

CANADIAN UTILITIES LIMITED

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For Immediate Release

February 23, 2011

## CANADIAN UTILITIES REPORTS 2010 EARNINGS

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

**Canadian Utilities today reported earnings of \$435.0 million (\$3.46 per share) for 2010** compared to \$466.6 million (\$3.71 per share) in 2009. Adjusted Earnings <sup>(1)</sup> were \$440.9 million (\$3.50 per share) in 2010 compared to \$427.6 million (\$3.40 per share) in 2009, an increase of \$13.3 million. Adjusted Earnings exclude one-time gains and items that are not in the normal course of business (see Financial Summary and Reconciliation of Adjusted Earnings).

In 2010, Adjusted Earnings 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 court and regulatory decisions received by ATCO Gas in regards to its deferred gas account. Adjusted Earnings were also reduced in the Energy Segment by lower prices for natural gas storage.

**For the fourth quarter, 2010 earnings were \$128.6 million (\$1.02 per share)** compared to \$127.1 million (\$1.01 per share) in 2009. Adjusted Earnings in the fourth quarter were \$130.6 million (\$1.02 per share) compared to \$129.1 million (\$1.02 per share) in 2009, an increase of \$1.5 million.

In the fourth quarter, Adjusted Earnings increased in the Utilities Segment due to higher infrastructure investment in the regulated rate base, partially offset in the Energy Segment by lower prices for natural gas storage and lower power prices and spark spreads in the U.K. electricity market.

## RECENT DEVELOPMENTS

- ATCO, Canadian Utilities' parent company, announced the creation of a new company – ATCO Australia. Based in Perth, ATCO Australia will provide a full range of energy and infrastructure services and will be led by Managing Director & Chief Operating Officer, Steven J. Landry.
- Canadian Utilities Limited declared a first quarter dividend for 2011 of 40.25 cents per Class A non-voting and Class B common share, a 6.6% increase over the 37.75 cents paid in each of the previous four quarters. Dividends have increased each year since 1972.
- On January 1, 2011, ATCO Ltd. and Canadian Utilities Limited completed the transfer of ATCO Ltd.'s wholly-owned subsidiary, ATCO Resources Ltd., from ATCO Ltd. to ATCO Power Ltd., a wholly-owned subsidiary of Canadian Utilities Limited for Class A non-voting and Class B common shares of Canadian Utilities Limited.

- CU Inc. issued \$125 million of debentures in November 2010 and \$75 million of equity preferred shares in December 2010.
- Canadian Utilities Limited and CU Inc. filed an application with the Alberta Utilities Commission to approve the transfer of natural gas storage facility assets located at Carbon, Alberta from ATCO Gas to ATCO Midstream.

## FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and reconciliation of earnings to Adjusted Earnings is provided below:

	For the Three Months Ended December 31		For the Twelve Months Ended December 31	
	2010	2009	2010	2009
(\$ Millions except per share data)			Unaudited	
Earnings	<b>128.6</b>	127.1	<b>435.0</b>	466.6
ATCO Power Mark-to-Market Adjustment	<b>2.0</b>	2.0	<b>5.9</b>	7.4
ASL Transaction	-	-	-	(29.6)
H.R. Milner Tax Reassessment	-	-	-	(16.8)
Adjusted Earnings <sup>(1)</sup>	<b>130.6</b>	129.1	<b>440.9</b>	427.6
Earnings Per Share	<b>1.02</b>	1.01	<b>3.46</b>	3.71
Adjusted Earnings Per Share <sup>(1)</sup>	<b>1.02</b>	1.02	<b>3.50</b>	3.40
Revenues	<b>709.3</b>	675.6	<b>2,657.2</b>	2,584.0
Funds Generated By Operations <sup>(1) (2)</sup>	<b>186.2</b>	229.1	<b>738.2</b>	793.4

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

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

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 & Logistics (ASL Transaction) resulted in a one-time gain of \$29.6 million. As a result, Canadian Utilities owns 24.5% of a more efficient and focused company created to better serve global customers.

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). This decision resulted in one-time earnings of \$16.8 million in the third quarter of 2009.

The increase in **Revenues** for the fourth quarter is primarily due to higher infrastructure investment in regulated rate base in the Utilities Segment.

The increase in **Revenues** for the twelve months ended December 31, 2010 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.

The decrease in **Funds Generated by Operations** for the fourth quarter is primarily due to regulatory deferral amounts which vary from quarter to quarter and are, therefore, not comparable or indicative of performance.

The decrease in **Funds Generated by Operations** for the twelve months ended December 31, 2010, is primarily due to higher availability penalties paid by ATCO Power due to a planned outage at the Battle River generating plant.

Canadian Utilities' consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the three and twelve months ended December 31, 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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