

AGL RESOURCES INC

Form 11-K

June 29, 2007

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**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

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Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of  
AGL Resources Inc. Retirement Savings Plus Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of AGL Resources Inc. Retirement Savings Plus Plan (the "RSP Plan") at December 31, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2, effective for plan years ended after December 15, 2006, FASB Staff Position Nos. AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Audit Guide and Defined Contribution Health and Welfare and Pension Plans*, was required to be implemented. Therefore the presentation of the 2006 and 2005 statements of net assets available for benefits include the presentation of fair value with an adjustment to contract value for such investments.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) as of December 31, 2006 and of delinquent participant contributions for the year ended December 31, 2006 are presented for the purpose of additional analysis and are not required parts of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the RSP Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP  
Atlanta, Georgia  
June 28, 2007

**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2006 AND 2005**

|   | 2006           | 2005           |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| Investments   |                |                |
| AGL Resources Inc. common stock   | \$ 128,322,938 | \$ 124,331,166 |
| Mutual funds  | 106,939,534    | 88,945,554     |
| Common trust funds  | 30,486,866     | 24,721,337     |
| Loans to participants   | 5,615,227      | 5,902,729      |
| Total investments   | 271,364,565    | 243,900,786    |
| Cash  | 70,103         | -              |
| Receivables   |                |                |
| Employer contributions  | 279,715        | 245,152        |
| Participant contributions   | 669,403        | 596,049        |
| Total receivables   | 949,118        | 841,201        |
| Net assets available for benefits, at fair value  | 272,383,786    | 244,741,987    |
| Adjustment from fair value to contract value for indirect interest in benefit-responsive investment contracts | 337,310        | 206,319        |
| Net assets available for benefits   | \$ 272,721,096 | \$ 244,948,306 |

The accompanying notes are an integral part of these financial statements.

**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   |                   |
|---|-------------------|
| Additions                                     |                   |
| Additions to net assets attributed to         |                   |
| Investment Income                             |                   |
| Net appreciation in fair value of investments | \$ 21,382,551     |
| Interest                                      | 372,521           |
| Dividends                                     | 6,934,638         |
| Dividends on AGL Resources Inc. common stock  | 5,060,422         |
|   | 33,750,132        |
| Contributions                                 |                   |
| Participant                                   | 17,973,437        |
| Employer                                      | 5,655,467         |
|   | 23,628,904        |
| <b>Total additions</b>                        | <b>57,379,036</b> |
| Deductions                                    |                   |
| Deductions from net assets attributed to      |                   |
| Benefits paid to participants                 | 29,474,594        |
| Administrative expenses                       | 131,652           |
| <b>Total deductions</b>                       | <b>29,606,246</b> |
| Net increase                                  | 27,772,790        |
| Net assets available for benefits             |                   |
| Beginning of year                             | 244,948,306       |
| End of year                                   | \$ 272,721,096    |

The accompanying notes are an integral part of these financial statements.

**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. PLAN DESCRIPTION**

The following brief description of the AGL Resources Inc. (the "Company") Retirement Savings Plus Plan (the "RSP Plan") is provided for general information purposes only. Participants should refer to the RSP Plan agreement for more complete information.

**General**

The RSP Plan was adopted effective January 1, 1986, to provide tax-deferred savings and matching employer contributions to eligible employees for their retirement. The RSP Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Generally, all employees age 21 or older who have completed 30 days of service with the Company are eligible to participate in the RSP Plan.

**Administration**

The RSP Plan is administered by the Administrative Committee (the "Committee") which is appointed by the Company's Board of Directors. The Committee has the sole discretion and authority to interpret the provisions of the RSP Plan, including determinations as to eligibility, amounts of benefits payable, and the resolution of all factual questions arising in connection with the administration of the RSP Plan.

The Committee is authorized to employ agents, as they may require, to carry out the provisions of the RSP Plan. The expenses of the RSP Plan consist of disbursements, withdrawals and Institutional Retirement Trust transactions fees and loan issuance and maintenance charges. These expenses are paid by the RSP Plan's participants on a per transaction basis and are reflected as administrative expenses in the accompanying statement of changes in net assets available for benefits.

The Committee has engaged a trustee, Amvescap National Trust Company ("Trustee"), to maintain a trust under which contributions to the RSP Plan are invested in various investment funds and the Company's common stock. In addition, disbursements are made at the Committee's request.

**Contributions**

**Employee Contributions:** Participants may contribute up to 50% of compensation (as defined in the RSP Plan document) on a before tax basis. A participant also may contribute up to 10% of compensation on an after tax basis. The amount a participant elects to contribute will be withheld from his or her compensation through payroll deductions, and such contributions will be transferred by the Company to the Trustee of the RSP Plan at each payroll period and will be credited to the participant's account as soon as administratively practicable after such transfer. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

Maximum contributions cannot exceed limits as set forth in the Internal Revenue Code ("IRC"). The RSP Plan currently offers seven mutual funds, two common trust funds and the Company's common stock as investment options for participants.

**Company Matching Contributions:** Generally, on behalf of each participant who makes before tax contributions, the Company will make a matching contribution each payroll period. Except as noted below, the matching contribution will be equal to 65% of the participant's before tax contributions; provided, that the matching contribution will apply only to before tax contributions which are up to 8% of the participant's compensation. If a participant reached age 50 on or before July 1, 2000 and was an active participant in the Company's defined benefit pension plan on that date, matching contributions will only be made up to 6% of the participant's compensation until June 30, 2010, after which time the Company will match up to the first 8% of the participant's total compensation. Prior to January 1, 2006, for any covered employee who was employed by NUI Corporation (or NUI subsidiaries, collectively "NUI"), the matching contributions were equal to 60% of the participant's before tax and after tax contributions, provided that the matching contributions were only applied to the aggregate amount of before tax contributions and after tax contributions which were up to 6% of the participant's compensation. Beginning January 1, 2006, matching contributions to these participants were made in accordance with the general formula.

On November 30, 2004, the Company acquired all the outstanding shares of NUI and the two NUI 401(k) plans were frozen. Effective December 1, 2004, all NUI employees who participated in NUI's 401(k) qualified defined contribution plans became eligible to participate in the RSP Plan. In March 2006, the IRS approved the termination of the NUI 401(k) plans and the process of final distribution of the plan assets to participants was finalized.

**Forfeited Accounts**

Any forfeited amounts, resulting from employees terminating prior to completion of the vesting period, are used to reduce future employer contributions. At December 31, 2006 and 2005, forfeited non-vested accounts totaled \$27,670 and \$6,080 respectively. Also, in 2006, employer contributions were reduced by \$6,070 from forfeited non-vested accounts.

**Participant Accounts**

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contribution and (b) RSP Plan earnings. Allocations are based on participant earnings or account balances, as defined. A participant is entitled to the benefits that can be provided from the participant's vested account.



**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**Vesting**

All amounts are allocated to a participant's before tax and after tax contributions account and rollover contribution account. A participant's contribution is vested immediately. A participant's matching contributions account is vested upon occurrence of any one of the following:

- Attainment of age 65 while employed by the Company
- Death while employed by the Company
- Permanent disablement while employed by the Company
- Completion of three years of vesting service

Partial vesting occurs during the three years of vesting service as follows:

| <b>Years of Vesting Service Completed by Employee</b> | <b>Percentage Vested of Matching Contributions</b> |
|---|--|
|---|--|

|                  |      |
|------------------|------|
| Less than 1 year | 0%   |
| 1 years          | 50%  |
| 2 years          | 75%  |
| 3 years          | 100% |

Participants must complete no less than 1,000 hours of service during the RSP Plan year before a year of vesting service is granted.

**Withdrawals**

A participant's after tax contributions may be withdrawn upon written request or upon a participant's authorization on the Voice Response Unit or the website of the RSP Plan administrator. Participants also may be eligible for hardship withdrawals from their before tax contributions (but not the earnings on those contributions earned after 1988) if they meet certain "immediate and heavy financial need" hardship requirements. An additional 10% income tax generally will be imposed on the taxable portion of the withdrawal unless the participant has reached age 59 ½ (or has satisfied certain other criteria established in the IRC) at the time of withdrawal. Additionally, participants greater than age 59 ½ are permitted to take a distribution from the RSP Plan without an early withdrawal penalty.

**Distribution of Benefits**

The RSP Plan provides that distribution of benefits may be made as soon as practicable after an employee's death, disability, or separation from service. If the distribution is \$1,000 or less, the Committee may make an immediate distribution without the consent of the participant. Otherwise, a participant may delay the distribution of his or her account until April 1 of the calendar year following the later of (i) the year in which the participant reaches age 70 ½ or (ii) the year in which the participant retires.

Generally, a participant's distribution will be made in a single sum of cash. To the extent a participant's account is invested in AGL Resources Inc. common stock on the date of distribution, at the option of the participant, the distribution may be made in the form of whole shares of AGL Resources Inc. common stock (and cash representing any fractional share).



**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

Distributions of cash or AGL Resources Inc. common stock from a participant's account (other than amounts attributable to the participant's after tax contributions) which are made upon the participant's termination of employment, disability or death, generally will be taxable in the year of distribution. Such distributions will, generally, be subject to 20% income tax withholding.

**Participant Loans**

Participants may borrow from their participant accounts. The minimum loan amount is \$1,000 and may not exceed the lesser of \$50,000 or 50 % of the participant's vested account balance. Loans are generally repaid through payroll withholdings over a period not to exceed 5 years, except for residential loans, which may not exceed 10 years. The loans are secured by the balance in the participant's account and bear interest at fixed rates that range from 5 % to 10.5 %, based on the prime rate plus 1 %. Interest is computed quarterly.

A participant may not have more than one loan outstanding at any time. In the event that a participant terminates employment for any reason (or otherwise ceases to be a party in interest), any outstanding RSP Plan loan will become due and payable in full at that time. However, the RSP Plan provides that the Committee may take certain actions (as appropriate) to allow the participant to cure a default on a RSP Plan loan.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the RSP Plan are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (except for benefits paid to participants which are recorded when paid).

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and Statement of Position (SOP) 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the "FSP"), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the RSP Plan. The RSP Plan invests in investment contracts through a common trust. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment in the common trust as well as the adjustment of the investment in the common trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a fair value basis except for fully benefit-responsive contracts through a common trust which are on a contract value basis.

**Investment Valuation and Income Recognition**

The RSP Plan's investments are stated at fair value. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.



**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

*AGL Resources Inc. Common Stock*

The AGL Resources Inc. common stock is valued on the basis of the closing price per share on each business day as reported on the New York Stock Exchange.

*Mutual Funds*

Shares of mutual funds are valued at the reported net asset value of shares each business day.

*Common Trust Funds*

Units in common trust funds are valued at the unit value as reported by the trustee of the common trust fund on each valuation date. The RSP Plan's interest in the common trust is valued based on information reported by the investment advisor using audited financial statements of the common trust at year end.

*Loans*

Loans to participants are valued at their outstanding balances, which approximate fair value.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires RSP Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Payment of Benefits**

Benefits are recorded when paid.

**Reclassifications**

Certain 2005 investment balances have been reclassified to conform to the 2006 presentation in accordance with the FSP.

**3. Investments**

The following presents the fair values of investments that represent 5 % or more of the RSP Plan's assets as of December 31, 2006 and 2005:

|   | Shares/Units |            | Amount         |                |
|---|--------------|------------|----------------|----------------|
|   | 2006         | 2005       | 2006           | 2005           |
| AGL Resources Inc. Common Stock Fund          | 3,297,942    | 3,571,708  | \$ 128,322,938 | \$ 124,331,166 |
| AIM Basic Value Fund                          | 882,803      | 874,958    | 33,043,337     | 29,941,063     |
| American Europacific Growth Fund              | 369,825      | 263,652    | 17,219,074     | 10,836,106     |
| Janus Advisor Growth Fund                     | 701,458      | 711,452    | 16,603,506     | 15,303,326     |
| INVESCO Stable Value Trust, at contract value | 15,796,316   | 13,504,414 | 15,796,316     | 13,504,414     |
| INVESCO 500 Index Trust                       | 398,617      | 350,837    | 15,027,860     | 11,423,242     |



**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

Net appreciation in fair value of investments for the year ended December 31, 2006 (including gains and losses on investments bought and sold, as well as held during the year) was as follows:

|                           |    |            |
|---------------------------|----|------------|
| AGL Resources Inc. Common |    |            |
| Stock Fund                | \$ | 14,002,032 |
| Mutual funds              |    | 5,337,367  |
| Common trust funds        |    | 2,043,152  |
| Total                     | \$ | 21,382,551 |

**4. Plan Termination**

Although the Company has not expressed any intent to do so, it has the right under the RSP Plan to discontinue its contributions at any time and to terminate the RSP Plan subject to the provisions of ERISA. If the RSP Plan was terminated, the trustee would be instructed to continue and maintain separate plan accounts for each participant to accumulate earnings and profits until distribution of benefits under the provisions of the RSP Plan were allowable. In the event of the RSP Plan termination, participants would become 100 % vested in their employer contributions.

**5. Tax Status**

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated February 24, 2003, that the RSP Plan and related trust are designed in accordance with applicable sections of the IRC. The RSP Plan has been amended since the IRS has made its determination. The RSP Plan administrator and tax counsel believe that the RSP Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**6. Related Party Transactions**

ERISA defines a party-in-interest to include fiduciaries or employees of the RSP Plan, any person who provides service to the RSP Plan, and an employee organization whose members are covered by the RSP Plan, a person who owns 50 % or more of such an employer or employee association or relative of such persons. The RSP Plan allows participants to direct investments in the AGL Resources Inc. common stock and mutual funds managed by INVESCO and AIM who are affiliates of the Trustee. In addition, loans to participants qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules.

**7. Risks and Uncertainties**

The RSP Plan invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.





**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
DECEMBER 31, 2006 (EIN No. 58-2210952 / Plan Number 003)**

| (a) | (b)<br>Identity of issue, borrower,<br>lessor, or similar party | (c)<br>Description of investment<br>including maturity date,<br>rate of interest, collateral,<br>par, or maturity value | (d)<br>Cost ** | (e)<br>Current<br>Value |
|-----|---|---|----------------|-------------------------|
|     | * INVESCO Stable Value Trust***                                 | Common Investment Trust   |                | \$ 15,796,316           |
|     | * INVESCO 500 Index Trust                                       | Common Investment Trust   |                | 15,027,860              |
|     |   |   |                | 30,824,176              |
|     | * AGL Resources Inc.  | Common Stock  |                | 128,322,938             |
|     | * AIM Basic Value Fund  | Mutual Fund   |                | 33,043,337              |
|     | Janus Advisor Growth Fund                                       | Mutual Fund   |                | 16,603,506              |
|     | PIMCO Total Return  | Mutual Fund   |                | 12,905,820              |
|     | American Balanced   | Mutual Fund   |                | 11,327,084              |
|     | Janus Small Cap Value Investor<br>Fund                          | Mutual Fund   |                | 9,897,849               |
|     | American Europacific Growth                                     | Mutual Fund   |                | 17,219,074              |
|     | * AIM Small Cap Growth  | Mutual Fund   |                | 5,942,864               |
|     |   |   |                | 106,939,534             |
|     | * Loans to Participants   | Various maturities<br>(Interest rates from 5.0% - 10.5%)  |                | 5,615,227               |
|     |   |   |                | \$ 271,701,875          |

\* Denotes parties-in-interest

\*\* Cost information not required for participant-directed accounts under an individual account Plan.

\*\*\* Presented at contract value.

**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**

**SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2006 (EIN No. 58-2210952 / Plan Number 003)**

| <b>Participant<br/>Contributions<br/>Transferred Late to<br/>the Plan</b> | <b>Total that Constitutes Nonexempt Prohibited Transactions</b> |  |  | <b>Fully Corrected<br/>Contributions Pending Under VFCP and<br/>Correction in VFCP PTE 2002-51</b> |
|---|---|--|--|--|
|   | <b>Contributions<br/>Not<br/>Corrected*</b>                     | <b>Contributions<br/>Corrected<br/>Outside<br/>VFCP **</b> |  |  |
| <b>\$ 2,127,237</b>   | <b>\$ 1,282,688</b>   | <b>844,549</b>   |  |  |

\* Corrective actions pursuant to VFCP and PTE 2002-51 will be taken by the Plan on these contributions.

\*\* Plan record keeper analyzed contributions, at time of deposit, to correct for any lost earnings by affected participants.

**SIGNATURE**

*The RSP Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**AGL RESOURCES INC.  
RETIREMENT SAVINGS PLUS PLAN**  
(Name of Plan)

Date: June 29, 2007

/s/ Andrew Evans

Executive Vice President and Chief Financial Officer

**EXHIBIT INDEX**

| <b>Exhibit Number</b> | <b>Description</b>                                       |
|-----------------------|--|
| 23.1                  | Consent of Independent Registered Public Accounting Firm |