

CANADIAN UTILITIES LIMITED

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For Immediate Release

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Canadian Utilities Reports Increased Second Quarter Earnings

CALGARY, Alberta – **Canadian Utilities Limited (TSX: CU, CU.X) reported earnings of \$81.1 million (\$0.65 per share) for the three months ended June 30, 2007**, compared to earnings of \$70.2 million (\$0.56 per share) for the same three months of 2006. Earnings for the six months ended June 30, 2007, were \$215.8 million (\$1.72 per share) compared to earnings of \$157.1 million (\$1.24 per share) for the same six months in 2006.

Financial Summary

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2007	2006	2007	2006
	(\$ Millions except per share data) (<i>unaudited</i>)			
Earnings	81.1	70.2	215.8	157.1
Earnings per Class A and B share	0.65	0.56	1.72	1.24
Revenues	560.3	563.4	1,257.9	1,205.4
Funds generated by operations ⁽¹⁾	163.3	136.1	395.5	341.8

⁽¹⁾ This measure is cash generated from operations before changes in non-cash working capital and is not defined by Generally Accepted Accounting Principles. This measure may not be comparable to similar measures used by other companies.

Earnings for the three months ended June 30, 2007, increased primarily due to:

- \$16.4 million adjustment relating to the 2007 change in the taxation of preferred share dividends. In the second quarter of 2007, the federal government amended legislation on the taxation of preferred share dividends paid. This change, which was retroactive to 2003, resulted in a reduction in income tax expense that was recorded in the second quarter of 2007. As the Canada Revenue Agency ("CRA") has been assessing corporate tax returns based on this proposed change since January 1, 2003, the recently enacted change will not affect the Corporation's cash position. ("Change in the Taxation of Preferred Share Dividends");
- colder temperatures, customer growth and higher sales per customer in ATCO Gas; and
- an interest and income tax expense that was recorded by Alberta Power (2000) in the second quarter of 2006. This adjustment, which reduced earnings in the second quarter of 2006 by \$8.0 million, pertained to a CRA assessment on the taxation of proceeds received from the sale of the H.R. Milner generating plant in 2001 ("H.R. Milner Income Tax Reassessment").

This increase was partially offset by:

- \$11.8 million adjustment in 2006 to reflect decreased federal and provincial taxes and rates; and
- the timing and lower demand for natural gas storage capacity sold, lower storage fees and lower volumes and margins for natural gas liquids ("NGL") in ATCO Midstream.

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Earnings for the six months ended June 30, 2007, increased primarily due to:

- Change in the Taxation of Preferred Share Dividends;
- colder temperatures, customer growth and higher sales per customer in ATCO Gas;
- the timing and higher demand for natural gas storage capacity sold and higher storage fees in ATCO Midstream; and
- H.R. Milner Income Tax Reassessment in 2006.

This increase was partially offset by:

- \$11.8 million adjustment in 2006 to reflect decreased federal and provincial taxes and rates; and
- higher operating and maintenance expenses in ATCO Electric, pending finalization of 2007 and 2008 customer rates.

Revenues for the three months ended June 30, 2007, decreased primarily due to:

- lower NGL revenue due to lower prices and volumes of natural gas purchased and resold on a “no margin” basis, lower prices and volumes of natural gas processed for NGL extraction, and the timing and lower demand of natural gas storage capacity sold and lower storage fees in ATCO Midstream; and
- lower natural gas fuel purchases recovered on a “no-margin” basis in ATCO Power’s U.K. operations.

This decrease was partially offset by:

- impact of 2007 interim customer rate increases for ATCO Electric approved by the Alberta Energy and Utilities Board in December 2006; and
- colder temperatures, customer growth and higher sales per customer in ATCO Gas.

Revenues for the six months ended June 30, 2007, increased primarily due to:

- the timing and higher demand of natural gas storage capacity sold and higher storage fees in ATCO Midstream; and
- impact of 2007 interim customer rate increase for ATCO Electric approved by the AEUB in December 2006.

This increase was partially offset by:

- lower NGL revenue due to lower prices and lower volumes of natural gas purchased and resold on a “no margin” basis and lower prices and volumes of natural gas processed for NGL extraction in ATCO Midstream; and
- lower natural gas fuel purchases recovered on a “no-margin” basis in ATCO Power’s U.K. operations.

Funds generated by operations for the three and six months ended June 30, 2007, increased primarily due to increased earnings.

Other Recent Highlights include:

- ATCO Electric has applied to the AEUB for approval to build and operate a new 240-kV electric transmission line in northwest Alberta. This 235 kilometre transmission line starts in the Wabasca area and ends in the Peace River region and has an estimated cost of \$210 million. ATCO Electric anticipates completing the project by 2010 and plans to begin construction in late 2007.
- ATCO Power will build a second natural gas-fired 45 megawatt (MW) power plant in Valleyview, Alberta. This “peaking” facility is designed to solidify provincial grid stability while providing quick access to additional power and is expected to be completed in 2008.
- UQSUQ Corporation, a joint venture between ATCO Frontec and Inuit owned companies in the Arctic, has been awarded a five year contract renewal to lease and operate the bulk fuel storage facility, the pipeline distribution system and the municipal fuel distribution system in Iqaluit, Nunavut.
- ATCO Frontec has been awarded five contracts to provide multiple support services for up to five years at the Kandahar Airfield in Afghanistan for the more than 10,000 troops serving NATO’s International Security Assistance Force.

Canadian Utilities Limited’s consolidated financial statements and management’s discussion and analysis of financial condition and results of operations for the three and six months ended June 30, 2007, will be available on Canadian Utilities’ website (www.canadian-utilities.com) or via SEDAR (www.sedar.com) or can be requested from the Corporation.

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Canadian Utilities Limited is part of the ATCO Group of Companies. ATCO Group, an Alberta based worldwide organization of companies with assets of approximately \$7.8 billion and more than 7,000 employees, is comprised of three main business divisions: Power Generation; Utilities (natural gas and electricity transmission and distribution) and Global Enterprises, with companies active in industrial manufacturing, technology, logistics and energy services. More information about Canadian Utilities Limited can be found on its website www.canadian-utilities.com.

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Forward-Looking Information:

Certain statements contained in this news release may constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "expect", "may", "will", "intend", "should", and similar expressions. These statements involve 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 statements. The Corporation believes that the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

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

The forward-looking statements contained in this news release represent the Corporations' expectations as of the date hereof, and are subject to change after such date. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.
