CU INC.

An ATCO Company

2006 ANNUAL INFORMATION FORM

February 21, 2007

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FORWARD-LOOKING INFORMATION

This Annual Information Form ("AIF") contains forward-looking statements pertaining to contractual obligations, planned capital expenditures and the impact of changes in government regulation. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of regulatory decisions, competitive factors in the industries in which the Corporation operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Corporation.

DEFINITIONS OF CERTAIN TERMS

Certain terms used in this Annual Information Form are defined below:

"AEUB" means the Alberta Energy and Utilities Board;

"AGP" means ATCO Gas and Pipelines Ltd.;

"Alberta Power (2000)" means Alberta Power (2000) Ltd.;

"Alberta Power Pool" means the market for electricity in Alberta operated by the AESO;

"AESO" means the Alberta Electric System Operator;

"ATCO Electric" means ATCO Electric Ltd.;

"ATCO Gas" means the natural gas distribution division of AGP;

"ATCO Pipelines" means the natural gas transportation division of AGP;

"Class A shares" means the Class A non-voting shares of the Corporation;

"Class B shares" means the Class B common shares of the Corporation;

"Corporation" means CU Inc. and, unless the context otherwise requires, includes its subsidiaries;

"CU" means Canadian Utilities Limited;

"CU Water" means CU Water Limited;

"EUA" means the Electric Utilities Act (Alberta);

"GUA" means the Gas Utilities Act (Alberta);

"km" means kilometre;

"Mmcf" means one million cubic feet and "Bcf" means one billion cubic feet;

"negotiated settlement" means an agreement related to a revenue requirement and/or customer rates for a specific period of time resulting from direct negotiations between a utility and its customers. A negotiated settlement avoids the need for a general rate application for the duration of the agreement. All negotiated settlements must be approved by the AEUB;

"NLD" means Northland Utilities (NWT) Limited;

"NUY" means Northland Utilities (Yellowknife) Limited;

"petajoule" means a unit of energy equal to approximately 948.2 billion British thermal units, "terajoule" means a unit of energy equal to approximately 948.2 million British thermal units and "gigajoule" means a unit of energy equal to approximately 948.2 thousand British thermal units;

"PPA" means power purchase arrangements that became effective on January 1, 2001, as part of the process of restructuring the electric utility business in Alberta. The PPA's are legislatively mandated and approved by the AEUB;

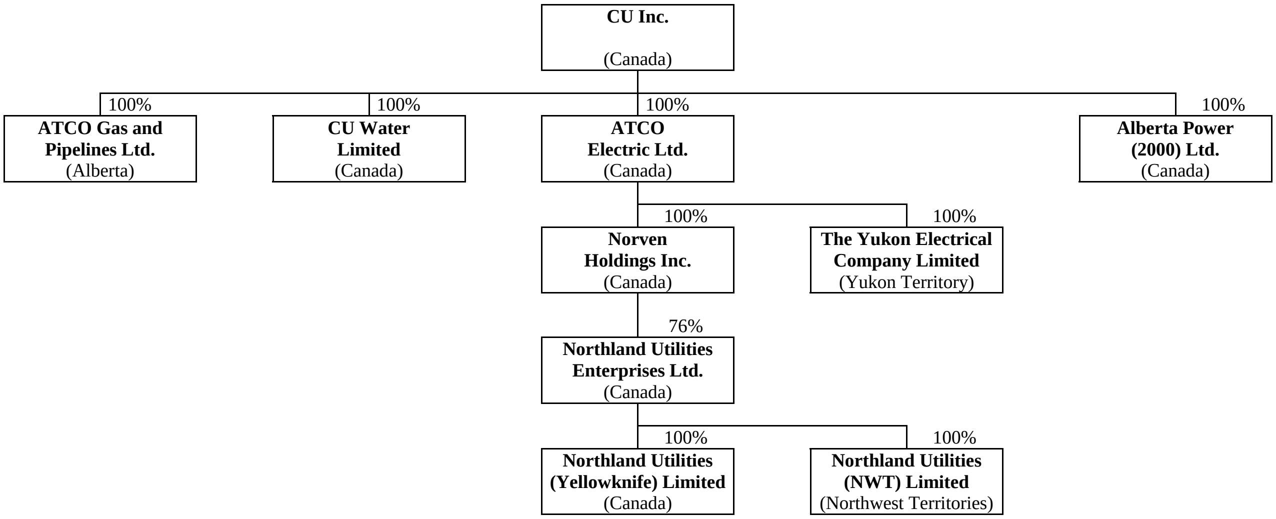
"REA" means Rural Electrification Association. REA's are constituted under the Rural Utilities Act (Alberta) by groups of persons carrying on farming operations. Each REA purchases electric power for distribution to its members through a distribution system owned by that REA;

"YECL" means The Yukon Electrical Company Limited.

CU INC.

CU Inc. was incorporated under the laws of Canada on March 12, 1999. The address of the principal and registered office of the Corporation is 1400 ATCO Centre, 909 – 11th Avenue S.W., Calgary, Alberta T2R 1N6.

The following chart includes the names of the principal operating subsidiaries of the Corporation, the jurisdictions under the laws of which they are organized and the percentages of their shares beneficially owned or over which control or direction is exercised by the Corporation.



Note:
CU Inc. owns all of the voting and non-voting shares of the operating subsidiaries. The Preferred shares are owned by CU.

BUSINESS OF THE CORPORATION

The Corporation is a holding company. Its principal operating subsidiaries are engaged in regulated natural gas and electric energy operations, primarily in Alberta, and in related non-regulated operations. Regulated operations are conducted by ATCO Electric (and its subsidiaries, NLD, NUY and YECL), ATCO Gas and ATCO Pipelines. Included in regulated operations are the generating plants of Alberta Power (2000), which were regulated by the AEUB until December 31, 2000, but are now governed by legislatively mandated PPA's that were approved by the AEUB. These plants are included in regulated operations primarily because the PPA's are designed to allow the owners of generating plants constructed before January 1, 1996, to recover their forecast fixed and variable costs and to earn a return at the rate specified in the PPA's. The plants will become deregulated upon the earlier of one year after the expiry of a PPA or a decision to continue to operate the plant. Alberta Power (2000) has one year after the expiry of a PPA to determine whether to decommission the generating plant in order to fully recover plant decommissioning costs or to continue to operate the plant. Each PPA is to remain in effect until the earlier of the last day of the estimated life of the related generating plant or December 31, 2020.

The Corporation has two business segments: utilities and power generation. The Corporation's **Utilities** segment includes the regulated distribution of natural gas by ATCO Gas, the regulated distribution and transmission of electric energy by ATCO Electric and its subsidiaries, NLD, NUY and YECL, the regulated transportation of natural gas by ATCO Pipelines and the regulated transmission and distribution of water by CU Water.

The **Power Generation** segment consists of the regulated supply of electricity by Alberta Power (2000).

Three Year History

The significant events and conditions that have influenced the general development of the Corporation's business over the past three years are summarized below.

2006:

- Increased capital expenditures in the Utilities Business Group.

- Fluctuations in temperatures affecting ATCO Gas' operations.

- In November 2006, the AEUB announced that a generic return on common equity of 8.51% would be applied on rate applications filed for 2007.

- Availability of generating plants in Alberta Power (2000).

- Lower PPA tariffs due to declining rate bases at Alberta Power (2000)'s generating plants and a decline in the return on common equity rate that is based on long term Government of Canada bond yields plus 4.5%.

- In 2006, the Canada Revenue Agency ("CRA") issued a reassessment for Alberta Power (2000)'s 2001 taxation year. The CRA's reassessment treats the proceeds received from the sale of the H.R. Milner generating plant to the Alberta Balancing Pool as income rather than as a sale of an asset. The Corporation has made submissions to the CRA opposing the CRA's position. The impact of the reassessment is a $12.4 million increase in interest and income tax expense, a $12.4 million decrease in earnings and a $28.8 million payment associated with the tax and interest assessed. It is expected that $16.4 million of this cash payment will be recovered by reducing income taxes payable through higher capital cost allowance claims. Due to the uncertainty as to whether the reassessment will ultimately be resolved in the Corporation's favour, the Corporation reduced earnings by $12.4 million in 2006.

- Federal and provincial governments have recently announced a number of changes to income taxes and rates. As these changes are considered to have been substantively enacted, the Corporation made an adjustment to income taxes amounting to $1.7 million in the second quarter of 2006, most of which relates to future income taxes. The adjustment increased 2006 earnings by $1.7 million, all of which relates to the Utilities segment.

- In June 2005, as part of their rate applications, ATCO Electric and ATCO Gas submitted a filing to the AEUB that addressed certain common matters. ATCO Pipelines was also a party to this filing as the concerns were common to all three utilities. On October 11, 2006, the AEUB issued a decision which resulted in no significant impact on earnings. Among other things, the decision upheld ATCO's treatment of pension costs and approved the continued use of preferred shares. In addition, the decision approved minimal changes to head office rent expense and executive compensation.

2005:

- Fluctuations in temperatures affecting ATCO Gas' operations.

- In November 2005, the AEUB announced a generic return on common equity of 8.93% for 2006. In January 2006, the AEUB clarified that the generic return on equity determined on an annual basis in accordance with the generic cost of capital decision should apply to each year of the test period in the companies' applications. If no rate applications are filed for a particular year, then there will be no adjustment to the common equity rate of return for that year.

- In November 2005, the AEUB approved ATCO Pipelines as the party to manage the acquisition and sale of working gas at its salt cavern storage. Salt cavern working gas had historically been acquired by ATCO Gas and its predecessors.

- In May 2005, ATCO Gas filed a general rate application with the AEUB for the 2005, 2006 and 2007 test years requesting, among other things, increased revenues to recover increased financing, depreciation and operating costs associated with increased rate base in Alberta. In June 2005, ATCO Gas filed an application requesting interim refundable rates pending the AEUB's decision on the general rate application. On August 28, 2005, ATCO Gas received a decision from the AEUB approving an interim refundable rate increase, to be collected from northern customers, of $7.0 million. A decision from the AEUB was received on January 27, 2006, which resulted in an earnings impact that is not materially different from the earnings based on the interim rates approved by the AEUB in August 2005.

2004:

- In August 2004, ATCO Electric completed construction of a $99.0 million, 350 kilometre 240 kilovolt transmission line between Fort McMurray and Whitefish Lake.

- In a decision dated July 13, 2004, the AEUB awarded ATCO Pipelines additional revenue with respect to the revenue forecasts of certain industrial customers.

- In July 2004, the AEUB issued its generic cost of capital decision, establishing a standardized approach for determining the rate of return on common equity for each utility company (ATCO Electric, ATCO Gas and ATCO Pipelines) regulated by the AEUB. The decision also established capital structures for each utility company regulated by the AEUB. This resulted in:
    - ATCO Electric obtaining an approved 2004 return on common equity of 9.60% and a common equity ratio of 33% for its transmission operations and 37% for its distribution operations. The impact of this decision was an increase in the common equity that ATCO Electric was allowed to earn a return on by $22.3 million in 2004.
    - ATCO Pipelines obtaining an approved 2004 rate of return on common equity of 9.60% and a common equity ratio of 43%.
    - ATCO Gas was not impacted by this decision for 2004 as its return on common equity of 9.50% and its common equity ratio of 37% had already been approved by the AEUB in a decision dated October 1, 2003. The Generic Cost of Capital decision approved, among other things, ATCO Gas' common equity ratio of 38% beginning in 2005.

- On May 4, 2004, ATCO Gas and ATCO Electric closed the transfer of their retail energy supply businesses to Direct Energy Marketing Limited and one of its affiliates (collectively "DEML"), a subsidiary of Centrica plc ("Transfer of the Retail Energy Supply Businesses") for $90 million. The transfer increased 2004 earnings by $55.1 million. As a result of the transfer, ATCO Gas and ATCO Electric are no longer involved in arranging for the supply and sale of natural gas and electricity to customers, but continue to own the assets and provide transportation and distribution services under AEUB approved rates that provide for a recovery of costs of service and fair return. ATCO I-Tek Business Services entered into a 10 year contract to provide billing and call centre services to DEML.

Utilities

As a result of the Transfer of the Retail Energy Supply Businesses to DEML in May 2004, ATCO Electric and ATCO Gas are no longer involved in arranging for the supply and sale of electricity and natural gas to customers and are therefore no longer responsible for electric energy or natural gas supply, but will continue to own the assets and provide transportation and distribution services under AEUB approved rates that provide for a recovery of costs of service and fair return.

Natural Gas Distribution

ATCO Gas is primarily engaged in the business of distributing natural gas throughout Alberta and in the Lloydminster area of Saskatchewan. Although ATCO Gas is the major natural gas distributor in Alberta, certain areas are served by other natural gas utilities.

ATCO Gas' principal markets for the distribution of natural gas are in the communities of Edmonton, Calgary, Airdrie, Camrose, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, Red Deer, St. Albert and Sherwood

Park, which have a combined population of approximately 2,194,000. Also served are 279 smaller communities as well as rural areas having a combined population of approximately 564,000, located on or in the vicinity of ATCO Pipelines' transportation systems or the natural gas transportation pipelines of other companies. ATCO Gas provides approximately 970,000 customers with natural gas service, of whom approximately 75% are located in the 11 communities named above.

The number of customers served by ATCO Gas as at the end of each of the last two years was as follows:

	2006	**2005**
Residential	886,999	858,618
Commercial	82,490	80,630
Industrial	358	350
Other	30	-
Total	969,877	939,598

ATCO Gas owns and operates approximately 35,900 km of distribution mains. In addition, ATCO Gas owns modern service and maintenance facilities in major centres.

Revenues and earnings of ATCO Gas are affected by temperature and consequently winter weather can have a significant impact. During a typical year, more than 90% of the earnings of ATCO Gas are generated during the months of January, February, November and December.

The amounts of natural gas distributed by ATCO Gas for each of the last two years were as follows:

	2006	**2005**
	(petajoules)	
Residential	105.3	103.8
Commercial	98.6	96.9
Industrial	14.4	14.4
Other	0.4	0.4
Total	218.7	215.5

Natural Gas Supply

Prior to April 1, 2005, as directed by the AEUB, ATCO Gas purchased fixed quantities of natural gas from various gas producers at market prices that are in effect at the time the quantities are purchased. Effective April 1, 2005, as directed by the AEUB, ATCO Gas no longer purchases fixed quantities of natural gas related to storage purchases and operational contracts pertaining to its natural gas field storage facility at Carbon, Alberta. ATCO Gas has leased the entire storage capacity of the 43.5 petajoule Carbon facility to ATCO Midstream since April 1, 2005. For additional information related to the leasing of the Carbon natural gas storage facility to ATCO Midstream, refer to the Regulatory Matters, ATCO Gas section of the Corporation's Management's Discussion and Analysis ("MD&A"), which is available at www.sedar.com.

In 2003, ATCO Gas commenced the first phase of a $278 million project to relocate natural gas meters currently inside homes to the outside. The project will make the distribution system safer by relocating and replacing aging infrastructure, improve metering accuracy and accessibility, and facilitate more efficient meter reading. The AEUB approved a program which will result in meters with underground entries being relocated over 10 years and all other inside meters moved as part of the existing meter recall program. The decision also allows ATCO Gas to move meters at any time if they are deemed unsafe.

CU Water

CU Water is engaged in the transmission and distribution of water. CU Water owns and operates a distribution system to supply water to rural customers and small towns east of Edmonton. At the end of 2006, approximately

1,000 customers were being served directly by CU Water and, in addition, bulk water sales were being made to the towns of Tofield and Viking and to 13 commercial water haulers. The operations of CU Water are subject to regulation by the AEUB.

Natural Gas Transportation

ATCO Pipelines is engaged in the business of transporting natural gas throughout Alberta and the operation of a salt cavern storage peaking facility.

ATCO Pipelines owns and operates extensive natural gas transportation systems. The systems consist of approximately 8,419 km of pipelines, 23 compressor sites and a salt cavern storage peaking facility. The systems have 229 producer receipt points, 78 interconnections with TransCanada Pipelines Limited, five interconnections with Alliance Pipeline and one interconnection with Many Islands Pipelines.

ATCO Pipelines' revenues are based primarily on contractual arrangements for access to its transportation systems. Contract demand for access, and interruptible (IT), overrun (OR) and variable volumes for each of the last two years was as follows:

	2006	**2005**
	(terajoules/day)	
Contract Demand:		
Producer	1,366	1,291
Industrial	966	1,015
Distribution	95	93
Affiliates	2,605	2,431
Total	5,032	4,830
IT/OR/Variable Volumes:		
Producer	244	243
Industrial	234	241
Distribution	-	2
Total	478	486
Total Contract Demand and IT/OR/Variable Volumes	5,510	5,316

The AEUB approved the conversion of sales service to transportation service for certain customers of ATCO Pipelines. This conversion was completed during 2005.

Electric Distribution and Transmission

ATCO Electric is engaged in the business of transmitting and distributing electric energy to 245 communities as well as rural areas in east-central and northern Alberta. Included are the communities of Drumheller, Lloydminster, Grande Prairie and Fort McMurray as well as the oil sands areas near Fort McMurray and the heavy oil areas near Cold Lake and Peace River. Electric utility service is also provided to one community in British Columbia and to two communities in Saskatchewan. YECL serves 19 communities in the Yukon Territory, including the capital city of Whitehorse, and NUY and NLD serve 9 communities in the Northwest Territories, including the capital city of Yellowknife.

Electricity distributed to the various classes of customers for each of the last two years was as follows:

	2006		2005	
	Millions of Kilowatt Hours	**%**	**Millions of Kilowatt Hours**	**%**
Industrial	6,719	65	6,583	66
Commercial	1,967	19	1,826	19
Residential	1,098	11	1,023	10
Rural, REAs and other	502	5	494	5
Total	10,286	100	9,926	100

The aggregate population of the areas provided with electric utility service by ATCO Electric, NUY, NLD and YECL is approximately 465,000 and service is provided to approximately 216,000 customers. ATCO Electric has been assigned approximately 65% of the designated service area within Alberta which contains approximately 15% of the existing provincial electrical load and 13% of the existing population.

The number of customers served by ATCO Electric, NUY, NLD and YECL as at the end of each of the last two years was as follows:

	2006		2005	
	Number	**%**	**Number**	**%**
Industrial	10,894	5	10,847	5
Commercial	29,284	13	28,673	14
Residential	146,503	68	141,806	67
Rural, REAs and other	29,657	14	29,536	14
Total	216,338	100	210,862	100

ATCO Electric, NUY, NLD and YECL own and operate extensive electric transmission and distribution systems. The systems consist of approximately 9,300 km of main transmission lines and 60,800 km of distribution lines. In addition, ATCO Electric delivers power to and operates approximately 12,000 km of REA-owned distribution lines.

ATCO Electric, NUY, NLD and YECL own and operate 28 diesel, natural gas turbine and hydro generating plants having an aggregate nameplate capacity of 61 megawatts in Alberta and in the Yukon and Northwest Territories. The maximum peak load demand for these plants during the year ended December 31, 2006, was 32 megawatts.

In August 2006, the AEUB approved the first phase of the AESO's application for the need to improve transmission infrastructure in northwest Alberta. The AEUB decision grants the AESO approval to assign approximately $300 million in projects to the Transmission Facility Owner, ATCO Electric. Once assigned by the AESO, ATCO Electric will prepare and file facility applications with the AEUB. Construction will commence once approval to proceed is received from the AEUB. The entire project was originally intended to be completed by 2009, but now is anticipated to be completed by 2011. As a result of price escalation caused by the change in completion date, coupled with the increasing costs of construction in Alberta, the entire project is now estimated to cost $400 million.

Franchises

AGP, ATCO Electric, YECL, NUY and NLD distribute natural gas and electricity in incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued pursuant to applicable statutes.

In Edmonton, distribution of natural gas is carried on under the authority of an exclusive franchise. In 2004, AGP entered into an agreement with the City of Edmonton for a 10 year renewal of the franchise to November 15, 2015. The franchise renewal is subject to the right of the City of Edmonton, at the end of the renewal period, to purchase all of AGP's assets used in supplying natural gas to the city. The purchase price would be determined by an arbitration process according to the arbitration laws of Alberta. Although the franchise agreement gives the City certain rights of purchase, since 1935 the City has granted renewals for 10 year periods.

In Calgary, distribution of natural gas is carried on under the authority of a municipal by-law. The rights of AGP under this by-law, while not exclusive, are unrestricted as to time. The by-law does not confer any right on the City of Calgary to acquire the facilities used in providing the service.

The franchises under which service is provided in other incorporated communities in Alberta and in the Northwest Territories have been granted for periods of up to 20 years. These franchises are exclusive to AGP, ATCO Electric, NUY or NLD and are renewable by agreement for further periods not exceeding 20 years each in the case of AGP and 10 years in the case of ATCO Electric, NUY and NLD. If any franchise is not renewed, it remains in effect until such time as either party, with the approval of the prevailing regulatory authority, terminates it on six months written notice. Upon termination of a franchise the municipality may purchase the facilities used in connection with that franchise at a price to be agreed upon or, failing agreement, to be fixed by the prevailing regulatory authority. The franchise under which service is provided in the Yukon Territory was granted under the Public Utilities Act (Yukon Territory) and has no set expiry date.

Franchise Renewals

ATCO Electric has four material franchises, two of which have expired and are currently being renegotiated. Of the remaining franchises, one expires in 2008 and the other expires in 2014.

ATCO Gas has five material franchise agreements which expire between 2012 and 2018.

The Corporation anticipates that all material franchise agreements currently held will be renewed.

Power Generation

Under the EUA, generation assets constructed after December 31, 1995, are not considered part of utility operations and rates are not regulated by the AEUB. All owners of new and existing generating units must sell their surplus electric energy through the Alberta Power Pool.

Power generation operations are conducted by Alberta Power (2000).

Alberta Power (2000) is engaged in the regulated supply of electricity in Alberta. Alberta Power (2000)'s assets are operated by ATCO Power pursuant to management agreements. The generating plants of Alberta Power (2000) were regulated by the AEUB until December 31, 2000, but are now governed by legislatively mandated PPA's that were approved by the AEUB. These plants are included in regulated operations primarily because the PPA's are designed to allow the owners of generating plants constructed before January 1, 1996, to recover their forecast fixed and variable costs and to earn a return at the rate specified in the PPA's. The plants will become deregulated upon the earlier of one year after the expiry of a PPA or a decision to continue to operate the plant. Alberta Power (2000) has one year after the expiry of a PPA to determine whether to decommission the generating plant in order to fully recover plant decommissioning costs or to continue to operate the plant and be responsible for future decommissioning costs. Each PPA is to remain in effect until the earlier of the last day of the life of the related generating plant and December 31, 2020.

Substantially all of the electricity generated by Alberta Power (2000) is sold pursuant to PPA's with ENMAX Corporation (Battle River generating plant) and TransCanada Energy Ltd. (Sheerness generating plant). The Battle River PPA was sold to ENMAX Corporation by EPCOR Utilities Inc. in May, 2006, the Sheerness PPA was sold to TransCanada Energy Ltd. by the Alberta Balancing Pool effective January 2006 and the Rainbow PPA expired on December 31, 2005. Under the PPA's, Alberta Power (2000) is required to make the generating capacity for each generating unit available to the purchaser of the PPA for that unit. In return, Alberta Power (2000) is entitled to recover its forecast fixed and variable costs for that unit from the PPA purchaser, including a return on common equity equal to the long term Government of Canada bond rate plus 4.5% based on a deemed common equity ratio of 45%. Many of the forecast costs are determined by indices, formulae or other means for the entire period of the PPA. Alberta Power (2000)'s actual results will vary and depend on performance compared to the forecasts on which the PPA's are based.

Alberta Power (2000) continued to operate the Rainbow generating plant during 2006 and the electricity generated was sold to the Alberta Power Pool. Alberta Power (2000) had one year after the expiry of the PPA for the Rainbow generating plant (December 31, 2005) to determine whether to decommission the plant in order to fully recover plant decommissioning costs or to continue to operate the plant. The AESO and Alberta Power (2000) are currently negotiating a contract that, if executed, will result in Alberta Power (2000) continuing to operate the plant and be responsible for future decommissioning costs. Alberta Power (2000) has filed an application with the AEUB to decommission the plant and thereby preserve Alberta Power (2000)'s rights to fully recover plant decommissioning costs in the event negotiations with the AESO are unsuccessful.

The name plate capacity ratings of Alberta Power (2000)'s generating plants are shown below.

Plant	Commissioning Date	Type of Generating Plant	Name Plate Capacity Rating	PPA Purchaser	PPA Expiry Date
			(megawatts)		
Battle River (1)					
Unit 3	1969	coal-fired steam turbine	150	ENMAX Corporation	2013
Unit 4	1975	coal-fired steam turbine	150	ENMAX Corporation	2013
Unit 5	1981	coal-fired steam turbine	370	ENMAX Corporation	2020
			670		
Sheerness (2)(3)					
Unit 1	1986	coal-fired steam turbine	190	TransCanada Energy Ltd.	2020
Unit 2	1990	coal-fired steam turbine	190	TransCanada Energy Ltd.	2020
			380		
Rainbow........	1968	natural gas turbine	88	Merchant	
Sturgeon........	1957	natural gas turbine	18	Merchant	
Total			1,156		

Notes:

(1) ENMAX Corporation became the PPA purchaser on May 1, 2006; previously the PPA purchaser was EPCOR Utilities Inc.

(2) Alberta Power (2000)'s ownership of the 760 megawatt name plate capacity.

(3) TransCanada Energy Ltd. became the PPA purchaser on January 1, 2006; previously the PPA purchaser was the Alberta Balancing Pool.

Alberta Power (2000) manages the Sheerness generating plant under long term agreements with TransAlta Cogeneration L.P. for the equal sharing of ownership and cost of electric capacity.

Alberta Power (2000) owns or has committed under long term contracts sufficient coal supplies for the anticipated lives of its Battle River and Sheerness generating plants.

BUSINESS RISKS

The business risks section in the Corporation's Management's Discussion and Analysis ("MD&A") is hereby incorporated by reference and is available at www.sedar.com.

GOVERNMENT REGULATION

Under Alberta legislation, owners of public, electric or gas utilities are required to obtain AEUB approval prior to issuing securities, however through an AEUB order CU Inc. is exempt from this requirement.

The utility operations of the Corporation in Alberta (ATCO Gas, ATCO Electric, ATCO Pipelines and CU Water) are subject to the jurisdiction of the AEUB which, among other things, is vested with broad general powers of supervision with respect to the construction and operation of electric energy and natural gas facilities within the Province and broad powers of regulation in respect of rates charged for the delivery of electric energy, natural gas and water.

The regulated operations of the Corporation in the Yukon Territory (YECL) and the Northwest Territories (NUY and NLD) are subject to regulation similar to that in effect in Alberta by regulatory authorities in those jurisdictions.

The provincial and territorial utility boards regulate and approve customer rates based on anticipated energy deliveries as well as the revenue required to recover estimated costs of service, including a fair return on rate base, estimated operating expenses, depreciation and taxes, all in respect of a future test period. Energy deliveries are based on a forecast of economic and business conditions and, in the case of natural gas distribution utility operations, normal temperature which is defined as the average temperature for the previous 20 years.

Rate base consists of the depreciated cost of utility assets and an allowance for working capital. Return on rate base is designed to meet the cost of interest on long term debt and dividends on preferred shares and to provide the common shareholders with a reasonable opportunity to earn a fair return on their investment. The determination of a fair return to the common shareholders involves an assessment by the regulator of many factors, including returns on alternative investment opportunities of comparable risk and the level of return which will enable a utility to attract the necessary capital to fund its operations.

Particulars of the most recent final decisions made by the AEUB respecting general rate applications or negotiated settlements filed by the principal regulated subsidiaries of the Corporation are as follows:

	Year	Date of Decision (1)	Mid-Year Rate Base ($ Millions)		Rate of Return on Common Equity (2) (%)		Common Equity Ratio (3) (%)	
ATCO Electric								
Transmission	2005	Jul. 11/06	786.5		9.50	(4)	33.0	(4)
	2006	Jul. 11/06	849.1		8.93	(4)	33.0	(4)
	2007	(5)	(5)		8.51		(5)	
Distribution	2005	Jul. 11/06	605.0		9.50	(4)	37.0	(4)
	2006	Jul. 11/06	673.3		8.93	(4)	37.0	(4)
	2007	(5)	(5)		8.51		(5)	
ATCO Pipelines								
North	2003	Dec. 02/03	351.8		9.50		43.5	
	2004	Dec. 02/03	355.2		9.60	(4)	43.0	(4)
South	2003	Dec. 02/03	144.8		9.50		43.5	
	2004	Dec. 02/03	147.6		9.60	(4)	43.0	(4)
ATCO Gas								
North	2005	Dec.28/06	508.9	(6)	9.50	(7)	38.0	(7)
	2006	Dec.28/06	532.8	(6)	8.93	(7)	38.0	(7)
	2007	Dec.28/06	558.3	(6)	8.51	(7)	38.0	(7)
South	2005	Dec.28/06	559.6	(6)	9.50	(7)	38.0	(7)
	2006	Dec.28/06	534.2	(6)	8.93	(7)	38.0	(7)
	2007	Dec.28/06	550.3	(6)	8.51	(7)	38.0	(7)

Notes:

(1) *The information shown reflects the most recent amending or varying orders issued subsequent to the original date of decision.*

(2) *Common equity rate of return is the rate of return on the portion of rate base considered to be financed by common equity.*

(3) *The common equity ratio is the percentage of rate base considered to be financed by common equity.*

(4) *The rate of return on common equity and common equity ratio was determined by the AEUB's generic cost of capital decision dated July 2, 2004.*

(5) *In November 2006, ATCO Electric filed a general tariff application with the AEUB for the 2007 and 2008 test years. The AEUB has announced that an 8.51% rate of return on common equity, as determined by the AEUB's standardized rate of return methodology for utilities in Alberta, will be applicable to any determination of a 2007 revenue requirement for ATCO Electric. The mid-year rate base and common equity ratio will be determined by the AEUB when it issues its decision on the general tariff application. The rate of return on common equity for 2008 is yet to be determined by the AEUB.*

(6) *Amounts shown for mid-year rate base are based on the AEUB 2005, 2006, and 2007 general rate application compliance decision issued on December 28, 2006.*

(7) *The common equity ratios for 2005 – 2007 for ATCO Gas were determined by the AEUB's generic cost of capital decision dated July 2, 2004. The 2005, 2006 and 2007 general rate application decision issued by the AEUB in January 2006 approved a return on common equity as determined by the AEUB's standardized rate of return methodology.*

Generic Cost of Capital

In July 2004, the AEUB issued its generic cost of capital decision. The decision established a standardized approach for each utility company regulated by the AEUB for determining the rate of return on common equity based upon a return of 9.60% on common equity. This rate of return will be adjusted annually by 75% of the change in long term Government of Canada bond yield as forecast in the November Consensus Forecast, adjusted for the average difference between the 10 year and 30 year Government of Canada bond yields for the month of October as reported in the National Post. This adjustment mechanism is similar to the method the National Energy Board uses in determining its formula based rate of return. The AEUB will undertake a review of this mechanism for the year 2009 or if the rate of return resulting from the formula is less than 7.6% or greater than 11.6%. The AEUB also noted that any party, at any time, could petition for a review of the adjustment formula if that party can demonstrate a material change in facts or circumstances.

The decision also established the capital structure for each utility regulated by the AEUB. The AEUB determined that any proposed changes to the approved capital structure which result from a material change in the investment risk of a utility will be addressed at utility specific rate applications.

In November 2004, the AEUB announced a generic return on common equity of 9.50% for 2005 and in November 2005 announced a generic return on common equity of 8.93% for 2006. In January 2006, the AEUB clarified that the generic return on equity determined in accordance with the generic cost of capital decision should apply to each year of the test period in the companies' applications. If no rate applications are filed for a particular year, then there will be no adjustment to the common equity rate of return for that year. In November 2006, the AEUB announced a generic return on common equity of 8.51% for 2007.

Electric Utilities Act

Transmission

Under the EUA, separate wholesale tariffs for transmission must be approved by the AEUB. The transmission tariffs allow any owner of a generating unit to have access to the transmission system in Alberta and thus facilitate the sale of its power. The same transmission tariff is charged to each distribution utility or customer directly connected to the transmission system regardless of location.

The equalization of transmission costs is achieved by having each owner of transmission facilities charge its costs to the Alberta Power Pool. The Alberta Power Pool then aggregates these costs and charges a common transmission rate to all who use the transmission system.

The Alberta Power Pool has developed and approved rules as mandated in the Transmission Regulation enacted by the Government of Alberta in 2004. These rules direct that new transmission projects will be assigned to the Transmission Facility Owners based on the service areas of the distribution companies they have been historically affiliated with. Ownership of facilities will change at service area boundaries except where, in the opinion of the Alberta Power Pool, only a small portion of the project is in another service area. All expansions of existing facilities will be assigned to the existing owner.

Distribution

Under the EUA, separate retail rates for distribution must be approved by the AEUB. Costs of distribution are not equalized. The distribution utility provides the distribution services for all customers under AEUB approved tariffs which provide for the recovery of the cost of service, including a fair return on rate base.

Environmental Protection

The Corporation's operating subsidiaries and the industries in which they operate are subject to extensive federal, provincial and local environmental protection laws concerning emissions to the air, discharges to surface and subsurface waters, land use activities and the handling, manufacturing, processing, use, emission and disposal of materials and waste products. In Alberta, protection of the environment is generally governed by the Alberta

Environmental Protection and Enhancement Act. The operating subsidiaries have obtained or are obtaining all permits and licenses required by law to carry on their operations.

The Corporation's operating subsidiaries are committed to preserving and protecting the environment and minimizing the discharge of harmful materials into the environment in accordance with environmental protection laws and regulations. Nevertheless, some risk of unintentional violation of environmental protection laws and the resulting liability to the Corporation's operating subsidiaries is inherent in particular operations of these subsidiaries, as it is with other companies engaged in similar businesses. There can be no assurance that material costs and liabilities will not be incurred. To mitigate these costs, the Corporation carries insurance for the operating subsidiaries against third party claims for bodily injury and property damage arising from a sudden and accidental event or occurrence resulting from an unexpected release of pollutants or contaminants.

The Corporation's operating subsidiaries do not expect that environmental protection laws and regulations will affect them differently from other companies in the industries in which they operate. Specifically identifiable expenditures for pollution abatement and control were approximately $25.0 million in 2006 and are estimated to be $27.4 million in 2007.

The current Federal government favours a made in Canada approach to deal with climate change instead of the Kyoto Protocol which the previous government had ratified. The Corporation is unable to determine what impact the Clean Air Act may have on its operations as the Government of Canada has not yet provided industry specific details for its 2006 Climate Change Plan. While it is not certain, it is anticipated that the Corporation's PPA's relating to its coal-fired generating plants will allow the Corporation to recover any increased costs associated with the implementation of the Clean Air Act.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized share capital of the Corporation consists of:

- an unlimited number of Series Preferred Shares issuable in series; and
- an unlimited number of Class A Shares and Class B Shares.

At February 16, 2007, the Corporation had outstanding:

- no Series Preferred Shares;
- 124 Class A Shares; and
- 76 Class B Shares.

All of the Class A and Class B Shares are owned by CU.

Series Preferred Shares

An unlimited number of Series Preferred Shares are issuable in series, each series consisting of such number of shares and having such provisions attaching thereto as may be determined by the directors. The Series Preferred Shares as a class have, among others, provisions to the following effect.

The Series Preferred Shares are, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, entitled to preference over the Class A non-voting shares and the Class B common shares and any other shares of the Corporation ranking junior to the Series Preferred Shares. The Series Preferred Shares may also be given such other preference over the Class A non-voting shares and the Class B common shares and any other junior shares as may be determined for any series authorized to be issued.

The holders of the Series Preferred Shares are not entitled as such (except as provided in any series) to any voting rights nor to receive notice of or to attend shareholders' meetings unless dividends on the Series Preferred Shares of any series are in arrears to the extent of eight quarterly dividends or four half-yearly dividends, as the case may be, whether or not consecutive. Until all arrears of dividends have been paid, such holders will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class of shares) and to one vote in respect of each Series Preferred Share held.

The class provisions attaching to the Series Preferred Shares may be amended with the written approval of all the holders of the Series Preferred Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for the purpose and at which a quorum is present.

Class A Shares and Class B Shares

The owners of the Class A Shares and the Class B Shares are entitled to share equally, on a share-for-share basis, in all dividends declared by the Corporation on either of such classes of shares as well as the remaining property of the Corporation upon dissolution. The owners of the Class B Shares are entitled to vote and to exchange at any time each share held for one Class A Share.

In the event an offer to purchase Class B Shares is made to all owners of Class B Shares, and is accepted and taken up by the owners of a majority of such shares pursuant to such offer, then provided an offer is not made to the owners of Class A Shares on the same terms and conditions, the Class A Shares shall be entitled to the same voting rights as the Class B Shares. The two classes of shares rank equally in all other respects.

CREDIT RATINGS

The current credit ratings on the Corporation's securities are as follows:

	DBRS (1)	**S&P (2)**
Debentures	A (high)	A
Commercial paper	R-1 (low)	A-1 (mid)
Preferred Shares	Not rated	Not rated

Notes:
(1) Dominion Bond Rating Service Limited ("DBRS") maintains a stable trend on the above securities.
(2) Standard and Poor's ("S&P") maintains a stable trend on the above securities.

Long Term Debt Credit Ratings

An A rating by DBRS is the third highest of ten categories. Long term debt rated A is of satisfactory credit quality. Protection of interest and principal is substantial with a higher degree of strength than that of B rated entities. A is a respectable rating. Entities in this category are still considered to be susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated securities. "High" and "low" grades may be used to indicate the relative standing of a credit within a particular rating category.

An A rating by S&P is the third highest of eleven categories. Obligations rated A by S&P are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories, however, the obligor's capacity to meet its financial commitment on the obligations is still strong. The addition of a plus or minus sign shows relative standing within the rating categories.

Commercial Paper Credit Ratings

An R-1 (low) rating by DBRS is the third highest of ten categories and is granted to short-term debt of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is more favourable than with lower rating categories. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.

An A-1 (mid) rating by S&P is the second highest of eight categories in its Canadian commercial paper ratings scale and is granted where the obligor's capacity to meet its financial commitment on the obligation is strong.

Credit Ratings Generally

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

DIRECTORS AND EXECUTIVE OFFICERS

Set out below is information with respect to the directors and officers of the Corporation.

Name, Province or State and Country of Residence	Position	Principal Occupation	Periods Served as a Director of the Corporation
W.L. Britton, Q.C. Alberta, Canada	Director & Vice Chairman of the Board	Vice Chairman of the Board, Canadian Utilities Limited and ATCO Ltd.	March 12, 1999 to date
B.K. French (2) Alberta, Canada	Director	President, Karusel Management Ltd. (property management and management consultants)	March 12, 1999 to date
C.S. McConnell Alberta, Canada	Treasurer	Treasurer, Canadian Utilities Limited and ATCO Ltd.	
H.M. Neldner (2) Alberta, Canada	Director	Corporate Director	July 27, 2000 to date
N.C. Southern Alberta, Canada	Director, President & Chief Executive Officer	President & Chief Executive Officer, Canadian Utilities Limited and ATCO Ltd.	March 12, 1999 to date
R. D. Southern, C.B.E., C.C., B.Sc., LL.D. (3) Alberta, Canada	Director & Chairman of the Board	Chairman of the Board, Canadian Utilities Limited and ATCO Ltd.	March 12, 1999 to date
P. Spruin Alberta, Canada	Corporate Secretary	Corporate Secretary, Canadian Utilities Limited and ATCO Ltd.	
K.M. Watson (2) Alberta, Canada	Director, Senior Vice President & Chief Financial Officer	Senior Vice President & Chief Financial Officer, Canadian Utilities Limited and ATCO Ltd.	November 19, 2004 to date
S.R. Werth Alberta, Canada	Senior Vice President & Chief Administration Officer	Senior Vice President & Chief Administration Officer, Canadian Utilities Limited and ATCO Ltd.	
P.G. Wright Alberta, Canada	Vice President, Finance & Controller	Vice President, Finance & Controller, Canadian Utilities Limited and ATCO Ltd.	

Notes:
1. *The directors hold office until their successors are elected or appointed.*
2. *Member of the Audit Committee.*
3. *R.D. Southern was a director of Canadian Airlines Corporation when it filed for protection under the Companies' Creditors Arrangement Act on March 24, 2000.*

All of the directors and officers have been engaged for the last five years in the indicated principal occupations, or in other capacities with the companies or firms referred to, or with affiliates or predecessors thereof.

Executive Compensation

Summary Compensation Table

The summary compensation table sets out information concerning the compensation during the last three fiscal years of the Chief Executive Officer and the Chief Financial Officer of the Corporation and the three other executive officers of the Corporation and its subsidiaries employed at December 31, 2006, who had the highest individual aggregate salary and bonuses during 2006 (the "Named Executive Officers"). This information reflects all compensation received by the Named Executive Officers from the Corporation and its subsidiaries for their services as executive officers in all capacities.

Consolidated Total Compensation of Named Executive Officers

N.C. Southern, K.M. Watson, M.M. Shaw, S.W. Kiefer, and S.R. Werth also served in 2006 in similar senior executive positions with ATCO Ltd., and Canadian Utilities Limited. The salary and bonus amounts for these officers of ATCO Ltd., Canadian Utilities Limited, and CU Inc. are determined annually on a consolidated basis. These officers do not receive separate salaries or bonuses for serving these corporations. The amounts reported reflect the total compensation provided to these officers for their contribution to CU Inc. and its subsidiaries.

Formula for Apportionment of Salaries of Named Executive Officers

CU Inc.'s share of the consolidated amount of total compensation is based on a number of considerations, including:

- the portion of the consolidated assets of ATCO Ltd. that the assets of CU Inc. represent;
- the estimated portion of each executive officer's time anticipated to be spent performing services as an executive officer of CU Inc. and its subsidiaries; and
- decisions of the Alberta Energy and Utilities Board.

For 2006, CU Inc. paid 66.3% (65.7% in 2005 and 60.1% in 2004) of the consolidated salary and bonus amounts paid to the Named Executive Officers by ATCO Ltd. and its subsidiaries. The amounts paid by the Corporation are set out in the following table.

		Annual Compensation						
Name and Principal Occupation (1)	**Year Ended Dec. 31**	**Salary ($)**	**(2)**	**Bonus ($)**	**(2)**	**Other Annual Compensation (3) ($)**	**Long Term Compensation ($)**	**All Other Compensation ($)**
N.C. Southern	2006	663,000	(2)	663,000	(2)	Nil	Nil	6,630 (4)
President & Chief	2005	657,000	(2)	657,000	(2)	Nil	Nil	Nil
Executive Officer	2004	510,850	(2)	Nil	(2)	Nil	Nil	Nil
K.M. Watson	2006	218,790	(2)	228,735	(2)	Nil	Nil	796 (4)
Senior Vice President &	2005	197,100	(2)	243,090	(2)	Nil	Nil	Nil
Chief Financial Officer	2004	147,746	(2)	Nil	(2)	Nil	Nil	Nil
M.M. Shaw	2006	291,720	(2)	291,720	(2)	Nil	Nil	15,382 (6)
Managing Director, Global	2005	275,940	(2)	367,920	(2)	Nil	Nil	11,826 (5)
Enterprises	2004	240,400	(2)	Nil	(2)	Nil	Nil	9,917 (5)
S.W. Kiefer	2006	291,720	(2)	291,720	(2)	Nil	Nil	2,586 (4)
Managing Director,	2005	256,230	(2)	289,080	(2)	Nil	Nil	Nil
Utilities	2004	210,350	(2)	60,100	(2)	Nil	Nil	Nil
S. R. Werth	2006	215,475	(2)	225,420	(2)	Nil	Nil	398 (4)
Senior Vice President &	2005	203,670	(2)	236,520	(2)	Nil	Nil	Nil
Chief Administration Officer	2004	174,290	(2)	Nil	(2)	Nil	Nil	Nil

Notes:

(1) *All Named Executive Offices hold the same offices for ATCO Ltd, Canadian Utilities Limited and CU Inc.*

(2) *The amounts shown under salary and bonus were paid by CU Inc. and reflect 66.3% (65.7% in 2005 and 60.1% in 2004) of the Named Executive Officers' total salary and bonus in 2006. The balance of the salary and bonus was paid by ATCO Ltd. (11% in 2006, 11% in 2005, and 11% in 2004) and Canadian Utilities Limited (22.7% in 2006, 23.3% in 2005, and 28.9% in 2004).*

(3) *The value of perquisites and other personal benefits received by each Named Executive Officer was less than the lesser of $50,000 and 10% of the total of his or her annual salary and bonus, and therefore is reported as nil in accordance with National Instrument 51-102.*

(4) *Represents the employer contribution to the Employee Share Purchase Plan.*

(5) *Represents the allocation from Canadian Utilities Limited of 65.7% in 2005 and 60.1% in 2004 of the contribution to M.M. Shaw's defined contribution pension.*

(6) *Represents an allocation for 2006 from Canadian Utilities Limited of 66.3% of the contribution to M.M. Shaw's defined contribution pension ($12,597) and the amount of the employer contribution to the Employee Share Purchase Plan ($2,785).*

Pension and Retirement Arrangements

The Named Executive Officers participate in The Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies (the "CU Plan"). The CU Plan is comprised of two components: defined benefit (DB) and defined contribution (DC). The DC component was introduced on January 1, 1997; existing DB members were provided the option to remain in the DB component or to move to the DC component. N.C. Southern, K.M. Watson, S.W. Kiefer, and S.R. Werth participate in the DB component; M.M. Shaw participates in the DC component. Participation in both the DB and DC components is non-contributory for the Named Executive Officers.

Canadian Utilities Limited has undertaken to provide K.M. Watson, M.M. Shaw, S.W. Kiefer and S.R. Werth with pensions under a supplemental arrangement to compensate for limitations on DB pension benefits or on DC pension contributions imposed by the Income Tax Act. This supplemental pension allows the company to provide retirement income that is relative to their final earnings level and ensures market competitiveness. The supplemental arrangements are not funded. Benefits accrued under the supplemental arrangement use the same formula as the underlying DB registered pension plan. Service for the supplemental arrangement is capped at 35 years. The supplemental arrangement, when included with the pension payable under the CU Plan, the estimated Canada Pension Plan ("CPP") integration amount, and any amounts payable under pension plans or supplemental arrangements of the affiliates of Canadian Utilities Limited, provides a pension based on 2% of the average of the highest five consecutive years of salary, excluding bonuses, multiplied by the number of years of credited service, up to a maximum of 35 years. Under this Plan, an executive may be entitled to receive a pension of up to 70% of the average of the highest five years of salary.

Pension Plan Table

The following table sets forth the annual pension payable to K.M. Watson, M.M. Shaw, S.W. Kiefer and S.R. Werth at normal retirement age 65, inclusive of all registered pension plans and supplemental arrangements and the estimated CPP integration amount based on 2% of the average of the highest five consecutive years of salary, excluding bonuses, multiplied by the number of years of credited service up to a maximum of 35 years. The benefit is payable for the participant's lifetime and provides their spouse with a survivor benefit of at least 60% of the monthly payment. Pension benefits may be indexed on an ad hoc basis.

Remuneration	Years of Service				
($)	15	20	25	30	35
200,000	60,000	80,000	100,000	120,000	140,000
250,000	75,000	100,000	125,000	150,000	175,000
300,000	90,000	120,000	150,000	180,000	210,000
400,000	120,000	160,000	200,000	240,000	280,000
500,000	150,000	200,000	250,000	300,000	350,000
600,000	180,000	240,000	300,000	360,000	420,000
700,000	210,000	280,000	350,000	420,000	490,000
800,000	240,000	320,000	400,000	480,000	560,000

Note:

(1) *For purposes of the supplemental arrangement, the calculation of annual pension payable assumes that the amount payable under the CU Plan is the same regardless of whether a participant elects the DB or DC provisions of the CU Plan. For participants of the DC provisions, the actual pension payable at retirement will vary depending on the value of their investment account at retirement.*

Years of Credited Service Under the CU Plan as at December 31, 2006

Named Executive Officer	Credited Service
N.C. Southern	11.00
K.M. Watson	28.75
M.M. Shaw	20.00
S.W. Kiefer	23.00
S. R. Werth	25.67

Employment Agreement for N.C. Southern, President & Chief Executive Officer

Term of Agreement

CU has an employment agreement with N.C. Southern extending to February 1, 2008, and continuing from year to year thereafter. The amount of salary and the value of benefits paid in 2006 under this agreement have been included in the Summary Compensation Table above.

Termination of Agreement

Employment of the executive officer may be terminated by the Corporation on notice equal to the greater of two years and the remaining term of the agreement or payment in lieu of notice, and may be terminated by the executive officer on 90 days notice.

Retiring Allowance

Pursuant to her employment agreement with the Corporation, N.C. Southern is eligible upon retirement to receive a pension of 70% of the average of the highest five years of income, including salary and bonuses, during the last ten years of employment prior to retirement.

The pension payable to N.C. Southern under her employment agreement is inclusive of the pension payable under the CU Plan. The benefit is payable for Ms. Southern's lifetime and provides her spouse with a survivor benefit of at least 60% of the monthly payment. Pension benefits may be indexed on an ad hoc basis.

Disability and Life Insurance

N.C. Southern's employment agreement provides for the payment of certain benefits upon the death or total disability of the executive officer prior to retirement or termination. The amount of such benefits is based on the executive officer's salary and is determined in accordance with formulas that take into account amounts payable to the executive officer under the group life insurance policies and disability income programs of CU.

Directors' Compensation

In 2006, non-employee directors of the Corporation were paid an annual retainer of $5,000 for acting as directors and $800 for attending each meeting of the Board.

SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS

At December 31, 2006, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly (via corporate holdings or otherwise), or exercised control or direction over all of the outstanding shares of the Corporation.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has 76 Class B common shares issued and outstanding, all of which are owned by CU. ATCO Ltd. directly or indirectly owns approximately 74% of the voting securities of CU. R.D. Southern controls ATCO Ltd.

MARKETS FOR THE SECURITIES OF THE CORPORATION

None of the Corporation's shares are listed on any exchange or similar market for securities.

TRANSFER AGENT AND REGISTRAR

The trustee and transfer agent for the debentures of the Corporation is CIBC Mellon Trust Company at its principal offices in Calgary and Toronto for debentures issued since 1999, and Calgary, Vancouver, Toronto and Montreal for debentures issued prior to 1999.

AUDITOR

The auditor of the Corporation is PricewaterhouseCoopers LLP.

EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report with respect to the Corporation's annual consolidated financial statements. PricewaterhouseCoopers LLP is independent in accordance with the auditor's rules of professional conduct in Canada.

EMPLOYEE RELATIONS

At December 31, 2006, the Corporation had 3,434 employees. Approximately 2,500 employees are members of four employee associations and are covered by seven collective agreements. One of these agreements has expired and is under re-negotiation and the remaining agreements will expire over the period December 31, 2007 to December 31, 2008.

ADDITIONAL INFORMATION

Additional financial information is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2006.

Information relating to ATCO Ltd. or CU may be obtained upon request from the Corporate Secretary of the respective corporation at 1400 ATCO Centre, 909 – 11th Avenue S.W., Calgary, Alberta T2R 1N6 (telephone (403) 292-7500 or fax (403) 292-7623). Corporate information is also available on ATCO's website: www.atco.com and CU's website: www.canadian-utilities.com. Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.