

CANADIAN UTILITIES LIMITED

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For Immediate Release

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CANADIAN UTILITIES REPORTS COMPARABLE THIRD QUARTER ADJUSTED EARNINGS

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

Canadian Utilities today reported comparable Adjusted Earnings in the third quarter as higher earnings from investment in utility infrastructure to support Alberta growth and the addition of ATCO Gas Australia in late July 2011 were offset by the effect of utility rate decisions received at the end of 2011.

Earnings attributable to equity owners were \$119 million (\$0.87 per share) for the third quarter of 2012 compared to \$66 million (\$0.47 per share) for the same period in 2011. Adjusted Earnings were \$106 million for the third quarter of 2012 and \$106 million for the same period in 2011.

Earnings attributable to equity owners were \$417 million (\$3.06 per share) for the nine months ended September 30, 2012 compared to \$340 million (\$2.51 per share) for the same period in 2011. Adjusted Earnings were \$376 million for the nine months ended September 30, 2012, and \$362 million for the same period in 2011.

In the third quarter, ATCO Electric, ATCO Gas and ATCO Pipelines invested an additional \$557 million in infrastructure to support Alberta's continuing growth, bringing the total investment in the first nine months of 2012 to \$1.5 billion. A significant amount of this capital investment is related to regulated transmission infrastructure projects required to reinforce the electricity system and supply growing electricity demand in northeast Alberta. Canadian Utilities earns a regulated return on its infrastructure investments.

Construction continues on the Hanna Region Transmission Development Project in southeast Alberta with an expected in-service by the end of the second quarter of 2013. Pre-construction activities continue on the Eastern Alberta Transmission Line with final approval of the facility application expected by late 2012.

Higher earnings from utility rate base growth were offset by utility rate decisions received at the end of 2011, which lowered the return on equity for ATCO Electric, ATCO Gas and ATCO Pipelines from 9.00% to 8.75%, reduced ATCO Pipelines equity from 45% to 38%, and reduced interim rates billed to customers by ATCO Gas in 2012.

RECENT DEVELOPMENTS

- Canadian Utilities declared a fourth quarter dividend for 2012 of 44.25 cents per Class A non-voting and Class B common share. Canadian Utilities' annual dividend per share has increased for 40 consecutive years.
- On August 1, 2012, Canadian Utilities announced the combination of the operations of ATCO Midstream and ATCO Energy Solutions under the name ATCO Energy Solutions, reflecting its focus on offering comprehensive gas storage, industrial water infrastructure, natural gas gathering, processing, transportation and gas liquids services to the oil and gas sector.

- Canadian Utilities implemented a Dividend Reinvestment Plan (DRIP) effective with the quarterly dividend payment in September 2012 to eligible Class A non-voting and Class B common share owners of record as of August 10, 2012, who are enrolled in the program. Shares purchased under the DRIP will be new Class A shares issued from treasury. The shares will be issued at a two per cent discount to the volume weighted average price of the Class A shares traded on the Toronto Stock Exchange during the last five qualifying trading days preceding the dividend payment date. During the third quarter and first nine months of 2012, 414,798 Class A non-voting shares were issued under the DRIP, using reinvested dividends of \$28 million.
- CU Inc., a wholly owned subsidiary of Canadian Utilities, issued \$500 million of 3.805% Debentures maturing on September 10, 2042 and \$200 million of 3.825% Debentures maturing on September 11, 2062.

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 September 30		For the Nine Months Ended September 30	
	2012	2011	2012	2011
Adjusted Earnings ⁽¹⁾	106	106	376	362
Adjustments for Rate Regulated Activities ⁽²⁾	4	1	14	8
Acquisition Transaction Costs	-	(47)	-	(50)
Dividends on Equity Preferred Shares	9	6	27	20
Earnings Attributable to Equity Owners	119	66	417	340
Earnings Per Share	0.87	0.47	3.06	2.51
Revenues	741	697	2,284	2,172
Funds Generated By Operations ⁽³⁾	352	261	1,067	905

⁽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.*

Revenues in the third quarter and the first nine months of 2012 increased primarily due to increased rate base in the Utilities and the acquisition of ATCO Gas Australia in late July 2011. These increases in revenues were partially offset by lower flow through natural gas sales in ATCO Energy Solution's natural gas liquids extraction operations.

Funds Generated by Operations increased in the third quarter and the first nine months 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 nine months ended September 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 \$13 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.
