

July 25, 2006

CANADIAN UTILITIES REPORTS INCREASED SECOND QUARTER 2006 EARNINGS

CALGARY, Alberta – **Canadian Utilities Limited reported increased earnings for the three months ended June 30, 2006**, of \$70.2 million (\$0.56 per share) compared to \$50.0 million (\$0.39 per share) for the same period in 2005. Earnings for the six months ended June 30, 2006, were \$157.1 million (\$1.24 per share) compared to earnings for the same six months in 2005 of \$130.0 million (\$1.02 per share).

Financial Summary	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2006	2005	2006	2005
	(\$ Millions except per share data)			
	<i>(unaudited)</i>			
Revenues.....	563.4	552.9	1,205.4	1,298.1
Earnings	70.2	50.0	157.1	130.0
Earnings per Class A and B share.....	0.56	0.39	1.24	1.02
Cash flow from operations.....	136.1	106.4	341.8	335.6

Earnings for the three and six months ended June 30, 2006, increased primarily due to:

- the impact of recently announced changes to federal and provincial income taxes and rates increased earnings by \$11.8 million;
- higher storage earnings due to the timing and demand of storage capacity sold and higher margins for natural gas liquids received in ATCO Midstream; and
- decreased share appreciation rights expense due to lower share prices.

The increased earnings were partially offset by:

- an interest and income tax expense adjustment in Alberta Power (2000). The Canada Revenue Agency (“CRA”) has stated it will reassess Alberta Power (2000)’s 2001 taxation year to treat 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. The impact of the reassessment is an \$8.0 million increase in interest and income tax expense, an \$8.0 million decrease in earnings and a \$28.8 million payment associated with the tax and interest assessed. It is expected that \$20.8 million of this cash payment will be recovered over time by reducing income taxes payable through higher capital cost allowance claims. Due to the uncertainty as to whether the reassessment will ultimately be resolved in the Corporation’s favour, the Corporation reduced earnings by \$8.0 million in the second quarter of 2006 and has paid \$28.8 million to CRA in the third quarter of 2006.

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

- impact of customer rate increases resulting from the ATCO Electric Alberta Energy and Utilities Board (“AEUB”) General Tariff Application Decision (“ATCO Electric Decision”) and the ATCO Gas General Rate Application Decision (“ATCO Gas Decision”) received in the first quarter of 2006. The impact of these decisions on the second quarter revenues are positive as ATCO Electric and ATCO Gas had lower rates for customers during the second quarter of 2005; and

- higher storage revenues due to the timing and demand of storage capacity sold and higher prices for natural gas liquids received by ATCO Midstream.

This increase was partially offset by:

- lower income taxes recovered from ATCO Electric's customers on a flow-through basis, reflecting lower income tax rates in 2006.

Revenues for the six months ended June 30, 2006 decreased 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 AEUB directives.

This decrease was partially offset by:

- the impact of customer rate increases resulting from the ATCO Electric Decision and the ATCO Gas Decision.

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

Second Quarter Other Highlights include:

- The ATCO Group of Companies announced it will provide people, products and services as an Official Supplier to the 2007 Canada Winter Games.
- ATCO Frontec was awarded a NATO contract to provide services for an 11-Nation exercise in Africa.
- Canadian Utilities Limited announced that it has determined to undertake an examination of strategic alternatives available for its gas gathering and processing and natural gas liquids midstream business, with the objectives of facilitating future growth opportunities and enhancing shareholder value.
- Canadian Utilities Limited announced an increase to its regular third quarter dividend to 29.0 cents per share and a Special Dividend of 25.0 cents per share.

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, 2006, are now available on Canadian Utilities' website (www.canadian-utilities.com) or via SEDAR (www.sedar.com) or can be requested from the company.

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 July 31, 2006.

Canadian Utilities Limited is a part of the ATCO Group of companies. ATCO Group is an Alberta based, worldwide organization of companies with more than 7,000 employees actively engaged in Power Generation, Utilities and Global Enterprises. More information about Canadian Utilities can be found on its website, www.canadian-utilities.com.

For further information contact:

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