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FLORIDA'S LAW FIRM FOR BUSINESS

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October 2, 2014

BY HAND DELIVERY

Ms. Carlotta Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: New Filing - **Application for authority to issue debt security, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida City Gas.**

Dear Ms. Stauffer:

Enclosed for filing, please find the original and three copies of the Application of Florida City Gas for Authority to Issue Debt Security During Calendar Year 2015, along with its Consolidated Financial Statements for 2012 and 2013. A copy of the pleading in Word format on CD is also enclosed. A copy of this filing has been provided via email to the Office of Public Counsel.

Thank you for your assistance with this filing. As always, please do not hesitate to contact me if you have any questions whatsoever.

Sincerely,

Beth Keating

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application by Florida City Gas for Authority to Issue Debt Security Pursuant to Florida Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code	)))))	Docket No._________ Filed: October 2, 2014

APPLICATION OF FLORIDA CITY GAS
FOR AUTHORITY TO ISSUE DEBT SECURITY

Florida City Gas (the "Applicant"), by and through undersigned counsel, pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code, hereby files this application for authority to undertake short-term indebtedness pursuant to its participation in AGL Resources Inc.'s Utility Money Pool.

In support, Applicant states:

1. **Applicant Information:** The name and principal business address of Applicant are Pivotal Utility Holdings, Inc., 300 Connell Drive, Berkeley Heights, New Jersey 07922. Applicant is the indirect wholly owned subsidiary of AGL Resources Inc. ("AGLR"), an energy services holding company headquartered in Atlanta, Georgia. Applicant is engaged in the business of distributing natural gas in service territories located in portions of the states of New Jersey, Florida and Maryland. Through its Florida City Gas division, Applicant supplies natural gas to customers in Miami-Dade, Broward, Palm Beach, St. Lucie, Indian River, Martin, Brevard, Hendry, Glades, and Brevard Counties, Florida. Accordingly, Applicant is regulated as a "public utility" by the Florida Public Service Commission ("Commission") under Chapter 366, Florida Statutes. Exhibit A provides the Applicant's most recent audited financial statements.

2. **Incorporation and Domestication:** Applicant was incorporated under the laws of New Jersey in 1969. As noted above, Applicant does business in the states of New Jersey, Florida and Maryland.

3. **Persons Authorized To Receive Notices and Communications:** The names and addresses of the persons authorized to receive notices and communications with respect to this application are as follows:

Beth Keating
Attorney – Governmental Affairs
Gunster
215 S. Monroe Street, Suite 601
Tallahassee, FL 32301

Elizabeth Wade
Chief Counsel – State Regulatory Affairs
AGL Resources Inc.
Ten Peachtree Place, NW 15th Floor
Atlanta, GA 30309

4. **Capital Stock and Funded Debt:** The following additional information regarding the financial condition of Applicant (and its ultimate parent corporation, AGLR) is submitted for the Commission's consideration:

a. Total authorized common stock of Applicant's ultimate corporate parent, AGLR, is 750,000,000 shares, of which 119,478,539 shares were issued and outstanding at July 23, 2014 and publicly traded on the New York Stock Exchange under the symbol "GAS";

b. Neither AGLR nor Applicant has any issued or outstanding preferred stock;

c. As of June 30, 2014, AGLR held 216,523 shares in its treasury. The amount of capital stock held as reacquired securities by Applicant: none

d. The amount of capital stock pledged by Applicant or AGLR: none

e. The amount of Applicant's capital stock held by affiliated corporations: 100% held by NUI Corporation, a wholly owned subsidiary of AGLR.

f. The amount of capital stock held in any fund by Applicant or AGLR: none

The table below summarizes Applicant's outstanding loan agreements, pursuant to which Applicant has borrowed the proceeds of the offerings of industrial development revenue bonds by each of these public financing entities. The terms and payments under Applicant's loan agreements with the public financing entities mirrors those of the revenue bonds.

Description	Date	Principal amount	Interest
Amended and Restated Loan Agreement between New Development Authority and Pivotal Utility Holdings	March 1, 2013	$46.5 million (2)	variable rate bonds
Loan Agreement between Brevard County, Florida and Pivotal Utility Holdings	Feb. 1, 2013	$20 million (1)	variable rate bonds
Amended and Restated Loan Agreement between New Development Authority and Pivotal Utility Holdings	March 1, 2013	$39 million (2)	variable rate bonds
Amended and Restated Loan Agreement between New Development Authority and Pivotal Utility Holdings	March 1, 2013	$54.6 million (2)	variable rate bonds
Loan Agreement between New Jersey Economic Development Authority and Pivotal Utility Holdings	March 1, 2013	$40 million (3)	variable rate bonds

(1) On February 26, 2013, refinanced from auctioned rate bond to bank-owned floating rate bond.

(2) On March 25, 2013, refinanced from auctioned rate bonds to bank-owned floating rate bonds.

(3) On March 25, 2013 refinanced from fixed-rate bond to floating rate bond.

Applicant's indebtedness pursuant to these arrangements totals approximately $200.1 million.

Applicant also has an additional $177,679,884 of long-term inter-company debt. As of June 30, 2014, Applicant's inter-company debt carries an interest rate of 5.00%, which approximates AGLR's weighted cost of capital for its outstanding long term debt as of March 31, 2014. Applicant does not anticipate redeeming any of these securities in calendar year 2015 but will if necessary to maintain its appropriate capital structure.

5. **Proposed Transactions:**

(a) Nature of Transactions: Applicant requests authorization to finance its on-going cash requirements through its participation and borrowings from and investments in AGLR's Utility Money Pool. Applicant will make short-term borrowings not to exceed $800,000,000 (aggregate for Applicant's three utilities) annually from the Utility Money Pool according to limits that are consistent, given the seasonal nature of Applicant's business and its anticipated cash demands, with Applicant's capitalization. Florida City Gas's share of these borrowings will not exceed $250 million. Applicant's requested authorization is consistent with the authority granted in Order Nos. PSC-05-1221-FOF-GU, PSC-06-1039-FOF-GU, PSC-07-0955-FOF-GU, PSC-08-0768-FOF-GU, PSC-09-0745-FOF-GU, PSC-10-00692-FOF-GU, PSC-11-0568-FOF-GU, PSC-12-0648-FOF-GU and PSC-13-0671-FOF-GU.

b. Maximum Principal Amount: The amount of short-term borrowings from the Utility Money Pool will not exceed $800,000,000.

c. Present Estimate of Interest Rate: The interest rate paid by Applicant on borrowings from the Utility Money Pool is essentially a pass-through of AGLR's cost for borrowing these funds under its commercial paper program. As of June 30, 2014 that interest rate was .247%.

d. Maturity Date(s): Borrowings under the Utility Money Pool mature 364 days after the date of borrowing.

e. Additional Provisions: none

6. **Purpose For Which the Debt Will Be Incurred:** Applicant will use funds borrowed from the Utility Money Pool for capital expenditures, ongoing working capital requirements and general corporate purposes.

7. **Lawful Object and Purpose:** Applicant is authorized to participate in the Utility Money Pool by its Articles of Incorporation and applicable law. Participation in the arrangement is consistent with the proper performance by Applicant of service as a public utility and reasonably necessary and appropriate for such purposes.

8. **Filings With Other State or Federal Regulatory Bodies:** Applicant has authority for participation in the Utility Money Pool from the New Jersey Board of Public Utilities, whose address is Two Gateway Center, Newark, New Jersey 07102. AGLR's Utility Money Pool was originally authorized by the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935 (as amended), which was repealed as of February 2006.

9. **Control or Ownership:** There is no measure of control or ownership exercised by or over Applicant as to any other public utility. Applicant is a wholly owned subsidiary of its parent holding company, NUI Corporation, which is a wholly owned subsidiary of AGL Resources Inc.

WHEREFORE, Pivotal Utility Holdings, Inc. d/b/a Florida City Gas, doing business in Florida respectfully requests that the Commission:

(a) publish notice of intent to grant the application pursuant to Section 366.04(1), Florida Statutes, as soon as possible;

(b) schedule this matter for agenda as early as possible;

(c) authorize Applicant to make short-term borrowings not to exceed $800,000,000 annually from AGLR's Utility Money Pool for the purposes and in the manner described herein;

(d) grant such other relief as the Commission deems appropriate.

Respectfully submitted this 2nd day of October, 2014.

Beth Keating, Esquire
Gunster Law Firm
215 S. Monroe Street, Suite 601
Tallahassee, FL 32301
850-521-1706
Attorneys for PIVOTAL UTILITY HOLDINGS, INC., d/b/a FLORIDA CITY GAS

Pivotal Utility Holdings, Inc.
(A wholly owned subsidiary of AGL Resources Inc.)

Financial Statements
For the years ended December 31, 2013 and 2012

Pivotal Utility Holdings, Inc.

Financial Statements and Notes

For the years ended December 31, 2013 and 2012

Table of Contents

GLOSSARY OF KEY TERMS

AFUDC	Allowance for funds used during construction
AGL Resources	AGL Resources Inc. and its subsidiaries
Bcf	Billion cubic feet
ERC	Environmental remediation costs, which are generally recoverable through our rate mechanisms
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Florida Commission	Florida Public Service Commission, the state regulatory agency for Florida City Gas
GAAP	Accounting principles generally accepted in the United States of America
New Jersey BPU	New Jersey Board of Public Utilities, the state regulatory agency for Elizabethtown Gas
NUI	NUI Corporation
OCI	Other comprehensive income
Pivotal Utility	Pivotal Utility Holdings, Inc., doing business as Elizabethtown Gas, Elkton Gas and Florida City Gas
PP&E	Property, plant and equipment
WNA	Weather normalization adjustment

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Independent Auditor's Report

To the Shareholder of Pivotal Utility Holdings, Inc.:

We have audited the accompanying financial statements of Pivotal Utility Holdings, Inc. (a wholly owned subsidiary of AGL Resources Inc.) and its subsidiaries (the "Company"), which comprise the statements of financial position as of December 31, 2013 and December 31, 2012, and the related statements of income, comprehensive income, equity, and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audit in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pivotal Utility Holdings, Inc. at December 31, 2013 and December 31, 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

February 6, 2014, except as to Note 12 which is as of March 31, 2014

PricewaterhouseCoopers LLP, 1075 Peachtree Street, Suite 2600, Atlanta, GA 30309
T: (678) 419 1000, F: (678) 419 1239, www.pwc.com/us

Pivotal Utility Holdings, Inc.
Statements of Financial Position

In thousands	As of December 31, 2013	2012
Current assets		
Cash and cash equivalents	**$311**	$53
Receivables		
Gas	**53,309**	35,840
Unbilled revenues	**30,473**	31,110
Other	**1,335**	1,437
Less allowance for uncollectible accounts	**5,111**	4,995
Total receivables, net	**80,006**	63,392
Inventories	**32,229**	19,611
Regulatory assets	**20,532**	21,950
Other current assets	**17,831**	20,320
Total current assets	**150,909**	125,326
Long-term assets and other deferred debits		
Property, plant and equipment	**1,279,566**	1,231,232
Less accumulated depreciation	**381,493**	367,728
Property, plant and equipment, net	**898,073**	863,504
Goodwill	**176,560**	176,560
Recoverable ERC	**171,558**	147,763
Other regulatory assets	**16,394**	31,581
Recoverable retirement benefit costs	**1,088**	1,663
Recoverable regulatory infrastructure program costs	**273**	558
Other	**7,913**	2,887
Total long-term assets and other deferred debits	**1,271,859**	1,224,516
Total assets	**$1,422,768**	$1,349,842
Current liabilities		
Due to affiliates	**$101,492**	$100,935
Accrued environmental remediation liabilities	**24,679**	20,432
Accrued taxes	**17,891**	17,910
Accrued natural gas costs	**15,058**	2,219
Customer credit balances and deposits	**14,357**	14,157
Accounts payable - trade	**9,693**	10,499
Other regulatory liabilities	**1,994**	-
Current portion of capital leases	**-**	991
Other current liabilities	**6,462**	10,053
Total current liabilities	**191,626**	177,196
Long-term liabilities and other deferred credits		
Long-term debt, net of current portion	**377,780**	371,920
Accumulated deferred income taxes	**182,336**	162,333
Accrued environmental remediation liabilities	**131,428**	112,537
Accumulated removal costs	**74,454**	75,314
Accrued pension and retiree welfare benefits	**27,141**	39,596
Other regulatory liabilities	**2,336**	1,511
Regulatory income tax liability	**1,448**	1,753
Unamortized investment tax credits	**611**	832
Other long-term liabilities and other deferred credits	**18,320**	19,935
Total long-term liabilities and other deferred credits	**815,854**	785,731
Total liabilities and other deferred credits	**1,007,480**	962,927
Commitments and contingencies (see Note 8)		
Equity		
Shareholder's equity		
Common stock; no par value; 12,807,111 shares authorized, issued and outstanding	**-**	-
Retained earnings	**261,685**	252,126
Additional paid in capital	**170,830**	159,266
Accumulated other comprehensive loss	**(17,227)**	(24,477)
Total equity	**415,288**	386,915
Total liabilities and equity	**$1,422,768**	$1,349,842

See Notes to Financial Statements.

Pivotal Utility Holdings, Inc.
Statements of Income

In thousands	Years ended December 31, 2013	2012
Operating revenues	**$482,226**	$413,971
Operating expenses		
Cost of goods sold	**277,938**	221,081
Operation and maintenance	**87,923**	76,421
Depreciation and amortization	**34,788**	32,927
Taxes other than income taxes	**6,426**	6,270
Total operating expenses	**407,075**	336,699
Operating income	**75,151**	77,272
Other income	**1,813**	1,180
Interest expense, net	**(12,498)**	(15,879)
Earnings before income taxes	**64,466**	62,573
Income tax expense	**25,327**	26,334
Net income	**$39,139**	$36,239

See Notes to Financial Statements.

Pivotal Utility Holdings, Inc.
Statements of Comprehensive Income

In thousands	Years ended December 31, 2013	2012
Net income	**$39,139**	$36,239
Other comprehensive income (loss), net of tax		
Actuarial gain (loss) arising during the period (net of income tax of ($5,040) and $637, respectively)	**7,250**	(8,156)
Comprehensive income	**$46,389**	$28,083

See Notes to Financial Statements.

Pivotal Utility Holdings, Inc.
Statements of Equity

In thousands	Common shares	Additional paid-in-capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance as of December 31, 2011	12,807	$147,324	$245,097	$(16,321)	$376,100
Net income	–	–	36,239	–	36,239
Other comprehensive loss	–	–	–	(8,156)	(8,156)
Dividends	–	–	(29,210)	–	(29,210)
Conversion of affiliate debt to equity	–	11,942	–	–	11,942
Balance as of December 31, 2012	12,807	$159,266	$252,126	$(24,477)	$ 386,915
Net income	–	–	**39,139**	–	**39,139**
Other comprehensive income	–	–	–	**7,250**	**7,250**
Dividends	–	–	**(29,580)**	**-**	**(29,580)**
Conversion of affiliate debt to equity	–	**11,564**	–	**-**	**11,564**
Balance as of December 31, 2013	**12,807**	**$170,830**	**$261,685**	**$(17,227)**	**$415,288**

See Notes to Financial Statements.

Pivotal Utility Holdings, Inc.
Statements of Cash Flows

In thousands	Years ended December 31, 2013	2012
Cash flows from operating activities		
Net income	**$39,139**	$36,239
Adjustments to reconcile net income to net cash flow provided by operating activities		
Depreciation and amortization	**34,788**	32,927
Deferred income taxes	**11,435**	12,501
Changes in certain assets and liabilities		
Accrued natural gas costs	**12,309**	(7,417)
Other regulatory assets and liabilities	**11,044**	(11,371)
Accrued taxes	**(19)**	12,030
Environmental remediation costs	**(400)**	(2,978)
Accounts payable - trade	**(806)**	1,599
Pension and retiree welfare benefits	**(4,629)**	(6,109)
Inventories	**(12,618)**	10,478
Receivables	**(16,614)**	(2,025)
Other – net	**8,492**	1,637
Net cash flow provided by operating activities	**82,122**	77,511
Cash flows from investing activities		
Expenditures for property, plant and equipment	**(69,275)**	(64,723)
Net cash flow used in investing activities	**(69,275)**	(64,723)
Cash flows from financing activities		
Net borrowings from AGL Resources	**17,982**	17,112
Dividends paid	**(29,580)**	(29,210)
Principal payments under capital lease obligations	**(991)**	(907)
Net cash flow used in financing activities	**(12,589)**	(13,005)
Net increase (decrease) in cash and cash equivalents	**258**	(217)
Cash and cash equivalents at beginning of period	**53**	270
Cash and cash equivalents at end of period	**$311**	$53
Cash paid during the period for		
Interest	**$10,846**	$11,496
Income taxes	**$2,767**	$1,824

See Notes to Financial Statements.

Notes to Financial Statements

Note 1 – Organization and Basis of Presentation

General

Pivotal Utility is a wholly owned subsidiary of AGL Resources, which engages in the sale and distribution of natural gas to approximately 390 thousand customers in three states through its utility operating divisions that include Elizabethtown Gas (New Jersey), Florida City Gas (Florida) and Elkton Gas (Maryland). Unless the context requires otherwise, references to "we," "us," "our," the "company" or "Pivotal Utility" mean Pivotal Utility and its utility operating divisions.

Basis of Presentation

Our financial statements as of and for the periods ended December 31, 2013 were prepared in accordance with GAAP and include accounts of our utility operating divisions. We have eliminated intercompany profits and transactions in consolidation except for intercompany profits where recovery of such amounts are probable under the affiliates' rate regulation process.

During 2012, we recorded a $3,031 thousand tax adjustment to OCI to correct an error in the tax amounts booked in 2011. This adjustment did not have a material impact our financial statements.

Certain amounts from prior periods have been reclassified 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 primarily consist 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 and other 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, 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.

Fair Value Measurements

We have financial and nonfinancial assets and liabilities subject to fair value measurement. The financial assets and liabilities measured and carried at fair value include cash equivalents and derivative assets and liabilities. The carrying values of receivables, accounts payable, short-term debt, other current assets and liabilities and accrued interest approximate fair value. See Note 4 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 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 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, money market funds and certain 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 marketplace. Instruments in this category include shorter tenor exchange-traded and non-exchange-traded derivatives such as over-the-counter forwards and options and certain retirement plan assets.

Level 3 Pricing inputs include significant unobservable inputs that may be used with internally developed methodologies to determine management's best estimate of fair value from the perspective of market participants. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs. Transfers into and out of Level 3 reflect the liquidity at the relevant natural gas trading locations and dates, which affects the significance of unobservable inputs used in the valuation applied to natural gas derivatives. Our Level 3 assets, liabilities and any applicable transfers are primarily related to our pension and other retirement benefit plan assets as described in Note 4 and Note 6. Transfers for retirement plan assets are described further in Note 4. We determine both transfers into and out of Level 3 using values at the end of the interim period in which the transfer occurred.

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

Derivative Instruments

Our policy is to classify derivative cash flows and gains and losses within the same financial statement category as the hedged item, rather than by the nature of the instrument.

Fair Value Hierarchy Derivative assets and liabilities are classified in their entirety into previously described fair value hierarchy levels based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The determination of the fair values incorporates various factors required under the guidance. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits, letters of credit and priority interests), but also the impact of our own nonperformance risk on our liabilities. To mitigate the risk that a counterparty to a derivative instrument defaults on settlement or otherwise fails to perform under contractual terms, we have established procedures to monitor the creditworthiness of counterparties, seek guarantees or collateral backup in the form of cash or letters of credit. See Note 4 for additional fair value disclosures.

Natural Gas Derivative Instruments The fair value of the natural gas derivative instruments that we use to manage exposures arising from changing natural gas prices reflects the estimated amounts that we would receive or pay to terminate or close the contracts at the reporting date, taking into account the current unrealized gains or losses on open contracts. We use external market quotes and indices to value substantially all of our derivative instruments. See Note 5 for additional derivative disclosures.

Elizabethtown Gas, in accordance with a directive from the New Jersey BPU, enters into derivative instruments to hedge the impact of market fluctuations in natural gas prices. In accordance with regulatory requirements, any realized gains and losses related to these derivatives are reflected in natural gas costs and ultimately included in billings to customers. As previously noted, such derivative transactions are reported at fair value each reporting period in our Statements of Financial Position. Hedge accounting is not elected and, in accordance with accounting guidance pertaining to rate-regulated entities, unrealized changes in the fair value of these derivative instruments are deferred or accrued as regulatory assets or liabilities until the related revenue is recognized.

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.

Property, Plant and Equipment

A summary of our PP&E by classification as of December 31, 2013 and 2012 is provided in the following table.

In thousands	**2013**	**2012**
Transportation and distribution	$1,115,230	$1,056,796
Storage facilities	7,261	5,898
Other	85,786	97,665
Construction work in progress	71,289	70,873
Total PP&E, gross	1,279,566	1,231,232
Less accumulated depreciation	381,493	367,728
Total PP&E, net	$898,073	$863,504

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

- material and labor;
- contractor costs;
- construction overhead costs; and
- AFUDC.

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 straight-line depreciation rates (approved by the state regulatory agencies) to the investment in depreciable property. The composite depreciation rates for Elizabethtown Gas, Elkton Gas and Florida City Gas are provided in the following table.

	2013	**2012**
Elizabethtown Gas	2.4%	2.4%
Elkton Gas	2.4%	2.4%
Florida City Gas	3.8%	3.9%

We compute depreciation expense on a straight-line basis over the following estimated useful lives of the assets.

In years	**Estimated useful life**
Transportation equipment (1)	5 – 10
Other	up to 40

(1) May be depreciated in excess of useful life and recovered in rates.

AFUDC and Capitalized Interest

Elizabethtown Gas is authorized by the New Jersey BPU to capitalize the cost of debt and equity funds as part of the cost of PP&E construction projects in our Statements of Financial Position and as AFUDC in the Statements of Income. The New Jersey BPU has authorized a variable rate based on the FERC method of accounting for AFUDC. The AFUDC rate was 0.41% as of December 31, 2013 and 0.51% as of December 31, 2012. We recorded $1,660 thousand of AFUDC for the year ended December 31, 2013 and $696 thousand for the year ended December 31, 2012.

Goodwill

We perform an annual goodwill impairment test during the fourth quarter of each year, 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. Our goodwill impairment analysis for the years ended December 31, 2013 and 2012 indicated that our estimated fair value was substantially in excess of the carrying value and that we are not at risk of failing step-one of the impairment test.

Taxes

Income Taxes The reporting of our assets and liabilities for financial accounting purposes differs from the reporting for income tax purposes. The principal difference between net income and taxable income relates 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. We report the tax effects of depreciation and other temporary differences as deferred income tax assets or liabilities in our Statements of Financial Position.

We have current and deferred income taxes in our Statements of Income. Current income tax expense consists of federal and state income tax less applicable tax credits related to the current year. Deferred income tax expense is generally 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 tax expense.

Investment tax credits of approximately $611 thousand previously deducted for income tax purposes for Elizabethtown Gas, Florida City Gas and Elkton Gas 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 As noted above, 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 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 For our regulated utilities 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. However, the amount of the reduction is transferred to our regulatory income tax liability, which we amortize over the lives of the related properties as the temporary difference reverses or approximately 30 years.

Income 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 upon 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.

Uncertain Tax Positions We recognize accrued interest related to uncertain tax positions in interest expense and penalties in operating expenses in our Statements of Income.

Tax Collections We do not collect income taxes from our customers on behalf of governmental authorities. However, we do collect and remit various other taxes on behalf of various governmental authorities. We record these amounts in our Statements of Financial Position. In other instances, we are allowed to recover from customers other taxes that are imposed upon us. We record such taxes as operating expenses and record the corresponding customer charges as operating revenues.

Revenues

We record revenues when goods or services are provided to customers. Those revenues are based on rates approved by the state regulatory commissions of our utilities. Our utilities have rate structures that include volumetric rate designs which allow recovery of certain costs based on 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 recognized 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.

The tariffs for Elizabethtown Gas contain WNAs that partially mitigate the impact of unusually cold or warm weather on customer billings and operating margin. The purpose of a WNA is to mitigate the effect of weather on customer bills by reducing bills when winter weather is colder-than-normal and increasing bills when weather is warmer-than-normal. In addition, the tariffs for Elkton Gas contain revenue normalization mechanisms that mitigate the impact of conservation and declining customer usage.

Cost of goods sold

We charge our utility customers for natural gas consumed using natural gas cost recovery mechanisms set by the state regulatory agencies. Under these mechanisms, all prudently incurred natural gas costs are passed through to customers without markup, subject to regulatory review. In accordance with the authoritative guidance, 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 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 and accrued natural gas costs are reflected as regulatory liabilities. For more information, see Note 3 “Regulated Operations.”

Repair and maintenance expense

We record expense for repair and maintenance costs as incurred.

Operating leases

We have certain operating leases with provisions for step rent or escalation payments and certain lease concessions. We account for these leases by recognizing the future minimum lease payments on a straight-line basis over the respective minimum lease terms, in accordance with authoritative guidance related to leases. This accounting treatment does not affect the future annual operating lease cash obligations. See Note 8 for additional commitments and contingencies disclosures.

Accounting for Retirement Benefit Plans

We recognize the funded status of our plans as an asset or a liability on our Statements of Financial Position, measuring the plans' assets and obligations that determine our funded status as of the end of the fiscal year. We recognize as a component of OCI the changes in funded status that occurred during the year that are not yet recognized as part of net periodic benefit cost. The assets of our retirement plans are measured at fair value within the funded status 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.

In determining net periodic benefit cost, the expected return on plan assets component is determined by applying our expected return on assets to a calculated asset value, rather than to the fair value of the assets as of the end of the previous fiscal year. For more information, see Note 6. In addition, we have elected to amortize gains and losses caused by actual experience that differs from our assumptions into subsequent periods. The amount to be amortized is the amount of the cumulative gain or loss as of the beginning of the year, excluding those gains and losses not yet reflected in the calculated value, that exceeds 10 percent of the greater of the benefit obligation or the calculated asset value; and the amortization period is the average remaining service period of active employees.

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. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. 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 environmental liability accruals, uncollectible accounts and other allowance for contingent losses, goodwill, retirement plan benefit obligations, derivative and hedging activities and provisions for income taxes. We evaluate our estimates on an ongoing basis and our actual results could differ from our estimates.

Accounting Developments

On January 1, 2013, we adopted ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities* and ASU 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, which require disclosures about offsetting and related arrangements in order to help financial statement users better understand the effect of those arrangements on our financial position. This guidance had no impact on our financial statements.

On January 1, 2013, we adopted ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, which requires enhanced disclosures of amounts reclassified out of accumulated other comprehensive income by component. This guidance had no impact on our financial statements.

Note 3 – Regulated Operations

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:

	As of December 31,	
In thousands	**2013**	**2012**
Regulatory assets		
Recoverable weather normalization	$7,348	$14,284
Accrued natural gas costs	641	110
Derivative Instruments	-	7,340
Other	12,543	216
Total regulatory assets – current	20,532	21,950
Elizabethtown Gas recoverable ERC	171,558	147,762
Unamortized loss on reacquired debt	6,659	6,673
Recoverable greenhouse gas costs	4,426	3,488
Recoverable retirement benefit costs	1,088	1,663
Recoverable regulatory infrastructure program costs	273	558
Other	5,309	21,421
Total regulatory assets – long-term	189,313	181,565
Total regulatory assets	$209,845	$203,515
Regulatory liabilities		
Accrued natural gas costs	$15,058	$2,219
Derivative Instruments	1,273	-
Other	721	-
Total regulatory liabilities – current	17,052	2,219
Accumulated removal costs	74,454	75,314
Regulatory income tax liability	1,448	1,753
Unamortized investment tax credit	611	832
Other	2,336	1,510
Total regulatory liabilities – long-term	78,849	79,409
Total regulatory liabilities	$95,901	$81,628

Our regulatory assets are probable of recovery. 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 respective state regulatory commission during future rate proceedings. We are not aware of 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, our utility operations continue to recover their costs through cost-based rates established by the state regulatory commissions. 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 or proceeding. 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 used to periodically set base rates.

The majority of our regulatory assets listed in the preceding table are included in base rates except for the regulatory infrastructure program costs, ERC, natural gas and energy efficiency costs, which are recovered through specific rate riders on a dollar-for-dollar basis. The rate riders that authorize the recovery of regulatory infrastructure program costs and natural gas costs include both a recovery of cost and a return on investment during the recovery period.

Environmental Remediation Costs We are subject to federal, state and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remedy the effect on the environment of the disposal or release of specified substances at current and former operating sites. Our ERC liabilities are estimates of future remediation costs for investigation and cleanup of our former operating sites that are contaminated. Our estimates are based on conventional engineering estimates and the use of probabilistic models of potential costs when such estimates cannot be made, on an undiscounted basis. As cleanup options and plans mature and cleanup contracts are entered into, we are increasingly able to provide conventional engineering estimates of the likely costs of many elements of the program. These estimates contain various engineering assumptions, which we refine on an ongoing basis. These liabilities do not include other potential expenses, such as unasserted property damage claims, personal injury or natural resource damage claims, legal expenses or other costs for which we may be held liable but for which we cannot reasonably estimate an amount.

Our accrued ERC costs are not regulatory liabilities; however, they are deferred as a corresponding regulatory asset until the costs are recovered from customers. These recoverable ERC assets are a combination of accrued ERC liabilities and recoverable cash expenditures for investigation and cleanup costs. We primarily recover these deferred costs through rate riders that authorize dollar-for-dollar recovery. The following table provides more information on the costs related to remediation of our former operating sites.

In thousands	**# of sites**	**Probabilistic model cost estimates(1)**	**Engineering estimates**	**Amount recorded**	**Expected costs over next 12 months**	**Cost recovery period**
New Jersey	6	\$139,602 - \$232,946	\$5,834	\$145,437	\$17,929	7 years (2)
North Carolina	1	n/a	10,670	10,670	6,750	No recovery
Total	7	\$139,602 - \$232,946	\$16,504	\$156,107	\$24,679	

(1) Material cleanups have not been completed for 7 sites. Therefore precise estimates are not available for future cleanup costs and considerable variability remains in future cost estimates

(2) Includes recovery of carrying costs on unrecovered expenditures.

Accumulated Removal Costs In accordance with regulatory treatment, our depreciation rates are comprised of two cost components – historical cost, and the estimated cost of removal, net of estimated salvage, 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 are a generally accepted component of depreciation, but meet the requirements of authoritative guidance related to regulated operations, we have reclassified them from accumulated depreciation to accumulated removal cost regulatory liability 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.

Regulatory Infrastructure Program In 2009, the New Jersey BPU approved an enhanced infrastructure program for Elizabethtown Gas, which was created in response to the New Jersey Governor's request for utilities to assist in the economic recovery by increasing infrastructure investments. In May 2011, the New Jersey BPU approved Elizabethtown Gas' request to spend an additional \$40 million under this program before the end of 2012. Costs associated with the investment in this program are recovered through periodic adjustments to base rates that are approved by the New Jersey BPU. In August 2013, the New Jersey BPU approved the recovery of investments under this program through a permanent adjustment to base rates.

Additionally, in August 2013, we received approval from the New Jersey BPU for an extension of the accelerated infrastructure replacement program that we filed in July 2012. The approval allows for infrastructure investment of $115 million over four years, effective as of September 1, 2013. Carrying charges on the additional capital expenditures will be deferred at a weighted average cost for capital of 6.65%. Unlike the previous program, there will be no adjustment to base rates for the investments under the extended program until Elizabethtown Gas files its next rate case. We agreed to file a general rate case by September 2016.

In September 2013, Elizabethtown Gas filed for a Natural Gas Distribution Utility Reinforcement Effort (ENDURE), a program that will improve our distribution system's resiliency against coastal storms and floods. Under the proposed plan, Elizabethtown Gas will invest $15 million in infrastructure and related facilities and communication planning over a one year period beginning January 2014. Elizabethtown Gas is proposing to accrue and defer carrying charges on the investment until its next rate case proceeding.

Other Regulatory Assets and Liabilities Our recoverable pension and retiree welfare benefit plan costs are expected to be recovered through base rates over the next 2 to 21 years, based on the remaining recovery period as designated by the applicable state regulatory commissions.

Note 4 – Fair Value Measurements

Retirement benefit plans

AGL Resources sponsors the AGL Resources Inc. Retirement Plan (AGL Plan), which is a tax qualified defined benefit retirement plan for eligible employees. Until December 31, 2012, AGL Resources Inc. sponsored two defined benefit retiree healthcare plans for its eligible empoyees, the Health and Welfare Plan for Retirees and Inactive Employees of AGL Resources Inc. (AGL Welfare Plan) and the Nicor Gas Welfare Benefit Plan (Nicor Welfare Plan). Effective December 31, 2012, the Nicor Welfare Plan was terminated and as of January 1, 2013, all participants under that plan became eligible to participate in the AGL Welfare Plan. For more information, see "Employee Benefit Plans" in Note 6.

The allocations of the AGL Resources Inc. Retirement Plan (AGL Plan), the Employees' Retirement Plan of NUI Corporation (NUI Plan) and the Health and Welfare Plan for Retirees and Inactive Employees of AGL Resources Inc. (AGL Welfare Plan) were approximately 74% equity and 26% fixed income at December 31, 2013. The plans' investment policies provide 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.

	December 31, 2013									
	Pension plans (1)					Other retirement plans				
In millions	Level 1	Level 2	Level 3	Total	% of total	Level 1	Level 2	Level 3	Total	% of total
Cash	$3	$1	$-	$4	-%	$1	$-	$-	$1	1%
Equity Securities										
U.S. large cap (2)	93	205	-	298	33%	-	52	-	52	62%
U.S. small cap (2)	72	29	-	101	11%	-	-	-	-	-%
International companies (3)	-	139	-	139	15%	-	14	-	14	17%
Emerging markets (4)	-	34	-	34	4%	-	-	-	-	-%
Fixed income securities										
Corporate bonds (5)	-	207	-	207	23%	-	17	-	17	20%
Other (or gov't/muni bonds)	-	29	-	29	3%	-	-	-	-	-%
Other types of investments										
Global hedged equity (6)	-	-	43	43	5%	-	-	-	-	-%
Absolute return (7)	-	-	39	39	4%	-	-	-	-	-%
Private capital (8)	-	-	22	22	2%	-	-	-	-	-%
Total assets at fair value	$168	$644	$104	$916	100%	$1	$83	$-	$84	100%
% of fair value hierarchy	19%	70%	11%	100%		1%	99%	-%	100%	

	December 31, 2012 (9)									
	Pension plans (1)					Other retirement plans				
In millions	Level 1	Level 2	Level 3	Total	% of total	Level 1	Level 2	Level 3	Total	% of total
Cash	$14	$2	$-	$16	2%	$1	$-	$-	$1	1%
Equity Securities										
U.S. large cap (2)	69	181	-	250	30%	-	38	-	38	55%
U.S. small cap (2)	60	22	-	82	10%	-	-	-	-	-%
International companies (3)	-	120	-	120	14%	-	12	-	12	18%
Emerging markets (4)	-	34	-	34	4%	-	-	-	-	-%
Fixed income securities										
Corporate bonds (5)	-	216	-	216	26%	-	18	-	18	26%
Other (or gov't/muni bonds)	-	30	-	30	3%	-	-	-	-	-%
Other types of investments										
Global hedged equity (6)	-	-	38	38	4%	-	-	-	-	-%
Absolute return (7)	-	-	36	36	4%	-	-	-	-	-%
Private capital (8)	-	-	23	23	3%	-	-	-	-	-%
Total assets at fair value	$143	$605	$97	$845	100%	$1	$68	$-	$69	100%
% of fair value hierarchy	17%	72%	11%	100%		1%	99%	-%	100%	

(1) Includes $9 million at December 31, 2013 and $8 million at December 31, 2012 of medical benefit (health and welfare) component for 401h accounts to fund a portion of the other retirement benefits.
(2) Includes funds that invest primarily in U.S. 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 the AGL Plans' retirement plan assets in Level 3 of the fair value hierarchy

	Fair value measurements using significant unobservable inputs - Level 3 (1)			
In millions	Global hedged equity	Absolute return	Private capital	Total
Balance at December 31, 2011	$30	$34	$25	$89
Gains included in changes in net assets	3	2	3	8
Purchases	15	-	-	15
Sales	(10)	-	(5)	(15)
Balance at December 31, 2012	$38	$36	$23	$97
Gains included in changes in net assets	5	3	4	12
Purchases	-	-	-	-
Sales	-	-	(5)	(5)
Ending balance at December 31, 2013	$43	$39	$22	$104

(1) There were no transfers out of Level 3, or between Level 1 and Level 2 for any of the periods presented.

Derivative Instruments

The following table summarizes, by level within the fair value hierarchy, our derivative assets and liabilities that were carried at fair value on a recurring basis in our Statements of Financial Position as of the dates presented.

	Recurring fair values Natural gas derivative instruments			
	December 31, 2013		December 31, 2012	
In thousands	Assets	Liabilities	Assets	Liabilities
Quoted prices in active markets (Level 1)	$1,332	$1,332	$7,405	$7,405

(1) There were no transfers between Level 1, Level 2, or Level 3 for any periods presented.

Debt

Our long-term debt is recorded at amortized costs. 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 amount and fair value of our long-term debt as of the following dates:

	As of December 31,	
In thousands	**2013**	**2012**
Long-term debt carrying amount	$377,780	$372,911
Long-term debt fair value (1)	$377,780	$372,911

(1) Fair value determined using Level 2 inputs.

Note 5 – Derivative Instruments

Derivative Instruments

Our risk management activities are monitored by AGL Resources' Risk Management Committee, which consists of members of senior management and is charged with reviewing and enforcing our risk management activities and policies. Our use of derivative instruments is limited to predefined risk tolerances associated with pre-existing or anticipated physical natural gas sales and purchases and system use. We use derivative instruments and energy-related contracts to manage natural gas price risks.

The fair value of natural gas derivative instruments used to manage our exposure to changing natural gas prices reflects the estimated amounts that we would receive or pay to terminate or close the contracts at the reporting date, taking into account the current unrealized gains or losses on open contracts. We use external market quotes and indices to value substantially all of our derivative instruments.

Quantitative Disclosures Related to Derivative Instruments

Elizabethtown Gas entered into over-the-counter swap contracts to purchase natural gas. These derivative instruments were comprised of both long and short natural gas positions. A long position is a contract to purchase natural gas, and a short position is a contract to sell natural gas. As of December 31, 2013 and 2012, we had net long natural gas contracts outstanding in the following quantities:

Natural gas contracts

	December 31,	
In Bcf	**2013**	**2012**
Hedge designation:		
Not designated	18	18
Total	18	18
Hedge position:		
Long	18	18
Net long position	18	18

All of the contracts outstanding as of December 31, 2013 have durations of two years or less.

Derivative Instruments on the Statements of Financial Position

In accordance with regulatory requirements, gains and losses on derivative instruments used at Elizabethtown Gas to hedge natural gas purchases for customers are reflected in accrued natural gas costs within our Statements of Financial Position until billed to customers. Realized losses of $5,678 thousand and $27,830 thousand were recorded during 2013 and 2012, respectively.

The following table presents the fair value and Statements of Financial Position classification of our derivative instruments:

		December 31, 2013		December 31, 2012	
In thousands	**Classification**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Not designated as cash flow hedges					
Natural gas contracts	Current	$1,277	$(3)	$-	$(7,340)
Natural gas contracts	Long-term	106	(48)	35	(100)
Total		1,383	(51)	35	(7,440)
Gross amount of recognized assets and liabilities		1,383	(51)	35	(7,440)
Gross amounts offset in our Statements of Financial Position		(51)	51	(35)	35
Net amounts of assets and liabilities presented in our Statements of Financial Position		$1,332	$–	$–	$(7,405)

Note 6 - 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. defined benefit 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 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 Plan, to determine the expected return on the plan assets component of net annual pension cost. The MRVPA is a calculated value. Gains and losses on plan assets are spread through the MRVPA based on the five-year smoothing weighted average methodology.

Pension Benefits

AGL Resources sponsors the AGL Plan, which is a tax-qualified defined benefit retirement plan for our eligible employees. A defined benefit plan specifies the amount of benefits an eligible participant eventually will receive using information about the participant, including information related to the participant's earnings history, years of service and age. In 2012, AGL Resources also sponsored two other tax-qualified defined benefit retirement plans for eligible employees, a Nicor Plan and a NUI Plan. Effective as of December 31, 2012, the NUI Plan and the Nicor Plan were merged into the AGL Plan. The participants of the former Nicor and NUI plans are now being offered their benefits, as described below, through the AGL Plan.

AGL Resources generally calculates the benefits under the AGL Plan based on age, years of service and pay. The benefit formula for the AGL Plan is currently a career average earnings formula. Participants who were employees as of July 1, 2000 and who were at least 50 years of age as of that date earned benefits until December 31, 2010 under a final average pay formula. Participants who were employed as of July 1, 2000, but did not satisfy the age requirement to continue under the final average earnings formula, transitioned to the career average earnings formula on July 1, 2000.

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

Participants in the former Nicor plan receive a noncontributory defined pension benefits. These benefits cover substantially all employees of Nicor Gas and its affiliates that adopted the Nicor plan, hired prior to 1998. Pension benefits are based on years of service and the highest average annual salary for management employees and job level for collectively bargained employees (referred to as pension bands). The benefit obligation related to collectively bargained benefits considers the past practice of regular benefit increases.

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

Welfare Benefits

Until December 31, 2012, AGL Resources sponsored two defined benefit retiree health care plans for eligible employees, the AGL Welfare Plan and the Nicor Welfare Plan. Eligibility for these benefits is based on age and years of service. Effective December 31, 2012, the Nicor Welfare Plan was terminated and as of January 1, 2013, all participants under that plan became eligible to participate in the AGL Welfare Plan. This change in plan participation eligibility did not affect the benefit terms. The Nicor Welfare Plan benefits described below are now being offered to such participants under the AGL Welfare Plan.

The AGL Welfare Plan includes medical coverage for all eligible AGL Resources employees who were employed as of June 30, 2002, if they reach the plan's 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 state regulatory commissions have approved phase-in plans that defer a portion of the related benefits expense for future recovery. The AGL Welfare Plan terms include a limit on the employer share of costs at limits based on the coverage tier, plan elected and salary level of the employee at retirement.

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. Additionally, on the pre-65 medical coverage of the AGL Welfare Plan our expected cost is determined by a 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 a change in the assumed healthcare cost trend for this portion of the plan.

The plan provisions that are applicable to prior participants in the Nicor Welfare Plan include health care and life insurance benefits to eligible retired employees and include a limit on the employer share of cost for employees hired after 1982.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 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. Prescription drug coverage for the Nicor Gas Medicare-eligible population changed, effective January 1, 2013, from an employer-sponsored prescription drug plan with the Retiree Drug Subsidy (RDS) to an Employer Group Waiver Plan (EGWP). The

EGWP replaces the employer sponsored prescription drug plan. The expected savings is estimated to be approximately 12% of total Medicare eligible liability.

We recorded a regulatory asset for anticipated future recoveries of $1,088 thousand as of December 31, 2013 and $1,663 thousand as of December 31, 2012. In addition, we recorded a liability of $1,609 thousand as of December 31, 2013 and $5,383 thousand as of December 31, 2012 for our expected expenses under the AGL Welfare Plan.

Assumptions

AGL Resources considers a variety of factors in determining and selecting our assumptions for the discount rate at December 31. At December 31, 2013 the discount rate is based separately for each plan on an above mean yield curve provided by the actuaries that is derived from a portfolio of high quality (rated AA or better) corporate bonds that have a yield higher than the regression mean curve and the equivalent annuity cash flows.

The components of our pension and welfare costs are set forth in the following table.

	Pension plans		**Welfare plans**	
Dollars in millions	**2013**	**2012**	**2013**	**2012**
Service cost	$29	$28	$3	$4
Interest cost	43	44	14	16
Expected return on plan assets	(62)	(64)	(6)	(5)
Net amortization of prior service cost	(2)	(2)	(5)	(3)
Recognized actuarial loss	35	34	8	9
Net periodic benefit cost	$43	$40	$14	$21
Pivotal Utility's share of net periodic benefit cost recorded on Statements of Income	$5	$5	$-	$1
Assumptions used to determine benefit costs				
Discount rate (1)	4.2%	4.6%	4.0%	4.5%
Expected return on plan assets (1)	7.8%	8.4%	7.8%	8.5%
Rate of compensation increase (1)	3.7%	3.7%	3.8%	3.8%

(1) Rates are presented on a weighted average basis

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

	Pension plans		Welfare plans	
Dollars in millions	**2013**	**2012**	**2013**	**2012**
Change in plan assets				
Fair value of plan assets, January 1,	$837	$754	$77	$67
Actual return on plan assets	134	101	16	10
Employee contributions	-	-	3	1
Employer contributions	1	42	19	17
Benefits paid	(65)	(59)	(23)	(19)
Medicare Part D reimbursements	-	-	1	1
Plan curtailment and settlements	-	(1)	-	-
Fair value of plan assets, December 31,	$907	$837	$93	$77
Change in benefit obligation				
Benefit obligation, January 1,	$1,046	$968	$354	$397
Service cost	29	28	3	4
Interest cost	43	44	14	17
Actuarial loss(gain)	(93)	66	(26)	(22)
Plan amendments	-	-	-	(25)
Medicare Part D reimbursements	-	-	1	1
Benefits paid	(65)	(59)	(23)	(19)
Employee contributions	-	-	3	1
Plan curtailment and settlements	-	(1)	-	-
Benefit obligation, December 31,	$960	$1,046	$326	354
Funded status at end of year	$(53)	$(209)	$(233)	$(277)
Amounts recognized in the Consolidated Statements of Financial Position consist of				
Long-term asset	$117	$33	$-	$-
Current liability	(2)	(2)	-	(12)
Long-term liability	(168)	(240)	(233)	(265)
Total liability at December 31,	$(53)	$(209)	$(233)	$(277)
Pivotal Utility's share of net liability recorded on Statements of Financial Position	(25)	$(34)	(2)	$(5)
Accumulated benefit obligation (1)	$902	$983	n/a	n/a
Assumptions used to determine benefit obligations				
Discount rate	5.0%	4.2%	4.7	4.0%
Rate of compensation increase	3.7%	3.7%	3.7	3.7%

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

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 accumulated OCI as of December 31, 2013 and 2012:

	Accumulated OCI	
In millions	**Pension plans**	**Welfare plans**
December 31, 2013:		
Prior service credit	$(9)	$-
Net loss	210	30
Total	$201	$30
December 31, 2012:		
Prior service credit	$(11)	$(2)
Net loss	324	52
Total	$313	$50

The 2014 estimated amortization out of accumulated OCI for these plans is set forth in the following table.

In millions	Accumulated OCI Pension plans	 Welfare plans
Amortization of prior service credit	$(2)	$-
Amortization of net loss	13	2

The following table presents the gross benefit payments expected for the years ended December 31, 2014 through 2023 for our pension and other retirement plans. There will be benefit payments under these plans beyond 2023.

In millions	Pension plans	Welfare plans
2014	$56	$20
2015	60	20
2016	63	21
2017	66	22
2018	68	23
2019-2023	366	123

Contributions

AGL Resources 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. AGL Resources funds the qualified pension plans by contributing at least the minimum amount required by applicable regulations and as recommended by its actuary. However, AGL Resources may also contribute in excess of the minimum required amount. As required by The Pension Protection Act of 2006 (the Act), AGL Resources 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. In 2013 AGL Resources had no required contributions to the merged AGL Plan. In 2012, AGL Resources contributed $40 million to the AGL Plan and the NUI Plan.

Employee Savings Plan Benefits

AGL sponsors defined contribution retirement benefit plans that allow eligible participants to make contributions to their accounts up to specified limits. Under these plans, our matching contributions to participant accounts were $1 million in 2013 and 2012.

Note 7 - 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.

		December 31, 2013		December 31, 2012	
Dollars in thousands	Year(s) due	Weighted average interest rate	Outstanding	Weighted average interest rate	Outstanding
Current portion of capital leases					
Current portion of capital leases	n/a	n/a	$-	4.9%	$991
Total current portion of capital leases		n/a	$-	4.9%	$991
Long-term debt					
Gas facility revenue bonds	2022 - 2033	1.0%	$200,100	1.2%	$200,100
Affiliate promissory note	2034	4.9%	177,680	5.2%	171,820
Total long-term debt		2.9%	$377,780	3.3%	$371,920
Total debt		2.9%	$377,780	3.3%	$372,911

Short-term Debt

Current Portion of Capital Leases The current portion of our capital leases at December 31, 2012 was composed of portions of our capital lease obligations. Our capital leases consisted primarily of a sale/leaseback transaction of gas meters and other equipment that was completed in 2002 by Florida City Gas and expired in the second quarter of 2013.

Long-term Debt

Our long-term debt at December 31, 2013 and 2012 consists of gas facility revenue bonds and an affiliate promissory note.

Gas Facility Revenue Bonds We are 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.

During 2013 we refinanced $200 million of our outstanding tax-exempt gas facility revenue bonds, $180 million of which were previously issued by the New Jersey Economic Development Authority and $20 million of which were previously issued by Brevard County, Florida. The refinancing involved a combination of the issuance of $60 million of refunding bonds to, and the purchase of $140 million of existing bonds by, a syndicate of banks. Our relationship with the syndicate of banks regarding the bonds is governed by an agreement that contains representations, warranties, covenants and default provisions consistent with those contained in similar financing documents of ours. All of the bonds are floating-rate instruments. We had no cash receipts or payments in connection with the refinancing.

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 BPU and the Florida Commission. The Affiliate Promissory Note is adjusted periodically to maintain the appropriate targeted capitalization percentages. During 2013, $11,564 thousand was converted from the Affiliate Promissory Note to Equity to maintain such ratios. The Affiliate Promissory Note is due December 31, 2034 and had an initial interest rate at December 31, 2004 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, 2013, the interest rate on this note was 5.0%. The initial principal amount of the Affiliate Promissory Note of $72 million is adjusted on an annual basis to conform to Pivotal Utility's target capitalization of 45%.

Note 8 - Commitments and Contingencies

We have incurred various contractual obligations and financial commitments in the normal course of our operating and financing activities that are reasonably likely to have a material effect on liquidity or the availability of capital resources. Contractual obligations include future cash payments required under existing contractual arrangements, such as debt and lease agreements. 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 under our obligations and other commitments as of December 31, 2013.

In thousands	Total	2014	2015	2016	2017	2018	2019 & Thereafter
Recorded contractual obligations:							
Long-term debt	$377,780	$-	$-	$-	$-	$-	$377,780
Environmental remediation liabilities (1)	156,107	24,679	29,600	33,700	21,100	38,720	8,308
Total	533,887	24,705	29,600	33,700	21,100	38,720	386,088
Unrecorded contractual obligations and commitments (2):							
Pipeline charges, storage capacity and gas supply	364,193	66,544	60,019	49,806	42,541	25,589	119,694
Interest charges (3)	27,567	1,897	1,897	1,903	1,897	1,897	18,076
Operating leases (4)	34,725	4,199	4,299	4,361	4,334	4,003	13,529
Asset management agreements (5)	2,500	2,500	-	-	-	-	-
Performance surety bonds	1,560	1,535	-	25	-	-	-
Total	$430,545	$76,675	$66,215	$56,095	$48,772	$31,489	$151,299

(1) Includes charges recoverable through rate rider mechanisms.
(2) In accordance with GAAP, these items are not reflected in our Statements of Financial Position.
(3) Floating rate interest charges are calculated based on the interest rate as of December 31, 2013 and the maturity date of the underlying debt instrument. As of December 31, 2013, we have $517 thousand of accrued interest on our Statements of Financial Position that will be paid in 2014.
(4) We have certain operating leases with provisions for step rent or escalation payments and certain lease concessions. We account for these leases by recognizing the future minimum lease payments on a straight-line basis over the respective minimum lease terms, in accordance with GAAP. However, this lease accounting treatment does not affect the future annual operating lease cash obligations as shown herein. Our operating leases are primarily for real estate.
(5) Represent fixed-fee minimum payments for affiliated asset management agreement with Sequent.

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. Management believes that while the resolution of these contingencies, whether individually or in aggregate, could be material to earnings in a particular period they will not have a material adverse effect on our financial position, results of operations or cash flows.

Note 9 - 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 in the Statements of Income are shown in the following table.

In thousands	2013	2012
Current income taxes		
Federal	$11,018	$10,216
State	3,095	3,851
Deferred income taxes		
Federal	9,955	9,508
State	1,480	2,993
Amortization of investment tax credits	(221)	(234)
Total	$25,327	$26,334

The reconciliations between the statutory federal income tax rate of 35%, the effective rate and the related amount of income tax expense for the years ended December 31, in our Statements of Income are presented in the following table.

In thousands	2013	2012
Computed tax expense at statutory rate	$22,563	$21,901
State income tax, net of federal income tax benefit	2,909	4,221
Amortization of investment tax credits	(221)	(234)
Other – net	76	446
Total income tax expense at effective rate	$25,327	$26,334

Accumulated Deferred Income Tax Assets and Liabilities

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

	As of December 31,	
In thousands	2013	2012
Accumulated deferred income tax liabilities		
Property – accelerated depreciation and other property-related items	$182,489	$159,531
Pension and other employee benefits	–	1,286
Other	17,961	24,432
Total accumulated deferred income tax liabilities	$200,450	$185,249
Accumulated deferred income tax assets		
Unfunded pension and retiree welfare benefit obligation	$11,840	$16,880
Bad debts and insurance reserves	2,081	2,033
Pension and other employee benefits	539	–
Other	6,877	4,004
Total accumulated deferred income tax assets	21,337	22,917
Net accumulated deferred tax liability	$179,113	$162,332

AGL Resources files a U.S. federal income tax return and various state income tax returns. AGL Resources is no longer subject to income tax examinations by the Internal Revenue Service or in any state for years before 2008.

Note 10 - Accumulated Other Comprehensive Loss

Our comprehensive income (loss) includes net income plus OCI, which includes certain changes in pension and other retirement benefit plans and reclassifications for amounts included in net income. For more information on our pensions and retirement benefit obligations, see Note 6. Our other comprehensive income (loss) amounts are aggregated within our accumulated other comprehensive loss. The following table provides changes in the components of our accumulated other comprehensive loss balances, net of the related tax effects allocated to each component of OCI.

In thousands (1)	**Total**
As of December 31, 2011	$(16,321)
Other comprehensive income (loss)	(8,156)
As of December 31, 2012	(24,477)
Other comprehensive income, before reclassifications	5,151
Amounts reclassified from accumulated other comprehensive loss	2,099
As of December 31, 2013	$(17,227)

(1) All amounts are net of income taxes. Amounts in parentheses indicate debits to accumulated other comprehensive loss.

The following table provides details of the reclassifications out of accumulated other comprehensive loss for the year ended December 31, 2013 and the ultimate favorable (unfavorable) impact on net income.

In thousands (1)	
Retirement benefit plan amortization of	
Actuarial losses (2)	(5,237)
Prior service credits (2)	1,699
Total before income tax	(3,538)
Income tax expense	1,439
Total reclassification for the period	$(2,099)

(1) Amounts in parentheses indicate debits, or reductions, to profit/loss and credits to accumulated other comprehensive loss. Except for retirement benefit plan amounts, the profit/loss impacts are immediate.

(2) Amortization of these accumulated other comprehensive loss components is included in the computation of net periodic benefit cost. See Note 6 for additional details about net periodic benefit cost.

Note 11 - Related Party Transactions

We have agreements with our affiliate, Sequent Energy Management, L.P. (Sequent), for transportation and storage capacity to meet our natural gas demands. The following table provides additional information on our asset management agreements with Sequent.

				Profit sharing / fees payments	
Dollars in thousands	**Expiration date**	**Type of fee structure**	**Annual fee**	**2013**	**2012**
Elizabethtown Gas	March 2019	Tiered Structure	(1)	$6,094	$5,000
Florida City Gas	March 2015	Profit -sharing	50%	1,128	757
Total				$7,222	$5,757

(1) Shared on a tiered structure including a minimum payment of $5 million through March 31, 2014.

On March 19, 2014, the New Jersey BPU authorized the renewal of the asset management agreement between Elizabethtown Gas and Sequent for five years beginning April 1, 2014. The renewed agreement requires Sequent to pay minimum annual fees of $4.25 million to Elizabethtown Gas and includes overall margin sharing levels of 70% to Elizabethtown Gas and 30% to Sequent.

Amounts Due to Affiliates

We had $101,492 thousand and $100,935 thousand in accounts payable at December 31, 2013 and 2012, respectively, which was due to AGL Resources and affiliated companies. This consisted primarily of our participation in AGL Resources' money pool to fund our working capital requirements.

See Note 7 for discussion of other affiliate transactions.

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

Note 12 – Subsequent Event

Our management evaluated subsequent events for potential recognition and disclosure through March 31, 2014, the date these financial statements were available to be issued and determined that no significant events have occurred subsequent to period end.