

For Immediate Release

July 28, 2014

## **CANADIAN UTILITIES REPORTS 2014 SECOND QUARTER EARNINGS**

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

Canadian Utilities today reported second quarter adjusted earnings of \$85 million in 2014 compared to \$131 million in 2013. Adjusted earnings were \$271 million for the six months ended June 30, 2014 compared to \$311 million for the same period of 2013. Major drivers of this decrease were unfavourable market conditions in the Company's power generation business and an Alberta Utilities Commission (AUC) decision received by the Utilities in the second quarter.

The decrease in earnings in ATCO Power was primarily due to a 66% decline in the average Alberta Power Pool price in the second quarter of 2014 over the same period in 2013 and higher natural gas input costs. Also contributing to the decrease were higher business development costs to pursue power generation opportunities and the launch of ATCO Power's recently announced commercial and industrial sales program.

The decrease in earnings was also impacted by the AUC decision for information technology (IT) in the second quarter of 2014. The decision covers an unusually long period from the start of 2010 to the end of 2014. It reduced the Company's adjusted earnings in the second quarter by \$26 million, of which only \$2 million related to the second quarter of 2014, and \$24 million related to prior periods. The Utilities continued to invest in electricity and natural gas transmission and distribution facilities to support growth in the province and replace aging infrastructure. ATCO Electric, ATCO Gas and ATCO Pipelines collectively invested \$501 million in the second quarter, bringing the total for the first half of 2014 to \$1 billion.

Earnings attributable to equity owners were \$115 million for the quarter ended June 30, 2014 compared to \$160 million in the same period of 2013. Earnings attributable to equity owners were \$336 million for the six months ended June 30, 2014 compared to \$343 million in the same period of 2013.

## **RECENT DEVELOPMENTS**

- Canadian Utilities declared a third quarter dividend for 2014 of 26.75 cents per Class A non-voting and Class B common share. Canadian Utilities' annual dividend per share has increased for 42 consecutive years.
- The Company announced it has competitively outsourced its information technology (IT) services to Wipro Ltd. (Wipro), a global IT, consulting and business process services company. Wipro will provide the Company with a complete suite of IT services. Wipro will also acquire the shares of ATCO I-Tek and the assets of ATCO I-Tek Australia. The sale is expected to close in the third quarter of 2014 subject to customary closing conditions.

## FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and reconciliation of adjusted earnings to earnings attributable to equity owners is provided below:

(\$ Millions except share data)	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Adjusted earnings <sup>(1)</sup>	85	131	271	311
Adjustments for rate-regulated activities <sup>(2)</sup>	28	17	51	12
Impairment <sup>(3)</sup>	(11)	-	(11)	-
Dividends on equity preferred shares	13	12	25	20
Earnings attributable to equity owners	115	160	336	343
Revenues	856	845	1,873	1,721
Funds generated by operations <sup>(4)</sup>	366	431	883	842
Weighted average shares outstanding (millions of shares)	261.7	257.9	261.3	257.5

<sup>(1)</sup> Adjusted earnings are earnings attributable to equity owners after adjusting for the timing of revenues and expenses associated with rate-regulated activities and dividends on equity preferred shares of Canadian Utilities. Adjusted Earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or day-to-day operations. Adjusted earnings present earnings on the same basis as was used prior to adopting International Financial Reporting Standards (IFRS) – that basis being the U.S. accounting principles for rate-regulated entities – and they are a key measure used to assess segment performance, to reflect the economics of rate regulation and to facilitate comparability of Canadian Utilities' earnings with other Canadian rate-regulated companies.

<sup>(2)</sup> Refer to Note 3 to the consolidated financial statements for descriptions of the adjustments for rate-regulated activities and the timing of their recovery from or refund to customers.

<sup>(3)</sup> Refer to Note 4 to the consolidated financial statements for an explanation of ATCO Power Australia's Bulwer Island power station impairment.

<sup>(4)</sup> This measure is cash flow from operations before changes in non-cash working capital. It does not have standardized meaning under IFRS and may not be comparable to similar measures used by other companies.

The increase in revenues in the second quarter and the first six months of 2014 was due primarily to increased rate base in the Utilities segment, and higher recoveries from customers related to colder weather and increased recoverable costs.

The \$65 million decrease in funds generated by operations for the second quarter was due primarily to lower earnings and lower contributions from utility customers, while year-to-date funds generated by operations increased overall due to higher contributions received from customers in the first quarter for utility capital expenditures.

Canadian Utilities' consolidated financial statements and management's discussion and analysis for the three and six months ended June 30, 2014, will be available on the Canadian Utilities website ([www.canadianutilities.com](http://www.canadianutilities.com)), via SEDAR ([www.sedar.com](http://www.sedar.com)) or can be requested from the Company.

Canadian Utilities Limited, an ATCO company, with more than 7,400 employees and assets of approximately \$16 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.canadianutilities.com](http://www.canadianutilities.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 Company 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 Company’s expectations as of the date hereof, and is subject to change after such date. The Company 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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