

**THE PROVINCE OF ALBERTA**

**GAS UTILITIES ACT**

**ALBERTA ENERGY AND UTILITIES BOARD**

IN THE MATTER of an issue of a  
4.84 per cent Debenture for ATCO  
Gas and Pipelines Ltd.

**ORDER U2002-17**

**Application No. 1249794**  
**File No. 6508-3**

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**1 BACKGROUND**

By letter dated November 26, 2001, CU Inc. filed an application (the Application) with the Alberta Energy and Utilities Board (the Board) on behalf of ATCO Gas and Pipelines Ltd. (ATCO Gas) for authorization to issue a 4.84 % Debenture (the 4.84% Debenture or Debenture) in the principal amount of \$45,000,000 to CU Inc., ATCO Gas' parent company.

The Application was considered pursuant to section 25.1(2)(a) of the *Gas Utilities Act*, R.S.A. 2000, c.G-5, as amended, (GU Act) which provides:

25.1(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, ...

Notice of the Application was published and served on interested parties by the Board. Interested parties were requested to file any objections to the Application by December 28, 2001. As no objections were received to the published notice, the Board will proceed to process this Application as indicated.

**2 DETAILS OF THE APPLICATION**

On November 6, 2001, CU Inc., parent company of ATCO Gas, completed the sale of 4.84 % debentures in the principal amount of \$175,000,000 to the public. CU Inc. advanced \$44,982,000 of the proceeds from this sale to ATCO Gas. This advance was made on the understanding that

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ATCO Gas would incur a pro rata share of the issue fees and expenses of CU Inc. Accordingly, ATCO Gas proposes to issue the 4.84% Debenture, in the principal amount of \$45,000,000 to CU Inc. in respect of the advance received.

The proposed 4.84% Debenture will mature on November 6, 2006. The Debenture contains repayment and redemption provisions and other terms and conditions that reflect the comparable provisions applicable to the 4.84% debenture of CU Inc. ATCO Gas stated in the Application:

The rate of interest payable by [ATCO Gas] on the 4.84% Debenture to be issued to CU Inc. is the rate payable by CU Inc. on its 4.84% Debentures. This rate of interest and other terms and conditions attaching to the 4.84% Debenture are, in the opinion of the management of [ATCO Gas], more favourable to [ATCO Gas] than would have been the case if [ATCO Gas] had carried out long-term debt financing on its own. Accordingly, the proposed issue of the 4.84% Debenture to CU Inc. will not be prejudicial to the interests of the customers of [ATCO Gas] nor to the interest of the public of the Province of Alberta.

The net proceeds to ATCO Gas, after deduction of its pro rata share of the issue fees and expenses of CU Inc., are estimated to be approximately \$44,775,500. The net proceeds will be allocated to the ATCO Pipelines Division of ATCO Gas and applied to fund the capital expenditure program, to reduce indebtedness and for other general corporate purposes. ATCO Gas indicated that the proposed Debenture would help the Company maintain an appropriate capital structure.

### **3 ORDER**

On the basis of review of the documentation provided in the Application, the Board considers that ATCO Gas has complied with the requirements of section 25.1(2)(a) of the GU Act and is satisfied that the issue of the 4.84% Debenture will be made in accordance with legislative requirements. The Board is satisfied with the purposes of the issue and is satisfied that the Debenture will not be detrimental to the interests of ATCO Gas' customers. Therefore, the Board hereby authorizes ATCO Gas to issue the 4.84% Debenture, in the principal amount of \$45,000,000 to CU Inc.

DATED in Edmonton, Alberta on January 11, 2002.

**ALBERTA ENERGY AND UTILITIES BOARD**