

October 26, 2016

CANADIAN UTILITIES REPORTS THIRD QUARTER 2016 EARNINGS

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

Canadian Utilities Limited today announced third quarter adjusted earnings for 2016 of \$96 million compared to \$99 million in 2015.

Earnings growth in the third quarter of 2016 was offset by the prior period impacts associated with the ATCO Electric Transmission 2015 to 2017 General Tariff Application (GTA) decision received in the quarter. Excluding the prior period impacts of the GTA decision, normalized adjusted earnings were \$108 million. Higher normalized adjusted earnings were due to continued capital investment and growth in rate base within the Regulated Utilities, and business-wide cost reduction initiatives.

Canadian Utilities invested \$340 million in the third quarter and \$1,014 million for the year to date, 92 per cent of which was in the Company's Regulated Utilities and in long-term contracted capital assets. These investments either earn a return under a regulatory business model or are commercially secured under long-term contracts.

On October 13, 2016, Canadian Utilities declared a fourth quarter dividend for 2016 of 32.50 cents per Class A Non-Voting and Class B Common Share, a 10 per cent increase over the quarterly dividends declared in the same period of 2015. Canadian Utilities' annual dividend per share has increased for 44 consecutive years.

RECENT DEVELOPMENTS

- In October 2016, the Company received the Alberta Utilities Commission (AUC) Generic Cost of Capital (GCOC) decision. The decision established the return on equity (ROE) and deemed common equity ratios for the Alberta Utilities for 2016 and 2017. The ROE remained at 8.30 per cent for 2016 and increased to 8.50 per cent for 2017. The GCOC decision also set the deemed common equity ratios for ATCO Electric Transmission, ATCO Electric Distribution, ATCO Gas and ATCO Pipelines at 37 per cent for 2016 and 2017. The 2016 and 2017 ROE and common equity ratio for ATCO Electric Transmission are approved on an interim basis, pending consideration of any relevant information obtained from the results of ATCO Electric Transmission's GTA. The allowed ROE and common equity ratios for 2017 will remain in place on an interim basis for the Alberta Utilities for 2018 and for subsequent years until changed by the AUC.

- In March 2015, ATCO Electric Transmission filed a general tariff application for its operations for 2015, 2016 and 2017. The application requested, among other things, additional revenues to recover higher financing, depreciation and operating costs associated with growth in rate base in Alberta. In August 2016, the AUC issued a decision on the GTA with final rates that are lower than the approved interim rates from 2015 mainly due to lower O&M and G&A costs. The impact of this decision was a reduction to third quarter 2016 adjusted earnings of \$15 million of which \$3 million relates to third quarter 2016 and \$12 million relates to prior periods.

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 September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Adjusted earnings ⁽¹⁾	96	99	424	330
Gain on sale of joint operation ⁽²⁾	-	-	13	-
Restructuring costs ⁽²⁾	-	(5)	-	(9)
Impairments ⁽²⁾	-	-	-	(4)
Rate-regulated activities ⁽²⁾	11	(19)	(64)	(50)
Dividends on equity preferred shares	17	14	51	39
Earnings attributable to equity owners	124	89	424	306
Weighted average shares				
outstanding (millions of shares)	267.4	265.0	267.0	264.3

(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, significant impairments and items that are not in the normal course of business or a result of 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.

(2) Refer to Note 3 of the consolidated financial statements for detailed descriptions of the adjustments.

This news release should be used as a preparation for reading the full disclosure documents. Canadian Utilities' consolidated financial statements and management's discussion and analysis for the third quarter ended September 30, 2016 will be available on the Canadian Utilities website (www.canadianutilities.com), via SEDAR (www.sedar.com) or can be requested from the Company.

With approximately 5,500 employees and assets of \$19 billion, Canadian Utilities Limited is an ATCO company. ATCO is a diversified global corporation delivering service excellence and innovative business solutions in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Electricity (electricity generation, transmission, and distribution); Pipelines & Liquids (natural gas transmission, distribution and infrastructure development, energy storage, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales). More information can be found at www.canadianutilities.com.

Media & Investor Inquiries:

B.R. (Brian) Bale
Senior Vice President &
Chief Financial Officer
403-292-7502

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's actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Company.

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.