CANADIAN UTILITIES LIMITED
An ATCO Company

News Release

CANADIAN UTILITIES LIMITED
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For Immediate Release

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CANADIAN UTILITIES REPORTS INCREASED 2011 EARNINGS

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

Canadian Utilities Limited today reported increased earnings for 2011 led by higher earnings in ATCO Power and additional infrastructure investment in the utilities to support Alberta growth.

Earnings attributable to equity owners of Canadian Utilities were $496 million ($3.65 per share) and Adjusted Earnings were $471 million for the year ended Dec. 31, 2011, compared to $432 million ($3.21 per share) and $433 million, respectively, in 2010.

ATCO Power recorded higher power pool prices and related spark spreads for electricity generated at its Alberta plants. However, ATCO Midstream's results negatively affected earnings due to lower storage price differentials.

ATCO Electric, ATCO Gas and ATCO Pipelines invested more than $1.3 billion in infrastructure to address Alberta's continuing growth, adding to the rate base upon which the companies earn a regulated rate of return.

Earnings include results from ATCO Gas Australia, a natural gas distribution company serving more than 650,000 customers in the Perth region, which was acquired for approximately $1.1 billion in July 2011.

Fourth quarter earnings attributable to equity owners also increased year-over-year by $38 million to $156 million ($1.14 per share compared to $0.88 per share) for similar operating reasons. However, Adjusted Earnings decreased $14 million to $109 million in the fourth quarter as ATCO Gas' general rate application decision and the generic cost of capital decision applicable to all utilities had a negative impact on Adjusted Earnings. The ATCO Gas decision disallowed certain program costs and capital expenditures and the generic cost of capital decision reduced the utilities' approved return on equity.

RECENT DEVELOPMENTS

- Canadian Utilities declared a first quarter dividend for 2012 of 44.25 cents per Class A non-voting and Class B common share, a 10% increase over the 40.25 cents paid in each of the previous four quarters. Canadian Utilities' dividend per share has increased for 40 consecutive years.
- On December 2, 2011, Canadian Utilities redeemed all outstanding Series O, T and U Perpetual Cumulative Second Preferred Shares totaling $100 million.
- The ATCO Group released its second biennial Sustainability Report for 2009-2010. It reports on the Company's approach to corporate governance, community involvement, safety and employee practices.

FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

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

	For the Three Months Ended December 31		For the Year Ended December 31	
($ Millions except per share data)	**2011**	2010	**2011**	2010
Adjusted Earnings [1]	**109**	123	**471**	433
Adjustments for Rate Regulated Activities	**37**	(12)	**45**	(28)
Acquisition Transaction Costs	**-**	-	**(50)**	-
Dividends on Equity Preferred Shares	**10**	7	**30**	27
Earnings Attributable to Equity Owners	**156**	118	**496**	432
Earnings Per Share	**1.14**	0.88	**3.65**	3.21
Revenues	**827**	723	**2,999**	2,700
Funds Generated By Operations [1] [2]	**414**	318	**1,319**	1,065

(1) These measures are not defined by International Financial Reporting Standards (IFRS) 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.

The $299 million annual increase in revenues ($104 million in the fourth quarter) was due primarily to higher business activity in the utilities and ATCO Power, as well as increased flow through natural gas sales in ATCO Midstream and the addition of ATCO Gas Australia. The 2010 revenues included $130 million related to the lease of Karratha plant generating units in Australia.

Funds Generated by Operations increased $254 million for the year ($96 million in the fourth quarter) mainly for the same reasons earnings increased, as well as higher total payments by utility customers for infrastructure.

IMPORTANCE OF ADJUSTED EARNINGS

Adjusted Earnings are earnings attributable to equity owners of Canadian Utilities after adjusting for the timing of revenues and expenses associated with rate regulated activities and equity preferred share dividends. 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 currently used by regulated companies in Canada. 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 is 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. Earnings reflect Canadian Utilities' implementation of IFRS. Comparative figures for 2010 have been presented on the same basis.

Adjusted Earnings is a key measure for several reasons:

- It is used by the ATCO Group in assessing segment performance and allocating resources.
- It is the ATCO Group's view that this measure is a better reflection of the economics of rate regulation that are directly affected by orders and decisions of utility regulators.
- It will facilitate comparison with those Canadian regulated companies that chose to wait another year before adopting IFRS and with those companies that may choose to adopt U.S. accounting principles instead of IFRS.

For rate regulated activities, the differences between Adjusted Earnings and earnings as reported under IFRS are strictly timing in nature: Adjusted Earnings for the utilities are recognized on the basis of accounting principles that recognize the economics of rate regulation and take into account the orders and decisions of the regulator, whereas earnings under IFRS are recognized when billed to customers. Over time, there is no difference.

Refer to Note 6 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.

Canadian Utilities' consolidated financial statements and management's discussion and analysis for the year ended Dec. 31, 2011, will be available on the Canadian Utilities website (www.canadian-utilities.com), via SEDAR (www.sedar.com) or can be requested from the Company.

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.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.
