

AGL Resources
Atlanta Gas Light
Chattanooga Gas
Elizabethtown Gas
Elkton Gas
Florida City Gas
Virginia Natural Gas
AGL Networks
Sequent Energy Management

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August 17, 2009

Via e-mail: rule-comments@sec.gov

Attn: Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Ladies and Gentlemen:

AGL Resources Inc. appreciates the opportunity to comment on the Securities and Exchange Commission's (the "SEC") proposed rule entitled, "Facilitating Shareholder Director Nominations."

AGL Resources, a Fortune 1000 company, is an Atlanta-based energy services company that serves approximately 2.3 million customers in six states. The company also owns Houston-based Sequent Energy Management, an asset manager serving natural gas wholesale customers throughout North America. As a 70 percent owner in the SouthStar partnership, AGL Resources markets natural gas to consumers in Georgia under the Georgia Natural Gas brand. The company also owns and operates Jefferson Island Storage & Hub, a high-deliverability natural gas storage facility near the Henry Hub in Louisiana.

A long time supporter of corporate governance best practices and early adopter of many of the corporate governance changes under the Sarbanes-Oxley Act of 2002; we are committed to fairness and transparency for our stakeholders. In recent years, we have adopted a majority vote standard, let our poison pill expire and are in the process of declassifying our board of directors, all through private ordering.

AGL Resources supports an amendment to Rule 14a-8(i)(8) that would facilitate private ordering versus the one-size-fits-all mandatory proxy access requirements of proposed Rule 14a-11. Private ordering has proven successful in other areas of corporate governance reform and, with further revisions, proposed amendments to Rule 14a-8(i)(8) would achieve the SEC's objective to allow shareholders more effective participation in the director nomination and election process.



As amended, Rule 14a-8(i)(8) would allow companies and their respective shareholders an opportunity to adopt a proxy access process suitable for their specific situation. Important factors including, shareholder make-up, local regulatory requirements and current quality of corporate governance practices should be considered when implementing a proxy access bylaw. Allowing shareholders to submit bylaw amendment proposals for proxy access will permit the companies and their respective shareholders to accomplish this in a way consistent with the individual company's unique characteristics.

A mandatory, one-size-fits-all proxy access rule would not work for a company like AGL Resources. As a holding company for regulated public utilities, AGL Resources is subject to regulation by each of the jurisdictions we do business in. In certain situations, a local regulatory body may have specific requirements for our board composition. An example is an understanding we have with one state's regulatory authority to nominate a director candidate from that state. If adopted as proposed, a mandatory proxy access rule would hinder our ability to make such a commitment in the future.

The SEC should also consider that under Item 407 of Regulation S-K, public companies have had to disclose whether they have a process to consider shareholder recommendations for director nominees and the details of such process. We have disclosed our process for considering shareholder director nominees since our 2004 proxy statement. Our shareholders have had ample opportunity to comment on our process at any of our annual meetings for shareholders or convey their concern with withhold votes, but we have yet to hear of any problems with our current process. Adopting a mandatory proxy access rule would, therefore, unnecessarily penalize companies with acceptable governance practices, like ours, and force governance changes that our shareholders may not desire.

Adoption of proposed Rule 14a-11 presents a number of workability issues, including certain unintentional results. Under the proposed rules, companies would be exposed to election contests (allowed by the proposed ownership threshold and holding period) that are based on special interests and that do not necessarily reflect the interests of the greater shareholder base. Nominees under the proposed rules are subject to independence and qualification standards that are less rigorous than those imposed by our own internal governance guidelines. Due to time constraints, we might not be able to identify that a shareholder nominee fails to meet our internal standards and would not be able to inform shareholders of this failure in the proxy statement. These inconsistencies might drive qualified candidates away and, if such nominees are elected, cause division within the board of directors.

Another unintentional result of the proposed rule is to over-empower larger institutional shareholders with interests that may not align with a retail shareholder base. This would be a negative result for companies such as AGL

Resources that are majority institutionally held, because our retail shareholder base is made up of shareholders that include employees and retirees that are invested in the company for the long-term. With one of our subsidiaries in existence for over 150 years, our shareholder base includes retired employees with long-term investment interests that may be far different from that of our institutional shareholders.

If adopted, the SEC should consider revising Rule 14a-11 to require shareholders whose nominee is included in the company's proxy material to maintain their share ownership for a certain period of time (i.e., maintain an economic interest in the company). Including a shareholder's nominee in the company's proxy material will be costly and may be disruptive to the nomination process by driving qualified candidates away. If the shareholder's nominee is elected there may be even further disruption to the board of directors and the management of the company by causing division within the board of directors. Such a risk should be balanced with a requirement that shareholders who nominate a candidate that is included in the company's proxy material under the proposed rule, whether that candidate is elected or not, must maintain their share ownership for a period of time (e.g., one year) after the annual meeting of shareholders for which the director candidate was nominated. Of our 15 largest shareholders (i.e. ownership interests ranging from .96% to 7.7%) going into our 2009 proxy season, only 8 currently maintain an ownership interest over 1% of our outstanding shares.

Finally, the SEC should consider extending the comment period for the proposed rules beyond 60 days to ensure all interested parties have ample time to consider and weigh in on such a complex and important change. If adopted, the SEC should also consider delaying effectiveness of the rules until the 2011 proxy season.

Sincerely,

A handwritten signature in cursive script that reads "Paul R. Shlanta".

Paul R. Shlanta
Executive Vice President and General Counsel