

October 25, 2006

CANADIAN UTILITIES REPORTS INCREASED THIRD QUARTER 2006 EARNINGS

CALGARY, Alberta – **Canadian Utilities Limited reported increased earnings for the three months ended September 30, 2006**, of \$66.8 million (\$0.53 per share) compared to \$46.5 million (\$0.37 per share) for the same period in 2005. Earnings for the nine months ended September 30, 2006, were \$223.9 million (\$1.77 per share) compared to earnings for the same nine months in 2005 of \$176.5 million (\$1.39 per share).

Financial Summary

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	(\$ Millions except per share data)			
	<i>(unaudited)</i>			
Revenues.....	553.9	537.4	1,759.3	1,835.5
Earnings	66.8	46.5	223.9	176.5
Earnings per Class A and B share.....	0.53	0.37	1.77	1.39
Cash flow from operations.....	147.3	135.9	489.1	471.5

Earnings increased for the three months ended September 30, 2006, primarily due to:

- higher earnings in ATCO Power’s Alberta generating plants due to higher spark spreads realized on sales of electricity in the Alberta market; and
- higher margins received for natural gas liquids and higher storage earnings due to the timing and demand of storage capacity sold by ATCO Midstream.

The increased earnings were partially offset by:

- a \$4.4 million income tax expense adjustment in Alberta Power (2000). In the third quarter of 2006, the Canada Revenue Agency (“CRA”) issued a reassessment for Alberta Power (2000)’s 2001 taxation year. The CRA’s reassessment treats the proceeds received from the sale of the H.R. Milner generating plant to the Alberta Balancing Pool as income rather than as a sale of an asset. The Corporation has made submissions to the CRA opposing the CRA’s position. Due to the uncertainty as to whether the reassessment will ultimately be resolved in the Corporation’s favour, the Corporation reduced earnings by \$12.4 million in 2006, of which \$8.0 million was recorded in the second quarter (“H.R. Milner Tax Reassessment”); and
- warmer temperatures in ATCO Gas.

Earnings increased for the nine months ended September 30, 2006, primarily due to:

- higher margins received for natural gas liquids, higher storage earnings due to higher capacity leased, and the timing and demand of storage capacity sold by ATCO Midstream;
- higher earnings in ATCO Power’s Alberta generating plants due to higher spark spreads realized on sales of electricity in the Alberta market; and
- \$11.8 million adjustment to reflect changes to federal and provincial taxes and rates.

The increased earnings were partially offset by:

- the H.R. Milner Tax Reassessment; and
- warmer temperatures in ATCO Gas.

Revenues increased for the three months ended September 30, 2006, primarily due to:

- higher revenues in ATCO Power's Alberta generating plants due to higher Alberta Power Pool prices.

The increased revenues were partially offset by:

- warmer temperatures in ATCO Gas.

Revenues decreased for the nine months ended September 30, 2006, primarily due to:

- reduced recoveries of natural gas costs in revenues in 2006 as ATCO Gas ceased selling natural gas from its natural gas storage facilities on March 31, 2005, in accordance with Alberta Energy and Utilities Board ("AEUB") directives; and
- impact of lower United Kingdom and Australia exchange rates on conversion of revenues to Canadian dollars.

The decreased revenues were partially offset by:

- the impact of customer rate increases from the ATCO Electric AEUB General Tariff Application Decision and the ATCO Gas AEUB General Rate Application Decision received in the first quarter of 2006. The impact of these decisions on 2006 revenues is positive as ATCO Electric and ATCO Gas had lower customer rates during the first nine months of 2005.

Cash flow from operations increased for the three and nine months ended September 30, 2006, primarily due to increased earnings.

Canadian Utilities Limited's consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the three and nine months ended September 30, 2006, are now available on Canadian Utilities' website (www.canadian-utilities.com) or via SEDAR (www.sedar.com) or can be requested from the Corporation.

The consolidated financial statements and management's discussion and analysis of financial condition and results of operations will be mailed to those share owners who have requested such information on or about November 3, 2006.

Canadian Utilities Limited is part of the ATCO Group of Companies (www.atco.com). Canadian Utilities Limited is a premier Canadian based worldwide organization of companies with assets of approximately \$6.7 billion and more than 6,000 employees, actively engaged in three main business divisions: Power Generation; Utilities (natural gas and electricity transmission and distribution) and Global Enterprises, with companies active in technology, logistics and energy services.

For further information, please contact:

K.M. (Karen) Watson
Senior Vice President
& Chief Financial Officer
Canadian Utilities Limited
(403) 292-7502