


<p style="text-align: center;">MADE at the City of Calgary, in the Province of Alberta, on 4th day of February 2005.</p>	<div style="text-align: center;">  ALBERTA ENERGY AND UTILITIES BOARD </div>
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<p>ATCO Gas and Pipelines Ltd. Issuance of Debentures</p>	<p style="text-align: right;">Application Nos. 1377385 and 1377401</p>
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On December 22, 2004, ATCO Gas and Pipelines Ltd. (AGPL) filed an application (Application) with the Alberta Energy and Utilities Board (Board) for approval to issue two debentures (Debentures) totalling \$118,00,000 to its parent company, CU Inc., in the following amounts.

Interest Rate	Principal Amount	Maturity Date	Length to Maturity
5.096%	\$39,100,000	November 18, 2014	10 years
5.896%	\$78,900,000	November 20, 2034	30 years

The Application was considered pursuant to section 26(2)(a) of the *Gas Utilities Act*, R.S.A. 2000, c. G-5, as amended, (GU Act).

The Board arranged for publication of Notice of the Application (Notice) in the major Alberta daily newspapers on January 17, 2005 and provided interested parties with a copy of the Notice by e-mail on January 12, 2005. Interested parties were requested to file any objections to the Application by February 1, 2005.

The Board notes that it did not receive any objections to the Application by the deadline date. Therefore the Board will continue to process this Application without further notice as indicated in the Notice.

AGPL's proposed 5.096% Debenture will mature on November 18, 2014, while AGPL's proposed 5.896% Debenture will mature on November 20, 2034. The Debentures contain repayment and redemption provisions, as well as other terms and conditions that reflect the comparable provisions applicable to the 5.096% and 5.896% Debentures issued on November 18, 2004 by CU Inc.

The net proceeds to AGPL, after the deduction of its pro rata shares of the issue fees and expenses of CU Inc., are estimated to be approximately \$117,331,100 consisting of \$38,904,600 and \$78,426,500 from the 5.096% and 5.896% Debentures issue respectively. Of these net proceeds, \$84,518,000 will be allocated to the ATCO Gas division of AGPL and \$32,813,100 will be allocated to the ATCO Pipelines division of AGPL.

In the Application, AGPL stated that the net proceeds received from the proposed Debentures will be applied to finance capital expenditures, repay outstanding indebtedness and for other general corporate purposes. Furthermore, the proposed Debentures will help AGPL maintain an appropriate capital structure.

AGPL stated in its Application that the rates of interest and other terms and conditions attached to the Debentures are, in the opinion of management, more favourable to AGPL than would have been the case if AGPL had carried out long-term debt financing on its own. AGPL considered that the proposed debenture issues of 5.096% and 5.896% to CU Inc. will not be prejudicial to the interests of AGPL's customers nor to the interests of the public of the Province of Alberta.

The Board considers that AGPL has complied with the requirements of section 26(2)(a) of the GU Act, and is satisfied that the issue of the 5.096% and 5.896% Debentures will be made in accordance with legislative requirements. The Board is satisfied with the purposes of the issues and is satisfied that the Debentures will not be detrimental to the interests of AGPL's customers.

Therefore, the Alberta Energy and Utilities Board, pursuant to section 26(2)(a) of the GU Act, R.S.A. 2000, c. G-5, as amended, hereby orders as follows:

- (1) Authorization for AGPL to issue a 10-year 5.096% Debenture to CU Inc. in the principal amount of \$39,100,000.
- (2) Authorization for AGPL to issue a 30-year 5.896% Debenture to CU Inc., in the principal amount of \$78,900,000.

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