CU INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of CU Inc. (our, we, us, or the Company) during the three months ended March 31, 2018.

This MD&A was prepared as of April 25, 2018, and should be read with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2018. Additional information, including the Company's previous MD&A (2017 MD&A), Annual Information Form (2017 AIF), and audited consolidated financial statements for the year ended December 31, 2017, is available on SEDAR at www.sedar.com. Information contained in the 2017 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by Canadian Utilities Limited, which in turn is controlled by ATCO Ltd. and its controlling share owners, Sentgraf Enterprises Ltd. and the Southern family.

Terms used throughout this MD&A are defined in the Glossary at the end of this document.

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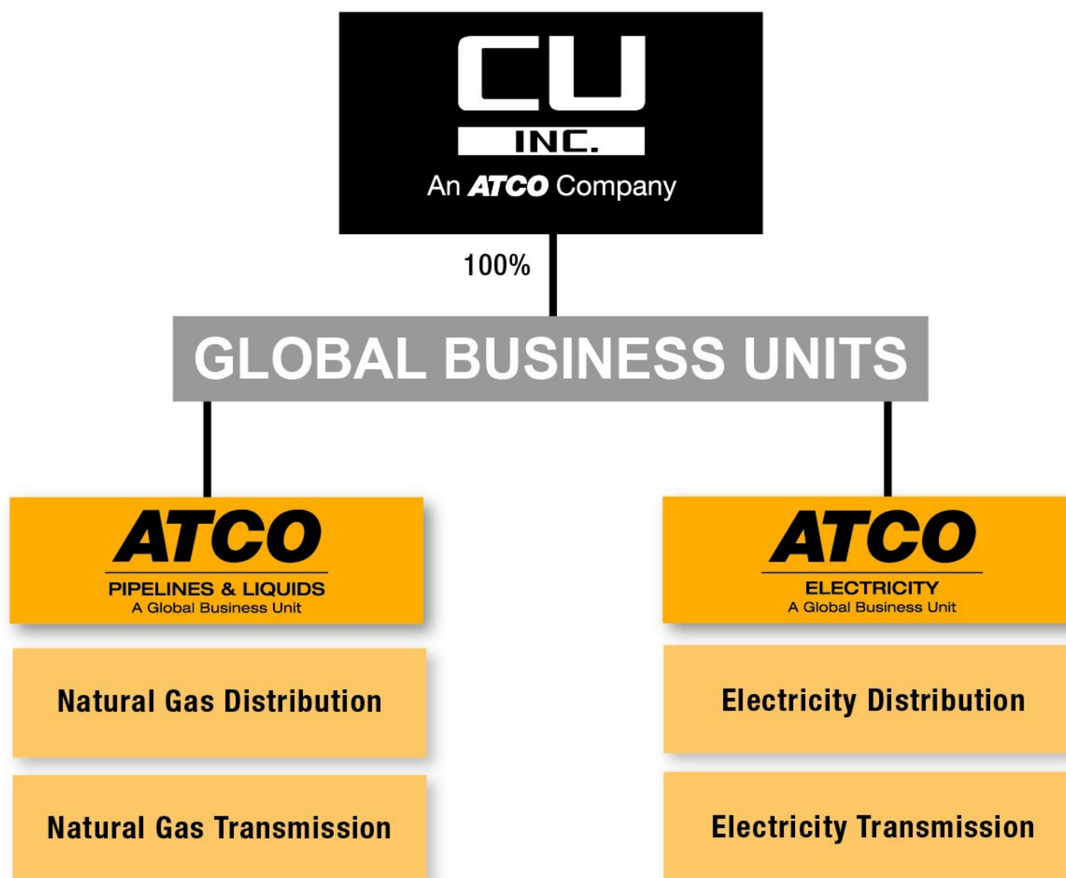
ORGANIZATIONAL STRUCTURE

SIMPLIFIED ORGANIZATIONAL STRUCTURE



The unaudited interim consolidated financial statements include the accounts of CU Inc. and all of its subsidiaries. The unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the reporting currency is the Canadian dollar. Certain comparative figures throughout this MD&A have been reclassified to conform to the current presentation.

UTILITIES PERFORMANCE

REVENUES

Revenues for the first quarter of 2018 were $751 million, $24 million lower than the same period in 2017. Lower revenues in the first quarter were mainly due to lower flow-through revenues in natural gas distribution for rate recovery from customers and lower flow-through affiliate revenues in Electric Transmission.

ADJUSTED EARNINGS

	Three Months Ended March 31		
($ millions)	**2018**	**2017**	**Change**
Electricity			
Electricity Distribution	**33**	41	(8)
Electricity Transmission	**40**	54	(14)
Total Electricity	**73**	95	(22)
Pipelines & Liquids			
Natural Gas Distribution	**67**	81	(14)
Natural Gas Transmission	**18**	17	1
Total Pipelines & Liquids	**85**	98	(13)
Total Utilities Adjusted Earnings[1]	**158**	193	(35)

(1) Additional information regarding this measure is provided in the Non-GAAP and Additional GAAP Measures section of this MD&A.

In the first quarter of 2018, our Utilities earned $158 million, $35 million lower than the same period in 2017. Lower earnings were mainly due to rate rebasing under Alberta's regulated model in electricity distribution, transmission, and natural gas distribution, along with lower interim rates in our electric transmission business partially offset by growth in rate base across the Utilities.

Detailed information about the activities and financial results of our Utilities' businesses is provided in the following sections.

ELECTRICITY

Our Electricity activities are conducted by ATCO Electric Distribution and ATCO Electric Transmission and their subsidiaries, ATCO Electric Yukon, Northland Utilities (NWT) and Northland Utilities (Yellowknife). These businesses provide regulated electricity distribution and transmission mainly in northern and central east Alberta, the Yukon and the Northwest Territories.

Electricity Distribution

Our electricity distribution business earned $33 million in the first quarter of 2018, $8 million lower than the same period in 2017. Lower earnings were mainly due to the benefit of CU Inc.'s operating cost reduction initiatives over the first generation Performance Based Regulation (PBR) period flowing into customer rates under the 2018 to 2022 second generation PBR framework. The lower earnings from PBR rebasing were partially offset by earnings from continued growth in rate base and additional return on equity (ROE) due to the efficiency carry-over mechanism incentive granted to distribution utilities in the first two years of the second generation PBR for demonstrating superior cost savings in the prior PBR period.

Electricity Transmission

Our electricity transmission business earned $40 million in the first quarter of 2018, $14 million lower than the same period in 2017. Lower earnings were mainly due to the benefit of CU Inc.'s operating cost reduction initiatives flowing into customer rates in the 2018 to 2019 General Tariff Application (GTA) and lower interim rates approved by the Alberta Utilities Commission (AUC). Upon receipt of the AUC's decision on the 2018 to 2019 GTA, which is expected in the fourth quarter of 2018, existing interim rates will be updated to include the impact of the decision, including CU Inc.'s request for an additional increase to 2018 and 2019 rate base of approximately $130 million per year.

Earnings in the first quarter of 2017 were positively impacted by the 2015 to 2017 GTA Review and Variance decision received on March 16, 2017. The impact of this decision was an increase to first quarter 2017 adjusted earnings of $3 million, most of which related to prior years.

PIPELINES & LIQUIDS

Our Pipelines & Liquids activities are conducted through two regulated businesses, ATCO Gas and ATCO Pipelines.

Natural Gas Distribution

Our natural gas distribution activities throughout Alberta and in the Lloydminster area of Saskatchewan are conducted by ATCO Gas. It services municipal, residential, business and industrial customers.

Our natural gas distribution business earned $67 million in the first quarter of 2018, $14 million lower than the same period of 2017. Lower earnings were mainly due to the benefit of CU Inc.'s operating cost reduction initiatives over the first generation PBR period flowing into customer rates under the 2018 to 2022 second generation PBR framework. The lower earnings from PBR rate rebasing were partially offset by earnings from growth in rate base and additional ROE due to the efficiency carry-over mechanism incentive granted to distribution utilities in the first two years of the second generation PBR for demonstrating superior cost savings in the prior PBR period.

Natural Gas Transmission

Our natural gas transmission activities in Alberta are conducted by ATCO Pipelines. This business receives natural gas on its pipeline system from various gas processing plants as well as from other natural gas transmission systems and transports it to end users within the province or to other pipeline systems, primarily for export out of the province.

Our natural gas transmission business earned $18 million in the first quarter of 2018, $1 million higher compared to the same period in 2017. Higher earnings in the quarter were mainly due to continued growth in rate base.

REGULATORY DEVELOPMENTS

NEXT GENERATION OF PERFORMANCE BASED REGULATION

On February 5, 2018, the AUC released a regulatory decision that provides determinations for the going-in rates and incremental capital funding for the second generation of PBR. The following table compares the key aspects of the PBR First Generation with the PBR Second Generation based on the AUC's February 5, 2018 decision.

	PBR First Generation	**PBR Second Generation**
Timeframe	2013 to 2017	2018 to 2022
Inflation Adjuster (I Factor)	Inflation indexes (AWE and CPI) adjusted annually	Inflation indexes (AWE and CPI) adjusted annually
Productivity Adjuster (X Factor)	1.16%	0.30%
O&M	Based on approved 2012 forecast O&M levels; inflated by I-X thereafter over the PBR term	Based on the lowest annual actual O&M level during 2013-2016, adjusted for inflation, growth and productivity to 2017 dollars; inflated by I-X thereafter over the PBR term
Treatment of Capital Costs	• Recovered through going-in rates inflated by I-X • Significant capital costs not fully recovered by the I-X formula and meeting certain criteria recovered through a K Factor	• Recovered through going-in rates inflated by I-X and a K Bar that is based on inflation adjusted average historical capital costs for the period 2013-2016. The K Bar is calculated annually and adjusted for the actual WACC • Significant capital costs that are extraordinary, not previously incurred and required by a third party recovered through a "Type I" K Factor
ROE Used for Going-in Rates	• 8.75%	• 8.5% • + 0.5% ROE ECM achieved from PBR First Generation added to 2018 and 2019
Efficiency Carry-over Mechanism (ECM)	ECM up to 0.5% additional ROE for the years 2018 and 2019 based on certain criteria	ECM up to 0.5% additional ROE for the years 2023 and 2024 based on certain criteria
Reopener	+/- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year	+/- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year
ROE Used for Reopener Calculation	2013 to 2016: 8.3% 2017: 8.5%	8.5% Placeholder At approved ROE pending future GCOC proceeding decisions

UTILITY ASSET DISPOSITION

On April 19, 2018, the Government of Alberta introduced Bill 13, *An Act to Secure Alberta's Electricity Future,* for first reading. The bill, as currently written, would significantly impact key regulatory principles and current law with respect to the recovery of prudently incurred costs, retroactive ratemaking, and utility asset dispositions that would give the AUC the authority to make decisions on a case-by-case basis.

If enacted in its present form, Bill 13 would introduce significant changes to the regulatory framework in which the Company operates, and would introduce increased uncertainty for utility investments. We are in discussions with the Government of Alberta regarding recommended changes to the current draft legislation.

SUSTAINABILITY, CLIMATE CHANGE AND THE ENVIRONMENT

We believe that reducing our environmental impact is integral to the pursuit of operational excellence and long-term sustainable growth. Our success depends on our ability to operate in a responsible and sustainable manner, today and in the future.

SUSTAINABILITY REPORTING

ATCO, the controlling share owner of CU Inc., has been publishing external sustainability reports since 2008. These reports include CU Inc.'s operations sustainability performance data. Our 2017 Sustainability Report, expected to be released in June 2018, will focus on key material topics including:

- Energy Stewardship: access and affordability, security and reliability, and customer satisfaction,
- Environmental Stewardship: climate change and energy use, and environmental compliance,
- Safety: employee health and safety, public safety, and emergency preparedness, and
- Community and Indigenous Relations.

The 2017 Sustainability Report will be available on ATCO's website, at www.ATCO.com

CLIMATE CHANGE AND THE ENVIRONMENT

Tax on Carbon Emissions

The Government of Alberta is phasing in a carbon tax across all sectors. An economy-wide carbon tax of $20 per tonne in 2017 was increased to $30 per tonne carbon tax in 2018, and may move to the Government of Canada requirement of $40 per tonne in 2021 and $50 per tonne in 2022.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the first quarter 2018 and 2017 is given below. These amounts are presented in accordance with IFRS accounting standards. They have not been adjusted for the timing of revenues and expenses associated with rate-regulated activities and other items that are not in the normal course of business.

	Three Months Ended March 31		
($ millions)	**2018**	**2017**	**Change**
Operating costs	**312**	331	(19)
Depreciation and amortization	**122**	119	3
Net finance costs	**85**	84	1
Income taxes	**63**	66	(3)

OPERATING COSTS

In the first quarter of 2018, operating costs, which are total costs and expenses less depreciation and amortization, were lower by $19 million than the same period of 2017, mainly due to lower flow-through expenses in natural gas distribution.

DEPRECIATION AND AMORTIZATION

In the first quarter of 2018, depreciation and amortization expense was comparable to the same period in 2017.

NET FINANCE COSTS

In the first quarter of 2018, net finance costs were comparable to the same period in 2017.

INCOME TAXES

Income taxes decreased in the first quarter of 2018 when compared to the same periods in 2017, mainly due to lower earnings before income taxes in the fourth quarter 2018.

LIQUIDITY AND CAPITAL RESOURCES

Our financial position is supported by Utility operations. Our business strategies, funding of operations, and planned future growth are supported by maintaining strong investment grade credit ratings and access to capital markets at competitive rates. Primary sources of capital are cash flow from operations, the debt and preferred share capital markets and injections of equity from Canadian Utilities Limited. Liquidity is generated by cash flow from operations and is supported by appropriate levels of cash and available committed credit facilities.

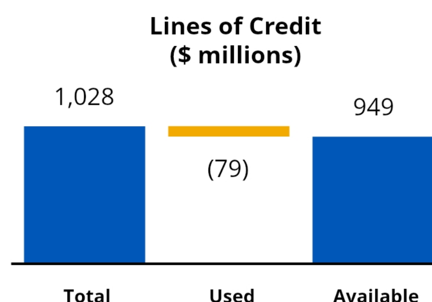
LINES OF CREDIT

At March 31, 2018, CU Inc. and its subsidiaries had the following lines of credit.

($ millions)	**Total**	**Used**	**Available**
Long-term committed	**900**	–	900
Uncommitted	**128**	79	49
Total	**1,028**	79	949

Of the $1,028 million in total credit lines, $128 million was in the form of uncommitted credit facilities with no set maturity date.

The other $900 million in credit lines were committed with maturities between 2019 and 2020, unless extended at the option of the lenders. The majority of the credit lines are provided by Canadian banks.



CONSOLIDATED CASH FLOW

At March 31, 2018, the Company's cash position was $67 million, an increase of $41 million compared to December 31, 2017. The increase is mainly due to earnings achieved during the quarter, partially offset by cash used to fund our capital investment program.

Funds Generated by Operations

Funds generated by operations were $447 million in the first quarter of 2018, $7 million higher than same period in 2017. The increase was mainly due to lower cash income taxes paid and higher contributions from customers.

Cash Used for Capital Expenditures

Capital expenditures were $234 million in the first quarter of 2018, $28 million higher than the same periods in 2017, mainly due to the replacement of aging infrastructure, system upgrades, and growth projects for new customers.

Capital expenditures for the first quarter of 2018 and 2017 is shown in the table below.

	Three Months Ended March 31		
($ millions)	**2018**	**2017**	**Change**
Electricity Distribution	**46**	56	(10)
Electricity Transmission	**69**	40	29
Natural Gas Distribution	**55**	53	2
Natural Gas Transmission	**64**	57	7
Total [(1)]	**234**	206	28

(1) Includes additions to property, plant and equipment, intangibles and $4 million (2017 - $4 million) of interest capitalized during construction for the first quarter 2018.

Base Shelf Prospectuses

On May 16, 2016, CU Inc. filed a base shelf prospectus that permits it to issue up to an aggregate of $1.5 billion of debentures over the 25-month life of the prospectus. As of April 24, 2018, aggregate issuances of debentures were $805 million.

SHARE CAPITAL

CU Inc. equity securities consist of Class A shares and Class B shares.

At April 24, 2018, the Company had outstanding 3,570,322 Class A shares and 2,188,262 Class B shares.

QUARTERLY INFORMATION

The following table shows financial information for the eight quarters ended June 30, 2016 through March 31, 2018.

($ millions)	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Revenues	588	567	696	**751**
Earnings for the period	86	76	114	**169**
Adjusted earnings				
Electricity	81	74	80	**73**
Pipelines & Liquids	27	10	77	**85**
Total adjusted earnings	108	84	157	**158**

($ millions)	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Revenues	571	578	738	775
Earnings for the period	78	82	152	175
Adjusted earnings				
Electricity	86	66	77	95
Pipelines & Liquids	24	3	65	98
Total adjusted earnings	110	69	142	193

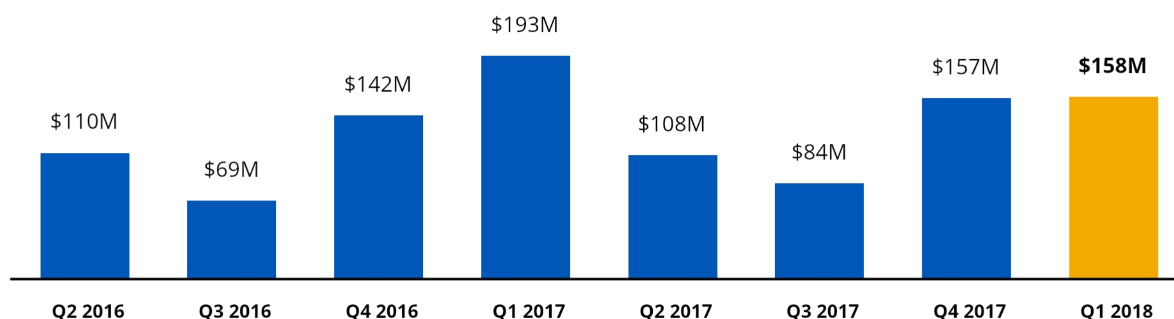
Adjusted Earnings

Our financial results over the previous eight quarters reflects the large capital expenditure made by the Utilities. These investments earn a return under a regulated business model and drive growth in adjusted earnings. Our earnings have also been affected by the timing of certain major regulatory decisions. In addition, interim results will vary due to the seasonal nature of demand for electricity and natural gas.

In 2016, higher earnings were primarily due to continued capital expenditures and rate base growth and business-wide cost reduction initiatives. Lower earnings in the third quarter were due to the financial impact of electricity transmission's 2015 to 2017 GTA regulatory decision and lower seasonal demand in our natural gas distribution business.

In 2017, higher earnings were mainly due to rate base growth. Higher first quarter earnings were in part due to lower operating costs. Lower second quarter earnings were in part due to the timing of operating and other costs in electric distribution, and the impact of the 2015 to 2017 GTA Compliance decision in electric transmission. Lower third quarter earnings were in part due to the impact of the 2013 to 2014 Deferral Accounts decision in electric transmission. Higher fourth quarter earnings were mainly due to growth in rate base across our Utilities and growth in customers in our natural gas distribution business.

In the first quarter of 2018, higher seasonal demand in natural gas distribution and growth in rate base across the Utilities was partially offset by rate rebasing under Alberta's regulated model in electricity distribution, transmission, and natural gas distribution.



NON-GAAP AND ADDITIONAL GAAP MEASURES

Funds generated by operations is defined as cash flow from operations before changes in non-cash working capital. In management's opinion, funds generated by operations is a significant performance indicator of the Company's ability to generate cash during a period to fund capital expenditures. Funds generated by operations does not have any standardized meaning under IFRS and might not be comparable to similar measures presented by other companies.

Adjusted earnings are defined as earnings for the period after adjusting for the timing of revenues and expenses associated with rate-regulated activities and dividends on equity preferred shares of the Company. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings present earnings from rate-regulated activities on the same basis as was used prior to adopting IFRS - that basis being the U.S. accounting principles for rate-regulated activities. Management's view is that adjusted earnings allow for a more effective analysis of operating performance and trends. A reconciliation of adjusted earnings to earnings for the year is presented in this MD&A. Adjusted earnings is an additional GAAP measure presented in Note 4 of the 2018 unaudited financial statements.

RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS FOR THE PERIOD

Adjusted earnings are earnings for the period after adjusting for the timing of revenues and expenses associated with rate-regulated activities and dividends on equity preferred shares of the Company. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings are a key measure of segment earnings that management uses to assess segment performance and allocate resources. It is management's view that adjusted earnings allow a better assessment of the economics of rate regulation in Canada and Australia than IFRS earnings.

($ millions)				Three Months Ended March 31
2018 **2017**	**Electricity**	**Pipelines & Liquids**	**Intersegment Eliminations**	**Consolidated**
Revenues	**335**	**416**	**–**	**751**
	338	437	–	775
Adjusted earnings	**73**	**85**	**–**	**158**
	95	98	–	193
Rate-regulated activities	**(13)**	**21**	**–**	**8**
	(39)	18	–	(21)
Dividends on equity preferred shares of the Company	**2**	**1**	**–**	**3**
	2	1	–	3
Earnings for the period	**62**	**107**	**–**	**169**
	58	117	–	175

RATE-REGULATED ACTIVITIES

There is currently no specific guidance under IFRS for rate-regulated entities that the Company is eligible to adopt. In the absence of this guidance, the utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design. Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

As a result, the Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of GAAP to account for rate-regulated activities in its internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of regulators' decisions on revenues.

Earnings adjustments to reflect rate-regulated accounting are shown in the following table.

($ millions)	Three Months Ended March 31 2018	2017	Change
Additional revenues billed in current period			
Future removal and site restoration costs [1]	**19**	19	–
Impact of colder temperatures [2]	**12**	–	12
Revenues to be billed in future periods			
Deferred income taxes [3]	**(33)**	(29)	(4)
Settlement of regulatory decisions and other items [4]	**10**	(11)	21
	8	(21)	29

(1) Removal and site restoration costs are billed to customers over the estimated useful life of the related assets based on forecast costs to be incurred in future periods.

(2) ATCO Gas' customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Revenues above or below the normal in the current period are refunded to or recovered from customers in future periods.

(3) Income taxes are billed to customers when paid by the Company.

(4) Includes PBR interim rate accrual of $9 million. Starting January 2018, natural gas distribution and electric distribution commenced a new PBR period. New rates came into effect April 1st, 2018, which will reverse the PBR interim rate accrual during 2018.

Rate-regulated accounting differs from IFRS in the following ways:

Timing Adjustment	Items	RRA Treatment	IFRS Treatment
Additional revenues billed in current period	Future removal and site restoration costs, impact of colder temperatures.	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
Revenues to be billed in future periods	Deferred income taxes.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
Regulatory decisions received	For further details on regulatory decisions that caused a timing adjustment financial impact, refer to the Regulatory Developments section in this MD&A as well as the Segmented Information presented in unaudited interim consolidated financial statements.	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize earnings from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS.
Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes earnings when customer rates are changed and amounts are recovered or refunded to customers through future billings.

For further details on additional revenues billed in the current period, revenues to be billed in future periods, and settlement of regulatory decisions and other items, refer to the Segmented Information presented in Note 4 of the 2018 unaudited interim consolidated financial statements.

OTHER FINANCIAL INFORMATION

ACCOUNTING CHANGES

Certain new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) have been adopted in the current period. These standards or interpretations are substantially unchanged from those reported in the 2017 MD&A.

- IFRS 9 (2014) Financial Instruments - this standard replaces IAS 39 Financial Instruments: Recognition and Measurement and previous versions of IFRS 9. It incorporates IFRS 9 (2013), with a further classification category for financial assets, and includes a new impairment model for financial instruments. The Company early adopted two out of three components of this standard (Classification and Measurement and Hedge Accounting) on January 1, 2015. This standard was effective on January 1, 2018, at which time the Company adopted the final component, Impairments. This component includes a new expected credit loss model for calculating impairment on financial assets and replaces the current incurred loss impairment model. The new standard will increase bad debt provisioning for all trade receivables, however the impact is not material due to current provisioning procedures, the low credit risk with current counterparties, and collateral and parental guarantee arrangements in place for the Company's significant receivables. Additional information regarding the impact of the adoption of IFRS 9 is presented in Note 3 of the unaudited interim consolidated financial statements.
- IFRS 15 Revenue from Contracts with Customers - this standard replaces IAS 18 Revenue and related interpretations and is effective on or after January 1, 2018. It provides a framework to determine when to recognize revenue and at what amount. It applies to new contracts created on or after the effective date and to existing contracts not completed as of the effective date. The Company has applied the full retrospective transition method. The Company is party to numerous contracts with customers that will be impacted by the new standard. Under IFRS 15, the timing of revenue recognition for certain contracts are impacted by the new revenue recognition model. Additional information regarding the impact of the adoption of IFRS 15 is presented in Note 3 of the unaudited interim consolidated financial statements.

Certain new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) do not need to be adopted in the current period. The Company anticipates that these standards issued, but not yet effective, may have a material effect on the consolidated financial statements are described below.

- IFRS 16 Leases - this standard replaces IAS 17 Leases and related interpretations and is effective on or after January 1, 2019. It requires a lessee to recognize assets and liabilities on the balance sheet for the rights and obligations created by leases. Lessor accounting remains substantially unchanged. The Company is currently assessing the impact and will not early adopt the standard.

There are no other new or amended standards issued, but not yet effective, that the Company anticipates will have a material effect on the consolidated financial statements once adopted.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There was no change in the Company's internal control over financial reporting that occurred during the period beginning on January 1, 2018, and ended on March 31, 2018, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

The Company's actual results could differ materially from those anticipated in any forward-looking information contained in this MD&A as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Company.

Any forward-looking information contained in this MD&A represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

GLOSSARY

AUC means the Alberta Utilities Commission.

Class A shares means Class A non-voting shares of the Company.

Class B shares means Class B common shares of the Company.

CODM means Chief Operating Decision Maker, and is comprised of the Chair, President and Chief Executive Officer, and the other members of the Executive Committee.

Company means CU Inc. and, unless the context otherwise requires, includes its subsidiaries.

Earnings means Adjusted Earnings as defined in the Non-GAAP and Additional GAAP Measures section of this MD&A.

GAAP means Canadian generally accepted accounting principles.

IFRS means International Financial Reporting Standards.

Km means kilometre.

PBR means Performance Based Regulation.

Utilities means ATCO Electric Distribution, ATCO Electric Transmission, ATCO Gas and ATCO Pipelines.