

April 26, 2006

CANADIAN UTILITIES REPORTS INCREASED FIRST QUARTER 2006 EARNINGS

CALGARY, Alberta – **Canadian Utilities Limited reported increased earnings for the three months ended March 31, 2006** of \$86.9 million (\$0.68 per share) compared to earnings for the same three months in 2005 of \$80.0 million (\$0.63 per share).

Earnings for the three months ended March 31, 2006, increased primarily due to:

- higher natural gas storage earnings due to increased capacity leased, the timing and demand of storage capacity sold and higher average fees received by ATCO Midstream;
- improved prices for ATCO Power's U.K. merchant electricity; and
- decreased share appreciation rights expense due to lower share prices.

This increase was partially offset by:

- higher transmission costs in ATCO Pipelines;
- one-time impact of the ATCO Electric Alberta Energy and Utilities Board (“AEUB”) General Tariff Application Decision (“ATCO Electric Decision”) related to 2005 earnings recorded in the first quarter of 2006; and
- warmer temperatures in ATCO Gas.

Revenues for the three months ended March 31, 2006, were \$642.0 million compared to \$745.2 million in 2005. This decrease was primarily due to:

- reduced recoveries of natural gas costs in 2006 as ATCO Gas ceased selling natural gas from its natural gas storage facilities on March 31, 2005, in accordance with AEUB directives; and
- lower business activity in ATCO Frontec.

This decrease was partially offset by:

- impact of customer rate increases resulting from the ATCO Electric Decision and the ATCO Gas General Rate Application Decision (“ATCO Gas Decision”) received from the AEUB in the first quarter of 2006. The impact of the ATCO Electric Decision and the ATCO Gas Decision on the first quarter revenues are positive as ATCO Electric and ATCO Gas had lower rates for customers during the first quarter of 2005; and
- higher natural gas storage revenues due to increased capacity leased, the timing and demand of storage capacity sold and higher average fees received by ATCO Midstream.

Cash flow from operations for the three months ended March 31, 2006, was \$205.7 million compared to \$229.2 million in 2005. This decrease was primarily due to the impact of the previously announced TXU Europe Settlement. This decrease was partially offset by increased earnings.

First Quarter Other Highlights Include:

- ATCO Gas received a decision from the Supreme Court of Canada that ATCO Gas is the sole owner of its assets. In its decision regarding the sale of property owned by the utility, the Supreme Court reiterated the important role of the AEUB to determine fair, equitable and reasonable rates for customers while balancing the property rights retained by owners, as recognized in a free market economy.
- ATCO Gas officially opened a new 55,000 square foot facility in Edmonton, which incorporates some of the most advanced equipment for testing and certifying natural gas detection and metering equipment.

Canadian Utilities Limited's consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the three months ended March 31, 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 May 3, 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.

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