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ANNUAL REPORT OF
NATURAL GAS UTILITIES

PIVOTAL UTILITY HOLDINGS, INC.
D/B/A FLORIDA CITY GAS
(EXACT NAME OF RESPONDENT)

955 E. 25 Street, Hialeah, FL 33013-3498
(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2011

COMMISSION OF
PUBLIC REGULATION

12 MAY 30 AM 11:02

FLORIDA PUBLIC SERVICE
COMMISSION

Officer or other person to whom correspondence should be addressed concerning this report:

Name Bryan Seas	Title Senior Vice President & CAO	
Address 10 Peachtree Place, NE	City Atlanta	State Georgia
Telephone No. (404) 584-3400	PSC/ECR 020-G (12/03)	

**INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES**

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent	02 Year of Report
PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	December 31, 2011
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code)	
955 E. 25 Street, Hialeah, FL 33013-3498	
05 Name of Contact Person	06 Title of Contact Person
Bryan Seas	Senior Vice President and CAO
07 Address of Contact Person (Street, City, State, Zip Code)	
10 Peachtree Place, NE, Suite 1000, Atlanta GA 30309	
08 Telephone of Contact Person, Including Area Code	09 Date of Report (Mo., Day, Yr)
(404) 584-3400	May 30, 2012

ATTESTATION

I certify that I am the responsible accounting officer of


PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS;

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2011 to December 31, 2011, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.



Signature

Bryan E. Seas

Name

5-25-2012

Date

Senior Vice President and CAO

Title

Sworn to and subscribed before me 25th of May 2012.

Glynn S. Gamble

Notary Public

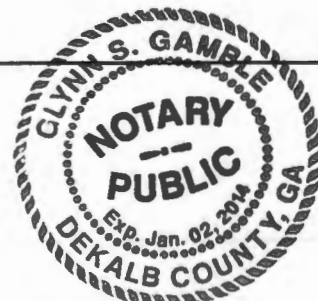


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Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended 12/31/2011
CONTROL OVER RESPONDENT	
1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or	organization. If control was held by a trustee(s), state name of trustee(s). 2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.
<p>Florida City Gas is a division of Pivotal Utility Holdings, Inc., which is wholly owned by NUI Corporation. NUI Corporation is a wholly owned subsidiary of AGL Resources Inc.</p>	

CORPORATIONS CONTROLLED BY RESPONDENT			
1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.	2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.	3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.	4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
DEFINITIONS			
1. See the Uniform System of Accounts for a definition of control.	2. Direct control is that which is exercised without interposition of an intermediary.	3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.	4. Joint control is that in which neither interest can effectively
control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.			
Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
<p>Florida City Gas is a division of Pivotal Utility Holdings, Inc. and does not control, directly or indirectly, any corporation, business trust or similar organization.</p>			

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Title (a)(1)	Name of Officer (b)	Salary for Year (c)
President	Henry P. Linginfelter	*
EVP & Chief Financial Officer	Andrew W. Evans	*
EVP & General Counsel	Paul R. Shlanta	*
President, Elizabethtown Gas and Elkton Gas	Jodi Gidley	*
President, Florida City Gas	Steven L. Lindsey (2)	*
VP of Operations, Florida City Gas	Jesse Killings (3)	*
VP of Operations, Virginia Natural Gas and Elkton Gas	Robert Duvall (4)	*
VP, Gas Operations	Charles A. Rawson III (5)	*
VP of Operations, Elizabethtown Gas	Brian MacLean (6)	*
VP, Storage and Peaking Operations	James Pitts (7)	*
VP, Gas Supply Operations	Tim Sherwood (7)	*
Treasurer	L. Stephen Cave	*
Corporate Secretary	Myra C. Bierra	*
Assistant Corporate Secretary	Barbara P. Christopher	*
VP and Assistant Corporate Secretary, Elizabethtown Gas	M. Patricia Keefe	*

*Such officers are compensated by an affiliate of the holding company, not the Respondent.

(1) Represents executive officers of Pivotal Utility Holdings, Inc. as of December 31, 2011.

(2) Suzanne Sitherwood resigned as "President, Florida City Gas" as of June 30, 2011; Steven L. Lindsey was elected "President, Florida City Gas" as of December 9, 2011.

(3) Melvin Williams resigned as "VP & General Manager, Florida City Gas" as of December 19, 2011; Jesse Killings was elected "VP of Operations, Florida City Gas" as of December 19, 2011.

(4) Robert Duvall's title changed from "VP & General Manager, Virginia and Maryland Operations" to "VP of Operations, Virginia Natural Gas and Elkton Gas" as of December 19, 2011.

(5) Charles Rawson's title changed from "VP, Gas Operations & Business Process Services" to "VP, Gas Operations" as of December 19, 2011.

(6) Donald F. Carter resigned as "VP & General Manager, Elizabethtown Gas" as of December 19, 2011; Brian MacLean was elected "VP of Operations, Elizabethtown Gas" as of December 19, 2011.

(7) Elected as of December 19, 2011.

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Henry P. Linginfelter President, Pivotal Utility Holdings, Inc.	Ten Peachtree Place Atlanta, Georgia 30309	2 (1)	None

(1) Based on records contained in company minute book, represents actions by unanimous written consent.

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

VOTING SECURITIES

Name (Title) and Address of Security Holder (a)	Number of votes as of (date): 7/31/2011 via written consent			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities	12,807,111	12,807,111		
TOTAL number of security holders	1		1	
TOTAL votes of security holders listed below	12,807,111	12,807,111		

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.

2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.

4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

- 1 None
- 2 None
- 3 None
- 4 Florida City Gas (FCG) is a party, as both a plaintiff and defendant, to a number of suits, claims and counter claims on an ongoing basis. Management believes that the outcome of all litigation which it is involved in will not have a material adverse effect on FCG's financial statements.
- 5 FCG engages in transactions with AGL Resources affiliates consistent with its services, tax allocation, Money Pool, and asset management agreements.

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	277,348,438	289,582,097
3	Construction Work in Progress (107)	12 & 17	7,264,807	5,583,351
4	TOTAL Utility Plant Total of lines 2 and 3)		284,613,245	295,165,448
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	123,381,496	132,471,994
6	Net Utility Plant (Total of line 4 less 5)		161,231,749	162,693,454
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)			
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)		185,236	187,138
11	(Less) Accum. Prov. for Depr. and Amort. (122)		51,573	87,424
12	Investments in Associated Companies (123)			
13	Investment in Subsidiary Companies (123.1)			
14	Other Investments (124)			
15	Special Funds (125, 126, 128)			
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		133,663	99,714
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)		0	0
19	Special Deposits (132-134)			
20	Working Funds (135)			
21	Temporary Cash Investments (136)			
22	Notes Receivable (141)			
23	Customer Accounts Receivable (142)		11,996,013	10,708,938
24	Other Accounts Receivable (143)		52,438	205,019
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)		1,341,510	1,958,636
26	Notes Receivable from Associated Companies (145)			
27	Accounts Receivable from Associated Companies (146)			
28	Fuel Stock (151)			
29	Fuel Stock Expense Undistributed (152)			
30	Residuals (Electric) and Extracted Products (Gas) (153)			
31	Plant Material and Operating Supplies (154)		64,509	54,685
32	Merchandise (155)			
33	Other Material and Supplies (156)		0	0
34	Stores Expenses Undistributed (163)			
35	Gas Stored Underground & LNG Stored (164.1-164.3)		377,113	349,466
36	Prepayments (165)	18	2,547,397	1,204,362
37	Advances for Gas (166-167)			
38	Interest and Dividends Receivable (171)			
39	Rents Receivable (172)			
40	Accrued Utility Revenues (173)			
41	Miscellaneous Current and Accrued Assets (174)		1,450	0
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		13,697,410	10,563,834
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	21	119,321	179,241
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	6,384,947	5,563,730
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)			
49	Clearing Accounts (184)			
50	Temporary Facilities (185)			
51	Miscellaneous Deferred Debits (186)	19	69	41,443
52	Deferred Losses from Disposition of Utility Plant. (187)			
53	Research, Development and Demonstration Expenditures (188)			
54	Unamortized Loss on Reacquired Debt (189)	20	1,636,544	1,508,458
55	Accumulated Deferred Income Taxes (190)	24	2,198,172	3,173,689
56	Unrecovered Purchased Gas Costs (191)		0	0
57	TOTAL Deferred Debits (Total of lines 44 through 56)		10,339,053	10,466,561
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		185,401,875	183,823,563

Notes:

(1) Account 114 Gas Plant Acquisition Adjustments within Utility Plant, Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments and Account 182.3 Other Regulatory Assets reflect the inclusion of the acquisition adjustment and regulatory assets consistent with the Florida Public Service Commission Order in Docket No. 060657-GU related to the 2004 Acquisition on December 6, 2007.

Name of Respondent
 PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS

For the Year Ended
 Dec. 31, 2011

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)			
3	Preferred Stock Issued (204)			
4	Other Paid-In Capital (208-214)		48,010,338	48,010,338
5	Retained Earnings (215, 216)	10	15,534,253	16,632,831
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10		
7	(Less) Reacquired Capital Stock (217)			
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		63,544,591	64,643,169
9	LONG-TERM DEBT			
10	Bonds (221)	21	20,000,000	20,000,000
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21	43,762,674	43,762,674
13	Other Long-Term Debt (224)	21		
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21		
16	TOTAL Long-Term Debt (Total of lines 10 through 15)		63,762,674	63,762,674
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)		1,898,414	0
19	Accumulated Provision for Property Insurance (228.1)			
20	Accumulated Provision for Injuries and Damages (228.2)			
21	Accumulated Provision for Pensions and Benefits (228.3)		2,329,876	3,592,296
22	Accumulated Miscellaneous Operating Provisions (228.4)			
23	Accumulated Provision for Rate Refunds (229)			
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		4,228,290	3,592,296
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)		0	0
27	Accounts Payable (232)		2,704,531	1,559,557
28	Notes Payable to Associated Companies (233)			
29	Accounts Payable to Associated Companies (234)		15,572,528	10,001,013
30	Customer Deposits (235)		3,644,643	3,802,375
31	Taxes Accrued (236)		1,496,714	1,685,817
32	Interest Accrued (237)		165,815	188,385
33	Dividends Declared (238)			
34	Matured Long-Term Debt (239)			
35	Matured Interest (240)			
36	Tax Collections Payable (241)		1,151,228	870,547
37	Miscellaneous Current and Accrued Liabilities (242)	22	936,665	386,222
38	Obligations Under Capital Leases-Current (243)		863,668	1,898,414
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		26,535,792	20,392,330
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)			
43	Other Deferred Credits (253)	22	0	0
44	Other Regulatory Liabilities (254)	22	2,424,210	3,199,714
45	Accumulated Deferred Investment Tax Credits (255)	23	6,306	5,046
46	Deferred Gains from Disposition of Utility Plant (256)			
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	24,900,012	28,228,334
49	TOTAL Deferred Credits (Total of lines 42 through 48)		27,330,528	31,433,094
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		185,401,875	183,823,563

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
--	-------------------------------------

STATEMENT OF INCOME

- | | |
|--|---|
| <p>1. Use page 11 for important notes regarding the statement of income or any account thereof.</p> <p>2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.</p> <p>3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year</p> | <p>which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.</p> <p>4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.</p> |
|--|---|

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	75,201,017	82,420,934
3	Operating Expenses			
4	Operation Expenses (401)	27-29	43,139,334	51,537,857
5	Maintenance Expenses (402)	27-29	1,127,655	1,281,191
6	Depreciation Expense (403)	15-16	10,713,327	9,823,249
7	Amortization & Depletion of Utility Plant (404-405)			
8	Amortization of Utility Plant Acquisition Adjustment (406)	15-16	721,895	721,895
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)			
10	Amortization of Conversion Expenses (407.2)		109,601	95,227
11	Regulatory Debits (407.3)			
12	(Less) Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	23	6,970,979	8,257,184
14	Income Taxes - Federal (409.1)		(121,154)	(1,516,027)
15	- Other (409.1)		239,295	147,474
16	Provision for Deferred Income Taxes (410.1) (1)	24	3,535,620	4,577,834
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24		
18	Investment Tax Credit Adjustment - Net (411.4)	23	(1,259)	(1,259)
19	(Less) Gains from Disposition of Utility Plant (411.6)			
20	Losses from Disposition of Utility Plant (411.7)			
21	Other Operating Income (412-414)			
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		66,435,293	74,924,625
23	Net Utility Operating Income (Total of line 2 less 22)		8,765,724	7,496,309
24	(Carry forward to page 9, line 25)			

Notes:

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		8,765,724	7,496,309
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)			
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)			
31	Revenues From Nonutility Operations (417)			
32	(Less) Expenses of Nonutility Operations (417.1)			
33	Nonoperating Rental Income (418)			
34	Equity in Earnings of Subsidiary Companies (418.1)	10		
35	Interest and Dividend Income (419)			
36	Allowance for Other Funds Used During Construction (419.1)			
37	Miscellaneous Nonoperating Income (421)		(30,268)	3,914
38	Gain on Disposition of Property (421.1)			
39	TOTAL Other Income (Total of lines 29 through 38)		(30,268)	3,914
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)			-
42	Miscellaneous Amortization (425)	33	0	0
43	Miscellaneous Income Deductions (426.1-426.5)	33	(107,696)	(76,550)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		(107,696)	(76,550)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)			
47	Income Taxes - Federal (409.2)		41,815	24,025
48	Income Taxes - Other (409.2)		6,953	3,995
49	Provision for Deferred Income Taxes (410.2)	24		
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24		
51	Investment Tax Credit Adjustment - Net (411.5)			
52	(Less) Investment Tax Credits (420)			
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		48,768	28,020
54	Net Other Income and Deductions (Total of lines 39,44,53)		(89,196)	(44,616)
55	Interest Charges			
56	Interest on Long-Term Debt (427)		27,843	47,659
57	Amortization of Debt Discount and Expense (428)	21	12,298	10,521
58	Amortization of Loss on Reacquired Debt (428.1)	20	128,086	123,239
59	(Less) Amortization of Premium on Debt - Credit (429)			
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)			
61	Interest on Debt to Associated Companies (430)	33	2,552,431	2,557,320
62	Other Interest Expense (431)	33	686,507	592,005
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)			
64	Net Interest Charges (Total of lines 56 through 63)		3,407,165	3,330,744
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		5,269,363	4,120,949
66	Extraordinary Items			
67	Extraordinary Income (434)			
68	(Less) Extraordinary Deductions (435)			
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)			
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		5,269,363	4,120,949

Notes:

Name of Respondent
 PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS

For the Year Ended
 Dec. 31, 2011

STATEMENT OF RETAINED EARNINGS

- | | |
|--|---|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p> | <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		15,534,253
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit: Dividend for Periodic Adjustment to Capital Structure		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		5,269,363
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		(2,990,946)
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	Other Comprehensive Income		(1,179,839)
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		16,632,831
APPROPRIATED RETAINED EARNINGS (Account 215)			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		16,632,831

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 8-10, such notes may be attached hereto.

Please see attached.

Pivotal Utility Holdings, Inc.
D/B/A Florida City Gas

For the years ended December 31, 2011 and 2010

Notes to Financial Statements

Note 1 – Organization and Basis of Presentation

General

Florida City Gas is an operating division of Pivotal Utility Holdings, Inc. (Pivotal Utility), a wholly owned subsidiary of NUI Corporation, which is a wholly owned subsidiary of AGL Resources Inc. (AGL Resources). Unless the context requires otherwise, references to “we,” “us,” “our” or the “Company” mean Florida City Gas. We are primarily engaged in the distribution of natural gas to approximately 103,000 residential, commercial and industrial customers in Florida’s Miami-Dade and Brevard counties.

Basis of Accounting and Presentation

We maintain our accounts in accordance with recognized policies prescribed by the Florida Public Service Commission (Florida Commission). In addition, we maintain our accounts in accordance with recognized policies prescribed or permitted by the Federal Energy Regulatory Commission (FERC). These policies are in conformity with generally accepted accounting principles in the United States of America (GAAP) in all material respects.

The financial statements are presented in accordance with the reporting requirements of the FERC and the statements included herein are prescribed by the requirements of the Florida Commission. This is a comprehensive basis of accounting consistent with GAAP, except for the following:

- the statements of financial position classification of accumulated removal costs
- the omission of the statements of retained earnings from the prior year
- the omission of the statements of cash flows from the current and prior year
- the statements of financial position classification of accumulated deferred income taxes into asset and liability components for FERC reporting
- the financial statements included in this report reflect the recognition of a positive acquisition adjustment and regulatory assets related to the purchase of Florida City Gas by AGL Resources in 2004 as approved by the Florida Commission on December 6, 2007. The statements also reflect the amortization of these assets consistent with the approval. For GAAP purposes these assets are recorded in goodwill and are not amortized
- the statements of income classification of provision for income taxes in income net of utility operating income

Certain amounts from prior periods have been reclassified and revised to conform to the current period presentation. The reclassifications and revisions had no material impact on our prior period balances.

Note 2 – Significant Accounting Policies and Methods of Application

Cash and Cash Equivalents

Our cash and cash equivalents consist primarily of cash on deposit, money market accounts and certificates of deposit with original maturities of three months or less.

Receivables and Allowance for Uncollectible Accounts

Our receivables primarily consist of natural gas sales and transportation services billed to residential, commercial, industrial customers. We bill customers monthly, and our accounts receivable are due within 30 days. For the majority of our receivables, we establish an allowance for doubtful accounts based on our collection experience and other factors. For receivables where we are aware of a specific customer’s inability or reluctance to pay, we record an allowance for doubtful accounts against amounts due to reduce the net receivable balance to the amount we reasonably expect to collect. However, if circumstances change, our estimate of the recoverability of accounts receivable could change as well. Circumstances that could affect our estimates include, but are not limited to, customer credit issues, the level of natural gas prices, customer deposits and general economic conditions. Customers’ accounts are written off once we deem them to be uncollectible.

Inventories

We record natural gas stored underground at weighted average cost. The inventory balance of natural gas stored underground was \$349 thousand as of December 31, 2011 and \$377 thousand as of December 31, 2010.

Fair Value Measurements

The carrying values of cash and cash equivalents, receivables, derivative assets and liabilities, accounts payable, retirement plan assets, other current assets and liabilities and accrued interest approximate fair value. See Note 3 for additional fair value disclosures.

As defined in the authoritative guidance related to fair value measurements and disclosures, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in valuing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. We primarily apply the market approach for recurring fair value measurements to utilize the best available information. Accordingly, we use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. We are able to classify fair value balances based on the observance of those inputs. The guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by the guidance are as follows:

Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Our Level 1 items consist of exchange-traded derivatives and retirement plan assets.

Level 2 Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial and commodity instruments that are valued using valuation methodologies. These methodologies are primarily industry-standard methodologies that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. We obtain market price data from multiple sources in order to value some of our Level 2 transactions and this data is representative of transactions that occurred in the market place. As we aggregate our disclosures by counterparty, the underlying transactions for a given counterparty may be a combination of exchange-traded derivatives and values based on other sources. Instruments in this category include shorter tenor exchange-traded and non-exchange-traded derivatives such as over-the-counter forwards and options and retirement plan assets.

Level 3 Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs. Our Level 3 assets and liabilities are primarily related to our retirement plan assets as described in Note 3 and Note 5.

The authoritative guidance related to fair value measurements and disclosures also includes a two-step process to determine if the market for a financial asset is inactive and a transaction is not distressed. Currently, this authoritative guidance does not affect us, as our derivative instruments are traded in active markets.

Debt

We estimate the fair value of debt using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, optionality and risk profile. In determining the market interest yield curve, we consider our currently assigned ratings for unsecured debt. See Note 3 for the fair value of our debt.

Property, Plant and Equipment (PP&E)

PP&E consist of property and equipment that is in use, being held for future use and under construction. We report PP&E at its original cost, which includes:

- material and labor
- contractor costs
- construction overhead costs

We recognize no gains or losses on depreciable utility property that is retired or otherwise disposed, as required under the composite depreciation method. Such gains and losses are ultimately refunded to or recovered from customers through future rate adjustments.

Depreciation Expense

We compute depreciation expense by applying composite depreciation rates, as approved by the Florida Commission, to the investment in depreciable property. The composite depreciation rate was approximately 3.9% for 2011 and 3.7% for 2010.

Acquisition Adjustment and Regulatory Assets Resulting from Acquisition

We included the recognition of \$26,630 thousand in acquisition and regulatory assets related to the purchase of Florida City Gas by AGL Resources in December 2004. This recognition was approved by the Florida Commission on December 6, 2007. We also included in income the amortization of these assets, net of income tax effects, consistent with the order approving the recognition. This amount included \$21,657 thousand of acquisition adjustments, \$1,366 thousand of pension regulatory assets net of deferred taxes and \$3,607 thousand of transition and transfer costs net of deferred taxes. The unamortized balance of the acquisition adjustment was \$16,483 thousand at December 31, 2011 and \$17,205 thousand at December 31, 2010. At December 31, 2011, the unamortized regulatory asset for pension costs balance was \$1,013 thousand was offset against a related deferred tax of \$381 thousand. The \$1,177 thousand unamortized regulatory asset for pension costs balance at December 31, 2010 was offset against a related deferred tax of \$443 thousand.

Goodwill

For GAAP purposes, our \$26,630 thousand acquisition adjustment and regulatory assets are considered goodwill. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. In accordance with the authoritative guidance, AGL Resources evaluates goodwill balances for impairment on an annual basis or more frequently if impairment indicators arise. These indicators include, but are not limited to, a significant change in operating performance, the business climate, legal or regulatory factors, or a planned sale or disposition of a significant portion of the business. AGL Resources tests goodwill impairment utilizing a fair value approach at a reporting unit level. An impairment charge is recognized if the carrying value of a reporting unit's goodwill exceeds its implied fair value.

AGL Resources' goodwill impairment analysis for the years ended December 31, 2011 and 2010 was performed in the fourth quarter and indicated that the fair value of our reporting unit substantially exceeded its carrying value and the reporting unit is not at risk of failing Step 1 of the impairment evaluation. As a result, we did not recognize any goodwill impairment charges.

Taxes

The reporting of our assets and liabilities for financial accounting purposes differs from the reporting for income tax purposes. The principal differences between net income and taxable income relate to the timing of deductions, primarily due to the benefits of tax depreciation since we generally depreciate assets for tax purposes over a shorter period of time than for book purposes. The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items.

Income Taxes We have two categories of income taxes in our statements of income: current and deferred. Current income tax expense consists of federal and state income tax less applicable tax credits related to the current year. Deferred income tax expense generally is equal to the changes in the deferred income tax liability and regulatory tax liability during the year.

Investment and Other Tax Credits Deferred investment tax credits are included as a regulatory liability in our statements of financial position. These investment tax credits are being amortized over the estimated life of the related properties as credits to income in accordance with regulatory requirements.

Investment tax credits of approximately \$5 thousand at December 31, 2011 and \$6 thousand at December 31, 2010, previously deducted for income tax purposes have been deferred for financial accounting purposes and are being amortized as credits to income over the estimated lives of the related properties in accordance with regulatory requirements.

Accumulated Deferred Income Tax Assets and Liabilities In accordance with authoritative guidance related to income taxes, we report some of our assets and liabilities differently for financial accounting purposes than we do for income tax purposes. We report the tax effects of the depreciation and other differences in those items as deferred income tax assets or liabilities in our statements of financial position. We measure these deferred income tax assets and liabilities using enacted income tax rates.

Regulatory Income Tax Liability We also measure deferred income tax assets and liabilities using enacted income tax rates. Thus, when the statutory income tax rate declines before a temporary difference has fully reversed, the deferred income tax liability must be reduced to reflect the newly enacted income tax rates. In accordance with authoritative guidance related to rate-regulated entities, the amount of such a reduction is transferred to our regulatory income tax liability, which we are amortizing over the lives of the related properties as the temporary difference reverses or approximately 30 years.

Tax Benefits The authoritative guidance related to income taxes requires us to determine whether tax benefits claimed or expected to be claimed on our tax return should be recorded in our financial statements. Under this guidance, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. This guidance also addresses derecognition, classification, interest and penalties on income taxes and accounting in interim periods.

Uncertain Tax Positions We recognize accrued interest related to uncertain tax positions in interest expense and penalties in operating expenses in the statements of income. As of December 31, 2011, we did not have a liability recorded for payment of interest and penalties associated with uncertain tax positions.

Tax Collections We do not collect income taxes from our customers on behalf of governmental authorities. We collect and remit various taxes on behalf of various governmental authorities. In the state of Florida we record these taxes in revenues and operating expenses, which are immaterial for all periods presented.

Revenues

We record revenues when services are provided to customers. Those revenues are based on rates approved by the Florida Commission. Our rate structure includes a volumetric rate design that allows recovery of costs through gas usage. Revenues from sales and transportation services are recognized in the same period in which the related volumes are delivered to customers. Revenues from residential and certain commercial and industrial customers are recognized on the basis of scheduled meter readings. Additionally, revenues are recorded for estimated deliveries of gas not yet billed to these customers, from the last bill date to the end of the accounting period. These are included in the statements of financial position as unbilled revenue.

Cost of Goods Sold

We charge our utility customers for natural gas consumed using natural gas cost recovery mechanisms set by the Florida Commission. Under these mechanisms, all prudently incurred natural gas costs are passed through to customers without markup, subject to regulatory review. Therefore, in accordance with the authoritative guidance for rate-regulated entities, we defer or accrue (that is, include as an asset or liability in the statements of financial position and exclude from or include in the statements of income, respectively) the difference between the actual cost of goods sold incurred and the amount of commodity revenue earned in a given period, such that no operating margin is recognized related to these costs. The deferred or accrued amount is either billed or refunded to our customers prospectively through adjustments to the commodity rate. Deferred natural gas costs are reflected as regulatory assets identified as recoverable natural gas costs, and accrued natural gas costs are reflected as regulatory liabilities which are identified as accrued natural gas costs within our statements of financial position. For more information, see "Regulatory Assets and Liabilities" below.

Repair and Maintenance Expense

We expense repair and maintenance costs as incurred.

Regulatory Assets and Liabilities

We account for the financial effects of regulation in accordance with authoritative guidance related to regulated entities whose rates are designed to recover the costs of providing service. In accordance with this guidance, incurred costs and estimated future expenditures that would otherwise be charged to expense in the current period are capitalized as regulatory assets when it is probable that such costs or expenditures will be recovered in rates in the future. Similarly, we recognize regulatory liabilities when it is probable that regulators will require customer refunds through future rates or when revenue is collected from customers for expenditures that have not yet been incurred. Generally, regulatory assets are amortized into expense and regulatory liabilities are amortized into income over the period authorized by the regulatory commissions. Our regulatory assets and liabilities as of December 31, are summarized in the following table:

<i>In thousands</i>	As of December 31,	
	2011	2010
Regulatory assets – long-term		
Unamortized loss on reacquired debt	\$1,508	\$1,637
Recoverable retirement benefit costs	1,326	1,445
Deferred natural gas piping costs	1,259	1,511
Energy conservation program	1,103	1,386
Pension costs – AGL Resources Acquisition	1,013	1,177
Deferred customer conversion costs	863	864
Other	0	1
Total regulatory assets	\$7,072	\$8,021
Regulatory liabilities – current		
Deferred purchased gas adjustment	\$3,197	\$2,418
Regulatory liabilities – current	3,197	2,418
Regulatory liabilities – long-term		
Unamortized investment tax credit	5	6
Regulatory tax liability	3	4
Other	0	2
Total regulatory liabilities – long-term	8	12
Total regulatory liabilities	\$3,205	\$2,430

Our regulatory assets are probable or recovery specifically authorized by the Florida Commission. Base rates are designed to provide both a recovery of cost and a return on investment during the period rates are in effect. As such, all of our regulatory assets recoverable through base rates are subject to review by the Florida Commission during future rate proceedings. We are not aware of any evidence that these costs will not be recoverable through either rate riders or base rates, and we believe that we will be able to recover such costs, consistent with our historical recoveries. In the event that the provisions of authoritative guidance related to regulated operations were no longer applicable, we would recognize a write-off of regulatory assets that would result in a charge to net income, and be classified as an extraordinary item.

Additionally, while some regulatory liabilities would be written-off others would continue to be recorded as liabilities but not as regulatory liabilities. Although the natural gas distribution industry is competing with alternative fuels, primarily electricity, we continue to recover costs through cost-based rates established by the Florida Commission. As a result, we believe that the accounting prescribed under the guidance remains appropriate. It is also our opinion that all regulatory assets are recoverable in future rate proceedings, and therefore we have not recorded any regulatory assets that are recoverable but are not yet included in base rates or contemplated in a rate rider. The regulatory liabilities that do not represent revenue collected from customers for expenditures that have not yet been incurred are refunded to ratepayers through a rate rider or base rates. If the regulatory liability is included in base rates, the amount is reflected as a reduction to the rate base in setting rates.

Accumulated Removal Costs In accordance with regulatory treatment, our depreciation rates are comprised of two cost components – historical cost, net of estimated salvage, and the estimated cost of removal, or retirement,

of certain regulated properties. We collect these costs in base rates through straight-line depreciation expense, with a corresponding credit to accumulated depreciation. Because the accumulated estimated removal costs meet the requirements of authoritative guidance related to regulated operations, we have accounted for them as a regulatory liability and have reclassified them from accumulated depreciation to accumulated removal costs in our statements of financial position. In the rate setting process, the liability for these accumulated removal costs are treated as a reduction to the net rate base upon which our regulated utilities have the opportunity to earn their allowed rate of return.

Accounting for Retirement Benefit Plans

The authoritative guidance related to retirement benefits requires that we recognize all obligations related to defined benefit retirement plans and quantify the plans' funded status as an asset or a liability on our statements of financial position. The guidance further requires that we measure the plans' assets and obligations that determine our funded status as of the end of the fiscal year. We are also required to recognize as a component of other comprehensive income (OCI) the changes in funded status that occurred during the year that are not yet recognized as part of net periodic benefit cost as explained in authoritative guidance related to retirement benefits. The assets of our retirement plans were accounted for at fair value and are classified in the fair value hierarchy in their entirety based on the lowest level of input that is significant to the fair value measurement.

Use of Accounting Estimates

The preparation of our financial statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. We based our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, and we evaluate our estimates on an ongoing basis. Our estimates may involve complex situations requiring a high degree of judgment either in the application and interpretation of existing literature or in the development of estimates that impact our financial statements. The most significant estimates relate to our regulatory accounting, uncollectible accounts and other allowance for contingent losses, unbilled revenue recognition, retirement plan obligations and provisions for income taxes. Our actual results could differ from our estimates.

Accounting Developments

On September 15, 2011, the Financial Accounting Standards Board issued authoritative guidance related to goodwill impairment testing. The guidance provides us with the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the normally required two-step quantitative impairment test is unnecessary. However, if we conclude otherwise, we are then required to proceed with the quantitative testing. The guidance allows us to bypass the qualitative assessment for any reporting unit in any period and proceed directly to quantitative testing and resume performing the qualitative assessment in any subsequent period. This guidance is effective for public companies on January 1, 2012, but early adoption is permitted. AGL Resources adopted the guidance early and relied upon a qualitative assessment when performing its annual impairment test in 2011.

Subsequent Events

Management evaluated subsequent events for potential recognition and disclosure through April 27, 2012, the date these financial statements were available to be issued.

Note 3 – Fair Value Measurements

Retirement Benefit Plans

AGL Resources Inc. Retirement Plan (AGL Retirement Plan), the Employees' Retirement Plan of NUI Corporation (NUI Retirement Plan), the Health and Welfare Plan for Retirees and Inactive Employees of AGL Resources Inc. (AGL Postretirement Plan) target asset allocations are approximately 80% equity and 20% fixed income. The plans investments policy provides for some variation in these targets. The actual asset allocations of our retirement plans are presented in the following table by Level within the fair value hierarchy.

In millions	December 31, 2011									
	Pension plans (1)					Other retirement plans				
	Level 1	Level 2	Level 3	Total	% of total	Level 1	Level 2	Level 3	Total	% of total
Cash	\$12	\$0	\$0	\$12	3%	\$1	\$0	\$0	\$1	2%
Equity Securities										
U.S. large cap (2)	36	0	0	36	26%	0	0	0	0	56%
U.S. small cap (2)	53	0	0	53	14%	0	0	0	0	0%
International companies (3)	0	42	0	42	11%	0	10	0	10	16%
Emerging markets (4)	0	13	0	13	4%	0	0	0	0	0%
Fixed income securities										
Corporate bonds (5)	0	66	0	66	18%	0	0	0	0	0%
Other types of investments										
Other (or gov't/muni bonds)	0	0	0	0	0%	0	16	0	16	26%
Global hedged equity (6)	0	0	30	30	8%	0	0	0	0	0%
Absolute return (7)	0	0	34	34	9%	0	0	0	0	0%
Private capital (8)	0	0	25	25	7%	0	0	0	0	0%
Total assets at fair value	\$160	\$121	\$89	\$370	100%	\$1	\$60	\$0	\$61	100%
% of fair value hierarchy	43%	33%	24%	100%		2%	98%	0%	100%	

In millions	December 31, 2010									
	Pension plans (1)					Other retirement plans				
	Level 1	Level 2	Level 3	Total	% of total	Level 1	Level 2	Level 3	Total	% of total
Cash	\$7	\$0	\$0	\$7	2%	\$1	\$0	\$0	\$1	1%
Equity Securities										
U.S. large cap (2)	31	0	0	31	26%	0	36	0	36	57%
U.S. small cap (2)	51	0	0	51	15%	0	0	0	0	0%
International companies (3)	0	43	0	43	12%	0	12	0	12	19%
Emerging markets (4)	0	16	0	16	4%	0	0	0	0	0%
Fixed income securities										
Corporate bonds (5)	0	56	0	56	16%	0	15	0	15	23%
Other types of investments										
Global hedged equity (6)	0	0	35	35	10%	0	0	0	0	0%
Absolute return (7)	0	0	30	30	9%	0	0	0	0	0%
Private capital (8)	0	0	22	22	6%	0	0	0	0	0%
Total assets at fair value	\$149	\$115	\$87	\$351	100%	\$1	\$63	\$0	\$64	100%
% of fair value hierarchy	42%	33%	25%	100%		1%	99%	0%	100%	

- (1) Includes \$6 million at December 31, 2011 and \$7 million at December 31, 2010 of medical benefit (health and welfare) component for 401(h) accounts to fund a portion of the other retirement benefits.
- (2) Includes funds that invest primarily in United States common stocks.
- (3) Includes funds that invest primarily in foreign equity and equity-related securities.
- (4) Includes funds that invest primarily in common stocks of emerging markets.
- (5) Includes funds that invest primarily in investment grade debt and fixed income securities.
- (6) Includes funds that invest in limited / general partnerships, managed accounts, and other investment entities issued by non-traditional firms or "hedge funds."
- (7) Includes funds that invest primarily in investment vehicles and commodity pools as a "fund of funds."
- (8) Includes funds that invest in private equity and small buyout funds, partnership investments, direct investments, secondary investments, directly / indirectly in real estate and may invest in equity securities of real estate related companies, real estate mortgage loans, and real-estate mezzanine loans.

The following is a reconciliation of AGL Resources' retirement plan assets in Level 3 of the fair value hierarchy:

**Fair value measurements using significant unobservable inputs –
Level 3**

<i>In millions</i>	December 31, 2011				Total
	Global hedged equity	Absolute return	Private capital	Equity securities – international companies	
Assets:					
Beginning balance	\$35	\$30	\$22	\$0	\$87
Gains included in changes in net assets	(1)	1	5	0	5
Purchases	2	3	1	0	6
Sales	(6)	0	(3)	0	(9)
Ending balance	\$30	\$34	\$25	\$0	\$89

<i>In millions</i>	December 31, 2010				Total
	Global hedged equity	Absolute return	Private capital	Equity securities – international companies	
Assets:					
Beginning balance	\$33	\$26	\$13	\$5	\$77
Transfers out of Level 3 (1)	0	0	0	(4)	(4)
Gains included in changes in net assets	2	2	2	0	6
Purchases	0	14	8	0	22
Sales	0	(12)	(1)	(1)	(14)
Ending balance	\$35	\$30	\$22	\$0	\$87

(1) Transferred to Level 2 as a result of change in investment vehicle and pricing inputs becoming directly observable. Transfers out of Level 3 are determined using values at the end of the period in which the transfer occurs.

(2) There were no transfers between Level 1 and Level 2 for any of the periods presented.

Debt

Our long-term debt is recorded at carrying value. We estimate the fair value of our debt using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, optionality and risk profile. The following table presents the carrying value and fair value of our long-term debt for the years ended December 31, 2011 and 2010:

<i>In thousands</i>	As of December 31,	
	2011	2010
Carrying amount	\$65,661	\$66,525
Fair value	\$65,661	\$66,525

Note 4 - Amounts Due to Affiliates

We had \$10,001 thousand in payables at December 31, 2011 and \$15,573 thousand in payables at December 31, 2010, due to AGL Resources and affiliated companies, which consist primarily of our participation in AGL Resources' money pool to fund our working capital requirements.

Note 5 - Employee Benefit Plans

Oversight of Plans

The Retirement Plan Investment Committee (the Committee) appointed by AGL Resources' Board of Directors is responsible for overseeing the investments of the AGL Resources Inc. retirement plans. Further, AGL Resources has an Investment Policy (the Policy) for its pension and other retirement benefit plans whose goal is to preserve these plans' capital and maximize investment earnings in excess of inflation within acceptable levels of capital market volatility. To accomplish this goal, the plans' assets are managed to optimize long-term return while maintaining a high standard of portfolio quality and diversification.

AGL Resources will continue to diversify retirement plan investments to minimize the risk of large losses in a single asset class. AGL Resources does not have a concentration of assets in a single entity, industry, country, commodity or class of investment fund. The Policy's permissible investments include domestic and international equities (including convertible securities and mutual funds), domestic and international fixed income (corporate and United States government obligations), cash and cash equivalents and other suitable investments.

Equity market performance and corporate bond rates have a significant effect on our reported funded status. Changes in the projected benefit obligation (PBO) and accumulated postretirement benefit obligation (APBO) are mainly driven by the assumed discount rate. Additionally, equity market performance has a significant effect on our

market-related value of plan assets (MRVPA), which is used by the AGL Retirement Plan, to determine the expected return on the plan assets component of net annual pension cost. The MRVPA is a calculated value and differs from the actual market value of plan assets. Gains and losses on plan assets are spread through the MRVPA based on the five-year moving weighted average methodology.

Pension Benefits

AGL Resources sponsors two tax-qualified defined benefit retirement plans for our eligible employees, the AGL Retirement Plan and the NUI Retirement Plan. A defined benefit plan specifies the amount of benefits an eligible participant eventually will receive using information about the participant.

AGL Resources generally calculates the benefits under the AGL Retirement Plan based on age, years of service and pay. The benefit formula for the AGL Retirement Plan is a career average earnings formula, except for participants who were employees as of July 1, 2000, and who were at least 50 years of age as of that date. For those participants, AGL Resources used a final average earnings benefit formula, and used this benefit formula for such participants until December 31, 2010, at which time any of those participants who were still actively employed accrue future benefits under the career average earnings formula.

Effective January 1, 2012, the AGL Retirement Plan was frozen with respect to participation for non-union employees hired on or after that date. Such employees will be entitled to employer provided benefits under their defined contribution plan, that exceed defined contribution benefits for employees who participate in the defined benefit plan.

The NUI Retirement Plan covers substantially all of NUI Corporation's employees who were employed on or before December 31, 2005, except Florida City Gas union employees, who until February 2008 participated in a union-sponsored multiemployer plan. Pension benefits are based on years of credited service and final average compensation as of the plan freeze date. Effective January 1, 2006, participation and benefit accrual under the NUI Retirement Plan were frozen. As of that date, former participants in that plan became eligible to participate in the AGL Retirement Plan. Florida City Gas union employees became eligible to participate in the AGL Retirement Plan in February 2008.

Other Defined Benefit Retirement Benefits

AGL Resources sponsors a defined benefit retirement health care plans for our eligible employees, the Health and Welfare Plan for Retirees and Inactive Employees of AGL Resources Inc. (AGL Welfare Plan). Eligibility for these benefits is based on age and years of service.

The AGL Welfare Plan includes medical coverage for all eligible AGL Resources employees who were employed as of June 30, 2002, if they reach retirement age while working for us. In addition, the AGL Welfare Plan provides life insurance for all employees if they have ten years of service at retirement. The Florida commission has approved phase-in plans that defer a portion of the related benefits expense for future recovery.

Effective December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 was signed into law. This act provides for a prescription drug benefit under Medicare Part D as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D.

Effective July 1, 2009, Medicare eligible retirees covered by the AGL Welfare Plan, including all of those at least age 65, receive benefits through our contribution to a retiree health reimbursement arrangement account.

Effective January 1, 2010, enhancements were made to the pre-65 medical coverage of the AGL Welfare Plan by removing the current cap on our expected costs and implementing a new cap determined by the new retiree premium schedule based on salary level and years of service. Due to the cap, there is no impact on the periodic benefit cost or on our accumulated projected benefit obligation for the AGL Welfare Plan for a change in the assumed healthcare cost trend.

AGL Resources also has a separate unfunded supplemental retirement health care plan that provides health care and life insurance benefits to employees of discontinued businesses. This plan is noncontributory with defined benefits. Net plan expenses were immaterial in 2011. The PBO associated with this plan was \$3 million December 31, 2011.

Contributions

Our employees generally do not contribute to these pension and other retirement plans, however, pre-65 AGL retirees make nominal contributions to their health care plan. We fund the qualified pension plans by contributing at least the minimum amount required by applicable regulations and as recommended by our actuary. However, we

may also contribute in excess of the minimum required amount. As required by The Pension Protection Act of 2006 (the Act), we calculate the minimum amount of funding using the traditional unit credit cost method.

The Act contained new funding requirements for single employer defined benefit pension plans and established a 100% funding target (over a 7-year amortization period) for plan years beginning after December 31, 2007. If certain conditions were met, the Worker, Retiree and Employer Recovery Act of 2008 allowed us to measure our required minimum contributions based on a funding target of 100% in 2010 and 2011. In 2011 AGL Resources contributed \$56 million to the AGL Retirement Plan and the NUI Retirement Plan. In 2010 AGL Resources contributed \$31 million to the AGL Retirement Plan and the NUI Retirement Plan.

Assumptions

We consider a number of factors in determining and selecting assumptions for the overall expected long-term rate of return on plan assets. We consider the historical long-term return experience of our assets, the current and expected allocation of our plan assets, and expected long-term rates of return. We derive these expected long-term rates of return with the assistance of our investment advisors and generally base these rates on the various asset classes, our expected investments of plan assets and asset management. We base our expected allocation of plan assets on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, real estate, private equity securities and alternative asset classes.

We consider a variety of factors in determining and selecting our assumptions for the discount rate at December 31. We based our discount rate on a yield curve provided by our actuaries that is derived from a portfolio of high quality (rated AA or better) corporate bonds and the equivalent annuity cash flows separately for each pension plan.

The following tables present details about our pension and other retirement plans.

<i>Dollars in millions</i>	Pension plans		Other retirement plans	
	2011	2010	2011	2010
Change in plan assets				
Fair value of plan assets, January 1,	\$344	\$303	\$71	\$63
Actual return on plan assets	(10)	37	(3)	8
Employer contributions	58	31	7	7
Benefits paid	(28)	(27)	(8)	(7)
Plan curtailment and settlements	(1)	0	0	0
Fair value of plan assets, December 31,	\$363	\$344	\$67	\$71
Change in benefit obligation				
Benefit obligation, January 1,	\$531	\$463	\$107	\$101
Service cost	13	11	1	0
Interest cost	28	27	5	6
Actuarial loss	58	57	9	7
Benefits paid	(27)	(27)	(8)	(7)
Plan curtailment and settlements	(1)	0	0	0
Benefit obligation, December 31,	\$602	\$531	\$114	\$107
Funded status at end of year	\$(239)	\$(187)	\$(47)	\$(36)
Amounts recognized in the Consolidated Statements of Financial Position consist of				
Long-term asset	\$0	\$0	\$0	\$0
Current liability	(2)	(1)	0	0
Long-term liability	(237)	(186)	(47)	(36)
Total liability at December 31,	\$(239)	\$(187)	\$(47)	\$(36)
Florida City Gas' share of net liability recorded on statements of financial position	\$(3)	\$(2)	\$0	\$0
Accumulated benefit obligation (1)	\$568	\$506	n/a	n/a
Supplemental information for underfunded pension plans included above as of December 31, 2011:				
Aggregate benefit obligation	\$602	\$531	n/a	n/a
Aggregate accumulated benefit obligation	568	506	n/a	n/a
Aggregate fair value of plan assets	\$363	\$344	n/a	n/a
Assumptions used to determine benefit obligations				
Discount rate	4.6%	5.4%	4.5%	5.2%
Rate of compensation increase	3.7%	3.7%	3.7%	3.7%

(1) ABO differs from the projected benefit obligation in that the ABO excludes the effect of salary and wage increases.

The components of our pension and other retirement benefit costs are set forth in the following table.

<i>Dollars in millions</i>	Pension plans			Other retirement plans		
	2011	2010	2009	2011	2010	2009
Net benefit cost						
Service cost	\$13	\$11	\$8	\$1	\$0	\$0
Interest cost	28	27	26	5	6	6
Expected return on plan assets	(32)	(28)	(29)	(5)	(5)	(4)
Net amortization of prior service cost	(2)	(2)	(2)	(4)	(4)	(4)
Recognized actuarial loss	14	10	9	2	2	2
Net periodic benefit cost	\$21	\$18	\$12	\$(1)	\$(1)	\$0

Assumptions used to determine benefit costs

Discount rate (1)	5.4%	6.0%	6.2%	5.2%	5.8%	6.2%
Expected return on plan assets (1)	8.5%	8.8%	9.0%	8.5%	8.8%	9.0%
Rate of compensation increase(1)	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%

(1) Rates are presented on a weighted average basis.

As a result of a cap on expected cost for the AGL Welfare Plan, a one-percentage-point increase or decrease in the assumed health care trend does not materially affect periodic benefit cost or accumulated benefit obligation of the Plan.

The following table presents the amounts not yet reflected in net periodic benefit cost and included in net regulatory assets and accumulated OCI as of December 31, 2011 and 2010:

<i>In millions</i>	Accumulated OCI	
	Pension plan	Other retirement plans
December 31, 2011:		
Prior service cost (credit)	\$ (13)	\$ (4)
Net loss	312	51
Total	\$299	\$47
December 31, 2010:		
Prior service credit	\$(15)	\$(8)
Net loss	226	35
Total	\$211	\$27

The 2012 estimated amortization out of regulatory assets or accumulated OCI for these plans are set forth in the following table.

<i>In millions</i>	Accumulated OCI	
	Pension plans	Other retirement plans
Amortization of prior service credit	\$(2)	\$(3)
Amortization of net loss	20	3

The following table presents the gross benefit payments expected for the years ended December 31, 2012 through 2021 for our pension and other retirement plans. There will be benefit payments under these plans beyond 2021.

<i>In millions</i>	Pension plans	Other retirement plans
2012	\$29	\$7
2013	29	8
2014	30	7
2015	31	7
2016	31	8
2017-2021	174	38

Employee Savings Plan Benefits

AGL sponsors the Retirement Savings Plus Plan (RSP), a defined contribution benefit plan that allows eligible participants to make contributions to their accounts up to specified limits. Under the RSP, we made matching contributions to participant accounts of \$134 thousand in 2011 and \$141 thousand in 2010.

Note 6 - Debt

The following table provides maturity dates, year-to-date weighted average interest rates and amounts outstanding for our various debt securities and facilities that are included in our statements of financial position.

<i>In millions</i>	Year due	December 31, 2011		December 31, 2010	
		Weighted average interest rate	Outstanding	Weighted average interest rate	Outstanding
Short-term debt					
Current portion of capital leases	2012	4.9%	\$2	4.9%	\$1
Total short-term debt and current portion of capital leases		4.9%	\$2	4.9%	\$1
Long-term debt					
Gas facility revenue bond					
Issued July 1994	2024	0.1%	\$20	0.4%	\$20
Affiliate Promissory Note	2034	5.8	44	6.1	44
Capital leases	2012	n/a	–	4.9	2
Total long-term debt		4.0%	64	4.3%	66
Total debt		4.0%	\$66	4.3%	\$67

Current Portion of Capital Leases The current portion of our capital leases at December 31, 2011 and 2010 was composed of portions of our capital lease obligations that are due within the next twelve months. Our capital leases consist primarily of a sale/leaseback transaction completed in 2002. The sale/leaseback of our gas meters and other equipment will be repaid during 2012. Based on the terms of the lease agreement, we are required to insure the leased equipment during the lease term. At the expiration of the lease term, we have the option to purchase the leased meters from the lessor at their fair market value. The fair market value of the equipment will be determined based on an arm's-length transaction between an informed and willing buyer.

Long-term Debt Our long-term debt at December 31, 2011 and 2010 matures more than one year from the statements of financial position date and consisted of a gas facility revenue bond, an affiliate promissory note and capital leases.

Gas Facility Revenue Bond Pivotal Utility is party to a series of loan agreements with the New Jersey Economic Development Authority (NJEDA) under which the NJEDA has issued a series of gas facility revenue bonds. These gas revenue bonds are issued by state agencies or counties to investors, and proceeds from the issuance are then loaned to us. In June 2010, the letter of credit supporting our \$20 million gas revenue bond was set to expire, and according to the terms of the bond indenture, AGL Resources repurchased the bond before the expiration of the letters of credit using the proceeds of AGL Capital Corporation's commercial paper issuances.

Affiliate Promissory Note Pivotal Utility entered into a promissory note with AGL Resources (Affiliate Promissory Note) for the purpose of refinancing short-term debt and recapitalizing the capital structure of Pivotal Utility and its utility operating divisions, Elizabethtown Gas, Florida City Gas and Elkton Gas, in accordance with Pivotal Utility's target capitalization of 45% and with authorizations of the New Jersey Board of Public Utilities and the Florida Commission. The Affiliate Promissory Note is adjusted periodically to maintain the appropriate targeted capitalization percentages. During 2011, the Affiliate Promissory Note was not adjusted. The Affiliate Promissory Note is due December 31, 2034 and had an initial interest rate of 6.3%, which adjusts on a periodic basis based upon weighted average costs and expenses of borrowing the then outstanding long-term debt of both AGL Resources and AGL Capital Corporation, a wholly owned financing subsidiary of AGL Resources. As of December 31, 2011, the interest rate on this note was 5.8%. The initial principal amount of the Affiliate Promissory Note for Pivotal Utility including its operating division, Florida City Gas, is adjusted on an annual basis to conform to Pivotal Utility's target capitalization of 45%. As of December 31, 2011 and 2010, the amount outstanding under the Affiliate Promissory Note associated with Florida City Gas was \$44 million.

Note 7 - Commitments and Contingencies

We have incurred various contractual obligations and financial commitments in the normal course of our operating and financing activities. These obligations may result from both general financing activities and from commercial arrangements that are directly supported by related revenue-producing activities. The following table illustrates our expected future contractual payments such as debt and lease agreements and commitments as of December 31, 2011.

<i>In thousands</i>	Total	2012	2013	2014	2015	2016	Thereafter
Recorded contractual obligations:							
Long-term debt (1)	\$65,661	\$1,898	\$0	\$0	\$0	\$0	\$63,763
Total	\$65,661	\$1,898	\$0	\$0	\$0	\$0	\$63,763
Unrecorded contractual obligations and commitments(2):							
Pipeline charges, storage capacity and gas supply	\$54,637	\$8,465	\$8,465	\$8,465	\$5,953	\$5,288	\$18,001
Performance surety bonds	750	700	50	0	0	0	0
Interest charges	182	41	12	12	12	12	93
Operating leases	114	21	21	22	23	23	4
Total	\$55,683	\$9,227	\$8,548	\$8,499	\$5,988	\$5,323	\$18,098

(1) Includes current portion of capital leases.

(2) In accordance with GAAP, these items are not reflected in our statements of financial position.

Litigation

We are involved in litigation arising in the normal course of business. Although in some cases we are unable to estimate the amount of loss reasonably possible in addition to any amounts already recognized, it is possible that the resolution of these contingencies, either individually or in aggregate, will require us to take charges against, or will result in reductions in, future earnings. It is the opinion of management that the resolution of these contingencies, either individually or in aggregate, could be material to earnings in a particular period but will not have a material adverse effect on our financial position, results of operations or cash flows.

Note 8 - Income Taxes

Income Tax Expense

The relative split between current and deferred taxes is due to a variety of factors including true ups of prior year tax returns, and most importantly, the timing of our property-related deductions. Components of income tax expense shown in the statements of income are shown in the following table.

<i>In thousands</i>	2011	2010
Current income taxes		
Federal	\$(163)	\$(1,540)
State	232	144
Deferred income taxes		
Federal	3,292	4,196
State	244	382
Amortization of investment tax credits	(1)	(1)
Total	\$3,604	\$3,181

The reconciliations between the statutory federal income tax rate, the effective rate and the related amount of tax for the years ended December 31, 2011 and 2010 on our statements of income are presented in the following table:

<i>In thousands</i>	2011	2010
Computed tax expense at statutory rate	\$3,124	\$2,627
State income tax, net of federal income tax benefit	305	296
Amortization of investment tax credits	(1)	(1)
Other – net	176	259
Total income tax expense at effective rate	\$3,604	\$3,181

Accumulated Deferred Income Tax Assets and Liabilities

Components that give rise to the net accumulated deferred income tax liability are as follows.

<i>In thousands</i>	As of December 31,	
	2011	2010
Accumulated deferred income tax liabilities		
Property – accelerated depreciation and other property-related items	\$27,847	\$24,457
Other	381	443
Total accumulated deferred income tax liabilities	\$28,228	\$24,900
Accumulated deferred income tax assets		
Unfunded pension and postretirement benefit obligation	\$1,648	\$1,269
Bad debts and insurance reserves	756	517
Other	770	412
Total accumulated deferred income tax assets	3,174	2,198
Net accumulated deferred tax liability	\$25,054	\$22,702

AGL Resources files a U.S. federal consolidated income tax return and state income tax returns. AGL Resources is no longer subject to income tax examinations by the Internal Revenue Service or any state for years before 2007.

Note 9 - Related Party Transactions

We have an asset management and agency (AMA) agreement with our affiliate, Sequent Energy Management, L.P. (Sequent) to facilitate the management of transportation and storage capacity assets owned by Florida City Gas. As part of the AMA agreement, the parties have also executed a Gas Purchase and Sale Agreement where, to the extent requested by Florida City Gas, Sequent will purchase and sell natural gas to meet the gas supply requirements of Florida City Gas. The following table provides additional information on our asset management agreements with Sequent.

<i>Dollars in thousands</i>	Expiration date	Type of fee structure	Annual fee	Profit sharing /fees payments	
				2011	2010
Florida City Gas	Mar 2013	Profit-sharing	50%	\$1,845	\$1,280

See Note 4 and Note 6 for discussion of other affiliate transactions.

We also engage in transactions with AGL Resources' affiliates consistent with its services and tax allocation agreements.

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS		For the Year Ended Dec. 31, 2011	
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	267,290,442	267,290,442
4	101.1 Property Under Capital Leases	634,820	634,820
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified		
7	103 Experimental Plant Unclassified		
8	104 Leased to Others		
9	105 Held for Future Use		
10	114 Acquisition Adjustments	21,656,835	21,656,835
11	TOTAL Utility Plant (Total of lines 3 through 10)	289,582,097	289,582,097
12	107 Construction Work in Progress	5,583,351	5,583,351
13	Accum. Provision for Depreciation, Amortization, & Depletion	(132,471,994)	(132,471,994)
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	162,693,454	162,693,454
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	(127,298,416)	(127,298,416)
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		
19	111 Amort. of Underground Storage Land and Land Rights		
20	119 Amortization of Other Utility Plant		
21	TOTAL in Service (Total of lines 17 through 20)	(127,298,416)	(127,298,416)
22	Leased to Others		
23	108 Depreciation	0	
24	111 Amortization and Depletion	0	
25	TOTAL Leased to Others (Total of lines 23 and 24)		0
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)		
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amortization of Plant Acquisition Adjustment	(5,173,578)	(5,173,578)
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	(132,471,994)	(132,471,994)

Analysis of Plant in Service Accounts

Company: PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS

For the Year Ended December 31, 2011

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374	Land-Distribution		81,369	0	0	2,200			83,569
389	Land-General		333,111	2,661	0	0			335,772
0	Land-Other		0						
Amortizable General Plant Assets:									
301	Organization		0	0	0	0			
302	Franchises and Consents		325,165	0	0	(1)			325,164
303	Miscellaneous Intangible Plant		27,722	0	0	(2,200)			25,522
399	Miscellaneous Intangible Property		38,828	158,524	0	0			197,352
0									
0									
0									
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
365	Rights-Of-Way	0	0	0	0	0			0
367	Transmission-Main	2.9	0	0	0	0			0
369	Measuring & Regulating Equip	3.5	84,026	0	0	(84,026)			0
371	Other Equipment	3.3	0	0	0	0			0
375	Structures & Improvements	2.2	591,804	0	0	16,020			607,824
376.2	Mains - Plastic	2.9	64,784,905	2,724,815	0	4,130,945			71,640,665
376.1	Mains - Other	2.8	86,385,141	3,029,574	(49,845)	(4,401,407)			84,963,463
379	M & R Station Equipment - City Gate	2.9	5,923,774	12,001	0	381,423			6,317,198
380.2	Services - Plastics	3.8	38,543,435	1,938,501	0	(1,912,088)			38,569,848
380.1	Services - Other	7.1	13,215,092	62,867	(258,804)	2,028,324			15,047,479
381	Meters	4.2	6,596,945	1,328,820	1,112,480	244,407			9,282,652
382	Meter Installation	3.5	12,626,458	6,266	0	(44)			12,632,680
383	House Regulators	4.4	3,029,930	161,050	(57,973)	(15,051)			3,117,956
384	House Regulators Installation	3.7	1,382,028	1,101	(2)	(49,700)			1,333,427
385	Industrial M & R Station Equipment	3.2	3,432,023	22,955	0	(282,795)			3,172,183
386.5	Leased Water Heaters	8.0	0	0	0	0			0
386.6	Leased Dryers	8.2	0	0	0	0			0
386.7	Leased Rangers	8.8	0	0	0	0			0
387	Other Equipment	2.9	701,948	266	0	1,589			703,803
390	Structures & Improvements	2.5	1,566,123	2,427,158	0	(5,535)			3,987,746
391.1	Office Furniture	4.3	150,414	0	13,425	78,215			242,054
391.2	Office Equipment	1.9	2,123,006	75,245	(24,518)	(1,992,363)			181,370
391.3	Computers	16.7	7,523,604	1,027,761	0	1,773,955			10,325,320
392	Transportation Equipment	2.7	3,043,864	114,663	(1,724,433)	297,778			1,731,872
393	Stores Equipment	3.6	7,422	0	(4,500)	0			2,922
394	Tools, Shop and Garage Equipment	6.7	1,481,590	68,425	0	(52,017)			1,497,998
395	Laboratory Equipment	4.0	4,034	0	0	0			4,034
396	Power Operated Equipment		0	0	0	0			0
397	Communication Equipment	6.9	1,026,930	340	0	(18,451)			1,008,819
398	Miscellaneous Equipment	6.7	660,913	64,835	0	(139,178)			586,570
						0		0.00	

**Annual Status Report
Analysis of Plant in Service Accounts**

Company: PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS

For the Year Ended December 31, 2011

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Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
Capital Recovery Schedules:									
Total Account 101*			255,691,604	13,227,828	(994,170)	0	0	0	267,925,262
Amortizable Assets:									
114	Acquisition Adjustment		21,656,835						21,656,835
118	Other Utility Plant								0
106	Completed Construction not Calssified								0
Total Utility Plant			277,348,439	13,227,828	(994,170)	0	0	0	289,582,097
<p>Note: * The total beginning and ending balances must agree to accts. 101, Plant in Service, Line 3 and 101.1 Property Under Capital Lease, Line 4, and 114 Acquisition Adjustments, Page 12.</p> <p>** The amounts in the reclassification column represent the adjustments to 2010 balances to correct classification between accounts consistent with the Company's subsidiary plant ledger.</p>									

**Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization**

Company: PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS
For the Year Ended December 31, 2011

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
374	Land-Distribution	0	-	0						0
389	Land-General	37,696	(37,696)	(184)						(184)
Amortizable General Plant Assets:										
302	Franchises and Consents	157,627	9,429	(735)						166,321
303	Miscellaneous Intangible Plant	24,393	(1,991)	(119)						22,283
399	Miscellaneous Intangible Property	7,564	6,682	(37)						14,209
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
367	Transmission-Main	809	71	(745)						135
369	Measuring & Regulating Equip	5,939	-	(5,983)						(44)
371	Other Equipment	4,271	-	(4,271)						0
375	Structures & Improvements	150,059	15,027	(108)						164,978
376.2	Mains - Plastic	23,204,258	2,004,095	(454,090)						24,754,263
376.1	Mains - Other	51,684,671	2,559,025	(286,450)	(49,845)			(24,373)		53,883,028
379	M & R Station Equipment - City Gate	2,852,730	208,234	7,432						3,068,396
380.2	Services - Plastics	15,460,755	1,428,722	238,553						17,128,030
380.1	Services - Other	18,234,835	1,208,377	237,479	(258,804)					19,421,887
381	Meters	(3,676,176)	435,578	30,988	1,112,480					(2,097,130)
382	Meter Installation	2,251,747	714,748	27,116						2,993,611
383	House Regulators	1,165,910	155,607	(5,787)	(57,972)					1,257,758
384	House Regulators Installation	719,031	42,129	(5,713)	(2)					755,445
385	Industrial M & R Station Equipment	1,595,196	107,489	(5,701)						1,696,984
386.5	Leased Water Heaters	0	-	0						0
386.6	Leased Dryers	0	-	0						0
386.7	Leased Rangers	0	-	0						0
387	Other Equipment	197,594	30,694	8,180						236,468
390	Structures & Improvements	(298,743)	95,992	350						(202,401)
391.1	Office Furniture	(57,478)	44,327	127,816	13,425					128,090
391.2	Office Equipment	153,208	(273,789)	(83,329)	(24,518)					(228,428)
391.3	Computers	4,277,671	702,578	(121,859)						4,858,390
392	Transportation Equipment	1,196,780	351,182	300,859	(1,724,433)	58,326				182,714
393	Stores Equipment	3,682	214	579	(4,500)					(25)
394	Tools, Shop and Garage Equipment	687,437	97,856	(769)						784,524
395	Laboratory Equipment	(5,607)	161	29						(5,417)
396	Power Operated Equipment	0	-	0						0
397	Communication Equipment	1,010,909	83,720	(5,290)						1,089,339
398	Miscellaneous Equipment	244,109	55,782	1,667						301,558
										0

**Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization**

Company: PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS

For the Year Ended December 31, 2011 Page 2 of 2

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*						Transfers	Ending Balance*	
(Continued)										
Capital Recovery Schedules:										
Subtotal		121,290,877	10,044,243	(122)	(994,169)	58,326	0	(24,373)	0	130,374,782
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
	Retirement of Land & Landrights (Propane Sales)	0								0
	Reserve for Amortization Adjustment									0
	Undistributed Retirement Work in Progress	(2,240,230)					(836,136)			(3,076,366)
115	Amort. Plant Acquisition Adjustment	4,451,683	721,895							5,173,578
	Adjustment	(120,834)	120,834							0
Grand Total *		123,381,496	10,886,972	(122)	(994,169)	58,326	(836,136)	(24,373)	0	132,471,994

* Note: The total beginning and ending balances (including Undistributed Retirement Work in Progress) must agree to Line 17 of page 12.

** Allocated Depreciation Expense of \$542,737 is not included in Accumulated Depreciation Balance since it is included on the books of AGL Services Co.
 Depreciation Expense includes reversal of adjustment to depreciation expense for 2008 of (\$120,834) for the estimated impact of FERC account reclassifications that was recorded in 2010. Estimate was reversed because actual adjustment was made to individual assets in 2011. Accrual also excludes \$5,513 of depreciation expense related to non-jurisdictional operations that is included in income statement depreciation expense.
 *** Adjustment amount of \$(24,373) is the amount to reconcile the difference between the sub-ledger to the general ledger. An adjustment will be recorded in 2012 in sub-ledger for this amount.
 **** The amounts in the reclassification column represent the adjustments to 2010 balances to correct classification between accounts consistent with the Company's subsidiary accumulated depreciation ledger. Net amount of (\$122) represents amount transferred to non-jurisdictional accumulated depreciation.

Name of Respondent FLORIDA CITY GAS A DIVISION OF PIVOTAL UTILITY HOLDINGS, INC.		For the Year Ended Dec. 31, 2011	
CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)			
1. Report below descriptions and balances at end of year of projects in process of construction (107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$500,000) may be grouped.	
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	0362-Service Blanket- Field Op	556,011	
2			
3	Construction Work in Process (sum of Minor Projects in Dade, Port St. Lucie and Brevard County)	5,027,340	
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14	TOTAL	5,583,351	

CONSTRUCTION OVERHEADS-GAS			
1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items. 2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed		and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction. 3. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.	
Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c) **
1	A&G Salaries Capitalized*	792,244	9,829,715
2	A&G Expenses Capitalized*	16,404	9,829,715
3	Benefits Capitalized*	354,393	9,829,715
4	Pension Expense Capitalized*	72,451	9,829,715
5	Payroll Taxes Expense Capitalized*	114,205	9,829,715
6	Fleet Expense Capitalization	345	9,829,715
7	Engineering (Charged from AGL Services Company)	137,872	9,829,715
8			9,829,715
9			
10			
11	TOTAL	1,487,914	
* Includes FCG and AGL Services Company allocated amounts. **Capital Expenditures during FY2011 excluding overhead allocations.			

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
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PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	55,733
2	Debt Financing	5,047
3	Prepaid Taxes	1,005,976
4	Prepaid Interest	0
5	Gas Prepayments	0
6	Miscellaneous Prepayments: (AGA, FNGA Dues, Legal)	135,729
7	DOT Fees	1,877
8	TOTAL	1,204,362

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10	TOTAL					0

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL					0

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
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OTHER REGULATORY ASSETS (Account 182.3)

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Conversion Cost (1)	863,613	108,919	407	109,601	862,931
2	Deferred Piping (1)	1,511,033	27,155	912	279,032	1,259,156
3	Energy Conservation Program	1,386,196		401	283,399	1,102,797
4	Regulatory Asset - Pension (2)	1,177,119		926	164,250	1,012,869
5	Unrecovered Pension Benefit	1,444,707		401	118,743	1,325,964
6	Other	2,279	13	909	2,279	13
7						
8						
9						
10	(1) Amortization period - 10 years					
11	(2) Amortization period - 13.3 years					
12						
13						
14						
15						
16						
17	TOTAL	6,384,947	136,087		957,304	5,563,730

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Acquisition Cost	18		234	18	0
2	Administrative and General Clearing	51		(1)	51	0
3	Outside Services - Consulting (2)		41,443			41,443
4						
5						
6	(1) Various clearing accounts.					
7	(2) Amounts deferred that should have been charged to expense in 2011. These amounts will be charged to expense in 2012.					
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19	TOTAL	69	41,443		69	41,443

**SECURITIES ISSUED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

- | | |
|--|--|
| <p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.</p> | <p>and gains or losses relating to securities retired or refunded.</p> <p>3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p> |
|--|--|

None

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

- | | |
|--|--|
| <p>1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with</p> | <p>General Instruction 17 of the Uniform Systems of Accounts</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.</p> |
|--|--|

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	20 Year Revenue Bond	4/19/2005	20,000,000	1,093,562	719,223	662,813
2						
3	Bond refinance & issuance	6/5/2008	20,000,000	889,213	738,381	680,739
4						
5	Bond refinance & issuance	5/28/2010	20,000,000	181,507	178,940	164,906
6						
7					1,636,544	1,508,458
8						
9						
10						
11						
12						
13						

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
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LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	20 Year Revenue Bonds Series 2024*	4/19/2005	10/1/2024	20,000,000	variable	27,843	20,000,000
2	Affiliate Promissory Note **	1/1/2005	1/1/2035	25,209,352	5.73%	2,508,695	43,762,674
3							
4	* This series of bonds was tendered in May 2010 and remarketed in October 2010. See notes to financial statements for additional details.						
5	** Note balance is adjusted periodically to align FCG capital structure with AGL Resources, Inc.'s capital structure.						
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			45,209,352		2,536,538	63,762,674

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.

6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1								
2								
3	* Refinancing fees	20,000,000	223,173	6/5/2008	10/1/2024	119,321	59,920	179,241
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								

* Total debits of \$110,588 in 2011 are related to fees for remarketing the \$20,000,000 variable rate revenue bond in May 2010. Credit of \$50,668 for amortization expense for these fees was to true-up the short-term portion of long-term debt. Of the \$50,668 amortization expense, \$12,298 is in FERC account 428 and \$38,370 is in FERC account 431. The net impact for FERC account 181 is \$110,588 - \$50,668 = \$59,920.

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item	Balance at End of Year
1	Misc. Liab. (Account 220150)	0
2	Unclaimed Customer Checks	130,609
3	Others	(21)
4	Misc. Curr. & Accr. Liabilities	255,635
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	386,223

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.

2. For any deferred credit being amortized, show the period of amortization.

3. Minor Items (less than \$25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL					

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For regulatory liabilities being amortized, show period of amortization in column (a).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Reg. Tax Liability	4,017	281	847		3,170
2	PGA	2,418,443	191		778,101	3,196,544
3	Other	1,750		1,750		0
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	2,424,210		2,597	778,101	3,199,714

TAXES OTHER THAN INCOME TAXES (Account 408.1)

	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total
1	U.S. Government	0	0	0	449,317	0	0	0	0	0	449,317
2	State of Florida	0	1,350,574	0	(92,488)	2,758,539	373,367	0	1,852,541	60,229	6,302,762
3	AGL Services Company Allocation	0	0	0	0	0	0	0	0	218,900	218,900
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15	Less: Charged to Construction	0	0	0	0	0	0	0	0	0	0
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	0	1,350,574	0	356,829	2,758,539	373,367	0	1,852,541	279,129	6,970,979

Note: *List separately each item in excess of \$500.

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%							
3	4%			411.4				
4	7%							
5	10%		0	420	0		0	
6	8%		6,306	411.4	1,260		5,046	
7								
8								
9								
10	TOTAL		6,306		1,260		5,046	

Notes

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. At Other (Specify), include deferrals relating to other income and deductions.

2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 410.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	GAS										
2	Federal	1,884,758	178,469			282	1,014,847	216; 283		2,721,136	
3	State	313,414	29,676			282	168,815			452,553	
4											
5											
6											
7											
8											
9											
10											
11	TOTAL Gas (Lines 2 - 10)	2,198,172	208,145	0			1,183,662		0	3,173,689	
12	Other (Specify)										
13	TOTAL (Account 190) (Total of lines 11 and 12)	2,198,172	208,145	0			1,183,662		0	3,173,689	

Notes

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)

Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
							Account No.	Amount	Account No.	Amount	
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas	24,457,063	3,389,282			190;283		254	847	27,847,192	
9	Other								0	0	
10	TOTAL Account 282 (Lines 7 thru 9)	24,457,063	3,389,282				0		847	27,847,192	
11	Account 283 - Other										
12	Electric										
13	Gas	442,949	(61,807)					282		381,142	
14	Other										
15	TOTAL Account 283 - Other (Lines 12 thru 14)	442,949	(61,807)	0			0		0	381,142	
16	GAS										
17	Federal Income Tax	22,073,558	3,113,643			190; 283		254;282	847	25,188,048	
18	State Income Tax	2,826,454	213,832			283		282		3,040,286	
19											
20	TOTAL Gas (Lines 17 thru 19)	24,900,012	3,327,475				0		847	28,228,334	
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)										
25	TOTAL (Total of lines 5, 10 and 15)	24,900,012	3,327,475	0	0	0	0		847	28,228,334	

Notes

Name of Respondent Pivotal Utility Holdings Inc. d/b/a Florida City Gas	For the Year Ended Dec. 31, 2011
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9)	
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5		
6		
7	See Page 25 a	
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		
11		
12		
13		
14		
15		
16		
17		
18	Income Recorded on Books Not Included in Return	
19		
20		
21		
22		
23		
24		
25		
26	Deductions on Return Not Charged Against Book Income	
27		
28		
29		
30		
31		
32		
33		
34	Federal Tax Net Income	
35	Show Computation of Tax:	
36		
37		
38		
39		
40		

Name of Respondent Pivotal Utility Holdings Inc d/b/a Florida City Gas	This Report Is:		Year of Report
	(1) <input checked="" type="checkbox"/>	An Original	
(2) <input type="checkbox"/>	A Resubmission		

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES**

Net Income for Fiscal Year Ended December 31, 2011		5,269,363
Adjustments For Federal Income Tax Purposes		
Income on Return Not on Books:		
Contributions in Aid of Construction		\$240,781
Expenses Booked Not Recorded on Return:		
Current Federal Income Taxes	(162,969)	
Deferred Federal Income Taxes	3,292,114	
Deferred State Income Taxes	243,506	
Amortization of Deferred Investment Tax Credits	(1,259)	
Amortization of Pension and Transition Cost Reg. Assets	164,249	
Fines and Penalties	15,000	
Lobbying Expenses	92,603	
Pension	528,039	
Club Seats	5,769	
Bad Debts	617,126	
Meals and Entertainment	10,149	
Misc Accrued Liabilities	0	
Leasehold Improvements	483,511	
Restricted Stock Units	9,207	5,297,045
Deductions on Return Not Charged Against Book Income:		
Excess of allowable depreciation over that charged to depreciation and other book expenses	(6,139,925)	
Conservation Analysis		
Expenditures for Service on Customer Premises		
Cost of Removal		
Gain/Loss Difference	(243,695)	
Software Labor		
Engineering Cost	(288,546)	
Salaries Overhead-G&A	(526,873)	
Deductible G&A	(744,707)	
Accrued Post Retirement Benefits	(54,191)	
Rate Case	(41,443)	
Current Federal Income Taxes		
Removal Cost	(836,136)	
Meter Lease	(1,262,034)	
Relocation Cost	(1,112,607)	
Accrued bonus	(336,294)	
Deferred Compensation		(11,586,451)
Total Net Adjustments for Federal Income Tax Purposes		<u>(6,048,625)</u>
Federal Taxable Income		<u>(\$779,262)</u>
State Taxes		0
Show Computation to Tax		
Federal Taxable Income		<u>(\$779,262)</u>
35% of Federal Taxable Income		<u>(272,742)</u>
Accrual to return and other adjustments		<u>(35,556)</u>
Current Federal Income Taxes at December 31, 2011		<u>(\$308,298)</u>
Allocated Tax Per Tax Agreement		145,329
Total Current Federal Income Tax		<u><u>(162,969)</u></u>

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 - Residential Sales	32,102,153	38,578,045	15,983,315	20,542,378	96,677	96,472
4	481 - Commercial & Industrial Sales	23,993,298	25,708,232	24,060,676	24,357,952	4,809	4,708
5	481						
6	481						
7	481						
8	481						
9	Interruptible Sales Service						
10	481 -						
11	481 -						
12	Firm Transportation Service						
13	489 - Commercial & Industrial Transp.	16,185,692	15,249,026	57,221,989	53,846,178	1,800	1,718
14	489						
15	489						
16	Interruptible Transportation Serv.						
17	489 - Industrial						
18	489						
19	482 Other Sales to Public Authorities						
20	484 Flex Rate - Refund						
21	TOTAL Sales to Ultimate Consumers	72,281,143	79,535,303	97,265,980	98,746,508	103,286	102,898
22	483 Sales for Resale			0			
23	Off-System Sales	0	0				
24	TOTAL Nat. Gas Service Revenues	72,281,143	79,535,303				
25	TOTAL Gas Service Revenues	72,281,143	79,535,303				
26	Other Operating Revenues						
27	485 Intracompany Transfers						
28	487 Forfeited Discounts	1,407,232	1,288,362				
29	488 Misc. Service Revenues	1,340,374	1,437,206				
30	489 Rev. from Trans. of Gas of Others						
31	not included in above rate schedules)						
32	493 Rent from Gas Property						
33	494 Interdepartmental Rents						
34	495 Other Gas Revenues						
35	Damage Billing	172,268	160,063				
36	Reconnect for Cause						
37	Collection in lieu of disconnect						
38	Returned Check						
39	Other						
40	495.1 Overrecoveries Purchased Gas	0	0				
41	TOTAL Other Operating Revenues	2,919,874	2,885,631				
42	TOTAL Gas Operating Revenues	75,201,017	82,420,934				
43	(Less) 496 Provision for Rate Refunds	0	0				
44	TOTAL Gas Operating Revenues Net of Provision for Refunds	75,201,017	82,420,934				
45	Sales for Resale						
46	Other Sales to Public Authority						
47	Interdepartmental Sales						
48	TOTAL	\$75,201,017	\$82,420,934	97,265,980	98,746,508		

Notes

Revised

Name of Respondent
 PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS

For the Year Ended
 Dec. 31, 2011

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. Production Expenses		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases		
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	22,737,322	29,053,400
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)		
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	22,737,322	29,053,400
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses	-	-
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)	-	-
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit	(3,415)	(2,622)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(3,415)	(2,622)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	22,733,907	29,050,778
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	22,733,907	29,050,778
38	2. Natural Gas Storage, Terminating and Processing Expenses		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)		
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)	94,490	105,281
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	94,490	105,281
43	3. Transmission Expenses		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)	6	-
45			
46			

Name of Respondent
 PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS

For the Year Ended

Dec. 31, 2011

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. Distribution Expenses		
48	Operation		
49	870 Operation Supervision and Engineering	47,790	58,119
50	871 Distribution Load Dispatching	42,581	45,073
51	872 Compressor Station Labor and Expenses		
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	1,225,503	1,241,538
54	875 Measuring and Regulating Station Expenses--General	434	87
55	876 Measuring and Regulating Station Expenses--Industrial		
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	100,906	114,527
57	878 Meter and House Regulator Expenses	577,846	939,670
58	879 Customer Installations Expenses	372,043	471,857
59	880 Other Expenses	180,631	217,490
60	881 Rents		
61	TOTAL Operation (Total of lines 49 through 60)	2,547,734	3,088,361
62	Maintenance		
63	885 Maintenance Supervision and Engineering	216	
64	886 Maintenance of Structures and Improvements		
65	887 Maintenance of Mains	189,915	249,242
66	888 Maintenance of Compressor Station Equipment	10,679	
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	37,354	90,115
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial		
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station		
70	892 Maintenance of Services	79,541	89,986
71	893 Maintenance of Meters and House Regulators	127,358	91,136
72	894 Maintenance of Other Equipment	244	5,032
73	TOTAL Maintenance (Total of Lines 63 through 72)	445,307	525,511
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	2,993,041	3,613,872
75	5. Customer Accounts Expenses		
76	Operation		
77	901 Supervision		
78	902 Meter Reading Expenses	221,079	297,734
79	903 Customer Records and Collection Expenses	102,983	124,452
80	904 Uncollectible Accounts	1,193,600	1,939,600
81	905 Miscellaneous Customer Accounts Expenses	2,282	2,512
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	1,519,944	2,364,298
83	6. Customer Service and Informational Expenses		
84	Operation		
85	907 Supervision	-	459
86	908 Customer Assistance Expenses	22,621	97,190
87	909 Informational and Instructional Expenses	3,858,894	2,187,974
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	3,881,515	2,285,623
90	7. Sales Expenses		
91	Operation		
92	911 Supervision	174	-
93	912 Demonstrating and Selling Expenses	278,733	298,209
94	913 Advertising Expenses	28,376	87,332
95	916 Miscellaneous Sales Expenses	-	257
96	TOTAL Sales Expenses (Total of lines 92 through 95)	307,283	385,798
97			

Name of Respondent		For the Year Ended	
PIVOTAL UTILITY HOLDINGS, INC.		Dec. 31, 2011	
D/B/A FLORIDA CITY GAS			
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. Administrative and General Expenses		
99	Operation		
100	920 Administrative and General Salaries	5,654,215	5,950,499
101	921 Office Supplies and Expenses	1,649,517	1,741,442
102	(Less) (922) Administrative Expenses Transferred--Credit	1,730,826	1,858,798
103	923 Outside Services Employed	1,837,029	1,783,930
104	924 Property Insurance	334,303	277,309
105	925 Injuries and Damages	269,578	1,061,514
106	926 Employee Pensions and Benefits	2,679,478	3,952,996
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses		
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses	-	235
111	930.2 Miscellaneous General Expenses	780,738	723,408
112	931 Rents	596,405	644,734
113	TOTAL Operation (Total of lines 100 through 112)	12,070,437	14,277,269
114	Maintenance		
115	935 Maintenance of General Plant	666,366	736,129
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	12,736,803	15,013,398
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	44,266,989	52,819,048
119			
120			

(1) Reclassified \$194,393 for 2010 from Account 921 Office Supplies and Expenses to Account 926 Employee Pensions and Benefits for proper account classification.

NUMBER OF GAS DEPARTMENT EMPLOYEES	
	1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
	2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
	3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.
1	
2	1. Payroll Period Ended (Date) 12/31/2011
3	2. Total Regular Full-Time Employees 97
4	3. Total Part-Time and Temporary Employees 0
5	4. Total Employees 97
6	
7	
8	
9	
10	
11	
12	
13	

Name of Respondent
 PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

- | | |
|--|---|
| <p>1. Provide totals for the following accounts:
 800 - Natural Gas Well Head Purchases
 800.1- Natural Gas Well Head Purchases
 Intracompany Transfers
 801 - Natural Gas Field Line Purchases
 802 - Natural Gas Gasoline Plant Outlet Purchases
 803 - Natural Gas Transmission Line Purchases
 804 - Natural Gas City Gate Purchases
 804.1- Liquefied Natural Gas Purchases
 805 - Other Gas Purchases
 805.1- Purchases Gas Cost Adjustments</p> | <p>The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.
 2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.
 3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).
 4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)</p> |
|--|---|

Line No.	Account Title (a)	Gas Purchased- Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	800.1 - Natural Gas Well Head Purchases, Intracompany Transfers			
3	801 - Natural Gas Field Line Purchases			
4	802 - Natural Gas Gasoline Plant Outlet Purchases			
5	803 - Natural Gas Transmission Line Purchases			
6	804 - Natural Gas City Gate Purchases	39,342,450	25,015,329	\$0.63584
7	804.1 - Liquefied Natural Gas Purchases			
8	805 - Other Gas Purchases		(913,347)	
9	805.1 - Purchased Gas Cost Adjustments		(1,364,660)	
10	TOTAL (Total of lines 1 through 9)	39,342,450	22,737,322	\$0.57793

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

- | | |
|---|---|
| <p>1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.</p> | <p>4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.</p> |
|---|---|

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2				
3	Other General Use	401	4,413	3,415
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL		4,413	3,415

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
 2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186
 4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.
 5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year			Amortized During Year		Deferred in Account 186 End of Year (i)
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)	Amount (h)	
1	None								0
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL	0	0	0	0	0	0	0	0

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	90,777
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown.)	
5	Fleet Fuel Expense	395,703
6	Fleet Expense Capitalization	(345)
7	Fleet - Employee Stipened Pay	7,095
8	AGL Service Company Allocated Costs (Represents amount assigned to FERC account 930.2)	280,718
9	Supplies (92 items)	9,430
10	Legal Expense Accrual Reversal *	(15,000)
11	Misc. Expenses (91)	12,360
12		
13		
14		
15	* Represents reversal of accrual for 2010 in 2011. Payments for legal services are recorded in account 923.	
16		
17		
18		
19		
20	TOTAL	780,738

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	1,240,010		
8	Customer Accounts	358,771		
9	Customer Service and Informational			
10	Sales	529,990		
11	Administrative and General	1,982,877		
12	TOTAL Operation (Total of lines 5 through 11)	4,111,648		
13	Maintenance			
14	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	862,004		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 14 through 17)	862,004		
19	TOTAL Operation and Maintenance	4,973,652		
20	Production - Manufd. Gas & Nat. Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Total of lines 7 and 16)	2,102,014		
23	Customer Accounts (Transcribe from line 8)	358,771		
24	Customer Service and Informational (Transcribe from line 9)	-		
25	Sales (Transcribe from line 10)	529,990		
26	Administrative and General (Total of lines 11 and 17)	1,982,877		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	4,973,652		4,973,652
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)			
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	652,104	-	652,104
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	652,104	-	652,104
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	29,069		29,069
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	29,069		29,069
42				
43	Other Accounts (Specify):			
44	Accrued Liability - Severences	-	-	-
45				
46				
47				
48				
49				
50				
51				
52				
53	TOTAL Other Accounts	-		
54	TOTAL SALARIES AND WAGES	5,654,825	-	5,654,825

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.

(a) Name of person or organization rendering services,
 (b) description of services received,
 (c) basis of charges,
 (d) total charges for the year, detailing account charged.

2. For any services which are of a continuing nature, give the date and term of contract.

3. Designate with an asterisk associated companies.

	Description		Amount
1	INFRA SOURCE UNDERGROUND CONSTRUCTION	Contractor	8,712,228
2	BUILDING MANAGEMENT SYSTEM, INC.	Contractor	543,592
3	MESSER, CAPARELLO & SELF, P.A.	Legal	389,911
4	TOTAL BILLINGS	Billing Services	380,000
5	SOUTHERN CROSS CORP.	Contractor	335,490
6	ALL ABOUT GAS SERVICE, LLC	Contractor	165,088
7	GUNSTER, YOAKLEY, & STEWARD PA	Legal	157,040
8	CASH CYCLE SOLUTIONS	IT Services	113,593
9	CORRPRO COMPANIES INC	Contractor	85,423
10	ITRON, INC.	Contractor	76,075
11	TOMMY L. HORNSBY	Collection Services	64,824
12	NEW LIFE MAINTENANCE INC.	Contractor	61,533
13	BGL ASSET SERVICES, LLC	Contractor	57,325
14	SOUTHEASTERN GAS ENGINEERING LLC	Engineering Services	55,000
15	PRICEWATERHOUSECOOPERS LLC	Audit Services	52,297
16	DEVTECH SALES, INC.	Contractor	51,056
17	CLASSIC CONTROLS, INC.	Contractor	43,299
18	CONCENTRIC ENERGY ADVISORS, INC.	Regulatory Consultant	42,280
19	CONTROL SOUTHERN INC.	Contractor	39,934
20	AECOM, INC.	Contractor	39,569
21	PHOENIX SOLUTIONS, INC.	Contractor	36,430
22	BENTON-GEORGIA	Contractor	35,857
23	STROUD DIVING & HYDROGRAPHY	Contractor	31,595

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

	Item	Amount
1		
2	MISCELLANEOUS INCOME AND DEDUCTIONS	
3	426.3 Penalties	15,153
4	426.4 Expenditures for Certain Civic, Political and Related Activities	92,543
5		
6		
7	TOTAL	107,696
8		
9	INTEREST ON DEBT TO ASSOCIATED COMPANIES (430)	
10	Allocated Cost of Capital	2,371
11	Money Pool	41,365
12	Affiliate Promissory Note	2,508,695
13		
14	TOTAL	2,552,431
15		
16	OTHER INTEREST EXPENSES (431):	
17	Financing Fees	335,089
18	Fleet Bank - Meter Leases (Weighted Average 4%)	(231,143)
19	Interest on Customer Deposits (6%)	217,822
20	PGA (Average 0.14%)	2,570
21	ECP (Average 0.14%)	(1,982)
22	Bank of Americal - Vehicles Lease	364,151
23		
24		
25	TOTAL OTHER INTEREST EXPENSES	686,507

Name of Respondent
 PIVOTAL UTILITY HOLDINGS, INC.
 D/B/A FLORIDA CITY GAS

For the Year Ended

Dec. 31, 2011

**Reconciliation of Gross Operating Revenues
 Annual Report versus Regulatory Assessment Fee Return**

For the current year, reconcile the gross operating revenues as reported on Page 26 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	56,095,451		56,095,451	56,099,980	(4,529)
2	Sales for Resale (483)	0		0	0	
3	Total Natural Gas Service Revenues	56,095,451		56,095,451	56,099,980	(4,529)
4	Total Other Operating Revenues (485-495)	19,105,566		19,105,566	18,927,526	178,040
5	Total Gas Operating Revenues	75,201,017		75,201,017	75,027,506	173,511
6	Provision for Rate Refunds (496)	0		0	0	0
7	Other (Specify) - Off System Sales	0		0	0	0
8	- PGA Over/Under Recoveries	0		0	0	0
9	- CRA Over/Under Recoveries	0		0	0	0
10	Total Gross Operating Revenues	75,201,017	0	75,201,017	75,027,506	173,511

Notes:

Gas Operating Revenues on page 26 includes accounts listed below not includable in the RAF.

Account

Gas Management Fee	(33)
Reg Servicework-Revenue	275
Jobbing Material Revenue	12
Damage Billing - Mains	107,878
Damage Billing - Services	64,390
Lost and Unaccounted For Gas	994
Other	(5)
	173,511

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
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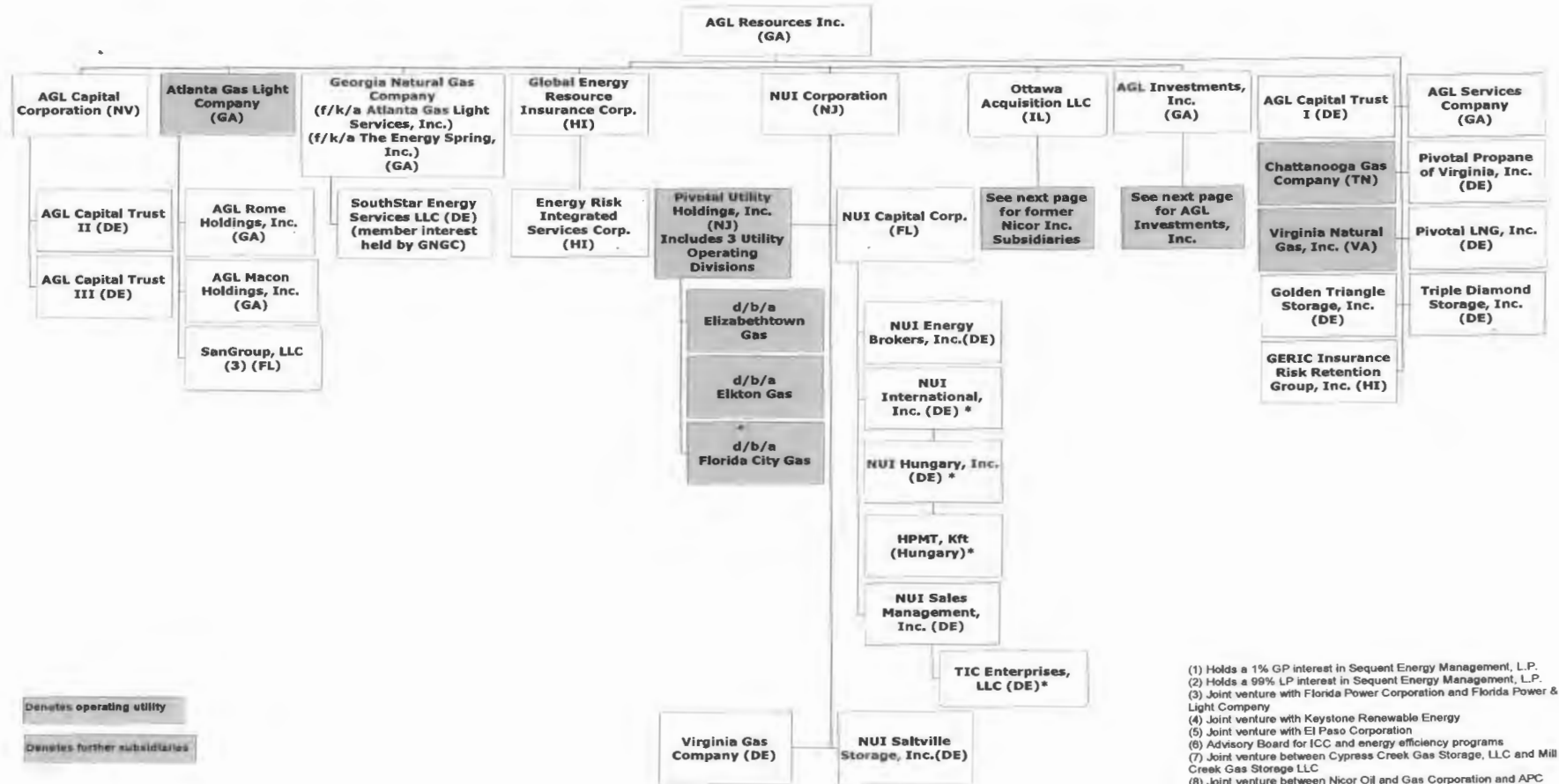
CORPORATE STRUCTURE

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective Date: January 2012

Please see attached.

Office of the Corporate Secretary
AGL Resources Inc. - Corporate Organizational Chart
January 1, 2012

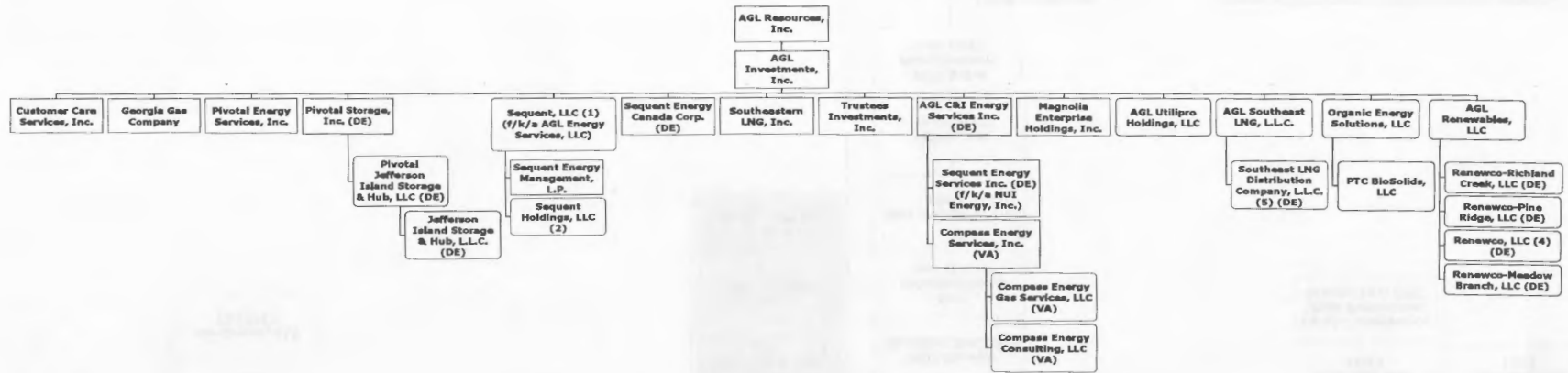


Denotes operating utility
 Denotes further subsidiaries

(1) Holds a 1% GP interest in Sequent Energy Management, L.P.
 (2) Holds a 99% LP interest in Sequent Energy Management, L.P.
 (3) Joint venture with Florida Power Corporation and Florida Power & Light Company
 (4) Joint venture with Keystone Renewable Energy
 (5) Joint venture with El Paso Corporation
 (6) Advisory Board for ICC and energy efficiency programs
 (7) Joint venture between Cypress Creek Gas Storage, LLC and Mill Creek Gas Storage LLC
 (8) Joint venture between Nicor Oil and Gas Corporation and APC Associates
 (9) Joint venture between Nicor Horizon, Inc. and NGPL

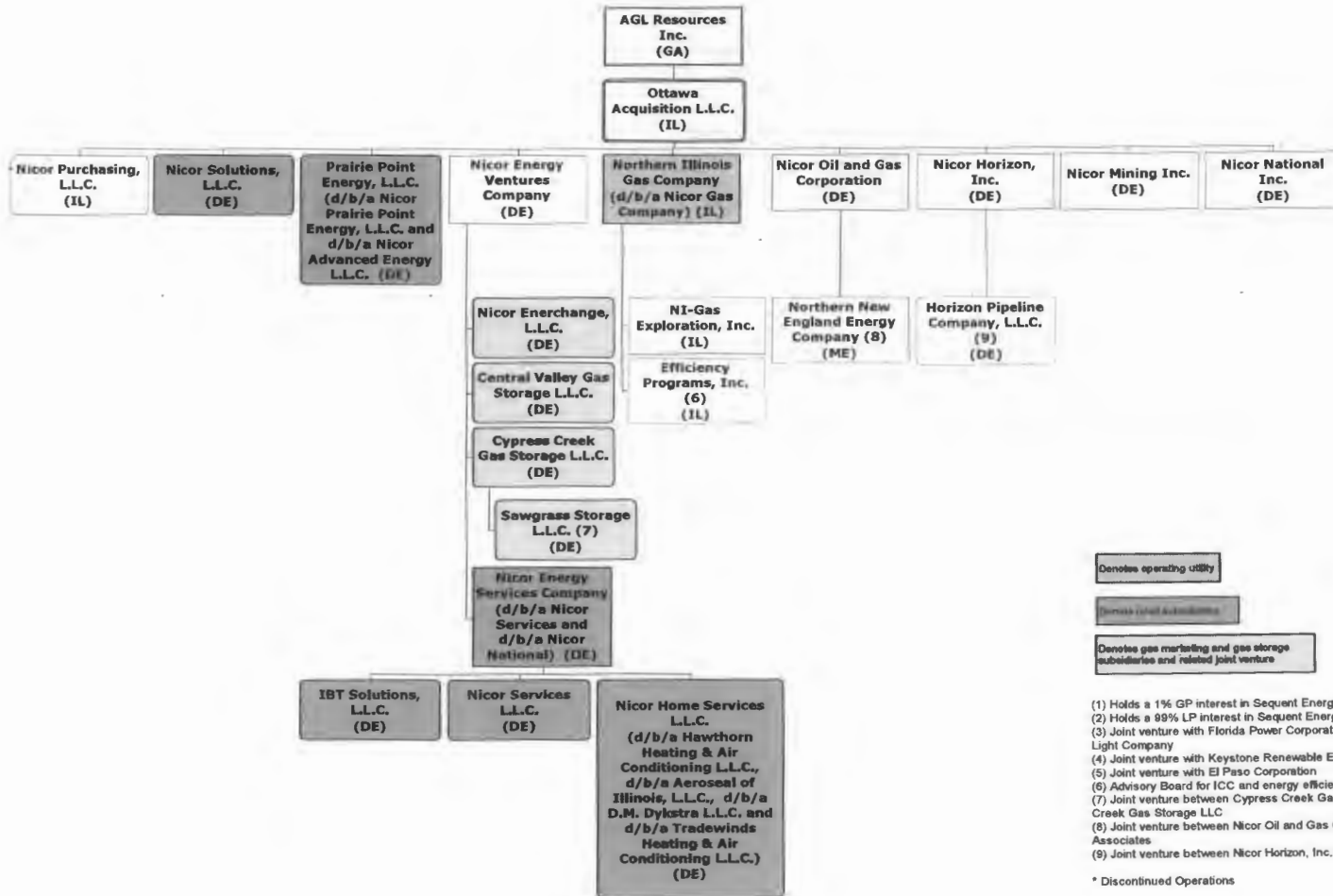
* Discontinued Operations

Office of the Corporate Secretary
AGL Resources Inc. - Corporate Organizational Chart
January 1, 2012

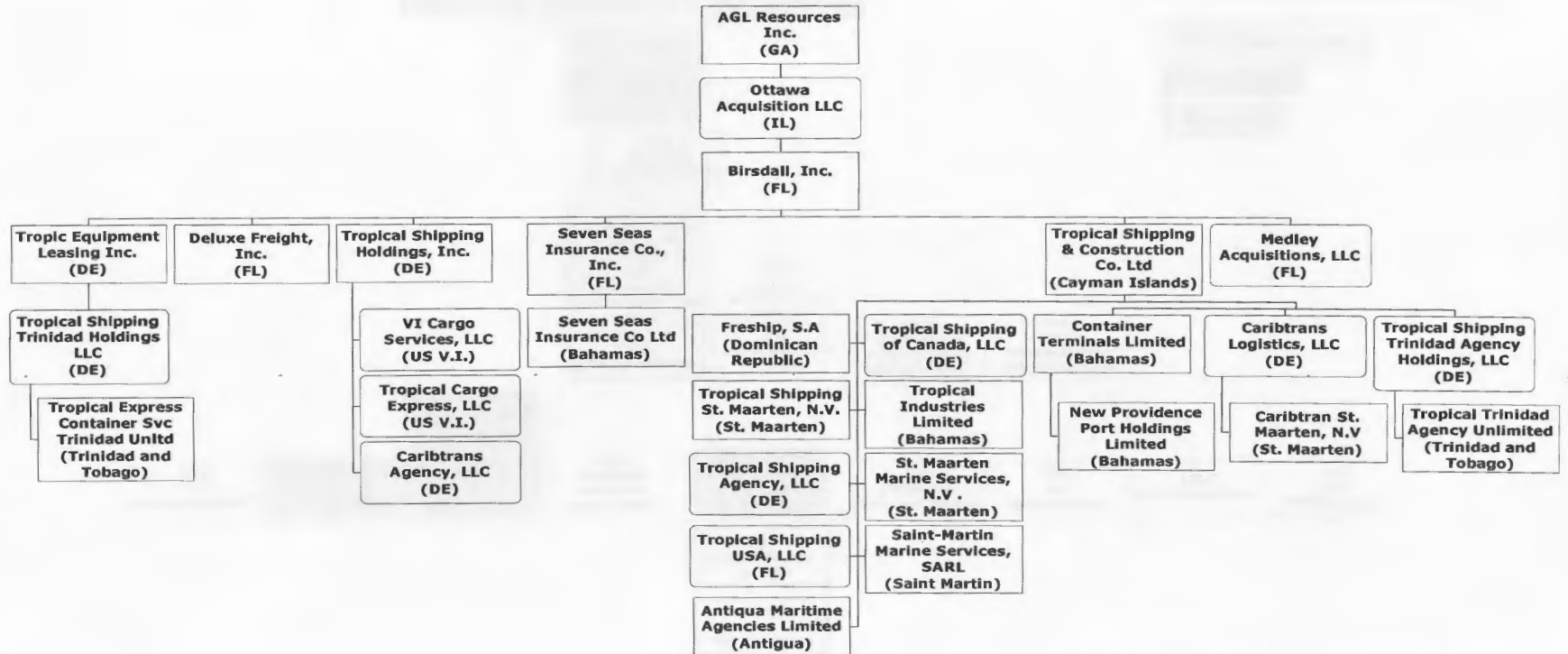


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 (3) Joint venture with Florida Power Corporation and Florida Power & Light Company
 (4) Joint venture with Kaystone Renewable Energy
 (5) Joint venture with El Paso Corporation
 (6) Advisory Board for ICC and energy efficiency programs
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 (8) Joint venture between Nicor Oil and Gas Corporation and APC Associates
 (9) Joint venture between Nicor Horizon, Inc. and NGPI.
 * Discontinued Operations

Office of the Corporate Secretary
AGL Resources Inc. - Corporate Organizational Chart
January 1, 2012



Office of the Corporate Secretary
AGL Resources Inc. - Corporate Organizational Chart
January 1, 2012



These Birdsell, Inc. subs are restructured under Birdsell, Inc. for tax purposes.

- (1) Holds a 1% GP interest in Sequent Energy Management, L.P.
- (2) Holds a 99% LP interest in Sequent Energy Management, L.P.
- (3) Joint venture with Florida Power Corporation and Florida Power & Light Company
- (4) Joint venture with Keystone Renewable Energy
- (5) Joint venture with El Paso Corporation
- (6) Advisory Board for ICC and energy efficiency programs
- (7) Joint venture between Cypress Creek Gas Storage, LLC and Mill Creek Gas Storage LLC
- (8) Joint venture between Nicor Oil and Gas Corporation and APC Associates
- (9) Joint venture between Nicor Horizon, Inc. and NGPL

* Discontinued Operations

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is purchased by the Respondent; "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
See Footnote: AGL Services Company		See Footnote 1			
	Executive		P		373,357
	External Relations		P		120,477
	Customer Care		P		1,210,213
	Information Technology		P		1,593,838
	Corporate Compliance		P		177,520
	Fleet Services		P		55,187
	Benefits		P		275
	Direct Assigned		P		685,677
	Business Support - Facilities		P		477,715
	Supply Chain Management		P		36,514
	Employee Services		P		472,384
	Engineering		P		251,640
	Financial Services		P		371,115
	Gas Supply		P		324,201
	Internal Auditing		P		40,939
	Legal		P		305,006
	Marketing		P		103,267
	Rates & Regulatory		P		137,753
	Corporate Communications		P		82,573
	Retail Services		P		160
Sequent Energy Mgmt. LP	Gas Purchase	Asset Management Agreement	P	804	23,426,026
AGL Services Company	Cost of Capital	See footnote 1	P	430	2,371
AGL Services Company	Money Pool Interest	See footnote 2	P	430	41,365
AGL Services Company	Payroll		P	107	42,717
AGL Services Company	Payroll		P	920	491
Atlanta Gas Light Company	Payroll		P	920	3,698
Atlanta Gas Light Company	Payroll		P	926	6,314
Pivotal Utility Holding Inc. d/b/a Elizabethtown Gas	Payroll		S	920	6,289
Pivotal Utility Holding Inc. d/b/a Elizabethtown Gas	Payroll		S	926	1,707
Atlanta Gas Light Company	Payroll		S	878	920
	Total				30,351,709
Footnote:					
(1) Represents charges per the AGL Services Co. agreement.					
(2) Represents charges per the money pool agreement					

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
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NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliate	Synopsis of Contract
None	

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate	Description of Transaction	Dollar Amount
Sequent Energy Management, L.P.	<i>Manage gas supply</i>	23,426,026

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		\$	\$	\$	\$	\$	
None							
Total						\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
None							
Total						\$	

EMPLOYEE TRANSFERS

List employees earning more than \$50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
Tommy Sipsy - FCG Eddie Sweat - AGLC	AGLC FCG	Operations Supervisor Field Specialist II	Construction Superintendent Field Specialist II	Permanent Permanent
FCG - Florida City Gas AGLC - Atlanta Gas Light Company				

**Pivotal Utility Holdings, Inc.
D/B/A Florida City Gas**

**Audited Financial Statements
December 31, 2011 and 2010**



Report of Independent Auditors

To the Shareholder of Florida City Gas:

We have audited the accompanying balance sheets of Florida City Gas as of December 31, 2011 and 2010 and the related statements of income for the years then ended and the related statement of retained earnings for the year ended December 31, 2011, included on pages one through five of the accompanying Annual Report of Natural Gas Utilities. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida City Gas as of December, 31 2011 and 2010, and the results of its operations for the years than ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the shareholder and management of Florida City Gas and for filing with the Florida Public Service Commission and should not be used for any other purpose.

PricewaterhouseCoopers LLP

Atlanta, Georgia
April 27, 2012

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS			For the Year Ended Dec. 31, 2011	
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)		277,348,438	289,582,097
3	Construction Work in Progress (107)		7,264,807	5,583,351
4	TOTAL Utility Plant Total of lines 2 and 3)		284,613,245	295,165,448
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)		123,381,496	132,471,994
6	Net Utility Plant (Total of line 4 less 5)		161,231,749	162,693,454
7	Utility Plant Adjustments (116)			
8	Gas Stored (117.1, 117.2, 117.3, 117.4)			
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)		185,236	187,138
11	(Less) Accum. Prov. for Depr. and Amort. (122)		51,573	87,424
12	Investments in Associated Companies (123)			
13	Investment in Subsidiary Companies (123.1)			
14	Other Investments (124)			
15	Special Funds (125, 126, 128)			
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		133,663	99,714
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)		0	0
19	Special Deposits (132-134)			
20	Working Funds (135)			
21	Temporary Cash Investments (136)			
22	Notes Receivable (141)			
23	Customer Accounts Receivable (142)		11,996,013	10,708,938
24	Other Accounts Receivable (143)		52,438	205,019
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)		1,341,510	1,958,636
26	Notes Receivable from Associated Companies (145)			
27	Accounts Receivable from Associated Companies (146)			
28	Fuel Stock (151)			
29	Fuel Stock Expense Undistributed (152)			
30	Residuals (Electric) and Extracted Products (Gas) (153)			
31	Plant Material and Operating Supplies (154)		64,509	54,685
32	Merchandise (155)			
33	Other Material and Supplies (156)		0	0
34	Stores Expenses Undistributed (163)			
35	Gas Stored Underground & LNG Stored (164.1-164.3)		377,113	349,466
36	Prepayments (165)		2,547,397	1,204,362
37	Advances for Gas (166-167)			
38	Interest and Dividends Receivable (171)			
39	Rents Receivable (172)			
40	Accrued Utility Revenues (173)			
41	Miscellaneous Current and Accrued Assets (174)		1,450	0
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		13,697,410	10,563,834
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)		119,321	179,241
45	Extraordinary Property Losses (182.1)			
46	Unrecovered Plant and Regulatory Study Costs (182.2)			
47	Other Regulatory Assets (182.3)		6,384,947	5,563,730
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)			
49	Clearing Accounts (184)			
50	Temporary Facilities (185)			
51	Miscellaneous Deferred Debits (186)		69	41,443
52	Deferred Losses from Disposition of Utility Plant. (187)			
53	Research, Development and Demonstration Expenditures (188)			
54	Unamortized Loss on Reacquired Debt (189)		1,636,544	1,508,458
55	Accumulated Deferred Income Taxes (190)		2,198,172	3,173,689
56	Unrecovered Purchased Gas Costs (191)		0	0
57	TOTAL Deferred Debits (Total of lines 44 through 56)		10,339,053	10,466,561
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		185,401,875	183,823,563

Page 1

Notes:

(1) Account 114 Gas Plant Acquisition Adjustments within Utility Plant, Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments and Account 182.3 Other Regulatory Assets reflect the inclusion of the acquisition adjustment and regulatory assets consistent with the Florida Public Service Commission Order in Docket No. 060657-GU related to the 2004 Acquisition on December 6, 2007.

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
PROPRIETARY CAPITAL				
1	Common Stock (201, 202, 203, 205, 206, 207)			
3	Preferred Stock Issued (204)			
4	Other Paid-In Capital (208-214)		48,010,338	48,010,338
5	Retained Earnings (215, 216)	5	15,534,253	16,632,831
6	Unappropriated Undistributed Subsidiary Earnings (216.1)			
7	(Less) Recquired Capital Stock (217)			
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		63,544,591	64,643,169
LONG-TERM DEBT				
10	Bonds (221)		20,000,000	20,000,000
11	(Less) Recquired Bonds (222)			
12	Advances from Associated Companies (223)		43,762,674	43,762,674
13	Other Long-Term Debt (224)			
14	Unamortized Premium on Long-Term Debt (225)			
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)			
16	TOTAL Long-Term Debt (Total of lines 10 through 15)		63,762,674	63,762,674
OTHER NONCURRENT LIABILITIES				
18	Obligations Under Capital Leases - Noncurrent (227)		1,898,414	0
19	Accumulated Provision for Property Insurance (228.1)			
20	Accumulated Provision for Injuries and Damages (228.2)			
21	Accumulated Provision for Pensions and Benefits (228.3)		2,329,876	3,592,296
22	Accumulated Miscellaneous Operating Provisions (228.4)			
23	Accumulated Provision for Rate Refunds (229)			
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		4,228,290	3,592,296
CURRENT AND ACCRUED LIABILITIES				
26	Notes Payable (231)		0	0
27	Accounts Payable (232)		2,704,531	1,559,557
28	Notes Payable to Associated Companies (233)			
29	Accounts Payable to Associated Companies (234)		15,572,528	10,001,013
30	Customer Deposits (235)		3,644,643	3,802,375
31	Taxes Accrued (236)		1,496,714	1,685,817
32	Interest Accrued (237)		165,815	188,385
33	Dividends Declared (238)			
34	Matured Long-Term Debt (239)			
35	Matured Interest (240)			
36	Tax Collections Payable (241)		1,151,228	870,547
37	Miscellaneous Current and Accrued Liabilities (242)		936,665	386,222
38	Obligations Under Capital Leases-Current (243)		863,668	1,898,414
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		26,535,792	20,392,330
DEFERRED CREDITS				
42	Customer Advances for Construction (252)			
43	Other Deferred Credits (253)		0	0
44	Other Regulatory Liabilities (254)		2,424,210	3,199,714
45	Accumulated Deferred Investment Tax Credits (255)		6,306	5,046
46	Deferred Gains from Disposition of Utility Plant (256)			
47	Unamortized Gain on Recquired Debt (257)			
48	Accumulated Deferred Income Taxes (281-283)		24,900,012	28,228,334
49	TOTAL Deferred Credits (Total of lines 42 through 48)		27,330,528	31,433,094
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		185,401,875	183,823,563

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
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STATEMENT OF INCOME

- | | |
|--|---|
| <p>1. Use page 11 for important notes regarding the statement of income or any account thereof.</p> <p>2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.</p> <p>3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year</p> | <p>which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.</p> <p>4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.</p> |
|--|---|

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)		75,201,017	82,420,934
3	Operating Expenses			
4	Operation Expenses (401)		43,139,334	51,537,857
5	Maintenance Expenses (402)		1,127,655	1,281,191
6	Depreciation Expense (403)		10,713,327	9,823,249
7	Amortization & Depletion of Utility Plant (404-405)			
8	Amortization of Utility Plant Acquisition Adjustment (406)		721,895	721,895
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)			
10	Amortization of Conversion Expenses (407.2)		109,601	95,227
11	Regulatory Debits (407.3)			
12	(Less) Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)		6,970,979	8,257,184
14	Income Taxes - Federal (409.1)		(121,154)	(1,516,027)
15	- Other (409.1)		239,295	147,474
16	Provision for Deferred Income Taxes (410.1) (1)		3,535,620	4,577,834
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)			
18	Investment Tax Credit Adjustment - Net (411.4)		(1,259)	(1,259)
19	(Less) Gains from Disposition of Utility Plant (411.6)			
20	Losses from Disposition of Utility Plant (411.7)			
21	Other Operating Income (412-414)			
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		66,435,293	74,924,625
23	Net Utility Operating Income (Total of line 2 less 22)		8,765,724	7,496,309
24	(Carry forward to page 9, line 25)			

Notes:

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		8,765,724	7,496,309
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)			
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)			
31	Revenues From Nonutility Operations (417)			
32	(Less) Expenses of Nonutility Operations (417.1)			
33	Nonoperating Rental Income (418)			
34	Equity in Earnings of Subsidiary Companies (418.1)			
35	Interest and Dividend Income (419)			
36	Allowance for Other Funds Used During Construction (419.1)			
37	Miscellaneous Nonoperating Income (421)		(30,268)	3,914
38	Gain on Disposition of Property (421.1)			
39	TOTAL Other Income (Total of lines 29 through 38)		(30,268)	3,914
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)			-
42	Miscellaneous Amortization (425)		0	0
43	Miscellaneous Income Deductions (426.1-426.5)		(107,696)	(76,550)
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		(107,696)	(76,550)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)			
47	Income Taxes - Federal (409.2)		41,815	24,025
48	Income Taxes - Other (409.2)		6,953	3,995
49	Provision for Deferred Income Taxes (410.2)			
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)			
51	Investment Tax Credit Adjustment - Net (411.5)			
52	(Less) Investment Tax Credits (420)			
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		48,768	28,020
54	Net Other Income and Deductions (Total of lines 39,44,53)		(89,196)	(44,616)
55	Interest Charges			
56	Interest on Long-Term Debt (427)		27,843	47,659
57	Amortization of Debt Discount and Expense (428)		12,298	10,521
58	Amortization of Loss on Reacquired Debt (428.1)		128,086	123,239
59	(Less) Amortization of Premium on Debt - Credit (429)			
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)			
61	Interest on Debt to Associated Companies (430)		2,552,431	2,557,320
62	Other Interest Expense (431)		686,507	592,005
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)			
64	Net Interest Charges (Total of lines 56 through 63)		3,407,165	3,330,744
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		5,269,363	4,120,949
66	Extraordinary Items			
67	Extraordinary Income (434)			
68	(Less) Extraordinary Deductions (435)			
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)			
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		5,269,363	4,120,949

Notes:

Name of Respondent PIVOTAL UTILITY HOLDINGS, INC. D/B/A FLORIDA CITY GAS	For the Year Ended Dec. 31, 2011
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STATEMENT OF RETAINED EARNINGS

- | | |
|--|---|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p> | <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		15,534,253
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit: Dividend for Periodic Adjustment to Capital Structure		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		5,269,363
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		(2,990,946)
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	Other Comprehensive Income		(1,179,839)
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		16,632,831
APPROPRIATED RETAINED EARNINGS (Account 215)			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		16,632,831

Pivotal Utility Holdings, Inc.

D/B/A Florida City Gas

For the years ended December 31, 2011 and 2010

Notes to Financial Statements

Note 1 – Organization and Basis of Presentation

General

Florida City Gas is an operating division of Pivotal Utility Holdings, Inc. (Pivotal Utility), a wholly owned subsidiary of NUI Corporation, which is a wholly owned subsidiary of AGL Resources Inc. (AGL Resources). Unless the context requires otherwise, references to “we,” “us,” “our” or the “Company” mean Florida City Gas. We are primarily engaged in the distribution of natural gas to approximately 103,000 residential, commercial and industrial customers in Florida’s Miami-Dade and Brevard counties.

Basis of Accounting and Presentation

We maintain our accounts in accordance with recognized policies prescribed by the Florida Public Service Commission (Florida Commission). In addition, we maintain our accounts in accordance with recognized policies prescribed or permitted by the Federal Energy Regulatory Commission (FERC). These policies are in conformity with generally accepted accounting principles in the United States of America (GAAP) in all material respects.

The financial statements are presented in accordance with the reporting requirements of the FERC and the statements included herein are prescribed by the requirements of the Florida Commission. This is a comprehensive basis of accounting consistent with GAAP, except for the following:

- the statements of financial position classification of accumulated removal costs
- the omission of the statements of retained earnings from the prior year
- the omission of the statements of cash flows from the current and prior year
- the statements of financial position classification of accumulated deferred income taxes into asset and liability components for FERC reporting
- the financial statements included in this report reflect the recognition of a positive acquisition adjustment and regulatory assets related to the purchase of Florida City Gas by AGL Resources in 2004 as approved by the Florida Commission on December 6, 2007. The statements also reflect the amortization of these assets consistent with the approval. For GAAP purposes these assets are recorded in goodwill and are not amortized
- the statements of income classification of provision for income taxes in income net of utility operating income

Certain amounts from prior periods have been reclassified and revised to conform to the current period presentation. The reclassifications and revisions had no material impact on our prior period balances.

Note 2 – Significant Accounting Policies and Methods of Application

Cash and Cash Equivalents

Our cash and cash equivalents consist primarily of cash on deposit, money market accounts and certificates of deposit with original maturities of three months or less.

Receivables and Allowance for Uncollectible Accounts

Our receivables primarily consist of natural gas sales and transportation services billed to residential, commercial, industrial customers. We bill customers monthly, and our accounts receivable are due within 30 days. For the majority of our receivables, we establish an allowance for doubtful accounts based on our collection experience and other factors. For receivables where we are aware of a specific customer’s inability or reluctance to pay, we record an allowance for doubtful accounts against amounts due to reduce the net receivable balance to the amount we reasonably expect to collect. However, if circumstances change, our estimate of the recoverability of accounts receivable could change as well. Circumstances that could affect our estimates include, but are not limited to, customer credit issues, the level of natural gas prices, customer deposits and general economic conditions. Customers’ accounts are written off once we deem them to be uncollectible.

Inventories

We record natural gas stored underground at weighted average cost. The inventory balance of natural gas stored underground was \$349 thousand as of December 31, 2011 and \$377 thousand as of December 31, 2010.

Fair Value Measurements

The carrying values of cash and cash equivalents, receivables, derivative assets and liabilities, accounts payable, retirement plan assets, other current assets and liabilities and accrued interest approximate fair value. See Note 3 for additional fair value disclosures.

As defined in the authoritative guidance related to fair value measurements and disclosures, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We utilize market data or assumptions that market participants would use in valuing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. We primarily apply the market approach for recurring fair value measurements to utilize the best available information. Accordingly, we use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. We are able to classify fair value balances based on the observance of those inputs. The guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by the guidance are as follows:

Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Our Level 1 items consist of exchange-traded derivatives and retirement plan assets.

Level 2 Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial and commodity instruments that are valued using valuation methodologies. These methodologies are primarily industry-standard methodologies that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. We obtain market price data from multiple sources in order to value some of our Level 2 transactions and this data is representative of transactions that occurred in the market place. As we aggregate our disclosures by counterparty, the underlying transactions for a given counterparty may be a combination of exchange-traded derivatives and values based on other sources. Instruments in this category include shorter tenor exchange-traded and non-exchange-traded derivatives such as over-the-counter forwards and options and retirement plan assets.

Level 3 Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs. Our Level 3 assets and liabilities are primarily related to our retirement plan assets as described in Note 3 and Note 5.

The authoritative guidance related to fair value measurements and disclosures also includes a two-step process to determine if the market for a financial asset is inactive and a transaction is not distressed. Currently, this authoritative guidance does not affect us, as our derivative instruments are traded in active markets.

Debt

We estimate the fair value of debt using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, optionality and risk profile. In determining the market interest yield curve, we consider our currently assigned ratings for unsecured debt. See Note 3 for the fair value of our debt.

Property, Plant and Equipment (PP&E)

PP&E consist of property and equipment that is in use, being held for future use and under construction. We report PP&E at its original cost, which includes:

- material and labor
- contractor costs
- construction overhead costs

We recognize no gains or losses on depreciable utility property that is retired or otherwise disposed, as required under the composite depreciation method. Such gains and losses are ultimately refunded to or recovered from customers through future rate adjustments.

Depreciation Expense

We compute depreciation expense by applying composite depreciation rates, as approved by the Florida Commission, to the investment in depreciable property. The composite depreciation rate was approximately 3.9% for 2011 and 3.7% for 2010.

Acquisition Adjustment and Regulatory Assets Resulting from Acquisition

We included the recognition of \$26,630 thousand in acquisition and regulatory assets related to the purchase of Florida City Gas by AGL Resources in December 2004. This recognition was approved by the Florida Commission on December 6, 2007. We also included in income the amortization of these assets, net of income tax effects, consistent with the order approving the recognition. This amount included \$21,657 thousand of acquisition adjustments, \$1,366 thousand of pension regulatory assets net of deferred taxes and \$3,607 thousand of transition and transfer costs net of deferred taxes. The unamortized balance of the acquisition adjustment was \$16,483 thousand at December 31, 2011 and \$17,205 thousand at December 31, 2010. At December 31, 2011, the unamortized regulatory asset for pension costs balance was \$1,013 thousand was offset against a related deferred tax of \$381 thousand. The \$1,177 thousand unamortized regulatory asset for pension costs balance at December 31, 2010 was offset against a related deferred tax of \$443 thousand.

Goodwill

For GAAP purposes, our \$26,630 thousand acquisition adjustment and regulatory assets are considered goodwill. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. In accordance with the authoritative guidance, AGL Resources evaluates goodwill balances for impairment on an annual basis or more frequently if impairment indicators arise. These indicators include, but are not limited to, a significant change in operating performance, the business climate, legal or regulatory factors, or a planned sale or disposition of a significant portion of the business. AGL Resources tests goodwill impairment utilizing a fair value approach at a reporting unit level. An impairment charge is recognized if the carrying value of a reporting unit's goodwill exceeds its implied fair value.

AGL Resources' goodwill impairment analysis for the years ended December 31, 2011 and 2010 was performed in the fourth quarter and indicated that the fair value of our reporting unit substantially exceeded its carrying value and the reporting unit is not at risk of failing Step 1 of the impairment evaluation. As a result, we did not recognize any goodwill impairment charges.

Taxes

The reporting of our assets and liabilities for financial accounting purposes differs from the reporting for income tax purposes. The principal differences between net income and taxable income relate to the timing of deductions, primarily due to the benefits of tax depreciation since we generally depreciate assets for tax purposes over a shorter period of time than for book purposes. The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items.

Income Taxes We have two categories of income taxes in our statements of income: current and deferred. Current income tax expense consists of federal and state income tax less applicable tax credits related to the current year. Deferred income tax expense generally is equal to the changes in the deferred income tax liability and regulatory tax liability during the year.

Investment and Other Tax Credits Deferred investment tax credits are included as a regulatory liability in our statements of financial position. These investment tax credits are being amortized over the estimated life of the related properties as credits to income in accordance with regulatory requirements.

Investment tax credits of approximately \$5 thousand at December 31, 2011 and \$6 thousand at December 31, 2010, previously deducted for income tax purposes have been deferred for financial accounting purposes and are being amortized as credits to income over the estimated lives of the related properties in accordance with regulatory requirements.

Accumulated Deferred Income Tax Assets and Liabilities In accordance with authoritative guidance related to income taxes, we report some of our assets and liabilities differently for financial accounting purposes than we do for income tax purposes. We report the tax effects of the depreciation and other differences in those items as deferred income tax assets or liabilities in our statements of financial position. We measure these deferred income tax assets and liabilities using enacted income tax rates.

Regulatory Income Tax Liability We also measure deferred income tax assets and liabilities using enacted income tax rates. Thus, when the statutory income tax rate declines before a temporary difference has fully reversed, the deferred income tax liability must be reduced to reflect the newly enacted income tax rates. In accordance with authoritative guidance related to rate-regulated entities, the amount of such a reduction is transferred to our regulatory income tax liability, which we are amortizing over the lives of the related properties as the temporary difference reverses or approximately 30 years.

Tax Benefits The authoritative guidance related to income taxes requires us to determine whether tax benefits claimed or expected to be claimed on our tax return should be recorded in our financial statements. Under this guidance, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. This guidance also addresses derecognition, classification, interest and penalties on income taxes and accounting in interim periods.

Uncertain Tax Positions We recognize accrued interest related to uncertain tax positions in interest expense and penalties in operating expenses in the statements of income. As of December 31, 2011, we did not have a liability recorded for payment of interest and penalties associated with uncertain tax positions.

Tax Collections We do not collect income taxes from our customers on behalf of governmental authorities. We collect and remit various taxes on behalf of various governmental authorities. In the state of Florida we record these taxes in revenues and operating expenses, which are immaterial for all periods presented.

Revenues

We record revenues when services are provided to customers. Those revenues are based on rates approved by the Florida Commission. Our rate structure includes a volumetric rate design that allows recovery of costs through gas usage. Revenues from sales and transportation services are recognized in the same period in which the related volumes are delivered to customers. Revenues from residential and certain commercial and industrial customers are recognized on the basis of scheduled meter readings. Additionally, revenues are recorded for estimated deliveries of gas not yet billed to these customers, from the last bill date to the end of the accounting period. These are included in the statements of financial position as unbilled revenue.

Cost of Goods Sold

We charge our utility customers for natural gas consumed using natural gas cost recovery mechanisms set by the Florida Commission. Under these mechanisms, all prudently incurred natural gas costs are passed through to customers without markup, subject to regulatory review. Therefore, in accordance with the authoritative guidance for rate-regulated entities, we defer or accrue (that is, include as an asset or liability in the statements of financial position and exclude from or include in the statements of income, respectively) the difference between the actual cost of goods sold incurred and the amount of commodity revenue earned in a given period, such that no operating margin is recognized related to these costs. The deferred or accrued amount is either billed or refunded to our customers prospectively through adjustments to the commodity rate. Deferred natural gas costs are reflected as regulatory assets identified as recoverable natural gas costs, and accrued natural gas costs are reflected as regulatory liabilities which are identified as accrued natural gas costs within our statements of financial position. For more information, see "Regulatory Assets and Liabilities" below.

Repair and Maintenance Expense

We expense repair and maintenance costs as incurred.

Regulatory Assets and Liabilities

We account for the financial effects of regulation in accordance with authoritative guidance related to regulated entities whose rates are designed to recover the costs of providing service. In accordance with this guidance, incurred costs and estimated future expenditures that would otherwise be charged to expense in the current period are capitalized as regulatory assets when it is probable that such costs or expenditures will be recovered in rates in the future. Similarly, we recognize regulatory liabilities when it is probable that regulators will require customer refunds through future rates or when revenue is collected from customers for expenditures that have not yet been incurred. Generally, regulatory assets are amortized into expense and regulatory liabilities are amortized into income over the period authorized by the regulatory commissions. Our regulatory assets and liabilities as of December 31, are summarized in the following table:

<i>In thousands</i>	As of December 31,	
	2011	2010
Regulatory assets – long-term		
Unamortized loss on reacquired debt	\$1,508	\$1,637
Recoverable retirement benefit costs	1,326	1,445
Deferred natural gas piping costs	1,259	1,511
Energy conservation program	1,103	1,386
Pension costs – AGL Resources Acquisition	1,013	1,177
Deferred customer conversion costs	863	864
Other	0	1
Total regulatory assets	\$7,072	\$8,021
Regulatory liabilities – current		
Deferred purchased gas adjustment	\$3,197	\$2,418
Regulatory liabilities – current	3,197	2,418
Regulatory liabilities – long-term		
Unamortized investment tax credit	5	6
Regulatory tax liability	3	4
Other	0	2
Total regulatory liabilities – long-term	8	12
Total regulatory liabilities	\$3,205	\$2,430

Our regulatory assets are probable or recovery specifically authorized by the Florida Commission. Base rates are designed to provide both a recovery of cost and a return on investment during the period rates are in effect. As such, all of our regulatory assets recoverable through base rates are subject to review by the Florida Commission during future rate proceedings. We are not aware of any evidence that these costs will not be recoverable through either rate riders or base rates, and we believe that we will be able to recover such costs, consistent with our historical recoveries. In the event that the provisions of authoritative guidance related to regulated operations were no longer applicable, we would recognize a write-off of regulatory assets that would result in a charge to net income, and be classified as an extraordinary item.

Additionally, while some regulatory liabilities would be written-off others would continue to be recorded as liabilities but not as regulatory liabilities. Although the natural gas distribution industry is competing with alternative fuels, primarily electricity, we continue to recover costs through cost-based rates established by the Florida Commission. As a result, we believe that the accounting prescribed under the guidance remains appropriate. It is also our opinion that all regulatory assets are recoverable in future rate proceedings, and therefore we have not recorded any regulatory assets that are recoverable but are not yet included in base rates or contemplated in a rate rider. The regulatory liabilities that do not represent revenue collected from customers for expenditures that have not yet been incurred are refunded to ratepayers through a rate rider or base rates. If the regulatory liability is included in base rates, the amount is reflected as a reduction to the rate base in setting rates.

Accumulated Removal Costs In accordance with regulatory treatment, our depreciation rates are comprised of two cost components – historical cost, net of estimated salvage, and the estimated cost of removal, or retirement,

of certain regulated properties. We collect these costs in base rates through straight-line depreciation expense, with a corresponding credit to accumulated depreciation. Because the accumulated estimated removal costs meet the requirements of authoritative guidance related to regulated operations, we have accounted for them as a regulatory liability and have reclassified them from accumulated depreciation to accumulated removal costs in our statements of financial position. In the rate setting process, the liability for these accumulated removal costs are treated as a reduction to the net rate base upon which our regulated utilities have the opportunity to earn their allowed rate of return.

Accounting for Retirement Benefit Plans

The authoritative guidance related to retirement benefits requires that we recognize all obligations related to defined benefit retirement plans and quantify the plans' funded status as an asset or a liability on our statements of financial position. The guidance further requires that we measure the plans' assets and obligations that determine our funded status as of the end of the fiscal year. We are also required to recognize as a component of other comprehensive income (OCI) the changes in funded status that occurred during the year that are not yet recognized as part of net periodic benefit cost as explained in authoritative guidance related to retirement benefits. The assets of our retirement plans were accounted for at fair value and are classified in the fair value hierarchy in their entirety based on the lowest level of input that is significant to the fair value measurement.

Use of Accounting Estimates

The preparation of our financial statements in conformity with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. We based our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, and we evaluate our estimates on an ongoing basis. Our estimates may involve complex situations requiring a high degree of judgment either in the application and interpretation of existing literature or in the development of estimates that impact our financial statements. The most significant estimates relate to our regulatory accounting, uncollectible accounts and other allowance for contingent losses, unbilled revenue recognition, retirement plan obligations and provisions for income taxes. Our actual results could differ from our estimates.

Accounting Developments

On September 15, 2011, the Financial Accounting Standards Board issued authoritative guidance related to goodwill impairment testing. The guidance provides us with the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the normally required two-step quantitative impairment test is unnecessary. However, if we conclude otherwise, we are then required to proceed with the quantitative testing. The guidance allows us to bypass the qualitative assessment for any reporting unit in any period and proceed directly to quantitative testing and resume performing the qualitative assessment in any subsequent period. This guidance is effective for public companies on January 1, 2012, but early adoption is permitted. AGL Resources adopted the guidance early and relied upon a qualitative assessment when performing its annual impairment test in 2011.

Subsequent Events

Management evaluated subsequent events for potential recognition and disclosure through April 27, 2012, the date these financial statements were available to be issued.

Note 3 – Fair Value Measurements

Retirement Benefit Plans

AGL Resources Inc. Retirement Plan (AGL Retirement Plan), the Employees' Retirement Plan of NUI Corporation (NUI Retirement Plan), the Health and Welfare Plan for Retirees and Inactive Employees of AGL Resources Inc. (AGL Postretirement Plan) target asset allocations are approximately 80% equity and 20% fixed income. The plans investments policy provides for some variation in these targets. The actual asset allocations of our retirement plans are presented in the following table by Level within the fair value hierarchy.

In millions	December 31, 2011									
	Pension plans (1)					Other retirement plans				
	Level 1	Level 2	Level 3	Total	% of total	Level 1	Level 2	Level 3	Total	% of total
Cash	\$12	\$0	\$0	\$12	3%	\$1	\$0	\$0	\$1	2%
Equity Securities										
U.S. large cap (2)	95	0	0	95	26%	0	34	0	34	56%
U.S. small cap (2)	53	0	0	53	14%	0	0	0	0	0%
International companies (3)	0	42	0	42	11%	0	10	0	10	16%
Emerging markets (4)	0	13	0	13	4%	0	0	0	0	0%
Fixed income securities										
Corporate bonds (5)	0	66	0	66	18%	0	0	0	0	0%
Other types of investments										
Other (or gov't/muni bonds)	0	0	0	0	0%	0	16	0	16	26%
Global hedged equity (6)	0	0	30	30	8%	0	0	0	0	0%
Absolute return (7)	0	0	34	34	9%	0	0	0	0	0%
Private capital (8)	0	0	25	25	7%	0	0	0	0	0%
Total assets at fair value	\$160	\$121	\$89	\$370	100%	\$1	\$60	\$0	\$61	100%
% of fair value hierarchy	43%	33%	24%	100%		2%	98%	0%	100%	

In millions	December 31, 2010									
	Pension plans (1)					Other retirement plans				
	Level 1	Level 2	Level 3	Total	% of total	Level 1	Level 2	Level 3	Total	% of total
Cash	\$7	\$0	\$0	\$7	2%	\$1	\$0	\$0	\$1	1%
Equity Securities										
U.S. large cap (2)	91	0	0	91	26%	0	35	0	35	57%
U.S. small cap (2)	51	0	0	51	15%	0	0	0	0	0%
International companies (3)	0	43	0	43	12%	0	12	0	12	19%
Emerging markets (4)	0	16	0	16	4%	0	0	0	0	0%
Fixed income securities										
Corporate bonds (5)	0	56	0	56	16%	0	15	0	15	23%
Other types of investments										
Global hedged equity (6)	0	0	35	35	10%	0	0	0	0	0%
Absolute return (7)	0	0	30	30	9%	0	0	0	0	0%
Private capital (8)	0	0	22	22	6%	0	0	0	0	0%
Total assets at fair value	\$149	\$115	\$87	\$351	100%	\$1	\$63	\$0	\$64	100%
% of fair value hierarchy	42%	33%	25%	100%		1%	99%	0%	100%	

- (1) Includes \$6 million at December 31, 2011 and \$7 million at December 31, 2010 of medical benefit (health and welfare) component for 401(h) accounts to fund a portion of the other retirement benefits.
- (2) Includes funds that invest primarily in United States common stocks.
- (3) Includes funds that invest primarily in foreign equity and equity-related securities.
- (4) Includes funds that invest primarily in common stocks of emerging markets.
- (5) Includes funds that invest primarily in investment grade debt and fixed income securities.
- (6) Includes funds that invest in limited / general partnerships, managed accounts, and other investment entities issued by non-traditional firms or "hedge funds."
- (7) Includes funds that invest primarily in investment vehicles and commodity pools as a "fund of funds."
- (8) Includes funds that invest in private equity and small buyout funds, partnership investments, direct investments, secondary investments, directly / indirectly in real estate and may invest in equity securities of real estate related companies, real estate mortgage loans, and real-estate mezzanine loans.

The following is a reconciliation of AGL Resources' retirement plan assets in Level 3 of the fair value hierarchy:

Fair value measurements using significant unobservable inputs –
Level 3

December 31, 2011

<i>In millions</i>	Global hedged equity	Absolute return	Private capital	Equity securities – international companies	Total
Assets:					
Beginning balance	\$35	\$30	\$22	\$0	\$87
Gains included in changes in net assets	(1)	1	5	0	5
Purchases	2	3	1	0	6
Sales	(6)	0	(3)	0	(9)
Ending balance	\$30	\$34	\$ 25	\$0	\$89

December 31, 2010

<i>In millions</i>	Global hedged equity	Absolute return	Private capital	Equity securities – international companies	Total
Assets:					
Beginning balance	\$33	\$26	\$13	\$5	\$77
Transfers out of Level 3 (1)	0	0	0	(4)	(4)
Gains included in changes in net assets	2	2	2	0	6
Purchases	0	14	8	0	22
Sales	0	(12)	(1)	(1)	(14)
Ending balance	\$35	\$30	\$22	\$ 0	\$87

(1) Transferred to Level 2 as a result of change in investment vehicle and pricing inputs becoming directly observable. Transfers out of Level 3 are determined using values at the end of the period in which the transfer occurs.

(2) There were no transfers between Level 1 and Level 2 for any of the periods presented.

Debt

Our long-term debt is recorded at carrying value. We estimate the fair value of our debt using a discounted cash flow technique that incorporates a market interest yield curve with adjustments for duration, optionality and risk profile. The following table presents the carrying value and fair value of our long-term debt for the years ended December 31, 2011 and 2010:

<i>In thousands</i>	As of December 31,	
	2011	2010
Carrying amount	\$65,661	\$66,525
Fair value	\$65,661	\$66,525

Note 4 - Amounts Due to Affiliates

We had \$10,001 thousand in payables at December 31, 2011 and \$15,573 thousand in payables at December 31, 2010, due to AGL Resources and affiliated companies, which consist primarily of our participation in AGL Resources' money pool to fund our working capital requirements.

Note 5 - Employee Benefit Plans

Oversight of Plans

The Retirement Plan Investment Committee (the Committee) appointed by AGL Resources' Board of Directors is responsible for overseeing the investments of the AGL Resources Inc. retirement plans. Further, AGL Resources has an Investment Policy (the Policy) for its pension and other retirement benefit plans whose goal is to preserve these plans' capital and maximize investment earnings in excess of inflation within acceptable levels of capital market volatility. To accomplish this goal, the plans' assets are managed to optimize long-term return while maintaining a high standard of portfolio quality and diversification.

AGL Resources will continue to diversify retirement plan investments to minimize the risk of large losses in a single asset class. AGL Resources does not have a concentration of assets in a single entity, industry, country, commodity or class of investment fund. The Policy's permissible investments include domestic and international equities (including convertible securities and mutual funds), domestic and international fixed income (corporate and United States government obligations), cash and cash equivalents and other suitable investments.

Equity market performance and corporate bond rates have a significant effect on our reported funded status. Changes in the projected benefit obligation (PBO) and accumulated postretirement benefit obligation (APBO) are mainly driven by the assumed discount rate. Additionally, equity market performance has a significant effect on our

market-related value of plan assets (MRVPA), which is used by the AGL Retirement Plan, to determine the expected return on the plan assets component of net annual pension cost. The MRVPA is a calculated value and differs from the actual market value of plan assets. Gains and losses on plan assets are spread through the MRVPA based on the five-year moving weighted average methodology.

Pension Benefits

AGL Resources sponsors two tax-qualified defined benefit retirement plans for our eligible employees, the AGL Retirement Plan and the NUI Retirement Plan. A defined benefit plan specifies the amount of benefits an eligible participant eventually will receive using information about the participant.

AGL Resources generally calculates the benefits under the AGL Retirement Plan based on age, years of service and pay. The benefit formula for the AGL Retirement Plan is a career average earnings formula, except for participants who were employees as of July 1, 2000, and who were at least 50 years of age as of that date. For those participants, AGL Resources used a final average earnings benefit formula, and used this benefit formula for such participants until December 31, 2010, at which time any of those participants who were still actively employed accrue future benefits under the career average earnings formula.

Effective January 1, 2012, the AGL Retirement Plan was frozen with respect to participation for non-union employees hired on or after that date. Such employees will be entitled to employer provided benefits under their defined contribution plan, that exceed defined contribution benefits for employees who participate in the defined benefit plan.

The NUI Retirement Plan covers substantially all of NUI Corporation's employees who were employed on or before December 31, 2005, except Florida City Gas union employees, who until February 2008 participated in a union-sponsored multiemployer plan. Pension benefits are based on years of credited service and final average compensation as of the plan freeze date. Effective January 1, 2006, participation and benefit accrual under the NUI Retirement Plan were frozen. As of that date, former participants in that plan became eligible to participate in the AGL Retirement Plan. Florida City Gas union employees became eligible to participate in the AGL Retirement Plan in February 2008.

Other Defined Benefit Retirement Benefits

AGL Resources sponsors a defined benefit retirement health care plans for our eligible employees, the Health and Welfare Plan for Retirees and Inactive Employees of AGL Resources Inc. (AGL Welfare Plan). Eligibility for these benefits is based on age and years of service.

The AGL Welfare Plan includes medical coverage for all eligible AGL Resources employees who were employed as of June 30, 2002, if they reach retirement age while working for us. In addition, the AGL Welfare Plan provides life insurance for all employees if they have ten years of service at retirement. The Florida commission has approved phase-in plans that defer a portion of the related benefits expense for future recovery.

Effective December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 was signed into law. This act provides for a prescription drug benefit under Medicare Part D as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D.

Effective July 1, 2009, Medicare eligible retirees covered by the AGL Welfare Plan, including all of those at least age 65, receive benefits through our contribution to a retiree health reimbursement arrangement account.

Effective January 1, 2010, enhancements were made to the pre-65 medical coverage of the AGL Welfare Plan by removing the current cap on our expected costs and implementing a new cap determined by the new retiree premium schedule based on salary level and years of service. Due to the cap, there is no impact on the periodic benefit cost or on our accumulated projected benefit obligation for the AGL Welfare Plan for a change in the assumed healthcare cost trend.

AGL Resources also has a separate unfunded supplemental retirement health care plan that provides health care and life insurance benefits to employees of discontinued businesses. This plan is noncontributory with defined benefits. Net plan expenses were immaterial in 2011. The PBO associated with this plan was \$3 million December 31, 2011.

Contributions

Our employees generally do not contribute to these pension and other retirement plans, however, pre-65 AGL retirees make nominal contributions to their health care plan. We fund the qualified pension plans by contributing at least the minimum amount required by applicable regulations and as recommended by our actuary. However, we

may also contribute in excess of the minimum required amount. As required by The Pension Protection Act of 2006 (the Act), we calculate the minimum amount of funding using the traditional unit credit cost method.

The Act contained new funding requirements for single employer defined benefit pension plans and established a 100% funding target (over a 7-year amortization period) for plan years beginning after December 31, 2007. If certain conditions were met, the Worker, Retiree and Employer Recovery Act of 2008 allowed us to measure our required minimum contributions based on a funding target of 100% in 2010 and 2011. In 2011 AGL Resources contributed \$56 million to the AGL Retirement Plan and the NUI Retirement Plan. In 2010 AGL Resources contributed \$31 million to the AGL Retirement Plan and the NUI Retirement Plan.

Assumptions

We consider a number of factors in determining and selecting assumptions for the overall expected long-term rate of return on plan assets. We consider the historical long-term return experience of our assets, the current and expected allocation of our plan assets, and expected long-term rates of return. We derive these expected long-term rates of return with the assistance of our investment advisors and generally base these rates on the various asset classes, our expected investments of plan assets and asset management. We base our expected allocation of plan assets on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, real estate, private equity securities and alternative asset classes.

We consider a variety of factors in determining and selecting our assumptions for the discount rate at December 31. We based our discount rate on a yield curve provided by our actuaries that is derived from a portfolio of high quality (rated AA or better) corporate bonds and the equivalent annuity cash flows separately for each pension plan.

The following tables present details about our pension and other retirement plans.

<i>Dollars in millions</i>	Pension plans		Other retirement plans	
	2011	2010	2011	2010
Change in plan assets				
Fair value of plan assets, January 1,	\$344	\$303	\$71	\$63
Actual return on plan assets	(10)	37	(3)	8
Employer contributions	58	31	7	7
Benefits paid	(28)	(27)	(8)	(7)
Plan curtailment and settlements	(1)	0	0	0
Fair value of plan assets, December 31,	\$363	\$344	\$67	\$71
Change in benefit obligation				
Benefit obligation, January 1,	\$531	\$463	\$107	\$101
Service cost	13	11	1	0
Interest cost	28	27	5	6
Actuarial loss	58	57	9	7
Benefits paid	(27)	(27)	(8)	(7)
Plan curtailment and settlements	(1)	0	0	0
Benefit obligation, December 31,	\$602	\$531	\$114	\$107
Funded status at end of year	\$(239)	\$(187)	\$(47)	\$(36)
Amounts recognized in the Consolidated Statements of Financial Position consist of				
Long-term asset	\$0	\$0	\$0	\$0
Current liability	(2)	(1)	0	0
Long-term liability	(237)	(186)	(47)	(36)
Total liability at December 31,	\$(239)	\$(187)	\$(47)	\$(36)
Florida City Gas' share of net liability recorded on statements of financial position	\$(3)	\$(2)	\$0	\$0
Accumulated benefit obligation (1)	\$568	\$506	n/a	n/a
Supplemental information for underfunded pension plans included above as of December 31, 2011:				
Aggregate benefit obligation	\$602	\$531	n/a	n/a
Aggregate accumulated benefit obligation	568	506	n/a	n/a
Aggregate fair value of plan assets	\$363	\$344	n/a	n/a
Assumptions used to determine benefit obligations				
Discount rate	4.6%	5.4%	4.5%	5.2%
Rate of compensation increase	3.7%	3.7%	3.7%	3.7%

(1) ABO differs from the projected benefit obligation in that the ABO excludes the effect of salary and wage increases.

The components of our pension and other retirement benefit costs are set forth in the following table.

<i>Dollars in millions</i>	Pension plans			Other retirement plans		
	2011	2010	2009	2011	2010	2009
Net benefit cost						
Service cost	\$13	\$11	\$8	\$1	\$0	\$0
Interest cost	28	27	26	5	6	6
Expected return on plan assets	(32)	(28)	(29)	(5)	(5)	(4)
Net amortization of prior service cost	(2)	(2)	(2)	(4)	(4)	(4)
Recognized actuarial loss	14	10	9	2	2	2
Net periodic benefit cost	\$21	\$18	\$12	\$(1)	\$(1)	\$0

Assumptions used to determine benefit costs

Discount rate (1)	5.4%	6.0%	6.2%	5.2%	5.8%	6.2%
Expected return on plan assets (1)	8.5%	8.8%	9.0%	8.5%	8.8%	9.0%
Rate of compensation increase(1)	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%

(1) Rates are presented on a weighted average basis.

As a result of a cap on expected cost for the AGL Welfare Plan, a one-percentage-point increase or decrease in the assumed health care trend does not materially affect periodic benefit cost or accumulated benefit obligation of the Plan.

The following table presents the amounts not yet reflected in net periodic benefit cost and included in net regulatory assets and accumulated OCI as of December 31, 2011 and 2010:

<i>In millions</i>	Accumulated OCI	
	Pension plan	Other retirement plans
December 31, 2011:		
Prior service cost (credit)	\$ (13)	\$ (4)
Net loss	312	51
Total	\$299	\$47
December 31, 2010:		
Prior service credit	\$(15)	\$(8)
Net loss	226	35
Total	\$211	\$27

The 2012 estimated amortization out of regulatory assets or accumulated OCI for these plans are set forth in the following table.

<i>In millions</i>	Accumulated OCI	
	Pension plans	Other retirement plans
Amortization of prior service credit	\$(2)	\$(3)
Amortization of net loss	20	3

The following table presents the gross benefit payments expected for the years ended December 31, 2012 through 2021 for our pension and other retirement plans. There will be benefit payments under these plans beyond 2021.

<i>In millions</i>	Pension plans	Other retirement plans
2012	\$29	\$7
2013	29	8
2014	30	7
2015	31	7
2016	31	8
2017-2021	174	38

Employee Savings Plan Benefits

AGL sponsors the Retirement Savings Plus Plan (RSP), a defined contribution benefit plan that allows eligible participants to make contributions to their accounts up to specified limits. Under the RSP, we made matching contributions to participant accounts of \$134 thousand in 2011 and \$141 thousand in 2010.

Note 6 - Debt

The following table provides maturity dates, year-to-date weighted average interest rates and amounts outstanding for our various debt securities and facilities that are included in our statements of financial position.

<i>In millions</i>	Year due	December 31, 2011		December 31, 2010	
		Weighted average interest rate	Outstanding	Weighted average interest rate	Outstanding
Short-term debt					
Current portion of capital leases	2012	4.9%	\$2	4.9%	\$1
Total short-term debt and current portion of capital leases		4.9%	\$2	4.9%	\$1
Long-term debt					
Gas facility revenue bond					
Issued July 1994	2024	0.1%	\$20	0.4%	\$20
Affiliate Promissory Note	2034	5.8	44	6.1	44
Capital leases	2012	n/a	–	4.9	2
Total long-term debt		4.0%	64	4.3%	66
Total debt		4.0%	\$66	4.3%	\$67

Current Portion of Capital Leases The current portion of our capital leases at December 31, 2011 and 2010 was composed of portions of our capital lease obligations that are due within the next twelve months. Our capital leases consist primarily of a sale/leaseback transaction completed in 2002. The sale/leaseback of our gas meters and other equipment will be repaid during 2012. Based on the terms of the lease agreement, we are required to insure the leased equipment during the lease term. At the expiration of the lease term, we have the option to purchase the leased meters from the lessor at their fair market value. The fair market value of the equipment will be determined based on an arm's-length transaction between an informed and willing buyer.

Long-term Debt Our long-term debt at December 31, 2011 and 2010 matures more than one year from the statements of financial position date and consisted of a gas facility revenue bond, an affiliate promissory note and capital leases.

Gas Facility Revenue Bond Pivotal Utility is party to a series of loan agreements with the New Jersey Economic Development Authority (NJEDA) under which the NJEDA has issued a series of gas facility revenue bonds. These gas revenue bonds are issued by state agencies or counties to investors, and proceeds from the issuance are then loaned to us. In June 2010, the letter of credit supporting our \$20 million gas revenue bond was set to expire, and according to the terms of the bond indenture, AGL Resources repurchased the bond before the expiration of the letters of credit using the proceeds of AGL Capital Corporation's commercial paper issuances.

Affiliate Promissory Note Pivotal Utility entered into a promissory note with AGL Resources (Affiliate Promissory Note) for the purpose of refinancing short-term debt and recapitalizing the capital structure of Pivotal Utility and its utility operating divisions, Elizabethtown Gas, Florida City Gas and Elkton Gas, in accordance with Pivotal Utility's target capitalization of 45% and with authorizations of the New Jersey Board of Public Utilities and the Florida Commission. The Affiliate Promissory Note is adjusted periodically to maintain the appropriate targeted capitalization percentages. During 2011, the Affiliate Promissory Note was not adjusted. The Affiliate Promissory Note is due December 31, 2034 and had an initial interest rate of 6.3%, which adjusts on a periodic basis based upon weighted average costs and expenses of borrowing the then outstanding long-term debt of both AGL Resources and AGL Capital Corporation, a wholly owned financing subsidiary of AGL Resources. As of December 31, 2011, the interest rate on this note was 5.8%. The initial principal amount of the Affiliate Promissory Note for Pivotal Utility including its operating division, Florida City Gas, is adjusted on an annual basis to conform to Pivotal Utility's target capitalization of 45%. As of December 31, 2011 and 2010, the amount outstanding under the Affiliate Promissory Note associated with Florida City Gas was \$44 million.

Note 7 - Commitments and Contingencies

We have incurred various contractual obligations and financial commitments in the normal course of our operating and financing activities. These obligations may result from both general financing activities and from commercial arrangements that are directly supported by related revenue-producing activities. The following table illustrates our expected future contractual payments such as debt and lease agreements and commitments as of December 31, 2011.

<i>In thousands</i>	Total	2012	2013	2014	2015	2016	Thereafter
Recorded contractual obligations:							
Long-term debt (1)	\$65,661	\$1,898	\$0	\$0	\$0	\$0	\$63,763
Total	\$65,661	\$1,898	\$0	\$0	\$0	\$0	\$63,763
Unrecorded contractual obligations and commitments(2):							
Pipeline charges, storage capacity and gas supply	\$54,637	\$8,465	\$8,465	\$8,465	\$5,953	\$5,288	\$18,001
Performance surety bonds	750	700	50	0	0	0	0
Interest charges	182	41	12	12	12	12	93
Operating leases	114	21	21	22	23	23	4
Total	\$55,683	\$9,227	\$8,548	\$8,499	\$5,988	\$5,323	\$18,098

(1) Includes current portion of capital leases.

(2) In accordance with GAAP, these items are not reflected in our statements of financial position.

Litigation

We are involved in litigation arising in the normal course of business. Although in some cases we are unable to estimate the amount of loss reasonably possible in addition to any amounts already recognized, it is possible that the resolution of these contingencies, either individually or in aggregate, will require us to take charges against, or will result in reductions in, future earnings. It is the opinion of management that the resolution of these contingencies, either individually or in aggregate, could be material to earnings in a particular period but will not have a material adverse effect on our financial position, results of operations or cash flows.

Note 8 - Income Taxes

Income Tax Expense

The relative split between current and deferred taxes is due to a variety of factors including true ups of prior year tax returns, and most importantly, the timing of our property-related deductions. Components of income tax expense shown in the statements of income are shown in the following table.

<i>In thousands</i>	2011	2010
Current income taxes		
Federal	\$(163)	\$(1,540)
State	232	144
Deferred income taxes		
Federal	3,292	4,196
State	244	382
Amortization of investment tax credits	(1)	(1)
Total	\$3,604	\$3,181

The reconciliations between the statutory federal income tax rate, the effective rate and the related amount of tax for the years ended December 31, 2011 and 2010 on our statements of income are presented in the following table:

<i>In thousands</i>	2011	2010
Computed tax expense at statutory rate	\$3,124	\$2,627
State income tax, net of federal income tax benefit	305	296
Amortization of investment tax credits	(1)	(1)
Other – net	176	259
Total income tax expense at effective rate	\$3,604	\$3,181

Accumulated Deferred Income Tax Assets and Liabilities

Components that give rise to the net accumulated deferred income tax liability are as follows.

<i>In thousands</i>	As of December 31,	
	2011	2010
Accumulated deferred income tax liabilities		
Property – accelerated depreciation and other property-related items	\$27,847	\$24,457
Other	381	443
Total accumulated deferred income tax liabilities	\$28,228	\$24,900
Accumulated deferred income tax assets		
Unfunded pension and postretirement benefit obligation	\$1,648	\$1,269
Bad debts and insurance reserves	756	517
Other	770	412
Total accumulated deferred income tax assets	3,174	2,198
Net accumulated deferred tax liability	\$25,054	\$22,702

AGL Resources files a U.S. federal consolidated income tax return and state income tax returns. AGL Resources is no longer subject to income tax examinations by the Internal Revenue Service or any state for years before 2007.

Note 9 - Related Party Transactions

We have an asset management and agency (AMA) agreement with our affiliate, Sequent Energy Management, L.P. (Sequent) to facilitate the management of transportation and storage capacity assets owned by Florida City Gas. As part of the AMA agreement, the parties have also executed a Gas Purchase and Sale Agreement where, to the extent requested by Florida City Gas, Sequent will purchase and sell natural gas to meet the gas supply requirements of Florida City Gas. The following table provides additional information on our asset management agreements with Sequent.

<i>Dollars in thousands</i>	Expiration date	Type of fee structure	Annual fee	Profit sharing /fees payments	
				2011	2010
Florida City Gas	Mar 2013	Profit-sharing	50%	\$1,845	\$1,280

See Note 4 and Note 6 for discussion of other affiliate transactions.

We also engage in transactions with AGL Resources' affiliates consistent with its services and tax allocation agreements.