



**CU INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2009**

**CU Inc.**  
**Consolidated Statement of Earnings and Retained Earnings**  
*(Millions of Canadian Dollars)*

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2009	2008	2009	2008
		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<b>Revenues</b>	1	<b>\$ 368.9</b>	\$ 352.6	<b>\$1,233.0</b>	\$1,159.9
<b>Costs and expenses</b>					
Natural gas supply		0.1	0.7	0.7	2.1
Purchased power		11.8	11.9	39.8	39.2
Operation and maintenance		102.8	104.3	324.5	299.0
Selling and administrative		65.9	55.3	193.5	165.5
Depreciation and amortization	1	61.6	82.5	183.3	222.9
Interest		52.0	45.3	149.4	134.1
Franchise fees		24.2	26.7	119.6	132.7
		<b>318.4</b>	326.7	<b>1,010.8</b>	995.5
		<b>50.5</b>	25.9	<b>222.2</b>	164.4
<b>Interest and other income</b>	4	<b>17.3</b>	7.3	<b>28.1</b>	18.4
<b>Earnings before income taxes</b>		<b>67.8</b>	33.2	<b>250.3</b>	182.8
<b>Income taxes</b>	4	<b>5.8</b>	(0.5)	<b>39.8</b>	32.2
		<b>62.0</b>	33.7	210.5	150.6
<b>Dividends on equity preferred shares</b>		<b>4.0</b>	1.3	<b>9.5</b>	4.0
<b>Dividends on equity preferred shares to parent corporation</b>		<b>1.5</b>	1.5	<b>4.5</b>	4.5
<b>Earnings attributable to Class A and Class B shares</b>	1	<b>56.5</b>	30.9	<b>196.5</b>	142.1
<b>Retained earnings at beginning of period as restated</b>	2	<b>1,542.5</b>	1,358.2	<b>1,402.5</b>	1,262.0
		<b>1,599.0</b>	1,389.1	<b>1,599.0</b>	1,404.1
Dividends on Class A and Class B shares		-	-	-	15.0
<b>Retained earnings at end of period</b>		<b>\$1,599.0</b>	\$1,389.1	<b>\$1,599.0</b>	\$1,389.1

**CU Inc.**  
**Consolidated Balance Sheet**  
*(Millions of Canadian Dollars)*

		September 30	December 31
	Note	2009	2008
		<i>(Unaudited)</i>	
<b>ASSETS</b>			
<b>Current assets</b>			
Short term advances to parent corporation		\$ 267.5	\$ 186.1
Accounts receivable	4	221.3	184.0
Accounts receivable from parent and affiliate corporations		10.1	13.7
Inventories		81.6	76.8
Income taxes recoverable	4	29.0	7.8
Future income taxes		7.1	3.4
Regulatory assets		38.0	14.5
Prepaid expenses		12.2	12.7
		<b>666.8</b>	<b>499.0</b>
<b>Property, plant and equipment</b>	1	<b>5,339.5</b>	<b>4,436.2</b>
<b>Intangibles</b>	1, 5	<b>203.6</b>	<b>183.2</b>
<b>Regulatory assets</b>	1	<b>381.8</b>	<b>115.2</b>
<b>Other assets</b>	1	<b>17.4</b>	<b>18.0</b>
		<b>\$6,609.1</b>	<b>\$5,251.4</b>
<b>LIABILITIES AND SHARE OWNER'S EQUITY</b>			
<b>Current liabilities</b>			
Bank indebtedness		\$ 0.4	\$ 9.0
Accounts payable and accrued liabilities		241.6	217.3
Accounts payable to parent and affiliate corporations		27.2	26.4
Regulatory liabilities		32.5	18.8
		<b>301.7</b>	<b>271.5</b>
<b>Future income taxes</b>	1	<b>311.9</b>	<b>29.4</b>
<b>Regulatory liabilities</b>	1	<b>429.3</b>	<b>32.7</b>
<b>Deferred credits</b>		<b>197.7</b>	<b>187.7</b>
<b>Long term debt</b>	6	<b>2,951.6</b>	<b>2,683.1</b>
<b>Equity preferred shares</b>	7	<b>275.0</b>	<b>115.0</b>
<b>Equity preferred shares to parent corporation</b>		<b>130.0</b>	<b>130.0</b>
<b>Class A and Class B share owner's equity</b>			
Class A and Class B shares		412.9	412.9
Retained earnings	1	1,599.0	1,389.1
Accumulated other comprehensive income		-	-
Retained earnings and accumulated other comprehensive income		<b>1,599.0</b>	<b>1,389.1</b>
		<b>2,011.9</b>	<b>1,802.0</b>
		<b>\$6,609.1</b>	<b>\$5,251.4</b>

**CU Inc.**  
**Consolidated Statement of Cash Flows**  
*(Millions of Canadian Dollars)*

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2009	2008	2009	2008
		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<b>Operating activities</b>					
Earnings attributable to Class A and Class B shares		\$ 56.5	\$ 30.9	\$ 196.5	\$ 142.1
Adjustments for:					
Depreciation and amortization	1	61.6	82.5	183.3	222.9
Future income taxes		9.4	2.4	7.0	(4.1)
Deferred availability incentives		3.9	12.3	2.2	3.4
Changes in non-current regulatory assets and liabilities	1	(5.0)	(21.5)	2.6	(32.7)
Other		3.5	(1.6)	(5.5)	(0.2)
		129.9	105.0	386.1	331.4
Changes in non-cash working capital		6.4	(0.6)	(1.0)	54.5
<b>Cash flow from operations</b>	1	<b>136.3</b>	104.4	<b>385.1</b>	385.9
<b>Investing activities</b>					
Purchase of property, plant and equipment	1	(177.8)	(198.5)	(534.5)	(534.0)
Proceeds (costs) on disposal of property, plant and equipment		-	(0.9)	0.1	(2.7)
Contributions by utility customers for extensions to plant		40.6	23.2	93.4	137.9
Purchase of intangibles	1, 5	(8.2)	(12.8)	(23.6)	(29.1)
Changes in non-cash working capital		2.1	(5.3)	(72.5)	7.7
Other		2.2	1.8	3.7	3.2
	1	(141.1)	(192.5)	(533.4)	(417.0)
<b>Financing activities</b>					
Issue of long term debt	6	-	-	270.0	325.0
Repayment of long term debt		-	-	-	(100.0)
Issue of equity preferred shares	7	-	-	160.0	-
Dividends paid to Class A and Class B share owner		-	-	-	(15.0)
Changes in non-cash working capital		-	-	-	0.1
Other		-	(0.1)	(5.6)	(2.2)
	1	-	(0.1)	424.4	207.9
<b>Cash position <sup>(1)</sup></b>					
Increase (decrease)		(4.8)	(88.2)	276.1	176.8
Beginning of period		271.9	265.3	(9.0)	0.3
<b>End of period</b>		<b>\$ 267.1</b>	\$ 177.1	<b>\$ 267.1</b>	\$ 177.1

<sup>(1)</sup> Cash position consists of short term advances to parent corporation less bank indebtedness.

**CU Inc.**  
**Consolidated Statement of Comprehensive Income**  
*(Millions of Canadian Dollars)*

	Three Months Ended September 30		Nine Months Ended September 30	
	<b>2009</b>	2008	<b>2009</b>	2008
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
<b>Earnings attributable to Class A and Class B shares</b>	<b>\$56.5</b>	\$30.9	<b>\$196.5</b>	\$142.1
<b>Other comprehensive income, net of income taxes:</b>				
Cash flow hedges	-	-	-	0.1
<b>Comprehensive income</b>	<b>\$56.5</b>	\$30.9	<b>\$196.5</b>	\$142.2

**CU Inc.**  
**Notes to Consolidated Financial Statements**  
**September 30, 2009**

*(Unaudited, tabular amounts in millions of Canadian dollars)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Financial Statement Presentation***

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and should be read in conjunction with the Corporation’s December 31, 2008 consolidated financial statements and related notes. These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended December 31, 2008, except as described below.

***Accounting for Rate Regulated Operations***

Effective January 1, 2009, the Canadian Institute of Chartered Accountants (“CICA”) removed a temporary exemption in its accounting recommendations that permitted assets and liabilities arising from rate regulation to be recognized and measured on a basis other than in accordance with the primary sources of GAAP. Previously, the Corporation followed Canadian GAAP recommendations, which were similar to standards issued by the Financial Accounting Standards Board (“FASB”) in the United States, which provide guidance on the recognition and measurement of assets and liabilities arising from rate regulation. As permitted by Canadian GAAP, the Corporation has applied standards issued by FASB as another source of Canadian GAAP. This change in accounting policy has been adopted prospectively with changes identified below.

The reserves for future removal and site restoration costs for the utility operations, which were previously netted against property plant and equipment, have been reclassified to non-current regulatory liabilities, resulting in an increase to the Corporation’s total assets and total liabilities. The Corporation reclassified \$376.2 million at January 1, 2009, corresponding to these reserves.

Previously, depreciation expense for property, plant and equipment included a provision for future removal and site restoration costs for the utility operations. An amount corresponding to this provision is incorporated into rates charged to customers and was previously recognized in revenues. Under the new method of accounting, the Corporation does not recognize this amount in depreciation and amortization expense and revenues. The Corporation now recognizes operation and maintenance expense and revenues as actual removal and site restoration costs are incurred. As a result of the change in accounting, for the three months ended September 30, 2009, depreciation and amortization expense was \$13.1 million lower, revenues were \$7.0 million lower, and operations and maintenance expense was \$6.1 million higher, resulting in no change in earnings. For the nine months ended September 30, 2009, depreciation and amortization expense was \$40.2 million lower, revenues were \$30.5 million lower, and operations and maintenance expense was \$9.7 million higher, resulting in no change in earnings.

Effective January 1, 2009, the Corporation also adopted the CICA recommendations requiring the recognition of future income tax assets and liabilities as well as a separate regulatory asset or liability for the amount of future income taxes expected to be included in future rates and recovered from or paid to future customers in the utility operations. As a result of adopting these recommendations, the Corporation recorded future income tax liabilities and non-current regulatory assets of \$255.6 million at January 1, 2009.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concurrent with the changes in accounting for rate regulated operations noted above, the Corporation changed its presentation of changes in regulatory accounts within the statement of cash flows. Certain items relating to changes in rate regulated assets and liabilities that were previously included in investing and financing activities are now reported in operating activities. The inclusion of changes in the non-current regulatory assets and liabilities in operating activities provides more relevant information on the activities of the Corporation. Comparative figures have been restated as follows:

	Three Months Ended September 30, 2008			Nine Months Ended September 30, 2008		
	Amount Previously Reported	Amount Reclassified	Amount Restated	Amount Previously Reported	Amount Reclassified	Amount Restated
Cash flow from operations	\$ 125.9	\$(21.5)	\$ 104.4	\$ 418.6	\$(32.7)	\$ 385.9
Investing activities	(214.1)	21.6	(192.5)	(451.1)	34.1	(417.0)
Financing activities	-	(0.1)	(0.1)	209.3	(1.4)	207.9

### *Intangible Assets*

Effective January 1, 2009, the Corporation adopted the CICA recommendations for goodwill and intangible assets which established standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets (including internally developed intangible assets).

This change in accounting has been adopted retrospectively and had the following effect on the consolidated financial statements for the nine months ended September 30, 2009 and September 30, 2008:

- (a) Restatement of opening retained earnings at January 1, 2008, to recognize the prior years' earnings effect of amounts capitalized prior to 2008 that do not meet the definition of intangible assets as now defined by GAAP (see Note 2).
- (b) Reclassification of \$183.2 million included in property, plant and equipment and other assets to intangible assets on the balance sheet at September 30, 2008.
- (c) Reclassification within investing activities of \$29.1 million from purchases of property, plant and equipment to purchases of intangibles for 2008.

Intangible assets mainly include computer software not directly attributable to the operation of property, plant and equipment and land rights and are recorded at cost less accumulated amortization and unamortized contributions by utility customers. The assets are amortized over their useful lives; which are not longer than 10 years for computer software and between 75 and 100 years for land rights.

Intangible assets with finite lives are tested for recoverability whenever events or changes in circumstances indicate a possible impairment. An impairment of intangible assets with finite lives is recognized in earnings when the asset's carrying value exceeds the total cash flows expected from its use and eventual disposition. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is determined using discounted future cash flows.

Certain comparative figures have been reclassified to conform to the current presentation.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Future Accounting Changes*

The CICA has issued revisions to the disclosures for financial instruments requiring classifications of fair value measurement of financial instruments using a three level fair value hierarchy reflecting the significance of the inputs used in making the measurements. These revisions are effective for the Corporation's annual reporting for the year ended December 31, 2009.

## 2. RETAINED EARNINGS AT BEGINNING OF PERIOD AS RESTATED

	January 1	
	2009	2008
Retained earnings at beginning of period as previously reported	\$1,403.2	\$1,262.7
Cumulative adjustments to retained earnings to recognize the prior years' effect of the change in the method of accounting for intangible assets (net of income taxes)	(0.7)	(0.7)
Retained earnings at beginning of period as restated	\$1,402.5	\$1,262.0

## 3. REGULATORY MATTERS

In July 2008, ATCO Electric filed a general tariff application with the Alberta Utilities Commission ("AUC") for 2009 and 2010 requesting, among other things, increased revenues to recover increased financing, depreciation and operating costs associated with increased rate base in Alberta. In December 2008, ATCO Electric received a decision from the AUC approving interim refundable rate increases amounting to 50% of the requested increase for transmission operations and 25% of the requested increase for distribution operations.

In March 2009, ATCO Electric filed an application requesting an increase to its approved interim refundable rates for its distribution operations. A decision from the AUC was received in April 2009, which resulted in an increase to the interim refundable rates to 67% of the requested rate increase.

In July 2009, the AUC issued a decision on ATCO Electric's 2009 and 2010 general tariff application. The effect of the decision increased ATCO Electric's 2009 annual earnings approximately \$10.0 million compared to customer rates in effect in 2008 mostly as a result of an increase in rate base. In the decision, the AUC used placeholders for common equity of 33% for transmission operations and 37% for distribution operations, preferred share capitalization ratios of approximately 10%, return on common equity of 8.75%, 2009 and 2010 information technology and customer care and billing rates, pension costs and income tax amounts. The final amounts of these placeholders will be determined by the AUC in subsequent proceedings.

In November 2008, ATCO Gas received a decision on its general rate application for 2008 and 2009. The decision established the amount of revenue requirement ATCO Gas can recover through distribution rates for natural gas distribution service to its customers for 2008 and 2009. The effect of the decision on ATCO Gas' 2009 annual earnings was an increase of approximately \$3 million over 2008 resulting from an increase in rate base. In the decision, the AUC used placeholders for common equity capitalization ratios of 38%, preferred share capitalization ratios of approximately 6%, return on 2009 common equity of 8.75%, 2009 information and technology and customer care and billing costs and income tax amounts. The final amounts for these placeholders will be determined by the AUC in subsequent proceedings.

### **3. REGULATORY MATTERS (continued)**

As a result of the AUC's June 2009 preliminary question decision and also the July 2009 decision on ATCO Gas' 2008-2009 GRA compliance application, ATCO Gas recognized increased revenues of \$13.8 million in the third quarter of 2009 for the impact of the Carbon rate rider revenue for the period January 1, 2008 to June 30, 2008 which was previously refunded to customers and decreased revenues of \$7.6 million as a result of excluding any costs for the Carbon Facility in its 2008-2009 general rate application. This increased revenues by \$6.2 million and increased ATCO Gas' earnings by \$4.5 million in the third quarter of 2009.

Also in the third quarter of 2009, as a result of the June 2009 preliminary questions decision, ATCO Gas has derecognized previously recorded regulatory assets and liabilities relating to the Carbon Facility as these amounts are no longer recoverable from or payable to customers. The one-time impact of this discontinuation of regulatory accounting for the Carbon Facility was to increase ATCO Gas' earnings by \$1.9 million for the three and nine months ended September 30, 2009.

In November 2008, ATCO Pipelines filed an application requesting the AUC approve a negotiated settlement with its customers of ATCO Pipelines' 2008 and 2009 revenue requirements. In March 2009, the AUC issued a decision approving the negotiated settlement, including, among other things, a rate of return on common equity of 8.75% and a common equity ratio of 43% for each of 2008 and 2009. As a result of the decision, ATCO Pipelines recognized additional earnings over existing interim rates of \$4.5 million in the first quarter of 2009, of which \$3.7 million related to 2008.

In January 2009, ATCO Pipelines filed an application requesting AUC approval to commence negotiations with customers to settle ATCO Pipelines' revenue requirements for each of the years 2010, 2011, and 2012. In April 2009, the AUC approved ATCO Pipelines' request to negotiate. Negotiations are expected to be completed in the fourth quarter of 2009.

In February 2008, the AUC initiated a generic proceeding to determine whether the standardized rate of return methodology and the utility capital structures should be reviewed. A regulatory process was established by the AUC and a hearing was held in May and June 2009 to review the generic return on equity formula as well as to review the capital structure for each of the Alberta utilities. An AUC decision is expected in the fourth quarter of 2009. The AUC also indicated that any changes which result from this proceeding would be applied beginning in 2009 for Alberta utilities except for ATCO Pipelines.

While ATCO Gas' rate of return for 2008 would remain unchanged as a result of this proceeding, a separate module within the generic proceeding will address ATCO Gas' 2008 capital structure, as inclusion of these issues was removed from its 2008/2009 general rate application.

The changes for 2009 will not apply to ATCO Pipelines since capital structure and rate of return were included in the ATCO Pipelines' Negotiated Settlement.

The Corporation has a number of other regulatory filings and regulatory hearing submissions before the AUC for which decisions have not been received. The outcome of these matters cannot be determined at this time.

### **4. INCOME TAXES**

On August 21, 2009, Alberta Power (2000) received a judgment from the Tax Court of Canada ordering Canada Revenue Agency ("CRA") to reverse its 2006 reassessment of Alberta Power (2000)'s 2001 tax return. On September 30, 2009, the appeal period for the judgment elapsed without an appeal from CRA.

#### 4. INCOME TAXES (continued)

The impact of the judgment is a \$13.7 million recovery of income tax and related interest expense reassessed by CRA in 2006. In addition, Alberta Power (2000) will receive interest income of approximately \$3.1 million earned on such amounts paid to CRA. These adjustments have resulted in a \$16.8 million increase in earnings for the three and nine months ended September 30, 2009. CRA will be required to refund Alberta Power (2000) approximately \$28.0 million including interest and net of consequential adjustments to other taxation years arising from the judgment.

#### 5. INTANGIBLES

	September 30			
	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer Software	\$264.4	\$146.6	\$227.8	\$126.2
Land Rights	104.4	21.7	98.8	20.2
Other	4.7	1.3	4.8	1.3
	<b>\$373.5</b>	<b>169.6</b>	<b>\$331.4</b>	<b>147.7</b>
Intangible assets less accumulated amortization		<b>203.9</b>		183.7
Unamortized contributions by utility customers		<b>0.3</b>		0.5
		<b>\$203.6</b>		<b>\$183.2</b>

#### 6. LONG TERM DEBT

On March 6, 2009, the Corporation issued \$150.0 million of 6.50% Debentures maturing March 7, 2039 and \$120.0 million of 6.215% Debentures maturing March 6, 2024.

#### 7. EQUITY PREFERRED SHARES

On March 27, 2009, the Corporation issued \$160.0 million Cumulative Redeemable Preferred Shares Series 2 at a price of \$25.00 per share. Holders will be entitled to receive, as and when declared by the Board of Directors of the Corporation, fixed cumulative preferential cash dividends, payable quarterly for an initial period of five years at a rate of \$1.675 per share to yield 6.70% annually. Thereafter the dividend rate will reset every five years to the then current 5-Year Government of Canada bond yield plus 4.81%. On June 1, 2014, and on June 1 of every fifth year thereafter, the Corporation may redeem the Series 2 Preferred Shares in whole or in part at par.

Holdings may elect to convert any or all of their Series 2 Preferred Shares into an equal number of Cumulative Redeemable Preferred Shares Series 3 on June 1, 2014, and on June 1 of every fifth year thereafter. Holders of the Series 3 Preferred Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly for an initial period of five years at a rate equal to the then current 3-month Government of Canada Treasury Bill yield plus 4.81%. On June 1, 2019, and on June 1 of every fifth year thereafter (“Series 3 Conversion Date”), holders of the Series 3 Preferred Shares may

## 7. EQUITY PREFERRED SHARES (continued)

elect to convert any or all of their Series 3 Preferred Shares back into an equal number of Series 2 Preferred Shares. On June 1, 2014, or thereafter, the Corporation may redeem the Series 3 Preferred Shares in whole or in part at \$25.00 on a Series 3 Conversion Date or at \$25.50 on any other date.

## 8. CAPITAL DISCLOSURES

The Corporation's equity capitalization is as follows:

	September 30	
	2009	2008
Class A and Class B shares	\$ 412.9	\$ 412.9
Retained earnings	1,599.0	1,389.1
Equity preferred shares	275.0	115.0
Equity preferred shares to parent corporation	130.0	130.0
Total equity	2,416.9	2,047.0
Long term debt	2,951.6	2,683.1
Total capitalization	\$5,368.5	\$4,730.1
Equity capitalization	45%	43%

The equity capitalization is consistent with the Corporation's objectives. Total equity increased primarily due to higher earnings of the Corporation reflected in increased retained earnings and due to the preferred share financing for utility capital expenditures. Total debt increased primarily due to financings for utility capital expenditures.

For the nine months ended September 30, 2009, the Corporation was in compliance with externally imposed requirements on its capital (including debt covenants). The Corporation has a number of regulatory filings and regulatory hearing submissions before the AUC for which decisions have not been received, the outcome of which could affect the capital structure of the Corporation.

## 9. EMPLOYEE FUTURE BENEFITS

Employees are required to contribute a percentage of their salary to registered pension plans. The Corporation is required to contribute its share of contributions on behalf of the defined contribution members of the pension plans and to provide the balance of the funding necessary to ensure that benefits will be fully provided for at retirement for the members of the defined benefit pension plans.

Declines in stock and bond markets have resulted in a reduction in the value of the defined benefit pension plans' assets, creating funding deficits. The Corporation has not made material contributions since April 1, 1996, as a result of the defined benefit plans' surplus positions which have been used to fund the employer's contributions to the defined contribution component of the pension plans. Based on the most recent actuarial valuations for funding purposes dated December 31, 2006, and December 31, 2007, and recent changes in government regulations resulting from the white paper issued by the government of Alberta in 2008, the Corporation does not anticipate that it will be required to make material contributions to its pension plans in 2009. However, the Corporation may be required to make contributions in 2009 if a decrease in market values warrants additional funding.

Contributions in future periods depend on the outcome of the future actuarial valuations.

## 9. EMPLOYEE FUTURE BENEFITS (continued)

In the three months ended September 30, 2009, net expense of \$1.7 million (2008 – \$1.5 million) was recognized for pension benefit plans and net expense of \$0.3 million (2008 – \$0.4 million) was recognized for other post employment benefit plans.

In the nine months ended September 30, 2009, net expense of \$5.4 million (2008 – \$4.5 million) was recognized for pension benefit plans and net expense of \$1.0 million (2008 – \$0.3 million) was recognized for other post employment benefit plans.

## 10. CONTINGENCIES

### Late Payment Penalties on Utility Bills

As a result of decisions of the Supreme Court of Canada in *Garland vs. Consumers' Gas Co.*, the imposition of late payment penalties on utility bills had been called into question. In July 2009, a settlement agreement was approved by the Court of Queens Bench of Alberta, resulting in the certification of a class action suit relating to late penalties charged by ATCO Gas. The settlement payment of \$1.5 million did not impact earnings of ATCO Gas as this payment was paid out of its reserve account for injuries and damages.

## 11. SEGMENTED INFORMATION

### Segmented results – Three months ended September 30

2009 2008	Utilities	Energy <sup>(2)</sup>	Corporate and Other	Intersegment Eliminations	Consolidated
<i>(Unaudited)</i>					
Revenues – external	\$ 290.4	\$ 78.5	\$ -	\$ -	\$ 368.9
	\$ 273.1	\$ 79.5	\$ -	\$ -	\$ 352.6
Revenues – intersegment <sup>(1)</sup>	0.1	-	-	(0.1)	-
	-	-	-	-	-
Revenues	\$ 290.5	\$ 78.5	\$ -	\$ (0.1)	\$ 368.9
	\$ 273.1	\$ 79.5	\$ -	\$ -	\$ 352.6
Earnings attributable to Class A and Class B shares	\$ 23.3	\$ 33.2	\$ -	\$ -	\$ 56.5
	\$ 14.4	\$ 16.4	\$ 0.1	\$ -	\$ 30.9

## 11. SEGMENTED INFORMATION (continued)

### Segmented results – Nine months ended September 30

2009 2008	Utilities	Energy <sup>(2)</sup>	Corporate and Other	Intersegment Eliminations	Consolidated
<i>(Unaudited)</i>					
Revenues – external	\$ 999.5	\$233.5	\$ -	\$ -	\$1,233.0
	\$ 930.5	\$229.4	\$ -	\$ -	\$1,159.9
Revenues – intersegment <sup>(1)</sup>	0.1	-	-	(0.1)	-
	-	-	-	-	-
Revenues	\$ 999.6	\$233.5	\$ -	\$ (0.1)	\$1,233.0
	\$ 930.5	\$229.4	\$ -	\$ -	\$1,159.9
Earnings attributable to Class A and Class B shares	\$ 142.6	\$ 53.9	\$ -	\$ -	\$ 196.5
	\$ 103.3	\$ 38.7	\$ 0.1	\$ -	\$ 142.1
Total assets	\$5,808.6	\$737.3	\$63.2	\$ -	\$6,609.1
	\$4,499.6	\$722.0	\$34.5	\$ (4.7)	\$5,251.4

<sup>(1)</sup> Intersegment revenues are recognized on the basis of prevailing market or regulated prices.

<sup>(2)</sup> In the third quarter of 2009, the Power Generation segment was renamed the Energy segment.