

**ATCO**

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*Office of the Chairman*

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Ontario Securities Commission  
SECRETARY'S OFFICE

May 31, 2005

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, Ontario M5H 3S8

Anne-Marie Beaudoin, Directrice du secrétariat  
Autorité des marchés financiers  
Tour de la Bourse  
800 Square Victoria  
C.P. 246, 22e étage  
Montreal, Quebec H4Z 1G3

Dear Sir:

**Re: Proposed Internal Control Material and Revised Certification Materials**

The officers and directors of the ATCO Group of Companies are fully supportive of the position that sound internal controls over financial reporting are required to help ensure financial information released to the public is timely and accurate. Further, we believe that the primary objective of securities regulation in this regard should have the same objective of timely and accurate reporting.

The proposed Multilateral Instrument 52-111 requires an internal control report to be prepared by management and an internal control audit report to be prepared by the auditor. In our view, the requirement for auditor attestation of internal controls over financial reporting does not promote timely and accurate reporting and in fact may hinder rather than assist the reporting process. In addition, based on the U.S. experience, we believe that this requirement will add a significant and unnecessary layer of cost on an ongoing basis.

We understand and support the need for auditors to review internal controls over financial reporting as an integral part of the audit of financial statements. However, we do not support the requirement for an audit of these internal controls as an exercise to be conducted for the purpose of issuing an internal control audit report. In our view, the focus of management and the auditors should be to ensure that any internal control weakness identified has not resulted in a misstatement of the financial statements. Further, we suggest that the existing report provided by auditors is sufficient to communicate the opinion of the auditors regarding the financial statements to the investment community and that the proposed internal control audit report would provide no additional useful information.

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We suggest that the requirement for an internal control audit report be removed from the requirements of multilateral instrument 52-111.

Respectfully submitted,



N.C. Southern  
President & Chief Executive Officer  
ATCO Ltd.

K.M. Watson  
Senior Vice President & Chief Financial Officer  
ATCO Ltd.

cc Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Nova Scotia Securities Commission  
New Brunswick Securities Commission  
Office of the Attorney General, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Government of Yukon  
Registrar of Securities, Department of Justice, Government  
of Northwest Territories  
Registrar of Securities, Legal Registries Division, Department of Justice,  
Government of Nunavut.