


MADE at the City of Calgary, in the Province of Alberta, on 24th day of March 2006.	 ALBERTA ENERGY AND UTILITIES BOARD
ATCO Gas and Pipelines Ltd. Issuance of Debentures and Shares	Application Nos. 1445830 and 1445839

1 BACKGROUND

By letter dated February 6, 2006, ATCO Gas and Pipelines Ltd. (AGPL) filed a debenture application (No. 1445830) with the Alberta Energy and Utilities Board (Board) for approval to issue a 5.183% debenture to its parent company CU Inc. in the amount of \$89,000,000.

Concurrently, AGPL filed a share application (No. 1445839) with the Board for approval to issue 5,484 Class A non-voting shares and 34,516 Class B common shares to its parent company CU Inc. for total proceeds of \$9,200,000.

The Applications were considered pursuant to section 26(2)(a) of the *Gas Utilities Act*, R.S.A. 2000 c.G-5, as amended, (GUA) which provides:

26(2) No owner of a gas utility designated under subsection (1) shall

(a) issue any

(i) of its shares or stock, or

(ii) bonds or other evidences of indebtedness, payable in more than one year from the date of them

unless it has first satisfied the Board that the proposed issue is to be made in accordance with law and has obtained the approval of the Board for the purposes of the issue and an order of the Board authorizing the issue,

The Board provided interested parties with the Notice of the Applications (Notice) on February 13, 2006. The Board notes that it did not receive any objections to the Applications by the deadline of March 3, 2006; therefore, the Board will continue to process these Applications without further notice as indicated in the Notice.

2 DETAILS OF THE APPLICATION

On November 21, 2005, CU Inc., the parent company of AGPL, completed the sale of a \$185,000,000 debenture to the public. The CU Inc. debenture has a maturity date of November 21, 2035, and a yield to maturity of 5.183%.

AGPL's proposed 5.183% debenture of \$89,000,000 will mature on November 21, 2035, and contains repayment and redemption provisions, as well as other terms and conditions that reflect the provisions of the CU Inc. debenture. The net proceeds to AGPL, after deducting its pro rata share of the issue fees and expenses to be paid to CU Inc. is estimated at \$88,435,000. Of this amount, \$68,562,000 is to be allocated to ATCO Pipelines and the remainder of \$19,873,000 is to be allocated to ATCO Gas.

The remainder of the \$185,000,000 debenture is to be allocated to ATCO Electric Ltd. (\$96,000,000).

The Class A non-voting shares and the Class B common shares will be issued at a price of \$230 per share and the proceeds are to be allocated entirely to ATCO Pipelines.

AGPL indicated that the proceeds of both the debenture and share issues are to be used to help maintain an appropriate capital structure as well as to repay outstanding indebtedness, finance capital expenditures and other general corporate purposes.

3 ORDER

The Board has reviewed the Applications, and considers that AGPL has complied with the requirements of section 26(2)(a) of the GUA and is satisfied with the purposes of the issues and that the issuance of the indebtedness and the shares will be made in accordance with legislated requirements.

The Board notes that nothing in this Order will bind, affect or prejudice the Board's consideration of any matter relating to the cost of capital in future proceedings. Specifically the Board retains the ability to exercise regulatory scrutiny and to review the cost of capital with respect to the debt and equity of AGPL during the consideration of the next General Rate Application for either ATCO Gas or ATCO Pipelines.

THEREFORE, IT IS HEREBY ORDERED THAT:

- (1) ATCO Gas and Pipelines Ltd. is authorized to issue a 30 year, 5.183% debenture to CU Inc., in the principal amount of \$89,000,000.
- (2) ATCO Gas and Pipelines Ltd. is authorized to issue 5,484 Class A non-voting and 34,516 Class B Common shares to CU Inc. for total proceeds of \$9,200,000.

END OF DOCUMENT