

CANADIAN UTILITIES LIMITED

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For Immediate Release

October 29, 2010

## **CANADIAN UTILITIES REPORTS THIRD QUARTER EARNINGS**

### **Three Month Adjusted Earnings Up \$5.3 Million to \$82.0 Million**

CALGARY, Alberta – **Canadian Utilities Limited (TSX: CU, CU.X)**

**Canadian Utilities today reported earnings of \$82.2 million (\$0.66 per share) for the three months ended September 30, 2010**, compared to \$120.9 million (\$0.96 per share) for the same period in 2009. Excluding one-time gains, Adjusted Earnings <sup>(1)</sup> in the third quarter of 2010 were \$82.0 million (\$0.66 per share) compared to \$76.7 million (\$0.61 per share) in 2009, an increase of \$5.3 million.

Last year's third quarter earnings included \$46.4 million in one-time gains: \$29.6 million from the creation of ATCO Structures & Logistics, and \$16.8 million from a Tax Court of Canada decision.

**Earnings for the nine months ended September 30, 2010, were \$306.4 million (\$2.44 per share)** compared to \$339.5 million (\$2.70 per share) for the same period in 2009. Adjusted Earnings for the nine months were \$310.3 million (\$2.48 per share) compared to \$298.5 million (\$2.38 per share) in 2009, an increase of \$11.8 million.

Adjusted Earnings in the third quarter and in the first nine months of 2010 increased in the Utilities Segment due to higher infrastructure investment in the regulated rate base and regulatory decisions received by ATCO Gas for the Carbon storage facility, partially offset by lower prices for natural gas storage in the Energy Segment. Nine month Adjusted Earnings were also reduced by the net impact of the court and regulatory decisions received by ATCO Gas in regards to the deferred gas account.

In 2009 the third quarter amalgamation of Canadian Utilities Limited subsidiary, ATCO Frontec, with ATCO Ltd. subsidiaries, ATCO Structures and ATCO Noise Management, to form ATCO Structures and Logistics (ASL Transaction) resulted in a one-time gain. Canadian Utilities now owns 24.5% of the more efficient and focused new company created to better serve global customers.

In 2009 Canadian Utilities also benefited from the court decision that overturned a Canada Revenue Agency reassessment dealing with the sale of the H.R. Milner generating plant (H.R. Milner Tax Reassessment).

## RECENT DEVELOPMENTS

- ATCO Electric energized a new 240 kV transmission line in the Peace River area of northwest Alberta in September. The Wesley Creek to Meikle transmission project completes phase II of the three-phase Northwest Transmission Development Project and is a critical addition to the province's interconnected electric system.
- ATCO I-Tek was awarded the prestigious Payment Card Industry Data Security Standard certification. The internationally recognized certification demonstrates the company's ongoing commitment to proactively protect customer credit card information.
- To improve efficiencies and align ownership of power generation assets within Canadian Utilities, CU Inc., a wholly-owned subsidiary of Canadian Utilities, transferred Alberta Power (2000) Ltd. to ATCO Power Ltd., another wholly-owned subsidiary of Canadian Utilities, on October 1, 2010.

Financial Summary and Reconciliation of Adjusted Earnings	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2010	2009	2010	2009
(\$ Millions except per share data)			Unaudited	
Reported Earnings	82.2	120.9	306.4	339.5
ATCO Power Mark-to-Market Adjustment	(0.2)	2.2	3.9	5.4
ASL Transaction	-	(29.6)	-	(29.6)
H.R. Milner Tax Reassessment	-	(16.8)	-	(16.8)
Adjusted Earnings <sup>(1)</sup>	82.0	76.7	310.3	298.5
Earnings Per Share	0.66	0.96	2.44	2.70
Adjusted Earnings Per Share <sup>(1)</sup>	0.66	0.61	2.48	2.38
Revenues	550.7	537.1	1,947.9	1,908.4
Funds Generated By Operations <sup>(1)(2)</sup>	181.0	181.5	552.0	564.3

(1) These measures are not defined by Generally Accepted Accounting Principles and may not be comparable to similar measures used by other companies.

(2) This measure is cash flow from operations before changes in non-cash working capital.

**Revenues** for the third quarter are relatively unchanged.

The increase in **Revenues** for the nine months ended September 30, 2010, after removing the impact of the ASL Transaction, is primarily due to the lease of ATCO Power's Karratha generating plant in Australia that commenced commercial operations in the first half of 2010. Revenues also increased in the Utilities Segment due to higher infrastructure investment in regulated rate base.

**Funds Generated by Operations** for the third quarter and for the nine months ended September 30, 2010 are relatively unchanged.

Canadian Utilities' consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the three and nine months ended September 30, 2010, will be available on Canadian Utilities' website ([www.canadian-utilities.com](http://www.canadian-utilities.com)) or via SEDAR ([www.sedar.com](http://www.sedar.com)) or can be requested from the Company.

Alberta-based Canadian Utilities Limited, an ATCO company, with more than 5,700 employees and assets of approximately \$9 billion, delivers service excellence and innovative business solutions worldwide with leading companies engaged in Utilities (pipelines, natural gas and electricity transmission and distribution), Energy (power generation, natural gas gathering, processing, storage and liquids extraction) and Technologies (business systems solutions). More information can be found at [www.canadian-utilities.com](http://www.canadian-utilities.com).

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*Forward-Looking Information:*

*Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.*

*Any forward-looking information contained in this news release represents the Corporation's expectations as of the date hereof, and is subject to change after such date. The Corporation disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.*

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