

Innovative Capital Infrastructure Programs

AGL Resources Experience

AGL Resources

4.5 million
utility customers

6,300
employees

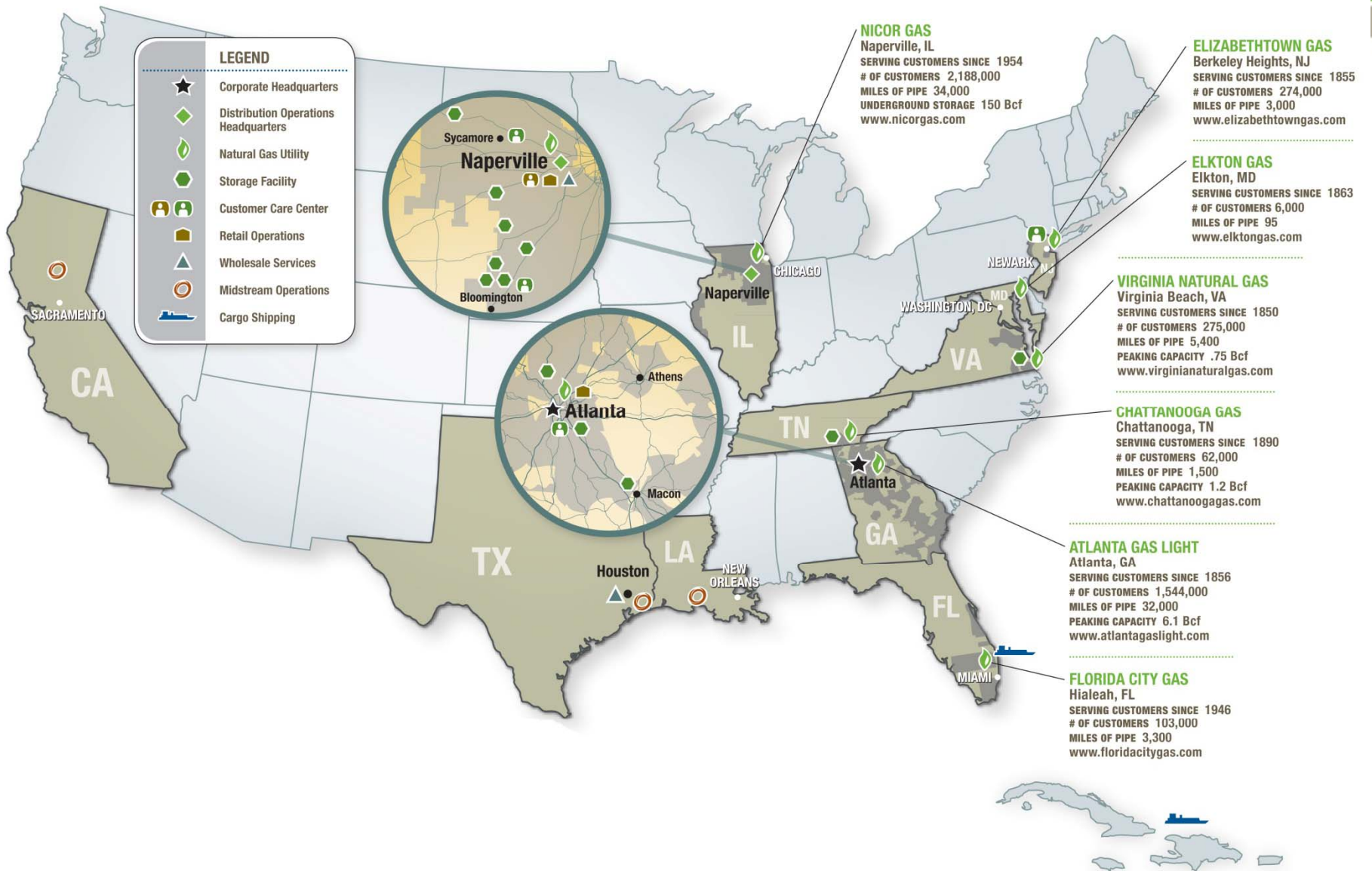
79,000
miles of pipe

1.2 million
retail customers

10
states

**Nation's largest
natural gas-only
distribution company**

AGL Resources Footprint



Capital Infrastructure Programs



Chattanooga Gas™

An AGL Resources Company

Programs by Jurisdiction

Georgia

Atlanta Gas Light

STRIDE, USF

New Jersey

Elizabethtown Gas

UIE

Virginia

Virginia Natural Gas

*SAVE, Strategic
Facilities*

Georgia: STRIDE



- **Strategic Infrastructure Development and Enhancement**
- Rider approved by the PSC in October 2009
 - Graduated annual increases from \$2.34 to \$3.13 per month over 3 years
- Encompasses traditional pipeline replacement, core infrastructure improvements, and customer growth programs

Georgia: STRIDE



- ***Integrated System Reinforcement Plan***
- Allows the Company to replace or uprate existing infrastructure, as well as install additional infrastructure, to ensure reliability on peak days
- Requires a triennial plan filed before the Commission
- Current Plan included a construction estimate of \$176 million

Georgia: STRIDE



- ***Integrated Customer Growth Program***
- Extends Commission-approved rider to 2025 (three year pilot program)
- Includes two functions: strategic corridors and supplemental line extension
 - Strategic corridors require annual plan for approval by Commission
 - Supplemental line extension does not require additional approval for each customer

Georgia: STRIDE



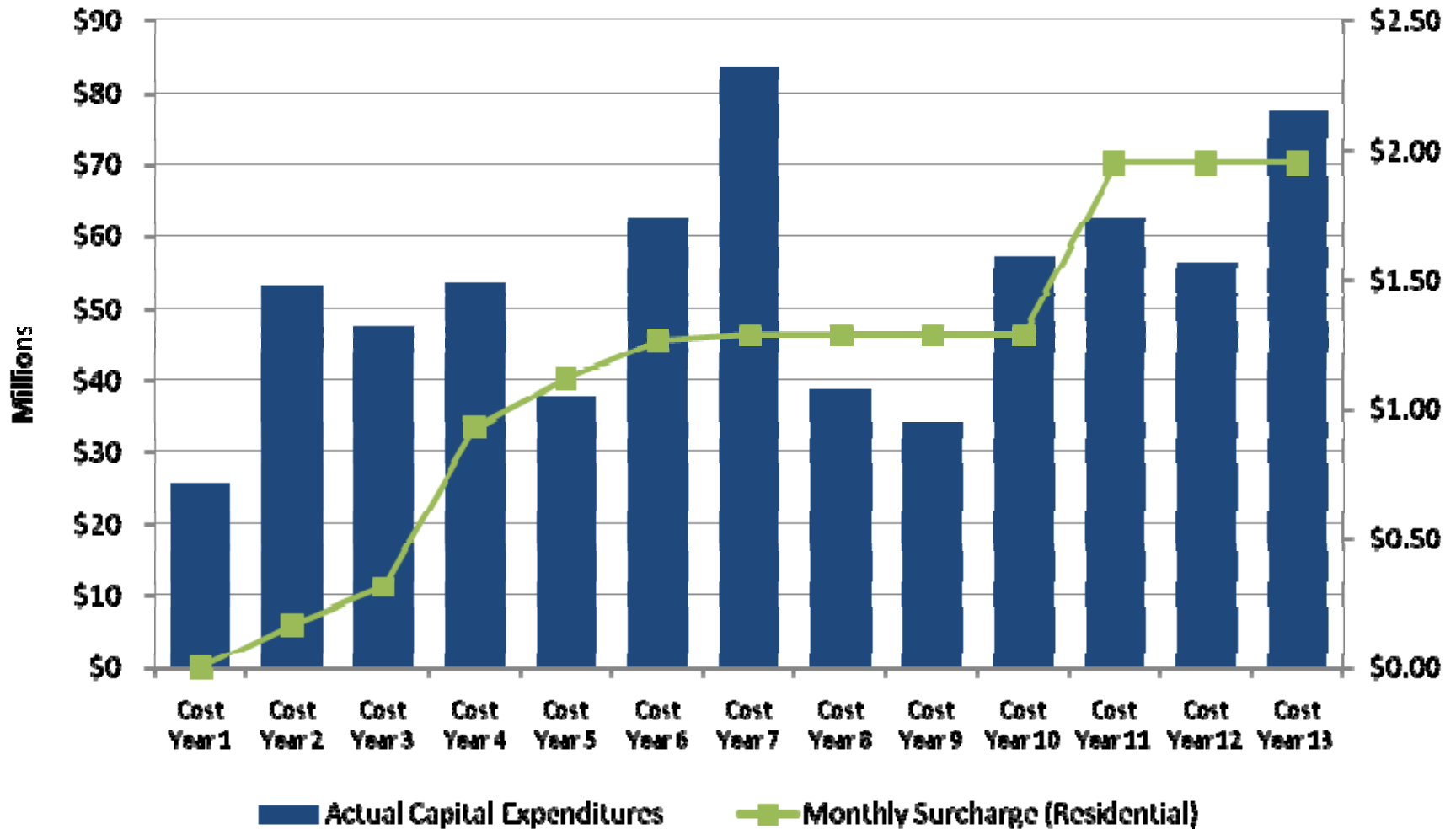
- ***Pipeline Replacement Program***
- Program began in 1998 in response to safety of bare steel and cast iron pipes
- One of the first pipeline replacement programs in the country
- Replacement of all qualifying pipe will conclude in 2013

Georgia: PRP

Program dates: 1998 through 2013

Miles replaced: 2,600

Spent to date: \$693 million



Georgia: USF

Universal Service Fund

Atlanta Gas Light, upon the approval of the Commission, is eligible to receive up to 5% of its capital budget to extend facilities into unserved or underserved areas within its service territory

The program began after deregulation and until 2006, individual applications were made and approved on a project-by-project basis.

Beginning in 2007, the process moved to approval of strategic corridors. AGL makes an annual application and provides quarterly reports on progress on construction on approved projects.

New Jersey: UIE

Utility Infrastructure Enhancement Program

ETG filed its petition in January 2009 in response to NJ Governor's request to utilities to propose programs that would stimulate the economy

Initial program: rider recovery of four projects

- Total projected cost: \$60.4 million
- Replaced 18.3 miles of EP and 31 miles of LP mains, and 24.5 miles of interconnect projects
- Total actual cost of \$68.4 million and 107 jobs created

- Filing in June 2011 extended the existing programs and added a project to include the replacement of electric resistance welded (ERW) steel pipe
- Costs are now rolled into base rates on an annual basis rather than recovered through a rate rider

Virginia: Strategic Facilities

§ 56-235.9. Recovery of funds used for capital projects prior to a rate case for strategic natural gas facilities.

“Strategic Natural Gas Facility” includes pipelines, storage facilities, compressor stations, LNG facility or peaking facility used to serve customers within the State

For smaller utilities (150,000 customers or less):

- Deliverability of 10,000 Dth/day for one facility
- Deliverability of 75,000 Dth/day for two or more facilities

Utilities with 150,000 customers or more:

- Deliverability of 20,000 Dth/day for one facility
- Deliverability of 100,000 Dth/day for two or more facilities

Virginia: SAVE

Steps to Advance Virginia's Energy Plan Act

Authorizes investor-owned natural gas utilities to petition the SCC to implement a separate rider that will allow for recovery of certain costs associated with eligible infrastructure replacement projects

(§ 56-603 and 56-604)

Qualified aging infrastructure would be limited to those portions of the gas delivery system that are significantly outdated, whose replacement would not produce additional revenue for the gas utility, and whose replacement has the potential to avoid greenhouse gas emissions

Replacing aging infrastructure means fewer repairs, lower maintenance costs, improved reliability and reductions in service interruptions for Virginians.

<p>Georgia Atlanta Gas Light</p>	<p>STRIDE</p>	<p>Rider Rate Provides for the recovery of Revenue Requirement Including: Return on Investment (including any over-under recovery roll forward) at Authorized Rate of Return, Depreciation, and Taxes</p>
<p>New Jersey Elizabethtown Gas</p>	<p>UIE</p>	<p>Base Rate Adjustment (made out side of general rate case) provides for recovery Revenue Requirement that includes: Return on Investment¹ (including any over-under recovery roll forward) at Authorized Rate of Return, Depreciation, and Taxes</p>
<p>Virginia Virginia Natural Gas</p>	<p>Strategic Facilities</p>	<p>Investment recorded on book include: AFUDC computed using the Authorized Rate of Return and Carrying Charges² from In-service date until investment included in Rates</p>
	<p>SAVE</p>	<p>SAVE Rider Rate provides for the recovery of the Revenue Requirements including: Return on Investment (including any over-under recovery roll forward) at Authorized Rate of return, Depreciation, and Taxes</p>

¹ Investment recorded on the books and used for computing the Base Rate Adjustment include an Allowance for Funds Used During Construction (AFUDC) until plant reflected in the Base Rate Adjustment

² Carrying Charges include return on investment computed using the authorized rate of return, depreciation, and taxes

Questions?



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