



ATCO Ltd.

**1999
ANNUAL
INFORMATION
FORM**

March 8, 2000

TABLE OF CONTENTS

	Page
Document Incorporated by Reference.....	2
Definitions of Certain Terms.....	2
Summary of Financial Information.....	4
Consolidated Five Year Financial Summary.....	4
Consolidated Quarterly Financial Summary.....	5
Intercorporate Relationships.....	6
The Corporation.....	7
Business of ATCO.....	7
Regulated Natural Gas Operations.....	7
Regulated Electric Operations.....	10
Power Generation.....	12
Manufacturing and Leasing.....	15
Other Businesses.....	18
Corporate Reorganization.....	20
Capital Expenditures.....	21
Government Regulation.....	21
Directors and Officers.....	25
Shareholdings of Directors and Senior Officers.....	27
Markets for the Securities of the Corporation.....	27
Additional Information.....	28

DOCUMENT INCORPORATED BY REFERENCE

The Corporation's 1999 Management's Discussion and Analysis of Financial Condition and Results of Operations dated March 8, 2000, contained on pages 32 to 37 of the 1999 Annual Report of the Corporation, is incorporated by reference into and forms an integral part of this Annual Information Form.

DEFINITIONS OF CERTAIN TERMS

Certain terms used in this Annual Information Form are defined below:

"AEUB" means the Alberta Energy and Utilities Board;

"AGP" means ATCO Gas and Pipelines Ltd., formerly Canadian Western Natural Gas Company Limited which changed its name to ATCO Gas and Pipelines Ltd. on December 13, 1999;

"ASI" means ATCO Structures Inc. together with its subsidiaries;

"ATCO" means the Corporation together with its subsidiaries;

"ATCO Electric" means ATCO Electric Ltd., formerly Alberta Power Limited;

“**ATCO Frontec**” means ATCO Frontec Corp., formerly Frontec Corporation, together with its subsidiaries;

“**ATCO Gas**” means the natural gas distribution operations of NUL and AGP;

“**ATCO Midstream**” means ATCO Midstream Ltd., formerly ATCO Gas Services Ltd.;

“**ATCO Noise Management**” means ATCO Noise Management Ltd.;

“**ATCO Power**” means ATCO Power Ltd., formerly CU Power International Limited, together with its subsidiaries;

“**BPL**” means Barking Power Limited;

“**Canadian Utilities**” means Canadian Utilities Limited together with all its subsidiaries;

“**Corporation**” means ATCO Ltd.;

“**CU**” means Canadian Utilities Limited;

“**CU Water**” means CU Water Limited;

“**EUA**” means the Electric Utilities Act (Alberta);

“**km**” means kilometre;

“**Mmcf**” means one million cubic feet; and “**Bcf**” means one billion cubic feet;

“**negotiated settlement**” means an agreement related to a revenue requirement and/or customer rates for a specific period of time resulting from direct negotiations between a utility and its customers. A negotiated settlement avoids the need for a general rate application for the duration of the agreement. All negotiated settlements must be approved by the AEUB;

“**NLD**” means Northland Utilities (NWT) Limited;

“**NUL**” means Northwestern Utilities Limited;

“**NUY**” means Northland Utilities (Yellowknife) Limited;

“**petajoule**” means a unit of energy equal to approximately 948.2 billion British thermal units;

“**Thames Power**” means Thames Power Limited;

“**YECL**” means The Yukon Electrical Company Limited.

SUMMARY OF FINANCIAL INFORMATION

Consolidated Five Year Financial Summary (1)

	Year Ended December 31				
	1999	1998	1997	1996 (2)	1995 (2)
	(\$ millions except per share data)				
Revenues	2,374.8	2,077.5	2,045.1	1,934.1	1,736.9
Earnings from continuing operations	100.7	88.9	81.2	73.3	56.8
Earnings attributable to Class I and Class II Shares (3)					
Before discontinued operations	100.7	88.9	81.2	73.3	56.8
After discontinued operations	100.7	88.9	81.2	80.1	57.9
Earnings per Class I and Class II Share (3) (4)					
Before discontinued operations	3.36	2.96	2.68	2.41	1.86
After discontinued operations	3.36	2.96	2.68	2.63	1.90
Cash dividends declared per share					
Class I Non-Voting Shares	0.80	0.68	0.56	0.52	0.36
Class II Voting Shares	0.80	0.68	0.56	0.52	0.36
Total assets	4,934.9	4,793.7	4,405.1	4,240.8	4,361.7
Long term debt	2,226.9	2,106.0	1,844.7	1,793.0	1,934.0
Preferred shares	350.0	500.0	625.0	625.0	750.0
Total long term debt and preferred shares	2,576.9	2,606.0	2,469.7	2,418.0	2,684.0
Class I and Class II shareholders' equity	744.2	681.4	613.0	567.7	502.0

Notes:

- (1) There have been no extraordinary items during these periods.
- (2) The financial results have been adjusted to reflect the sale of the Corporation's investment in ATCOR Resources Ltd. on January 31, 1996.
- (3) After payment of preferred share dividends.
- (4) The dilutive effect of outstanding options does not materially change these figures.

Consolidated Quarterly Financial Summary (1) (2)

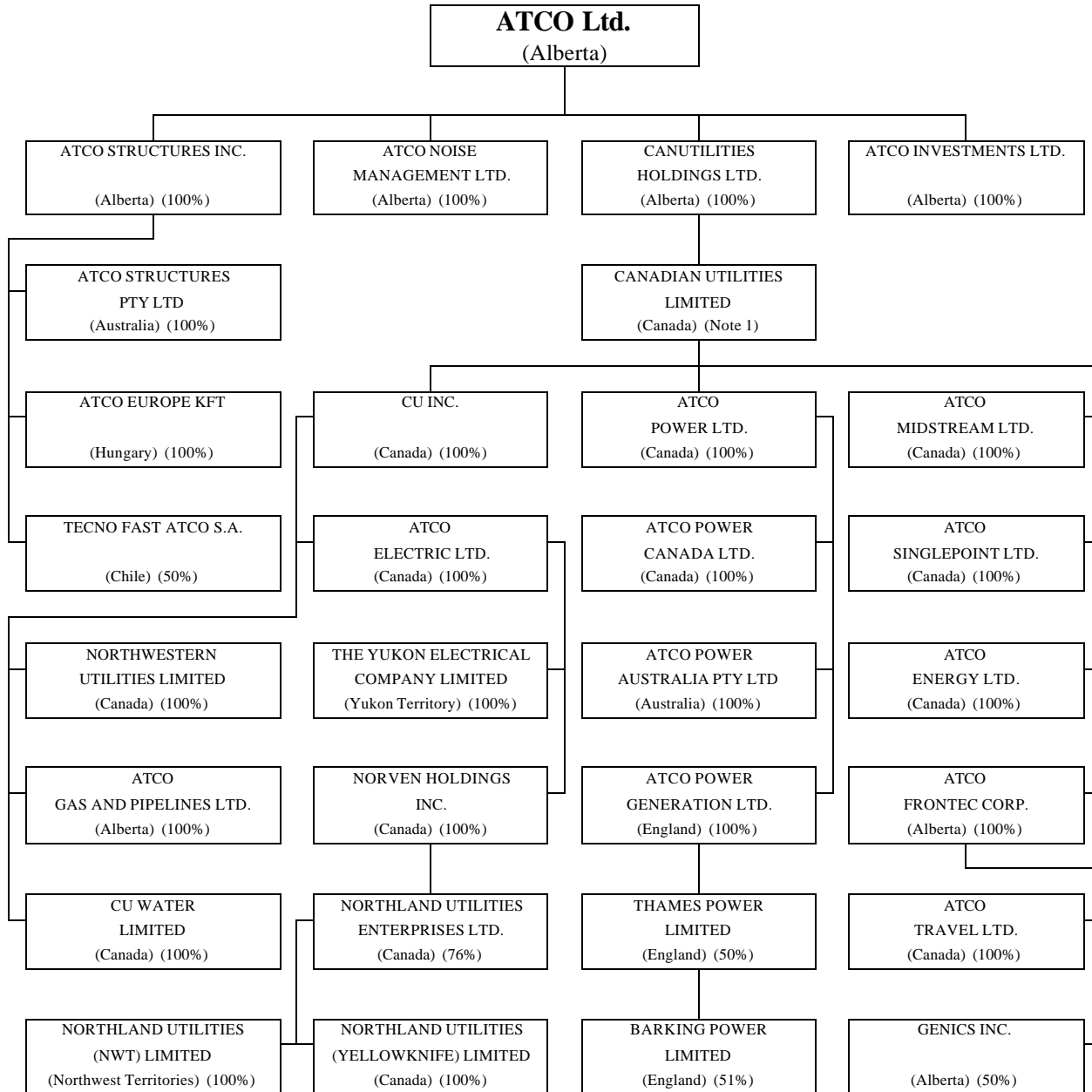
	Three Months Ended			
	<u>December 31</u>	<u>September 30</u>	<u>June 30</u>	<u>March 31</u>
	(\$ millions except per share data) (unaudited)			
1999				
Revenues	698.6	482.7	524.8	668.7
Earnings attributable to Class I and Class II Shares (3).....	24.9	18.7	21.8	35.3
Earnings per Class I and and Class II Shares (3) (4).....	0.83	0.63	0.72	1.18
1998				
Revenues	643.0	408.4	444.1	582.0
Earnings attributable to Class I and Class II Shares (3).....	22.5	14.2	19.4	32.8
Earnings per Class I and and Class II Shares (3) (4).....	0.75	0.47	0.65	1.09

Notes:

- (1) Because of seasonal fluctuations, particularly in regulated operations, quarterly earnings are not indicative of full year results.
- (2) There were no discontinued operations or extraordinary items for these periods.
- (3) After payment of preferred share dividends.
- (4) The dilutive effect of outstanding options does not materially change these figures.

INTERCORPORATE RELATIONSHIPS

The following chart includes the names of the operating subsidiaries of the Corporation at December 31, 1999, the jurisdictions under the laws of which they were organized and the percentages of their voting securities beneficially owned or over which control or direction was exercised by the Corporation as at December 31, 1999.



Note:

- (1) 68.1% of the voting securities of Canadian Utilities Limited are held by CanUtilities Holdings Ltd. and ATCO Ltd. and 42.0% of the Class A non-voting shares of Canadian Utilities Limited are held by CanUtilities Holdings Ltd. and ATCO Ltd.

THE CORPORATION

The Corporation is the successor to the business commenced in 1947 by the late S.D. Southern and R.D. Southern and was incorporated under The Companies Act (Alberta) by Certificate of Incorporation dated August 31, 1962. The Corporation was continued under the Business Corporations Act (Alberta) on March 13, 1984. The address of the Corporation's registered and principal office is 1600 ATCO Centre, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6.

BUSINESS OF ATCO

The Corporation is a management holding company with operating subsidiaries engaged in the following businesses:

Regulated Natural Gas Operations	Production, gathering, purchase, transmission, transportation, storage, sale and distribution of natural gas by Northwestern Utilities Limited and ATCO Gas and Pipelines Ltd., and transmission and distribution of water by CU Water Limited.
Regulated Electric Operations	Generation, transmission and distribution of electric energy by ATCO Electric Ltd., The Yukon Electrical Company Limited, Northland Utilities (Yellowknife) Limited and Northland Utilities (NWT) Limited.
Power Generation	Non-regulated supply of electricity and cogeneration steam by ATCO Power Ltd.
Manufacturing and Leasing	Manufacture, sale and lease of transportable workforce shelter and space rental products by ATCO Structures Inc.
Other Businesses	Gathering, processing, storage, purchase and sale of natural gas by ATCO Midstream Ltd., technical facilities management operations for customers in the industrial, defence and transportation sectors by ATCO Frontec Corp., the design and construction of buildings to reduce noise emissions from industrial facilities by ATCO Noise Management Ltd., billing services, payment processing, credit and collection and call centre services by ATCO Singlepoint Ltd. and real estate by ATCO Investments Ltd.

ATCO operates in Canada, the United States, the United Kingdom, Australia, Hungary and Chile and has approximately 4,600 employees, of whom approximately 4,400 are employed in Canada. Of the total number of employees in Canada, approximately 4,100 are employed by Canadian Utilities.

Regulated Natural Gas Operations

NUL and AGP are engaged in the business of producing, gathering, purchasing, transmitting, transporting, storing, selling and distributing natural gas throughout Alberta and in the

Lloydminster area of Saskatchewan. Although NUL and AGP are the major natural gas distributors in Alberta, certain areas are served by other natural gas utilities.

NUL and AGP's principal markets for the sale of natural gas are in the communities of Edmonton, Calgary, Airdrie, Camrose, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, Red Deer, St. Albert and Sherwood Park, which have a combined population of approximately 1,834,000. Also served are 281 smaller communities as well as rural areas having a combined population of approximately 501,000, located on or in the vicinity of NUL's and AGP's transmission systems or the natural gas transmission pipelines of other companies. NUL and AGP serve approximately 798,400 customers with natural gas, of whom approximately 78% are located in the 11 communities named above.

NUL and AGP own and operate extensive natural gas production, transmission and distribution systems. The systems consist of approximately 860 km of field gathering lines, approximately 7,100 km of transmission lines connecting the sources of natural gas supply referred to under the section titled "Natural Gas Supply" to the communities served, and approximately 33,000 km of distribution mains. In addition, NUL and AGP own modern service and maintenance facilities in major centres.

Sales and earnings of NUL and AGP are affected by temperature and consequently winter weather can have a significant impact. Usually, more than 50% of the earnings of NUL and AGP are generated during the months of January, February, November and December.

The amounts of natural gas sold and transported for each of the last two years were as follows:

	1999			1998		
	Sales Customers	Transportation Customers	Total	Sales Customers	Transportation Customers	Total
	(petajoules)					
Residential.....	98.5	-	98.5	99.9	-	99.9
Commercial....	89.5	-	89.5	91.4	1.4	92.8
Industrial.....	13.1	335.9	349.0	11.5	316.4	327.9
Producer	-	359.5	359.5	-	290.7	290.7
Other	7.6	2.3	9.9	8.6	1.9	10.5
Affiliates	-	11.4	11.4	0.1	32.5	32.6
Total.....	<u>208.7</u>	<u>709.1</u>	<u>917.8</u>	<u>211.5</u>	<u>642.9</u>	<u>854.4</u>

In 1999, transportation services accounted for approximately 77% of the total volume of natural gas shipped by NUL and AGP.

Franchises

NUL and AGP distribute natural gas in incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued pursuant to applicable statutes.

In Edmonton, distribution of natural gas is carried on under the authority of an exclusive franchise. NUL has entered into an agreement with the City of Edmonton for a 10 year renewal of the franchise to November 15, 2005. The franchise renewal is subject to the right of the City of Edmonton, at the end of the renewal period, to purchase all of NUL's assets within the city and its assets outside the city used in supplying natural gas to the city. The purchase price would be the amount of the actual value thereof as a going concern plus 10% of such value. Although the franchise agreement gives the city certain rights of purchase, since 1935 the city has granted renewals for 10 year periods.

In Calgary, distribution of natural gas is carried on under the authority of a municipal by-law. The rights of ATCO Gas and Pipelines Ltd. (formerly Canadian Western Natural Gas Company Limited which changed its name to ATCO Gas and Pipelines Ltd. on December 13, 1999) under this by-law, while not exclusive, are unrestricted as to time. The by-law does not confer any right on the City of Calgary to acquire the facilities used in providing the service.

The franchises under which service is provided in other incorporated communities in Alberta have been granted for periods of up to 20 years. These franchises are exclusive to NUL and AGP and are renewable by agreement for further periods not exceeding 20 years each. If any franchise is not renewed, it remains in effect until such time as either party, with the approval of the AEUB, terminates it on six months written notice. Upon termination of a franchise the municipality may purchase the facilities used in connection with that franchise at a price to be agreed upon or, failing agreement, to be established by the AEUB.

Natural Gas Supply

NUL and AGP purchase the major portion (approximately 68%) of their supplies of natural gas under contracts with terms of less than five years. The prices for these purchases are determined through a tender/bid process or a negotiation process and are generally referenced to indices related to other Alberta natural gas purchase contracts.

Additional natural gas requirements are provided under long term contracts. The prices for these purchases are based on price indices related to prices paid under other third party natural gas purchase contracts in Alberta. As NUL's and AGP's long term natural gas purchase contracts expire, NUL and AGP replace them with contracts for one year or less. These shorter term contracts provide the flexibility needed to ensure that customers who choose to purchase their natural gas from other suppliers can be accommodated while still maintaining the supply security stipulated by legislation. Additional natural gas requirements are obtained from NUL's and AGP's producing properties. NUL and AGP also utilize salt cavern and field storage of natural gas for balancing system supply and demand.

NUL and AGP pursue a program involving the development of existing natural gas properties and supplies. NUL and AGP estimate that at December 31, 1999, they owned 408 petajoules (approximately 377 Bcf) of proved natural gas reserves.

In the opinion of the managements of NUL and AGP, the foregoing arrangements provide sufficient supplies of natural gas to meet the requirements of sales customers.

CU Water

CU Water is engaged in the transmission and distribution of water. CU Water owns and operates a distribution system to supply water to rural customers and small towns east of Edmonton.

In January 2000, the Corporation announced its intention to sell CU Water. It is not anticipated that this disposal will have a material impact on the Corporation's earnings.

Regulated Electric Operations

ATCO Electric is engaged in the business of generating, transmitting and distributing electric energy to 245 communities as well as rural areas in east-central and northern Alberta. Included are the communities of Drumheller, Lloydminster, Grande Prairie and Fort McMurray as well as the oil sands areas near Fort McMurray and the heavy oil areas near Cold Lake and Peace River. Electric utility service is also provided to one community in British Columbia and to two communities in Saskatchewan. YECL serves 19 communities in the Yukon Territory, including the capital city of Whitehorse, and NUY and NLD serve nine communities in the Northwest Territories, including the capital city of Yellowknife.

Electricity sales to the various classes of customers for each of the last two years were as follows:

	1999		1998	
	millions of kilowatt hours	%	millions of kilowatt hours	%
Industrial.....	7,132	71	7,294	71
Commercial.....	1,549	15	1,541	15
Residential.....	902	9	880	9
Rural, Rural Electrification Associations and other	485	5	473	5
Total.....	<u>10,068</u>	<u>100</u>	<u>10,188</u>	<u>100</u>

The aggregate population of the areas provided with electric utility service by ATCO Electric, YECL, NUY and NLD is approximately 440,000 and service is furnished to approximately 186,800 customers. ATCO Electric has been assigned approximately 65% of the designated service area within Alberta which contains approximately 20% of the existing provincial electrical load and 13% of the existing population.

ATCO Electric, YECL, NUY and NLD own and operate extensive electric transmission and distribution systems. The systems consist of approximately 8,400 km of main transmission lines and 49,500 km of distribution lines. In addition, ATCO Electric provides power to and operates approximately 14,000 km of Rural Electrification Association -owned distribution lines.

Franchises

ATCO Electric, YECL, NUY and NLD distribute electric energy in incorporated communities and in rural areas under the authority of franchises, approvals, permits or orders issued pursuant to applicable statutes.

The franchises under which service is provided in incorporated communities in Alberta have been granted for periods of up to 20 years. These franchises are exclusive to ATCO Electric and are renewable by agreement for further periods not exceeding 20 years each. If any franchise is not renewed, it remains in effect until such time as either party, with the approval of the AEUB, terminates it on six months written notice. Upon termination the municipality may purchase the facilities used in connection with that franchise at a price to be agreed upon or, failing agreement, to be established by the AEUB.

Generating Plants

At December 31, 1999, ATCO Electric, YECL, NUY and NLD owned 65 generating plants having a total name plate capacity of 1,388 megawatts. The maximum peak load demand during the year ended December 31, 1999, was 1,424 megawatts. The five largest plants are listed below. The 60 smaller plants are located throughout the more remote areas of Alberta, the Yukon Territory and the Northwest Territories.

<u>Plant</u>	<u>Type of Generating Plant</u>	<u>Name Plate Capacity Rating</u> (megawatts)
Battle River	coal-fired steam turbine	679
Sheerness	coal-fired steam turbine	375 (1)
H.R. Milner	coal-fired steam turbine	150
Rainbow	natural gas turbine	90
Sturgeon	natural gas turbine	18
Various (60)	diesel, natural gas turbine and hydro	76
		<u>1,388</u>

Note:

(1) ATCO Electric's entitlement to the 750 megawatt name plate capacity.

ATCO Electric manages the Sheerness generating plant and has entered into agreements with TransAlta Utilities Corporation for the equal sharing of ownership, cost and entitlement to electric capacity.

ATCO Electric owns or has committed under long term contracts sufficient coal supplies for the anticipated lives of its coal-fired generating plants.

The coal supplier for the H.R. Milner generating station, which comprises approximately 11% of ATCO Electric's generating capacity, has been under the protection of the Companies' Creditors Arrangement Act since July 1998. The coal supplier's operations have continued during this process and it has continued to sell coal to its customers, including ATCO Electric. In December 1999, the Court-appointed monitor undertook a process to effect the sale of the coal supplier

and/or its assets. ATCO Electric is continuing to monitor the situation and will assess its options when the outcome of this process becomes known.

Power Generation

Power generation operations are conducted by ATCO Power.

ATCO Power's principal business is the non-regulated supply of electricity and cogeneration steam in Canada, the United Kingdom and Australia. ATCO Power continues to focus its development efforts on independent power production and cogeneration projects in Canada, Australia, the United Kingdom and the Republic of Ireland.

ATCO Power's and the Corporation's independent cogeneration plants and generating stations, with their respective commissioning dates and nominal net capabilities, are shown below.

<u>Location</u>	<u>Commissioning Date</u>	<u>Plant Generating Capability</u> (megawatts)	<u>ATCO Power's Ownership</u>	<u>ATCO Power's Net Ownership</u> (megawatts)	<u>ATCO's Ownership</u>	<u>ATCO's Net Ownership</u> (megawatts)
<i>Canada:</i>						
<u>Operating Units:</u>						
McMahon, B.C.	1993	120	50.0%	60	50.0%	60
Primrose, Alberta	1998	85	40.0%	34	50.0%	43
Poplar Hill, Alberta	1998	43	80.0%	34	100.0%	43
Rainbow Lake, Alberta	1999	43	80.0%	34	100.0%	43
<u>Unit Under Construction:</u>						
Joffre, Alberta	2000	416	32.0%	133	40.0%	166
<u>Unit Under Development:</u>						
Muskeg River, Alberta	2002	170	80.0%	136	100.0%	170
<i>United Kingdom:</i>						
<u>Operating Units:</u>						
Barking, London	1995	1,000	25.5%	255	25.5%	255
Heathrow Airport	1995	14	50.0%	7	50.0%	7
<i>Australia:</i>						
<u>Operating Unit:</u>						
Osborne, South Australia	1998	180	50.0%	90	50.0%	90
<u>Unit Under Construction:</u>						
Bulwer Island, Queensland	2000	33	33.3%	11	33.3%	11

Canada

ATCO Power, EPCOR Power Development Corporation ("EPCOR") and NOVA Chemicals Corporation ("NOVA") are participants in a joint venture which owns and is constructing a \$380

million, 416 megawatt natural gas fired cogeneration plant near Joffre, Alberta. ATCO Power will be the operator of the facility. Commercial operations are scheduled to commence in May 2000. NOVA will purchase all of the steam and approximately 31% of the electricity produced for use in NOVA's Joffre petrochemical site under a 20 year energy purchase agreement. The balance of the output will be sold to the Alberta power pool or to specific customers. ATCO Power owns a 32% interest in the project, the Corporation owns 8%, EPCOR owns 40% and NOVA owns 20%.

ATCO Power will construct and will own and operate a \$225 million, 170 megawatt natural gas fired cogeneration plant and related facilities at the Athabaska Oil Sands Project ("AOSP") Muskeg River project near Fort McMurray, Alberta. Approximately one-half of the electricity and all of the steam produced by the plant will be supplied to AOSP for use in its Muskeg River mine. The balance of the electricity generated will be sold to the Alberta power pool or to specific customers. The project is scheduled for commissioning in 2002. ATCO Power will own an 80% interest in the project and the Corporation will own 20%.

ATCO Power has a 50% interest in a joint venture with Westcoast Power Inc. The joint venture owns and operates the McMahon cogeneration plant, an 120 megawatt cogeneration plant at Taylor, British Columbia. All of the electricity generated is sold to British Columbia Hydro and Power Authority ("BC Hydro") pursuant to an electricity purchase agreement expiring in 2013. In addition to generating electricity, the plant sells steam to Westcoast Energy Inc.'s adjacent natural gas processing plant.

A joint venture, owned by ATCO Power, Canadian Natural Resources Limited ("CNRL") and the Corporation, owns and operates a \$50 million, 85 megawatt cogeneration power plant (the "Primrose Steam Enhancement Plant") near Bonnyville, Alberta. The joint venture sells electricity and steam to CNRL for use in its heavy oil recovery process. Any excess electricity generated is sold to the Alberta power pool or to specific customers. ATCO Power owns a 40% interest in the project, the Corporation owns 10% and CNRL owns 50%.

ATCO Power owns and operates a \$41 million, 43 megawatt natural gas fired generating station at Poplar Hill near Grande Prairie. Revenues are derived from power sold to the Alberta power pool and from transmission deferral credits contracted with the Transmission Administrator. ATCO Power owns an 80% interest in the project and the Corporation owns 20%.

ATCO Power owns and operates a \$36 million, 43 megawatt natural gas fired generating station at Rainbow Lake, Alberta. The station, which was commissioned in March 1999, sells electricity to the Alberta power pool. ATCO Power owns an 80% interest in the project and the Corporation owns 20%. In 2000, ATCO Power will install a heat recovery steam generator and commence selling steam and electricity to Husky Oil Ltd., which has an option to purchase a 50% interest in the project.

ATCO Power has a 50% interest in a joint venture which had been selected to negotiate an electricity purchase agreement with BC Hydro for a \$240 million, 270 megawatt natural gas fired cogeneration plant in Port Alberni, British Columbia. On February 18, 2000, BC Hydro unilaterally ended negotiations to develop the project. On February 22, 2000, BC Hydro invited

a number of developers (including ATCO Power) to submit expressions of interest in developing a 250 megawatt natural gas fired power station on Vancouver Island.

In December 1998, a consortium led by ATCO Power announced the signing of a joint venture agreement to pursue the development of a \$470 million, 550 megawatt natural gas fired combined cycle plant at the Lakeview Generating Station site in Mississauga, Ontario. The project, known as Lakeview New Generation, is a joint venture between ATCO Power, Ontario Power Generation Inc. and Toronto Hydro, each owning a one-third ownership interest. A detailed review of environmental impacts and economic benefits was undertaken during the year and technical and commercial terms were progressed.

United Kingdom

ATCO Power and BICC plc, a United Kingdom cable and construction group, each own a 50% equity interest in Thames Power, a London, England based company. Thames Power has a 51% interest in BPL which owns and operates an 1,000 megawatt, £594.2 million (approximately \$1.4 billion) natural gas-fired combined cycle generating plant at Barking in London, England (the “Barking power station”). London Electricity plc, Southern Electric plc and Eastern Electricity plc (the “Regional Electricity Companies”) own the remaining 49% interest in BPL. All of the electricity produced is sold to the United Kingdom power pool (the “Pool”). The Regional Electricity Companies and BPL have entered into agreements, expiring in 2010, designed to provide BPL with a predictable revenue stream and to reduce the exposure of the Regional Electricity Companies to wide variations in prices for purchase of electricity from the Pool. The agreements provide for payments between the parties based on the income of BPL and permit BPL to recover its fixed and variable costs, including fuel supply costs, subject to achieving satisfactory levels of availability and efficiency. The Barking power station is operated by ATCO Power.

ATCO Power has a 50% interest in a joint venture with a subsidiary of London Electricity plc. The joint venture owns and operates a facility consisting of a 14 megawatt natural gas turbine, 40 megawatts of boiler capacity and an associated heat distribution system at London’s Heathrow Airport. The joint venture has a 15 year energy services contract, expiring in 2010, with BAA plc, owner of the Heathrow Airport, for all of the electric energy and hot water produced by the facility.

Australia

ATCO Power has a 50% interest in a joint venture with Origin Energy Limited, formerly Boral Energy Limited. The joint venture owns and operates an \$170 million AUD (approximately \$162 million) 180 megawatt cogeneration plant in Osborne, South Australia. Commercial operations commenced in December 1998. This joint venture supplies electricity to Flinders Power Pty Ltd, formerly ETSA Corporation, a corporation owned by the State of South Australia engaged in the generation of electric energy, under a 20 year electricity purchase agreement expiring in 2018. In addition to generating electricity, the plant provides steam under a 20 year agreement, expiring in 2018, to Penrice Soda Products Pty Ltd.

A consortium comprising ATCO Power, Origin Energy Limited and Lend Lease Capital Services Limited, each owning a one-third ownership interest, is constructing and will own and operate an \$80 million AUD (approximately \$76 million) 33 megawatt natural gas fired cogeneration plant and other utility infrastructure at BP Amoco plc's ("BP") Bulwer Island refinery, near Brisbane, Queensland. BP will purchase all of the power and steam under a 20 year agreement. Construction commenced in 1999 and is scheduled to be completed in the fourth quarter of 2000. ATCO Power will manage the project.

Ireland

A consortium comprising ATCO Power, Bord Gais Eireann and Aughinish Alumina Limited ("Aughinish") announced that it was proceeding with the development of a 250 megawatt natural gas-fired cogeneration project at Aughinish's aluminum refinery in County Limerick.

Manufacturing and Leasing

Manufacturing and leasing operations are carried on by ASI. Activities include the manufacture, sale and lease of transportable shelters and related products in Canada and around the world.

Workforce Housing

Products and Services

ASI serves the North American and Australian markets for work force housing at remote industrial and natural resource development projects. It offers workforce housing products for sale or lease and provides a complete range of support services including parts and service, transportation, site preparation, maintenance and installation. ASI is the largest supplier of workforce housing products in Canada.

The workforce housing lease fleet of approximately 2,300 units (approximately 1,900 units in Canada) includes sleeping accommodation, kitchens, diners, recreation facilities and washcars which can accommodate up to 8,200 persons. The fleet is maintained to meet the latest standards set by the building industry and trade unions and is refurbished and upgraded as required. ASI also purchases used workforce housing units from customers which are then retrofitted as required and made available for resale or lease in the workforce housing market.

In 1995, ASI introduced a new line of industrial products, further enhancing the quality construction, finishings and equipment for which ATCO is known. A key feature to the new product lines is the ability to customize product according to the client's needs. New products introduced to the fleet include sleepers, washcars, kitchens, diners and staff housing, as well as drill camps and wellsite units and, in particular, a new union-approved 49 person complex for major camp projects. Since 1995, 1,059 new units, net of disposals, have been added to the lease fleet, of which 415 units, net of disposals, were added in 1999.

Workforce housing products are used primarily by companies in the oil and gas, forestry products and mining industries and by governments. The products are assembled into camps

comprised of standard building units which can be arranged to accommodate various customer needs as well as custom-designed units. The units are designed for use in all weather conditions and are fully transportable. ASI arranges transport to the customer's location by land, air and water. ASI pioneered the concept of workforce housing products transportable by helicopter or large transport aircraft to meet critical time schedules.

A team of trained and qualified installation project managers is employed to install the workforce housing products. A support staff of technicians designs foundations and services including power, water treatment and sewage treatment. ASI offers complete "turn-key" service anywhere in the world to handle all of the site preparation, installation and field operations. A comprehensive maintenance package encompasses technical assistance in the day to day operation and spare parts and service requirements of the facilities for the duration of the project.

ASI also sells and leases Fold-A-Way metal buildings domestically and internationally. These prefabricated steel buildings have a modular design which enables them to be erected in hours and easily dismantled and relocated. Fold-A-Way metal buildings have been used by a broad range of industries and government agencies with many varied applications such as equipment storage, maintenance facilities, factories, gymnasiums, sewage treatment plants, aircraft hangers and emergency shelters. The buildings are manufactured by a subcontractor to designs and specifications developed by ASI.

Demand for workforce housing products is directly related to the capital spending cycle and the level of development activity in natural resource industries. Demand for workforce housing in the western Canadian resource development market improved in 1999 and the utilization rate of the lease fleet averaged 64%, compared to 38% in 1998. As part of a plan to attain optimum fleet size, 120 units were sold in 1999.

Space Rentals

Products and Services

ASI's space rentals business involves the lease and sale of relocatable modular offices, classrooms and other community structures in Canada, the United States, Australia and Chile. Its space rentals fleet of approximately 2,400 units consists of on-site structures such as site offices, lunchrooms, storage facilities, lavatories, first-aid units and locker rooms, and modular commercial and community structures such as office complexes and classrooms. On-site structures are used primarily by construction companies on urban and rural construction sites. Commercial and community structures, although relocatable, are generally used as more permanent facilities by a wide range of private and public sector customers.

Space rental products are generally offered to customers under lease packages which may include options to purchase. The terms of leases generally vary from one month to five years. Customers with longer term requirements typically purchase new products or products from the space rentals fleet. Sales from the fleet assist ASI in maintaining a modern inventory of space rentals units.

Manufacturing

ASI manufactures a broad range of relocatable modular products for worldwide sale and for its lease fleet.

Canada

ASI's principal manufacturing facilities are located on a 72 acre leased site in Calgary known as the ATCO Industrial Park, with approximately 200,000 square feet of production and office space. ASI employs a staff of engineers and designers whose expertise in designing modular buildings, complemented by technicians experienced in selection of materials and modular construction methods, results in the manufacturing of products for use anywhere in the world ranging from sophisticated custom-designed projects to basic construction camp facilities and modular housing.

The Calgary plant manufactures products which include: relocatable and permanent workforce housing products for remote development projects consisting of sleeping accommodation, kitchens, diners, recreation facilities and washcars; on-site structures such as site offices, lunchrooms, storage facilities, lavatories and first-aid units; custom-designed modular commercial and community structures such as office complexes, drilling camps, airport buildings, retail buildings, hotels, schools, classrooms, guard houses and kiosks; and modular homes.

ASI's Spruce Grove manufacturing facility is located 15 km west of Edmonton, Alberta. This 90,000 square foot facility was originally used for service and maintenance work, but has been used as a manufacturing facility since 1995 to meet the continuing growth in demand for relocatable modular products in western Canada.

International

ASI has marketed and installed its manufactured products around the world since 1947 and has established a reputation as a leader in the international supply of relocatable shelter products. Products sold internationally are manufactured in Canada, Australia, Hungary, Chile and Egypt.

In 1999, ASI leased a 100,000 square foot manufacturing facility in Diboll, Texas. Commissioning of the facility was completed and manufacturing of relocatable modular products will commence in early 2000. The plant will serve the local domestic market and international markets.

ASI operates a leased 50,000 square foot manufacturing facility in Budapest, Hungary. This plant manufactures workforce housing products, predominantly for use by western energy and resource companies operating in the former Soviet Union.

ASI has a 50% interest in a joint venture with Tecno Fast S.A., a modular manufacturing company based in Santiago, Chile.

ASI owns and operates a 15,000 square foot manufacturing facility on a three acre site in Brisbane, Queensland, Australia and a 15,000 square foot manufacturing facility on a two acre site in Townsville, Queensland.

Relocatable shelters carrying the ATCO name are sold in Egypt pursuant to a licensing agreement with MISR Camp S.A.E. which operates from a 12,000 square foot plant in Cairo.

Although ASI's international competitors generally serve regional markets and often are not able to offer the same capabilities and experience as ASI, the international market is nevertheless very competitive and price is often the determining factor in securing contracts.

Other Businesses

Non-Regulated Natural Gas Production, Gathering, Processing and Storage Operations

ATCO Midstream owns and operates non-regulated production, gathering, processing and storage facilities in Alberta. ATCO Midstream also provides management services for AGP's storage field at Carbon, Alberta.

ATCO Midstream owns a 51.3% interest in the Edmonton Ethane Extraction Plant ("EEEP"). Located in south Edmonton, EEEP is a natural gas processing plant which extracts ethane and other natural gas liquids from natural gas flowing into the Edmonton market area. Ethane is sold to an Alberta ethylene producer and other natural gas liquids are sold into the Sarnia, Ontario market, in each case under a long term contract that expires in 2004.

ATCO Midstream also owns and operates seven natural gas processing plants, three transmission compression facilities and approximately 500 km of field gathering lines. Natural gas production from the producing properties connected to ATCO Midstream's natural gas gathering systems is processed by ATCO Midstream and either transported for a fee or purchased and sold under contracts with third parties.

During 1999, ATCO Midstream completed the expansion of its Golden Spike sour gas processing plant to increase its capacity from 15 Mmcf per day to 40 Mmcf per day.

ATCO Midstream has agreements for natural gas storage capacity with various facilities in Alberta. ATCO Midstream utilizes this capacity to provide storage services to third parties.

ATCO Midstream continues to pursue natural gas gathering, processing and storage opportunities in western Canada.

Technical Facilities Management

Technical facilities management operations are conducted by ATCO Frontec.

ATCO Frontec and Pan Arctic Inuit Logistics Corporation jointly have a five year contract with the Government of Canada to operate and maintain the North Warning System from April 1,

1995. The agreement provides for a sharing of the profits from the contract, based on each participant meeting certain performance targets. The contract term has recently been extended by 18 months to September 30, 2001.

ATCO Frontec, through its own operations and through a number of joint ventures, provides project management and technical services for customers in the industrial, defence, telecommunications and transportation sectors. Activities include the operation and maintenance of the Alaska Radar System, the operation and maintenance of various remote sites for Northwestel Inc. in the Northwest Territories and the Yukon Territory, the installation of communication equipment in Department of National Defence vehicles, airport operation and maintenance, security, facilities management and travel services, bulk fuel storage and distribution and a wide variety of services and business activities in the Northwest Territories. Effective January 1, 1999, ATCO Frontec acquired 50% of the shares of Genics Inc., a manufacturer of wood preservation products used to extend the life of wooden utility poles.

Noise Management

ATCO Noise Management provides turnkey solutions for industrial noise that may include acoustic enclosures, building, barriers, ventilation systems, combustion air intake and exhaust silencers and other silencing components. It offers a full range of services within the ISO 9000 quality assurance standard, including ambient noise surveys, regulatory review, engineering design, procurement, construction and post-construction testing using qualified subcontractors to provide materials and services.

The growing awareness of noise as a pollutant has resulted in a more rigorous enforcement of noise abatement by the National Energy Board in Canada, the Federal Energy Regulatory Commission in the United States and the European Union Commission.

ATCO Noise Management's clients are predominantly from the energy and specialty gas manufacturing sectors. Typical projects are acoustic buildings for new compressor stations, retrofitting of existing compressor stations, acoustic buildings for power generation facilities, and acoustic buildings for gas separation plants.

A major initiative for ATCO Noise Management culminated in a two-year contract from Siemens-Westinghouse Power Corporation for the design, supply and installation of 52 acoustic generator enclosures in Canada, the United States and South America. The contract followed the successful operation of a prototype enclosure by ATCO Noise Management in Pensacola, Florida. To date, nine acoustic generator enclosures have been completed at four sites. The contract provides an opportunity to develop a new acoustic enclosure in partnership with an important original equipment manufacturer (OEM). The potential for similar projects is large as demand for electrical generation continues to be strong.

In February 1999, ATCO Noise Management entered into a contract for the acoustic retrofit of ten power plants on four sites in Puerto Rico.

ATCO Noise Management's European office in Staffordshire, England completed two major contracts, involving the acoustic treatment of a 24 megawatt power plant in the Grand Cayman Islands for Burmeister & Wain Scandinavian Contractors A/S of Denmark and an oxygen manufacturing plant at the Owens-Corning glass factory at Wrexham, Wales for BOC Process Plants. In October 1999, staffing levels for the European office were increased to better serve imminent contracts and secure future business in this noise sensitive marketplace.

Real Estate

ATCO Investments Ltd. owns ATCO Centre Phase II at 919 - 11 Avenue S.W., Calgary, containing 125,000 square feet of net rentable area, of which 100% was occupied as at March 8, 2000.

ATCO Investments Ltd. also has, through a joint venture, a 46.7% interest in a 56,000 square foot prime land assembly in downtown Calgary.

ATCO Singlepoint Ltd.

ATCO Singlepoint Ltd. provides billing services, payment processing, credit and collection and call centre services. ATCO Singlepoint Ltd. provides contract utility billing and related services to the City of Red Deer pursuant to a five year contract expiring on December 31, 2003. Utility billing and related services are supplied to ATCO Gas and ATCO Electric pursuant to five year contracts expiring on January 1, 2004.

ATCO I-Tek

The ATCO I-Tek division of CU is engaged in the development, operation and support of the information systems and technologies used within ATCO.

CORPORATE REORGANIZATION

On May 12, 1999, the shareholders of CU approved a reorganization designed to separate the regulated utility operations of CU from its non-regulated operations. On July 1, 1999, the reorganization was implemented by the transfer of all of the common shares and debt of the regulated utility subsidiaries to CU Inc. in return for common shares of CU Inc. and the assumption by CU Inc. of the obligations of CU under CU's trust indenture. As a result of the reorganization, CU's regulated operations, which had previously been financed by CU, henceforth will be financed by CU Inc. CU's non-regulated operations will continue to be financed either directly by the subsidiary involved or by CU.

CAPITAL EXPENDITURES

The following table summarizes the actual expenditures for property, plant and equipment by ATCO for the last five fiscal periods:

	December 31				
	1999	1998	1997	1996	1995
	(\$ millions)				
Regulated natural gas operations	112.6	143.5	144.6	82.5	142.7
Regulated electric operations	134.0	124.4	122.4	125.8	118.1
Power generation	102.3	143.3	68.3	13.7	41.9
Manufacturing and leasing	31.4	39.7	11.6	10.1	5.2
Other businesses	46.3	18.2	10.7	30.3	33.5
Corporate.....	0.1	0.4	2.8	-	0.3
Intersegment eliminations.....	(11.7)	-	-	-	-
Unallocated.....	-	-	-	-	26.2
Consolidation	415.0	469.5	360.4	262.4	367.9

Note:

The unallocated amount is primarily comprised of capital expenditures of ATCOR Resources Ltd.

GOVERNMENT REGULATION

Regulated Operations

Under Alberta legislation, owners of public, electric or gas utilities are required to obtain AEUB approval prior to issuing securities. The Corporation is not subject to, and CU and CU Inc. have obtained from the AEUB orders which exempt them from, this requirement.

The regulated operations of ATCO in Alberta are subject to the jurisdiction of the AEUB which, among other things, is vested with broad general powers of supervision with respect to the construction and operation of electric energy and natural gas facilities within the province and broad powers of regulation in respect of rates charged for electric energy, natural gas and water.

The AEUB approves customer rates based on anticipated energy sales as well as the revenue required to recover estimated costs of service and a fair return on rate base, all in respect of a future test period. Energy sales are based on a forecast of economic and business conditions and, in the case of natural gas utility operations, normal temperature which is defined as the average temperature for the previous 20 years. Costs of service include estimated operating expenses, depreciation and taxes.

Rate base consists of the depreciated cost of utility assets and an allowance for working capital. Return on rate base is designed to meet the cost of interest on long term debt and dividends on preferred shares and to provide the common shareholders with a reasonable opportunity to earn a fair return on their investment. The determination of a fair return to the common shareholders involves an assessment by the AEUB of many factors, including returns on alternative

investment opportunities of comparable risk and the level of return which will enable a utility to attract the necessary capital to fund its operations.

The EUA and the Gas Utilities Act grant the AEUB specific authority to approve customer rates that provide incentives for efficiencies that result in cost savings or other benefits that can be shared in an equitable manner between a utility and its customers. Final determination of such customer rates requires the approval of the AEUB.

In Alberta, the level of AEUB involvement in the review process may diminish in the future as negotiations between utilities and their customers become more frequent.

The regulated operations of ATCO in the Yukon Territory (YECL) and the Northwest Territories (NUY and NLD) are subject to regulation similar to that in effect in Alberta by regulatory authorities in those jurisdictions.

Particulars of the most recent final decisions made by the AEUB respecting general rate applications or negotiated settlements filed by the three principal regulated subsidiaries of ATCO are as follows:

	<u>Year</u>	<u>Date of Decision (1)</u>	<u>Mid-Year Rate Base</u> (\$ millions)	<u>Rate of Return</u>	
				<u>Rate Base</u> (%)	<u>Common Equity (2)</u> (%)
ATCO Electric.....	1999	May 10/99	(3)	(3)	(3)
	2000	May 10/99	(3)	(3)	(3)
AGP.....	1997	Mar. 2/00	(4)	(4)	10.500
	1998	Mar. 2/00	(4)	(4)	9.375
NUL.....	1997	Nov. 12/99	(5)	(5)	(5)

Notes:

- (1) Indicates original date of decision, however the information shown reflects all amending or varying orders.
- (2) Common equity rate of return is the rate of return on the portion of rate base considered to be financed by common equity.
- (3) A negotiated settlement approved by the AEUB. The negotiated settlement did not establish a rate base, a return on rate base or a return on common equity.
- (4) The mid-year rate bases and the rates of return on rate base will be approved by the AEUB following the refiling of the 1997 revenue requirement and the 1998 general rate application by AGP on March 24, 2000. The refilings will reflect the rates of return on common equity and the common equity components approved by the AEUB in the March 2, 2000 decisions. The AEUB is expected to issue a decision in April 2000.
- (5) An amendment to a negotiated settlement approved by the AEUB resulted in a 1.426% reduction in customer rates for 1999. The negotiated settlement did not establish a rate base, a return on rate base or a return on common equity.

Gas Utilities Act

Under the Gas Utilities Act, customers in Alberta have the choice of purchasing their natural gas supplies from their local natural gas utility or directly from producers or brokers, subject to certain conditions. In any case, the local natural gas utility provides the transportation and

distribution services for all customers under AEUB approved tariffs which provide for the recovery of the cost of service and a fair return on rate base.

Customers purchasing natural gas from NUL and AGP do so at rates that are approved by the AEUB. NUL and AGP receive no profit or benefit from changes in natural gas supply costs. The cost of the natural gas they purchase for sale to their customers is passed on directly to their customers following scrutiny in a public process under the authority of the AEUB. The AEUB requires NUL and AGP to file an application with the AEUB to adjust customer rates whenever the difference between natural gas costs and cost recoveries from customers exceeds levels set by the AEUB. Customer rates proposed by NUL and AGP are scrutinized in public hearings which allow intervenors and the AEUB to test the prudence of NUL's and AGP's natural gas purchase prices and resulting costs.

Electric Utilities Act

The EUA provides the framework for a new structure in Alberta's electric utility industry and introduces competition into the electric utility business. The government of Alberta has set a timetable to pursue a direction, similar to that developing in other jurisdictions, whereby generation is completely deregulated and retail competition is available. Both of these are to be in place beginning January 2001. Significant competition in generation will occur before 2001 as plants are retired and new generation is required to be built. Additional adjustments are being made to the operations of the power pool established by the EUA and in the implementation of open access transmission. New retail rates are being designed to reflect the new structure provided by the EUA. ATCO Electric, along with other industry participants, continues to be involved in discussions with the government of Alberta regarding the details of this deregulation process.

It is anticipated that ATCO Electric's transmission and distribution activities will continue to be regulated.

New Generation

Under the EUA, generation assets constructed after December 31, 1995 are not considered part of utility operations and rates are not regulated by the AEUB. All owners of new and existing generating units which sell electricity to distribution companies must sell their electric energy through the power pool.

Existing Generation

The EUA provides for the continued equalization of costs of "existing generation" that was in service at December 31, 1995. The equalization is currently achieved by providing for each entitled distributor a stipulated share of the output from each existing generating unit at regulated prices. If the actual pool prices paid by the distributors exceed the entitled prices, the owners of the existing generating units must pay the difference to the distributors. In return, the distributors are obligated to pay the fixed costs associated with the existing generating units in proportion to their share of the output. This system will end in 2000. Beginning in 2001,

existing generation will be deregulated through a system of long term power purchase arrangements (“PPAs”). PPAs are commercial arrangements which will be imposed on generation owners and will be auctioned to a new group of participants known as “marketers”. The effect of these arrangements will be that the marketers, not generation owners, will own the output of the plant and will be the pool market participants for “existing generation”.

Transmission

Under the EUA, separate wholesale tariffs for transmission must be approved by the AEUB. The transmission tariffs allow any owner of a regulated or non-regulated generating unit to have access to the transmission systems of Alberta’s utilities and thus facilitate the sale of its power to the distribution utilities in the province. The same transmission tariff is charged to each distribution utility regardless of location.

The equalization of transmission costs is achieved by having each utility with transmission facilities charge its costs to the Transmission Administrator. The Transmission Administrator then aggregates these costs and charges a common transmission rate to all who use the transmission system.

Distribution

Under the EUA, separate retail rates for distribution must be approved by the AEUB. Costs of distribution are not equalized. All owners of electric distribution systems must buy electric energy through the power pool. The power pool functions as a spot market, matching demand with supply to establish an hourly pool price. The power pool is operated by the Power Pool Administrator, and the Power Pool Council oversees the operation of the pool. The role of the Power Pool Council is to ensure fair and open competition for the exchange of electric energy. The Power Pool Council’s membership is independent of market participants, including utilities.

Environmental Protection

The Corporation’s operating subsidiaries and the industries in which they operate are subject to extensive federal, provincial and local environmental protection laws concerning emissions to the air, discharges to surface and subsurface waters, land use activities and the handling, manufacturing, processing, use, emission and disposal of materials and waste products. In Alberta, protection of the environment is generally governed by the Alberta Environmental Protection and Enhancement Act. The operating subsidiaries’ facilities have all permits and licenses required by law to carry on their operations.

The Corporation’s operating subsidiaries are committed to preserving and protecting the environment and minimizing the discharge of deleterious materials into the environment in accordance with environmental protection laws and regulations. Nevertheless, some risk of unintentional violation of environmental protection laws and the resulting liability to the Corporation’s operating subsidiaries is inherent in particular operations of these subsidiaries, as it is with other companies engaged in similar businesses. There can be no assurance that material costs and liabilities will not be incurred. To mitigate these costs, the Corporation carries

insurance for the operating subsidiaries against third party claims for bodily injury and property damage arising from a sudden and accidental event or occurrence resulting from an unexpected release of pollutants or contaminants.

The Corporation's operating subsidiaries do not expect that environmental protection laws and regulations will affect them differently from other companies in the industries in which they operate. Specifically identifiable expenditures for pollution abatement and control were approximately \$10.3 million in 1999 and are estimated to be \$9.8 million in 2000. Costs of compliance with existing laws and regulations are not expected to have a material impact on the earnings of the Corporation or the competitive position of the operating subsidiaries.

DIRECTORS AND OFFICERS

Set out below is information with respect to the directors and officers of the Corporation.

<u>Name and Municipality of Residence</u>	<u>Position</u>	<u>Principal Occupation</u>	<u>Periods Served as a Director of the Corporation</u>
C.R. Armour Fullarton, South Australia	Managing Director, ATCO Group, Australia/Asia/Pacific	Managing Director, ATCO Group, Australia/Asia/Pacific, ATCO Ltd.	
W.L. Britton, Q.C. (1)(4) Calgary, Alberta	Director	Partner, Bennett Jones (barristers & solicitors)	1975 to date
J.A. Campbell (4) Calgary, Alberta	Senior Vice President, Finance and Chief Financial Officer	Senior Vice President, Finance and Chief Financial Officer, ATCO Ltd. and Canadian Utilities Limited	
D.R. Cawsey Calgary, Alberta	Assistant Corporate Secretary and Manager, Human Resources	Assistant Corporate Secretary and Manager, Human Resources, ATCO Ltd. and Canadian Utilities Limited	
B.P. Collomb Paris, France	Director	Chairman and Chief Executive Officer, Lafarge S.A. (building materials company)	1999 to date
D.T. Davis Calgary, Alberta	Vice President, Internal Audit	Vice President, Internal Audit, ATCO Ltd. and Canadian Utilities Limited	
B.P. Drummond (1) (2) (3) Montreal, Quebec	Director	Corporate Director	1968 to date

<u>Name and Municipality of Residence</u>	<u>Position</u>	<u>Principal Occupation</u>	<u>Periods Served as a Director of the Corporation</u>
B.K. French (1) (2) (3) (4) Calgary, Alberta	Director	President, Karusel Management Ltd. (property management and management consultants)	1982 to date
P.J. House (2) (4) Calgary, Alberta	Vice President, Corporate Secretary	Vice President, Corporate Secretary, ATCO Ltd. and Canadian Utilities Limited	
H.E. Joudrie	Director	Chairman of the Board, Gulf Canada Resources Limited (oil and gas exploration and production company)	1999 to date
S.W. Kiefer Calgary, Alberta	Vice President, Information Technology and Chief Information Officer	Vice President, Information Technology and Chief Information Officer, ATCO Ltd. and Canadian Utilities Limited	
Rt. Hon. D.F. Mazankowski	Director	Business Consultant and Corporate Director	1999 to date
C.S. McConnell Calgary, Alberta	Treasurer	Treasurer, ATCO Ltd. and Canadian Utilities Limited	
H.M. Neldner (2) (3) Edmonton, Alberta	Director	Corporate Director	1997 to date
N.C. Southern (3) Calgary, Alberta	Director, Co-Chairman of the Board and Chief Executive Officer	Co-Chairman of the Board and Chief Executive Officer, ATCO Ltd. and Canadian Utilities Limited	1989 to date
R.D. Southern, C.B.E., C.M., LL.D. Calgary, Alberta	Director, Co-Chairman of the Board and Chief Executive Officer	Co-Chairman of the Board and Chief Executive Officer, ATCO Ltd. and Canadian Utilities Limited	1965 to date
C.O. Twa (3) (4) Calgary, Alberta	Director, President and Chief Operating Officer	President and Chief Operating Officer, ATCO Ltd. and Canadian Utilities Limited	1996 to date
L.C. van Wachem, K.B.E. The Hague, The Netherlands	Director	Chairman of the Supervisory Board, Royal Dutch Petroleum Company (petroleum company)	1993 to date
L.J. Vegh Calgary, Alberta	Vice President, Insurance	Vice President, Insurance, ATCO Ltd. and Canadian Utilities Limited	

<u>Name and Municipality of Residence</u>	<u>Position</u>	<u>Principal Occupation</u>	<u>Periods Served as a Director of the Corporation</u>
K.M. Watson Calgary, Alberta	Vice President, Controller	Vice President, Controller, ATCO Ltd. and Canadian Utilities Limited	
S.R. Werth (4) Calgary, Alberta	Vice President, Administration	Vice President, Administration, ATCO Ltd. and Canadian Utilities Limited	

Notes:

- (1) Member of the Corporate Governance - Nomination, Succession and Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Risk Review Committee.
- (4) Member of the Crisis Management Committee
- (5) Each director holds office until the close of the next annual meeting of shareholders of the Corporation.

All of the directors and officers have been engaged for the last five years in the indicated principal occupations, or in other capacities with the companies or firms referred to, or with affiliates or predecessors thereof, with the exception of Mr. C.R. Armour, who was Managing Director, ETSA Corporation and prior thereto was Acting Managing Director, South Australian Gas Company; Mr. B.P. Drummond, who was Vice Chairman, Richardson Greenshields of Canada Limited; Mr. H.E. Joudrie, who was Chairman of the Board of Unitel Communications Inc. and prior thereto was Chairman of the Board of Canadian Tire Corporation; and Ms. N.C. Southern, who was Executive Vice President, Spruce Meadows.

SHAREHOLDINGS OF DIRECTORS AND SENIOR OFFICERS

At December 31, 1999, all the directors and senior officers of the Corporation, as a group, beneficially owned, directly or indirectly (via corporate holdings or otherwise), or exercised control or direction over approximately 78.7% of the issued and outstanding Class II Voting Shares of the Corporation. In addition, all the directors and senior officers of the Corporation, as a group, beneficially owned, directly or indirectly (via corporate holdings or otherwise), or exercised control or direction over approximately 68.4% of the issued and outstanding Class B common shares of Canadian Utilities Limited.

MARKETS FOR THE SECURITIES OF THE CORPORATION

The Corporation's Class I Non-Voting Shares and Class II Voting Shares are listed on the Toronto and the Canadian Venture stock exchanges.

ADDITIONAL INFORMATION

Additional information, including executive compensation, principal holders of the Corporation's securities and interests of insiders in material transactions, is contained in the Corporation's Management Proxy Circular dated March 20, 2000. Additional financial information is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 1999 contained in the Corporation's 1999 Annual Report.

The Corporation will provide to any person, upon request to the Vice President, Corporate Secretary of the Corporation at 1500 ATCO Centre, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6 (telephone (403) 292-7500 or fax (403) 292-7643):

- (a) when the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities,
 - (i) one copy of this Annual Information Form together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this Annual Information Form,
 - (ii) one copy of the comparative financial statements of the Corporation for the year ended December 31, 1999 together with the accompanying report of the auditor and one copy of any interim financial statements of the Corporation subsequent to the financial statements for the year ended December 31, 1999,
 - (iii) one copy of the Corporation's Management Proxy Circular dated March 20, 2000, and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any of the documents referred to in (i), (ii) and (iii) above, provided the Corporation may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Corporation.

Information relating to Canadian Utilities Limited or CU Inc. may be obtained upon request from the Vice President, Corporate Secretary of the respective corporation at 1500 ATCO Centre, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6 (telephone (403) 292-7500 or fax (403) 292-7643). Corporate information is also available on the Corporation's website: www.atco.com