These factors should continue to support earnings growth in AGL's Distribution segment during the quarter now ending into 2003. We also look for a positive contribution from the Virginia Natural Gas subsidiary. It recently became the first gas distributor in Virginia to obtain regulatory approval for implementation of weather normalization adjustment clauses.

The Wholesale Services division is also doing well. Sequent Energy Management, AGL's asset optimization and energy trading and marketing company, posted EBIT of $1.3 million during the most recent quarterly financial period, compared to a $5.5 million loss a year earlier. The unit experienced higher revenues and improved operating margin due to two hurricanes, along with a stretch a warmer-than-normal weather in the Northeast. Going forward, profitability will likely expand, as counterparties look toward the narrowing band of creditworthy traders, such as Sequent, in the merchant energy sector.

AGL's Energy Investments group is climbing closer to breakeven. It reported an EBIT loss of $3.2 million in the third quarter, versus a $10.1 million deficit in the September, 2001 period. SouthStar Energy, a joint venture that markets natural gas in the southeastern U.S., has shown little improvement on a recurring basis and continues to operate in the red, but AGL's propane and telecommunications subdivisions recorded $1.2 million and $1.0 million EBIT advances, respectively.

This good-quality issue is a reliable choice for income investors. AGL generates about 90% of earnings from utility operations, and it is committed to maintaining its current dividend.

Michael P. Maloney December 20, 2002

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002. (B) Diluted earnings per share. Next earnings report due late Jan. Excl. nonrecurring gains (losses): '88, $0.15; '95, d$0.83; '99, $0.39; '00, $0.13; '01, $0.13. (C) Next dividend meeting in early Feb. Goes ex mid-Feb. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available. (D) In millions, adjusted for stock split. (E) Reflects chg. in revenue recognition for energy trading beginning in 3Q'02.

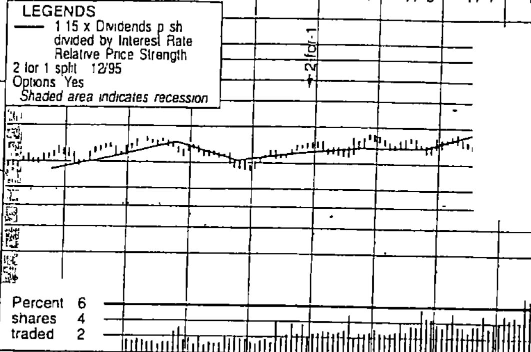
Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	15
Earnings Predictability	60

AGL RESOURCES NYSE-ATG

RECENT PRICE	22.27	P/E RATIO	11.7 (Trailing 12.2, Median 15.0)	RELATIVE P/E RATIO	0.85	DIV'D YLD	4.8%	VALUE LINE	460

TIMELINESS 3 Raised 5/10/02
SAFETY 2 New 7/27/90
TECHNICAL 2 Raised 3/7/03
BETA .75 (1.00 = Market)

High	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	23.2	24.5	25.0	25.4
Low	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.5	19.0	17.3	21.9



Target Price Range 2006 | 2007 | 2008: 80, 60, 50, 40, 32, 24, 16, 12, 10, 8, 6

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Direct Testimony___
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2006-08 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+55%)	16%
Low	25	(+10%)	8%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	1	0	1	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q2002	3Q2002	4Q2002
to Buy	65	73	98
to Sell	55	59	45
Hld's(000)	27647	28389	28832

% TOT. RETURN 2/03	THIS STOCK	VL ARITH. INDEX
1 yr	4.4	-19.4
3 yr	42.5	2.6
5 yr	34.1	2.2

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	© VALUE LINE PUB., INC.	06-08
26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.40	15.50	16.65	Revenues per sh A	20.00
1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.40	3.25	3.55	"Cash Flow" per sh	3.90
1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	1.85	1.95	Earnings per sh A B	2.10
.80	.98	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08	Div'ds Decl'd per sh C■	1.08
3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.00	2.70	2.70	Cap'l Spending per sh	2.60
7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	13.00	12.65	13.90	Book Value per sh	17.60
37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.50	63.00	63.00	Common Shs Outst'g D	65.00
11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	12.5	Bold figures are		Avg Ann'l P/E Ratio	15.0
.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.75	.66	Value Line		Relative P/E Ratio	1.00
6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	estimates		Avg Ann'l Div'd Yield	3.4%

CAPITAL STRUCTURE as of 9/30/02
Total Debt $1390.7 mill. Due in 5 Yrs $368.2 mill.
LT Debt $1022.5 mill. LT Interest $70.0 mill.
(Inc. $225.5 million in trust preferred securities)
(Total interest coverage: 2.6x)
Leases, Uncapitalized Annual rentals $19.4 mill.
Pension Liability $6.4 mill. in '01 vs. $7.3 mill. in '00
Pfd Stock None
Common Stock 56,313,165 shs.
MARKET CAP: $1.3 billion (Mid Cap)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		06-08
1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	1049.3	868.9	975	1050	Revenues ($mill) A	1300
57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	82.3	102.9	110	125	Net Profit ($mill)	135
32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	40.7%	36.0%	36.0%	36.0%	Income Tax Rate	36.0%
5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	11.8%	11.4%	11.7%	Net Profit Margin	10.5%
40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	60.0%	58.0%	55.0%	Long-Term Debt Ratio	54.0%
53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	40.0%	42.0%	45.0%	Common Equity Ratio	46.0%
925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	1825	1890	1965	Total Capital ($mill)	2485
1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	2230	2400	2600	Net Plant ($mill)	2900
8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	6.0%	6.0%	6.5%	Return on Total Cap'l	5.5%
10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	14.0%	14.0%	14.0%	Return on Shr. Equity	12.0%
10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	14.0%	14.0%	14.0%	Return on Com Equity	12.0%
4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	3.2%	4.2%	5.5%	5.5%	6.5%	Retained to Com Eq	6.0%
96%	75%	66%	71%	74%	64%	101%	72%	65%	59%	61%	55%	All Div'ds to Net Prof	51%

CURRENT POSITION ($MILL.)	2000	2001	9/30/02
Cash Assets	2.0	2.8	6.1
Other	97.7	214.6	344.8
Current Assets	99.7	217.4	350.9
Accts Payable	34.0	82.4	36.5
Debt Due	161.2	348.4	368.2
Other	89.6	155.8	342.7
Current Liab.	284.8	586.6	747.4
Fix. Chg. Cov.	239%	241%	245%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '99-'01 to '06-'08
Revenues	-2.5%	-5.5%	3.0%
"Cash Flow"	3.5%	3.5%	4.5%
Earnings	2.0%	-1.0%	8.0%
Dividends	1.0%	0.5%	Nil
Book Value	2.5%	2.5%	6.0%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A				Full Fiscal Year
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	
2000	182.3	160.1	131.8	133.2	607.4
2001	294.8	350.6	175.7	228.2	1049.3
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
2002	173.4	255.1	190.7	249.7	868.9
2003	195	280	215	285	975
2004	220	305	230	295	1050

Fiscal Year Ends	EARNINGS PER SHARE A B				Full Fiscal Year
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	
2000	.30	.41	.26	.32	1.29
2001	.41	.83	.17	.09	1.50
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
2002	.89	.21	.17	.55	1.82
2003	.90	.25	.20	.50	1.85
2004	.90	.30	.20	.55	1.95

Cal-endar	QUARTERLY DIVIDENDS PAID C■				Full Year
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27	.27	.27	.27	1.08
2002	.27	.27	.27	.27	1.08
2003	.27				

BUSINESS: AGL Resources, Inc. is a holding company. Its principal subsidiary is Atlanta Gas Light Co., a regulated distributor of natural gas to more than 1.8 million customers in Georgia, primarily Atlanta, Virginia, and in southern Tennessee. Also engaged in non-regulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail. Acquired Virginia Natural Gas, 10/00. Sold Utilipro, 3/01. Has about 1,938 employees. Officers/directors own less than 1.0% of outstanding common shares (1/02 Proxy). President & CEO: Paula Rosput. Inc.: Georgia. Address: 303 Peachtree St., N.E., Atlanta, GA 30308. Telephone: 404-584-9470. Internet: www.aglresources.com.

We look for modest earnings growth from AGL Resources this year. The company is coming off a strong performance in 2002, as it earned $1.82 a share, compared to $1.50 a share in 2001. *(Note: AGL changed its fiscal year to a calendar-year basis in 2002.)* Its core utility businesses in Georgia, Tennessee, and Virginia fueled the advance. Earnings were lifted by reduced payroll and benefit expenses, decreases in bad debt, and lower depreciation. Also, operating margins improved due to AGL's successful pipeline replacement program at the Georgia utility, a beneficial weather normalization program at the Virginia distributor, as well as customer growth at the Virginia and Tennessee utilities.

The company's nonutility businesses should provide a larger contribution to earnings in 2003. These operations generated about 13% of AGL's earnings before interest and taxes last year. Its energy trading unit, Sequent, has capitalized on significant weather- and supply-related price volatility. Meantime, the company is in the process of expanding its interest in SouthStar, a natural gas marketer in the southeastern U.S. It has agreed to buy Dynergy's 20% stake in the entity for around $20 million. The deal, pending Georgia regulatory approval, would increase AGL's ownership to about 70%.

AGL Resources recently launched an equity offering. In February, the company completed the sale of 6.44 million shares of common stock at a price of $22 per share. It raised net proceeds of approximately $137 million, which will be used to repay short-term debt and for general corporate purposes. The issuance also assists the company's efforts to reduce financial leverage.

This issue is a good-quality income stock. It offers an adequate dividend yield and has provided a high level of share-price stability over the past decade. Most of the company's profits continue to be derived from utility operations, which are less volatile than nonutility activity earnings. Still, it is worth mentioning that AGL's nonregulated enterprises, though small, are boosting earnings at a time when many energy traders and marketers are recording lower profits or losses.

Michael P. Maloney *March 21, 2003*

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002. (B) Diluted earnings per share. Next earnings report due late Apr. Excl. nonrecurring gains (losses): '88, $0.15; '95, d$0.83; '99, $0.39; '00, $0.13; '01, $0.13. (C) Next dividend meeting in early May. Goes ex mid-May. Approx. div'd payment dates: March 1, June 1, Sept. 1, Dec. 1. ■ Div'd reinvest. plan available. (D) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	20
Earnings Predictability	65

AGL RESOURCES NYSE-ATG

RECENT PRICE	26.16	P/E RATIO	13.8 (Trailing 13.7 / Median 14.0)	RELATIVE P/E RATIO	0.82	DIV'D YLD	4.3%	VALUE LINE	459

TIMELINESS 3 Raised 5/10/02

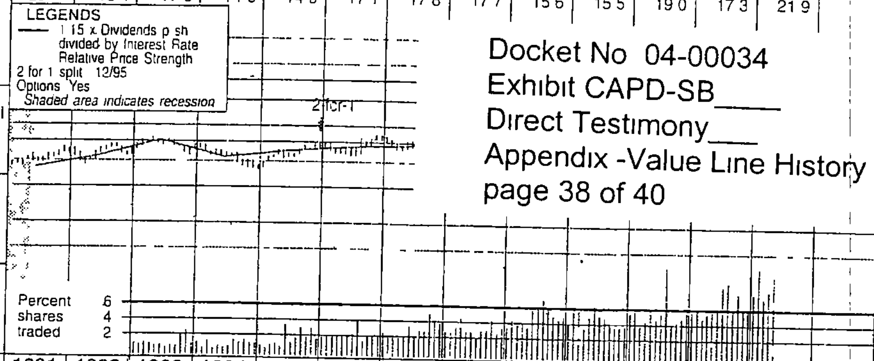
SAFETY 2 New 7/27/90

TECHNICAL 3 Lowered 4/4/03

BETA .75 (1.00 = Market)

High	19.5	21.3	19.4	20.0	22.0	21.6	23.4	23.4	23.2	24.5	25.0	27.0
Low	15.1	17.0	14.6	14.9	17.1	17.8	17.7	15.6	15.5	19.0	17.3	21.9

Target Price Range 2006 | 2007 | 2008



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2006-08 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+35%)	11%
Low	25	(-5%)	3%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	1	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	1	0

Institutional Decisions

	3Q2002	4Q2002	1Q2003
to Buy	73	98	103
to Sell	59	45	50
Hld's(000)	28389	28832	34881

% TOT RETURN 5/03

	THIS STOCK	VL ARITH. INDEX
1 yr	19.6	4.1
3 yr	71.7	12.0
5 yr	60.3	23.8

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	© VALUE LINE PUB., INC	06-08
26.24	22.97	21.63	22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.32	*17.70*	*18.50*	Revenues per sh A	*20.40*
1.84	1.90	1.93	2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.39	*3.35*	*3.60*	"Cash Flow" per sh	*3.95*
1.02	1.13	.95	1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	*1.90*	*2.00*	Earnings per sh A B	*2.15*
.80	.88	.94	.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.06	1.08	1.08	*1.11*	*1.12*	Div'ds Decl'd per sh C■	*1.12*
3.59	2.86	2.65	2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.30	*2.70*	*2.70*	Cap'l Spending per sh	*2.60*
7.89	8.72	8.83	8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	12.52	*14.55*	*15.80*	Book Value per sh	*19.55*
37.48	42.47	43.40	44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.70	*63.50*	*63.50*	Common Shs Outst'g D	*65.00*
11.5	11.1	13.7	14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	12.5	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.77	.92	1.04	1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.75	.68	*Value Line*		Relative P/E Ratio	*1.00*
6.8%	7.1%	7.2%	6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	*estimates*		Avg Ann'l Div'd Yield	*3.7%*

CAPITAL STRUCTURE as of 3/31/03
Total Debt $1159.7 mill Due in 5 Yrs $504.1 mill
LT Debt $992.9 mill LT Interest $65.0 mill
(inc $227.3 million in trust-preferred securities)
(Total interest coverage 2.9x)
Leases, Uncapitalized Annual rentals $29.1 mill
Pension Assets-12/02 $207.8 mill Oblig $290 mill
Pfd Stock None

Common Stock 63,342,854 shs
MARKET CAP $1.7 billion (Mid Cap)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		06-08
1130.3	1199.9	1063.0	1220.2	1287.6	1338.6	1068.6	607.4	1049.3	868.9	*1125*	*1175*	Revenues ($mill) A	*1325*
57.5	63.2	74.3	75.6	76.6	80.6	52.1	71.1	82.3	103.0	*120*	*130*	Net Profit ($mill)	*140*
32.9%	35.2%	36.9%	38.6%	37.9%	32.5%	33.1%	34.3%	40.7%	36.0%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
5.1%	5.3%	7.0%	6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	11.9%	*10.5%*	*10.9%*	Net Profit Margin	*10.7%*
40.5%	49.0%	47.4%	46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	58.3%	*53.0%*	*51.0%*	Long-Term Debt Ratio	*50.0%*
53.1%	45.8%	47.6%	48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	41.7%	*47.0%*	*49.0%*	Common Equity Ratio	*50.0%*
925.7	1131.5	1170.3	1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	1704.3	*1965*	*2045*	Total Capital ($mill)	*2560*
1281.3	1297.4	1350.3	1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	2194.2	*2400*	*2600*	Net Plant ($mill)	*2900*
8.6%	7.5%	8.2%	8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	8.1%	*6.0%*	*6.5%*	Return on Total Cap'l	*5.5%*
10.4%	11.0%	12.1%	11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	14.5%	*12.5%*	*12.5%*	Return on Shr Equity	*11.0%*
10.8%	11.3%	12.5%	12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	14.5%	*14.5%*	*12.5%*	Return on Com Equity	*11.0%*
4%	3.0%	4.6%	3.8%	3.2%	4.4%	NMF	3.2%	4.2%	7.0%	*5.0%*	*5.5%*	Retained to Com Eq	*5.5%*
96%	75%	66%	71%	74%	64%	101%	72%	65%	52%	*58%*	*56%*	All Div'ds to Net Prof	*52%*

CURRENT POSITION ($MILL.)	2001	2002	3/31/03
Cash Assets	2.8	8.4	23.0
Other	214.6	578.0	697.5
Current Assets	217.4	586.4	720.5
Accts Payable	82.4	91.1	575.9
Debt Due	348.4	418.6	166.8
Other	155.8	506.1	257.1
Current Liab	586.6	1015.8	999.8
Fix Chg Cov	241%	242%	*245%*

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '00-'02 to '06-'08
Revenues	-3.0%	-6.5%	*3.0%*
"Cash Flow"	4.0%	5.5%	*4.5%*
Earnings	4.0%	2.5%	*8.0%*
Dividends	0.5%	0.5%	*Nil*
Book Value	2.5%	2.5%	*6.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
2000	182.3	160.1	131.8	133.2	607.4
2001	294.8	350.6	175.7	228.2	1049.3
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	269.3	159.2	190.7	249.7	868.9
2003	351.4	*290*	*215*	*268.6*	*1125*
2004	*330*	*320*	*230*	*295*	*1175*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
2000	.30	.41	.26	.32	1.29
2001	.41	.83	.17	.09	1.50
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	.89	.21	.17	.55	1.82
2003	.98	*.25*	*.20*	*.47*	*1.90*
2004	*.95*	*.30*	*.20*	*.55*	*2.00*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
1999	.27	.27	.27	.27	1.08
2000	.27	.27	.27	.27	1.08
2001	.27	.27	.27	.27	1.08
2002	.27	.27	.27	.27	1.08
2003	.27	.28			

BUSINESS AGL Resources, Inc is a public utility holding company Its distribution subsidiaries is Atlanta Gas Light, Chattanooga Gas, and Virginia Natural Gas The utilities have around 2 million customers in Georgia, primarily Atlanta, Virginia, and in southern Tennessee Also engaged in nonregulated natural gas marketing and other, allied services Also wholesales and retails propane Nonregulated subsidiaries. Georgia Natural Gas Services markets natural gas at retail Acquired Virginia Natural Gas, 10/00 Sold Utilipro, 3/01 Officers/directors own 1.5% of outstanding common shares (3/03 Proxy) President & CEO Paula Rospot Incorporated Georgia Address 303 Peachtree St, N E, Atlanta, GA 30308 Telephone 404 584-9470 Internet www aglresources com

Strong first-quarter operating results have put AGL Resources well on track for moderate earnings growth in 2003. Share net was $0.98 during the March interval, or 10% ahead of the respectable $0.89 a share the company earned a year earlier In general, AGL's gas distribution operations benefited from colder temperatures this past winter, which increased demand for natural gas for heating purposes AGL's Virginia subsidiary, Virginia Natural Gas, was the primary driver for the earnings advance in the utility segment The subsidiary enjoyed higher margins largely due to a weather normalization adjustment clause that went into effect last December Meanwhile, AGL's Wholesale Services unit provided a boost to profits, lifted by an increase in gas price volatility onset by colder temperatures and reduced storage levels

We have tweaked upward our annual share-net estimates for AGL Resources, based on performance in the March period We now look for the company to earn $1.90 a share and $2.00 a share for full-year 2003 and 2004, respectively AGL continues to make improvements in its distribution businesses, and is making some headway with its nonutility activities

The company is making use of an increase in cash flow. Cash inflow rose significantly in the first quarter, following strong net profits and an equity issuance of 6.44 million common shares in February Consequently, AGL utilized a portion of the cash to pay down debt and increase the dividend In the March period, total debt fell $253.1 million, which helps to improve the balance sheet and trim interest expense Meanwhile, the company announced in April a $0.01-a-share rise in the quarterly dividend to $0.28

This issue is a good-quality income stock It offers an adequate dividend yield and has provided a high level of share-price stability over the past decade The company continues to derive more than 90% of profits from its utilities, which are less volatile than nonutility earnings Investors should note that the share price is up about 19% since our March report We believe that further share-price gains are quite limited

Michael P Maloney *June 20, 2003*

(A) Fiscal year ends December 31st Ended September 30th prior to 2002 (B) Diluted earnings per share Next earnings report due late Jul Excl nonrecurring gains (losses) '88, $0.15, '95, d$0.83, '99, $0.39, '00, $0.13, '01 $0.13 (C) Next dividend meeting in early Aug Goes ex mid-Aug Approx div'd payment dates March 1, June 1, Sept 1, Dec 1 ■ Div'd reinvest plan available (D) In millions, adjusted for stock split

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	20
Earnings Predictability	65

AGL RESOURCES NYSE-ATG

RECENT PRICE 28.08 | P/E RATIO 14.3 (Trailing 14 1, Median 14 0) | RELATIVE P/E RATIO 0.81 | DIV'D YLD 4.0% | VALUE LINE 459

TIMELINESS	3	Raised 5/10/02
SAFETY	2	New 7/27/90
TECHNICAL	3	Lowered 4/4/03

BETA 75 (1 00 = Market)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
High	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4	23 2	24 5	25 0	28 5
Low	15 1	17 0	14 6	14 9	17 1	17 8	17 7	15 6	15 5	19 0	17 3	21 9

Target Price Range 2006 | 2007 | 2008

LEGENDS
— 1 15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2 for 1 split 12/95
Options Yes
Shaded areas indicate recession

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Direct Testimony___
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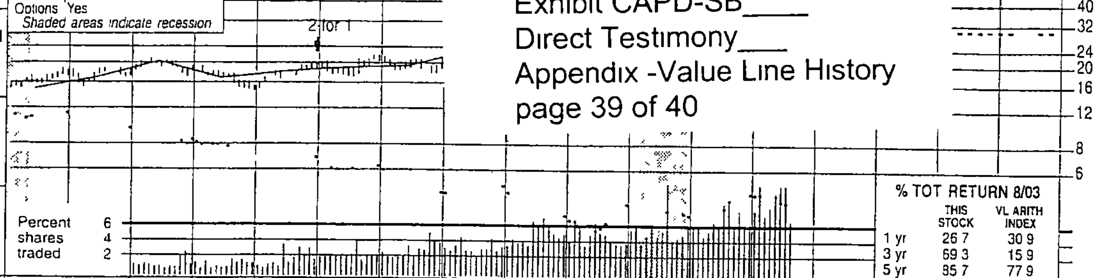


2006 08 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+40%)	12%
Low	30	(+5%)	6%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	2	0
to Sell	0	0	0	0	1	0	0	0	0

Institutional Decisions

	4Q2002	1Q2003	2Q2003
to Buy	98	103	95
to Sell	45	50	77
Hld's(000)	28832	34881	35689

Percent shares traded 6 4 2

% TOT RETURN 8/03

	THIS STOCK	VL ARITH INDEX
1 yr	26 7	30 9
3 yr	69 3	15 9
5 yr	85 7	77 9

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	© VALUE LINE PUB , INC	06 08
26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	18 71	11 25	19 04	15 32	*15 35*	*16 15*	Revenues per sh A	*18 45*
1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	2 65	2 29	2 86	3 31	3 39	*3 45*	*3 70*	"Cash Flow" per sh	*4 05*
1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	91	1 29	1 50	1 82	*2 00*	*2 10*	Earnings per sh A B	*2 25*
80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	1 08	1 08	1 08	1 08	*1 11*	*1 12*	Div'ds Decl'd per sh C■	*1 12*
3 59	2 86	2 65	2 73	2 95	2 74	2 49	2 37	2 17	2 37	2 59	2 05	2 51	2 92	2 83	3 30	*2 70*	*2 70*	Cap'l Spending per sh	*2 60*
7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	11 59	11 50	12 19	12 52	*14 55*	*15 90*	Book Value per sh	*19 50*
37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	57 10	54 00	55 10	56 70	*63 50*	*63 50*	Common Shs Outst'g D	*65 00*
11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	21 4	13 6	14 6	12 5	*Bold figures are*		Avg Ann'l P/E Ratio	*15 0*
77	92	1 04	1 05	98	94	1 06	99	84	86	85	72	1 22	88	75	68	*Value Line*		Relative P/E Ratio	*1 00*
6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	5 5%	6 2%	4 9%	4 7%	*estimates*		Avg Ann'l Div'd Yield	*3 3%*

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		06 08
1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	1068 6	607 4	1049 3	868 9	*975*	*1025*	Revenues ($mill) A	*1200*
57 5	63 2	74 3	75 6	76 6	80 6	52 1	71 1	82 3	103 0	*125*	*135*	Net Profit ($mill)	*150*
32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	33 1%	34 3%	40 7%	36 0%	*36 0%*	*36 0%*	Income Tax Rate	*36 0%*
5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	4 9%	11 7%	7 8%	11 9%	*12 6%*	*13 0%*	Net Profit Margin	*12 3%*
40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	45 3%	45 9%	61 3%	58 3%	*50 0%*	*48 0%*	Long Term Debt Ratio	*48 0%*
53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	49 2%	48 3%	38 7%	41 7%	*50 0%*	*52 0%*	Common Equity Ratio	*52 0%*
925 7	1131 5	1170 3	1201 3	1356 4	1388 4	1345 8	1286 2	1736 3	1704 3	*1850*	*1935*	Total Capital ($mill)	*2440*
1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	1598 9	1637 5	2058 9	2194 2	*2400*	*2600*	Net Plant ($mill)	*2900*
8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	5 7%	7 4%	6 5%	8 1%	*7 0%*	*7 0%*	Return on Total Cap'l	*6 0%*
10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	7 1%	10 2%	12 3%	14 5%	*13 5%*	*13 0%*	Return on Shr Equity	*11 5%*
10 8%	11 3%	12 5%	12 1%	11 3%	12 3%	7 9%	11 5%	12 3%	14 5%	*13 5%*	*13 0%*	Return on Com Equity	*11 5%*
4%	3 0%	4 6%	3 8%	3 2%	4 4%	NMF	3 2%	4 2%	7 0%	*5 5%*	*6 0%*	Retained to Com Eq	*6 0%*
96%	75%	66%	71%	74%	64%	101%	72%	65%	52%	*58%*	*53%*	All Div'ds to Net Prof	*49%*

CAPITAL STRUCTURE as of 6/30/03
Total Debt 1167 9 mill Due in 5 Yrs 504 1 mill
LT Debt $925 1 mill LT Interest $60 0 mill
(Inc $228 3 million in trust preferred securities)
(Total interest coverage 2 9x)
Leases, Uncapitalized Annual rentals $29 1 mill
Pension Assets 12/02 $207 8 mill Oblig $290 mill
Pfd Stock None

Common Stock 63 731 156 shs
MARKET CAP $1 8 billion (Mid Cap)

CURRENT POSITION ($MILL)	2001	2002	6/30/03
Cash Assets	2 8	8 4	3 3
Other	214 6	578 0	513 4
Current Assets	217 4	586 4	516 7
Accts Payable	82 4	91 1	387 1
Debt Due	348 4	418 6	242 8
Other	155 8	506 1	262 6
Current Liab	586 6	1015 8	892 5
Fix Chg Cov	241%	242%	245%

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd '00-'02 to '06-'08
Revenues	3 0%	6 5%	*3 0%*
"Cash Flow"	4 0%	5 5%	*4 5%*
Earnings	4 0%	2 5%	*8 0%*
Dividends	0 5%	0 5%	*Nil*
Book Value	2 5%	2 5%	*6 0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A				Full Fiscal Year
	Dec 31	Mar 31	Jun 30	Sep 30	
2000	182 3	160 1	131 8	133 2	607 4
2001	294 8	350 6	175 7	228 2	1049 3
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	269 3	159 2	190 7	249 7	868 9
2003	351 4	186 6	*165*	*272*	*975*
2004	*330*	*220*	*180*	*295*	*1025*

Fiscal Year Ends	EARNINGS PER SHARE A B				Full Fiscal Year
	Dec 31	Mar 31	Jun 30	Sep 30	
2000	30	41	26	32	1 29
2001	41	83	17	09	1 50
	Mar 31	Jun 30	Sep 30	Dec 31	
2002	89	21	17	55	1 82
2003	98	29	*25*	*48*	*2 00*
2004	*95*	*35*	*25*	*55*	*2 10*

Cal-endar	QUARTERLY DIVIDENDS PAID C■				Full Year
	Mar 31	Jun 30	Sep 30	Dec 31	
1999	27	27	27	27	1 08
2000	27	27	27	27	1 08
2001	27	27	27	27	1 08
2002	27	27	27	27	1 08
2003	27	28	28		

BUSINESS AGL Resources, Inc is a public utility holding company Its distribution subsidiaries is Atlanta Gas Light Chattanooga Gas and Virginia Natural Gas The utilities have around 2 million customers in Georgia primarily Atlanta Virginia and in southern Tennessee Also engaged in nonregulated natural gas marketing and other allied services Also wholesales and retails propane Nonregulated subsidiaries Georgia Natural Gas Services markets natural gas at retail Acquired Virginia Natural Gas 10/00 Sold Utilipro 3/01 Officers/directors own 1 5% of outstanding common shares (3/03 Proxy) President & CEO Paula Rospol Incorporated Georgia Address 303 Peachtree St N E Atlanta GA 30308 Telephone 404 584 9470 Internet www aglresources com

AGL Resources' share price is reaching new highs, on a split-adjusted basis Too, the recent price of $28 marked a 7% advance from our previous report in June The share-price advance has been driven by sound company fundamentals On top of dividend tax cuts and the low interest-rate environment, which make income stocks more attractive, AGL raised the quarterly dividend by a penny in the second quarter Meanwhile, earnings have been strong, as share net of $0 29 last quarter was ahead of our expectations and 38% ahead of the year-ago figure

We are raising both our share-net estimates for this year and next by a dime We now look for EPS to be $2 00 and $2 10 in 2003 and 2004, respectively The changes come on the heels of better-than-anticipated performance in the June quarter, particularly from nonregulated activities AGL managed to generate EBIT of $6 6 million from the Energy Investments unit, and EBIT of $0 3 million from the Wholesale Services division, compared to multimillion dollar losses in both units a year ago These positive trends should continue as a result of higher margins and greater physical volume Improvements from utility operations are likely to be less profound in the near term, however, as customer growth is offset somewhat by increased bad debt expense

AGL Resources has refinanced some of its existing debt, in order to take advantage of low interest rates It recently issued $225 million of senior notes at 4 45%, compared to the average rate on the company's debt of 7 2% Net proceeds of the offering were used to pay down approximately $110 million in short-term obligations and $65 million in higher-coupon long-term debt The remainder will be used for general corporate purposes Also, the company completed a $100 million fixed-to-floating interest-rate swap, which brings AGL near to its targeted debt mix of 70% fixed- and 30% floating-rate debt

This issue is a good-quality income stock It offers an adequate dividend yield and has provided share-price stability over the past decade Investors should note that the run-up in price this year, however, makes the stock vulnerable in the event of any operational disappointments

Michael P Maloney *September 19, 2003*

(A) Fiscal year ends December 31st Ended September 30th prior to 2002 (B) Diluted earnings per share Next earnings report due late Oct Excl nonrecurring gains (losses) 88 $0 15 95, d$0 83, 99, $0 39 00 $0 13 01 $0 13 (C) Dividends historically paid early March June Sept and Dec ■ Div'd reinvest plan available (D) In millions adjusted for stock split

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	30
Earnings Predictability	65

AGL RESOURCES NYSE-ATG

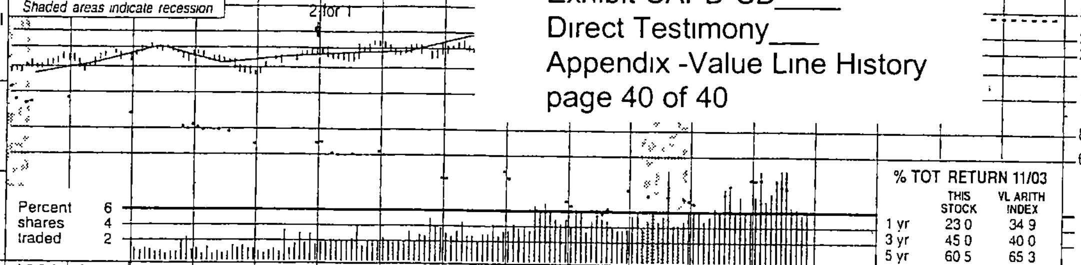
RECENT PRICE	28.80	P/E RATIO	14.2 (Trailing 13 8 / Median 14 0)	RELATIVE P/E RATIO	0.77	DIV'D YLD	3.9%	VALUE LINE	459

TIMELINESS 4 Lowered 12/19/03
SAFETY 2 New 7/27/90
TECHNICAL 3 Lowered 4/4/03
BETA 75 (1 00 = Market)

High	19 5	21 3	19 4	20 0	22 0	21 6	23 4	23 4	23 2	24 5	25 0	29 0
Low	15 1	17 0	14 6	14 9	17 1	17 8	17 7	15 6	15 5	19 0	17 3	21 9

Target Price Range 2006 | 2007 | 2008

LEGENDS
— 1 15 x Dividends p sh divided by Interest Rate
Relative Price Strength
2 for 1 split 12/95
Options Yes
Shaded areas indicate recession



Docket No 04-00034
Exhibit CAPD-SB____
Direct Testimony___
Appendix -Value Line History
page 40 of 40

2006 08 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+40%)	11%
Low	30	(+5%)	5%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	2	0	0	0	1
to Sell	0	1	0	0	0	0	0	0	0

Institutional Decisions

	1Q2003	2Q2003	3Q2003
to Buy	103	95	72
to Sell	50	77	97
Hld's(000)	34881	35689	34745

Percent shares traded 6 4 2

% TOT RETURN 11/03

	THIS STOCK	VL ARITH INDEX
1 yr	23 0	34 9
3 yr	45 0	40 0
5 yr	60 5	65 3

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	© VALUE LINE PUB , INC	06-08
26 24	22 97	21 63	22 58	20 26	20 43	22 73	23 59	19 32	21 91	22 75	23 36	18 71	11 25	19 04	15 32	*15 10*	*15 90*	Revenues per sh A	*18 45*
1 84	1 90	1 93	2 04	2 07	2 31	2 25	2 24	2 33	2 49	2 42	2 65	2 29	2 86	3 31	3 39	*3 45*	*3 65*	"Cash Flow" per sh	*4 05*
1 02	1 13	95	1 01	1 04	1 13	1 08	1 17	1 33	1 37	1 37	1 41	91	1 29	1 50	1 82	*2 00*	*2 10*	Earnings per sh A B	*2 25*
80	88	94	98	1 02	1 03	1 04	1 04	1 04	1 06	1 08	1 08	1 08	1 08	1 08	1 08	*1 11*	*1 12*	Div'ds Decl'd per sh C■	*1 12*
3 59	2 86	2 65	2 73	2 95	2 74	2 49	2.37	2 17	2 37	2 59	2 05	2 51	2 92	2 83	3 30	*2 65*	*2 65*	Cap'l Spending per sh	*2 60*
7 89	8 72	8 83	8 97	9 42	9 70	9 90	10 19	10 12	10 56	10 99	11 42	11 59	11 50	12 19	12 52	*14 35*	*15 65*	Book Value per sh	*19 50*
37 48	42 47	43 40	44 32	47 57	48 69	49 72	50 86	55 02	55 70	56 60	57 30	57 10	54 00	55 10	56 70	*64 50*	*64 50*	Common Shs Outst g D	*65 00*
11 5	11 1	13 7	14 2	15 3	15 5	17 9	15 1	12 6	13 8	14 7	13 9	21 4	13 6	14 6	12 5	*Bold figures are*		Avg Ann'l P/E Ratio	*15 0*
77	92	1 04	1 05	98	94	1 06	99	84	86	85	72	1 22	88	75	68	*Value Line*		Relative P/E Ratio	*1 00*
6 8%	7 1%	7 2%	6 8%	6 4%	5 9%	5 4%	5 9%	6 2%	5 6%	5 4%	5 5%	5 5%	6 2%	4 9%	4 7%	*estimates*		Avg Ann'l Div d Yield	*3 3%*

CAPITAL STRUCTURE as of 9/30/03
Total Debt 1257 4 mill Due in 5 Yrs 504 1 mill
LT Debt $1130 2 mill LT Interest $65 0 mill
(Inc $228 3 million in trust preferred securities)
(Total interest coverage 2 9x)
Leases, Uncapitalized Annual rentals $29 1 mill
Pension Assets 12/02 $207 8 mill Oblig $290 mill
Pfd Stock None

Common Stock 64 266 376 shs
MARKET CAP $1 9 billion (Mid Cap)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		06-08
1130 3	1199 9	1063 0	1220 2	1287 6	1338 6	1068 6	607 4	1049 3	868 9	*975*	*1025*	Revenues ($mill) A	*1200*
57 5	63 2	74 3	75 6	76 6	80 6	52 1	71 1	82 3	103 0	*125*	*135*	Net Profit ($mill)	*150*
32 9%	35 2%	36 9%	38 6%	37 9%	32 5%	33 1%	34 3%	40 7%	36 0%	*36 0%*	*36 0%*	Income Tax Rate	*36 0%*
5 1%	5 3%	7 0%	6 2%	5 9%	6 0%	4 9%	11 7%	7 8%	11 9%	*12 9%*	*13 1%*	Net Profit Margin	*12 3%*
40 5%	49 0%	47 4%	46 2%	48 7%	47 5%	45 3%	45 9%	61 3%	58 3%	*53 0%*	*51 0%*	Long Term Debt Ratio	*51 0%*
53 1%	45 8%	47 6%	48 9%	45 9%	47 1%	49 2%	48 3%	38 7%	41 7%	*47 0%*	*49 0%*	Common Equity Ratio	*49 0%*
925 7	1131 5	1170 3	1201 3	1356 4	1388 4	1345 8	1286 2	1736 3	1704 3	*1975*	*1960*	Total Capital ($mill)	*2265*
1281 3	1297 4	1350 3	1415 4	1496 6	1534 0	1598 9	1637 5	2058 9	2194 2	*2400*	*2600*	Net Plant ($mill)	*2900*
8 6%	7 5%	8 2%	8 0%	7 3%	7 6%	5 7%	7 4%	6 5%	8 1%	*6 5%*	*6 5%*	Return on Total Cap'l	*6 0%*
10 4%	11 0%	12 1%	11 7%	11 0%	11 1%	7 1%	10.2%	12 3%	14 5%	*13 5%*	*13 5%*	Return on Shr Equity	*11 5%*
10 8%	11 3%	12 5%	12 1%	11 3%	12 3%	7 9%	11 5%	12 3%	14 5%	*13 5%*	*13 5%*	Return on Com Equity	*11 5%*
4%	3 0%	4 6%	3 8%	3 2%	4 4%	NMF	3 2%	4 2%	7 0%	*6 0%*	*6 0%*	Retained to Com Eq	*6 0%*
96%	75%	66%	71%	74%	64%	101%	72%	65%	52%	*57%*	*54%*	All Div'ds to Net Prof	*49%*

CURRENT POSITION ($MILL)	2001	2002	9/30/03
Cash Assets	2 8	8 4	1 0
Other	214 6	578 0	550 2
Current Assets	217 4	586 4	551 2
Accts Payable	82 4	91 1	298 5
Debt Due	348 4	418 6	127 2
Other	155 8	506 1	290 3
Current Liab	586 6	1015 8	716 0
Fix Chg Cov	241%	242%	*245%*

ANNUAL RATES of change (per sh)	Past 10 Yrs	Past 5 Yrs	Est'd 00 02 to 06 08
Revenues	3 0%	6 5%	*3 5%*
Cash Flow	4 0%	5 5%	*4 0%*
Earnings	4 0%	2 5%	*6 5%*
Dividends	5%	5%	*5%*
Book Value	2 5%	2 5%	*8 5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill) A Dec 31	Mar 31	Jun 30	Sep 30	Full Fiscal Year
2000	182 3	160 1	131 8	133 2	607 4
2001	294 8	350 6	175 7	228 2	1049 3
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2002	89	21	17	55	1 82
2003	98	29	27	*46*	*2 00*
2004	*95*	*35*	*25*	*55*	*2 10*

Cal endar	QUARTERLY DIVIDENDS PAID C■ Mar 31	Jun 30	Sep 30	Dec 31	Full Year
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2000	27	27	27	27	1 08
2001	27	27	27	27	1 08
2002	27	27	27	27	1 08
2003	27	28	28	28	

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The share price of AGL Resources continues to edge higher The stock has advanced a little over 2% since our last report in September, and is trading near record highs on a split-adjusted basis The gains have been backed by solid earnings and a favorable operating environment Share net of $1 54 for the first nine months of 2003 marked an increase of over 20% from the prior year Meantime, low interest rates and the government's move to lower dividend taxes have added to the appeal of dividend-paying stocks, thus providing added lift to AGL shares

The near-term earnings picture looks good for AGL Resources We are leaving our full-year EPS estimates unchanged at $2 00 and $2 10 for 2003 and 2004, respectively The company should reach our 2003 target with ease, given its earnings strength through the first nine months Ironically, earnings before interest and taxes (EBIT) from AGL's core gas distribution operations are down slightly this year as a result of greater overhead expenses, including higher leasing costs, and increased insurance and benefit costs Lower earnings from its gas utilities have been more than offset this year, though, by greater EBIT from nonregulated businesses EBIT from Wholesale Services rose 356% to $21 9 million, while EBIT from the Energy Investments unit rose 47% to $26 6 million In 2004, we expect earnings to continue to improve from nonregulated businesses as AGL further develops these relatively new segments for the company Also, we anticipate incremental growth from AGL's utility operations, following a full year of absorbing higher overhead costs The segment should benefit from an expanding customer base and higher gas usage per customer

AGL Resources is exiting the retail propane business It agreed to sell its interest in Heritage Propane Partners for $29 million in a transaction expected to close at yearend The move is consistent with the company's goal to shed nonstrategic operations and to build its financial position

This is a good-quality income stock It offers a decent yield with excellent share-price stability Investors should note that further share-price gains appear limited

Michael P Maloney December 19, 2003

(A) Fiscal year ends December 31st Ended September 30th prior to 2002 (B) Diluted earnings per share Next earnings report due late Jan Excl nonrecurring gains (losses) 88 $0 15 95 d$0 83 99 $0 39 00, $0 13, 01 $0 13 (C) Dividends historically paid early March June Sept and Dec ■ Div'd reinvest plan available (D) In millions adjusted for stock split

Company's Financial Strength	B++
Stock s Price Stability	100
Price Growth Persistence	30
Earnings Predictability	60