

CANADIAN UTILITIES LIMITED

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For Immediate Release

July 27, 2012

CANADIAN UTILITIES REPORTS HIGHER SECOND QUARTER EARNINGS

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

Canadian Utilities Limited today reported higher earnings for the second quarter mainly due to additional infrastructure investment in the utilities to support Alberta growth and increased earnings from ATCO Australia, offset by the impact of major planned maintenance outages at two of ATCO Power's generating plants.

Earnings attributable to equity owners of Canadian Utilities were \$105 million (\$0.74 per share) and Adjusted Earnings were \$95 million for the second quarter of 2012 compared to \$98 million (\$0.70 per share) and \$90 million, respectively, in the same period of 2011.

Earnings attributable to equity owners of Canadian Utilities were \$298 million (\$2.19 per share) and Adjusted Earnings were \$270 million for the six months ended June 30, 2012, compared to \$274 million (\$2.04 per share) and \$256 million, respectively, in the first half of 2011.

ATCO Electric, ATCO Gas and ATCO Pipelines invested an additional \$438 million in the second quarter in infrastructure to support Alberta's continuing growth, bringing the total for the first half of 2012 to \$937 million, which was more than double the \$458 million invested in the first half of 2011. These expenditures add to the rate base upon which the companies earn a return. A significant amount of this investment was required to connect major industrial customers in northeast Alberta to the province's transmission grid and to reinforce the electricity system serving that growing region of the province.

Earnings from ATCO Australia include those from ATCO Gas Australia, which was acquired at the end of July 2011. This quarter, ATCO Gas Australia received a favorable decision on its appeal of an earlier decision covering the current access arrangement period 2010 to 2014, which resulted in increased Adjusted Earnings of \$10 million.

Canadian Utilities' increased earnings for the second quarter and first half of 2012 were reduced by major planned maintenance outages at the largest of ATCO Power's three Battle River units and one of its two Sheerness units. Scheduled maintenance is undertaken to ensure continued safe, reliable and efficient plant operations.

RECENT DEVELOPMENTS

- Canadian Utilities declared a third quarter dividend for 2012 of 44.25 cents per Class A non-voting and Class B common share. Canadian Utilities' dividend per share has increased for 40 consecutive years.

- Canadian Utilities issued \$150 million of 4.90% Cumulative Redeemable Second Preferred Shares Series AA on June 18 in order to redeem \$150 million of 6.00% Cumulative Redeemable Second Preferred Shares Series X on June 30. Canadian Utilities issued \$150 million of 4.90% Cumulative Redeemable Second Preferred Shares Series BB on July 5 in order to redeem \$150 million of 5.80% Cumulative Redeemable Second Preferred Shares Series W on July 19.
- Canadian Utilities announced the implementation of a Dividend Reinvestment Plan (DRIP) effective with the quarterly dividend payment in September to eligible Class A and Class B shareholders of record as of August 10, 2012 enrolled in the program.

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 per share data)	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2012	2011	2012	2011
Adjusted Earnings ⁽¹⁾	95	90	270	256
Adjustments for Rate Regulated Activities ⁽²⁾	1	3	10	7
Acquisition Transaction Costs	-	(3)	-	(3)
Dividends on Equity Preferred Shares	9	8	18	14
Earnings Attributable to Equity Owners	105	98	298	274
Earnings Per Share	0.74	0.70	2.19	2.04
Revenues	706	666	1,543	1,475
Funds Generated By Operations ⁽³⁾	297	261	715	644

⁽¹⁾ *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 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 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.*

⁽²⁾ *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.*

⁽³⁾ *This measure is cash flow from operations before changes in non-cash working capital. It does not have standardized meaning under International Financial Reporting Standards (IFRS) and may not be comparable to similar measures used by other companies.*

The increase in revenues in the second quarter and first half of 2012 was due primarily to increased rate base in the utilities, as well as the addition of ATCO Gas Australia in late July 2011. These increases were partially offset by lower flow through natural gas sales in ATCO Midstream and lower Alberta Power Pool prices.

Funds Generated by Operations increased in the second quarter and first half of 2012 primarily for the same reasons earnings increased, as well as higher contributions by utility customers required to connect customers to utility infrastructure.

Canadian Utilities' consolidated financial statements and management's discussion and analysis for the three and six months ended June 30, 2012, will be available on the Canadian Utilities website (www.canadianutilities.com), via SEDAR (www.sedar.com) or can be requested from the Corporation.

Alberta-based Canadian Utilities Limited, an ATCO company, with more than 6,700 employees and assets of approximately \$12 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.

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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.
