



Hamilton Utilities Corporation

News Release

For immediate release

Hamilton Utilities Corporation Releases 2006 Financial Results

Hamilton, April 12, 2007 – Hamilton Utilities Corporation (the “Corporation”) announced its financial results today reporting consolidated net income for the year ended December 31, 2006 of \$16.2 million compared with \$12.4 million for the year ended December 31, 2005.

“In 2006, Hamilton Utilities Corporation delivered record financial results, principally based on the strong performance of its electricity distribution business, Horizon Utilities Corporation.” said John Basilio, Interim President of Hamilton Utilities Corporation. “Our FibreWired business unit also continued to contribute positively to earnings with investment returns consistent with expectations”.

Total revenue growth of \$5.4 million over 2005 principally related to Horizon Utilities which reflects a 10 month fiscal period in 2005 consolidated results following its creation by merger on March 1, 2005. Otherwise, Horizon revenues increased modestly by \$1.9MM, or 2.1%, on an annualized comparative basis. FibreWired revenue grew by 7.8% or \$0.6MM reflecting customer growth in offsite data storage and network access services.

Normalized operating expenses, excluding \$2.7 million in 2005 merger related expenses, increased by \$1.2 million, or about 2.8%, in 2006. This increase was primarily attributable to non-recurring expenditures in the electricity distribution operations to support regulated conservation and demand management programs, increased activity in the forestry program, and an investment in skilled trades apprentices to address an aging workforce demographic and anticipated retirements. Overall, there has been continued success in containing recurring operating expenditures as a result of ongoing corporate process improvement initiatives.

The 2006 financial results included a one-time \$2.8MM pre-tax recovery of costs incurred by a predecessor of Horizon Utilities for systems and process changes to support the deregulation of the electricity market in 2002. The recovery of these amounts was approved by the Ontario Energy Board in 2006 for many electricity distributors such as Horizon Utilities. Such costs were previously written-off due to the uncertainty of recovery.

During 2006 the Corporation paid \$5.0 million in dividends and invested \$33.9 million in capital, primarily in the electricity distribution system.

Financial Summary (\$ millions)

	2006	2005
Revenues	100.0	94.7
Operating expenses	44.5	46.0
Depreciation and amortization	22.3	21.0
	66.8	67.0
Income from operating activities	33.2	27.7
Recovery of qualifying transition costs	2.8	-
Gains on asset dispositions	0.1	0.6
Net interest expense	(6.8)	(6.6)
Income before payments in lieu of taxes	29.3	21.6
Payments in lieu of taxes	(10.0)	(6.9)
Net income before minority interest	19.3	14.7
Minority interest	(3.1)	(2.3)
Net income	16.2	12.4

Hamilton Utilities Corporation is a holding company with a 78.9 per cent ownership interest in Horizon Utilities Corporation, a regulated local electricity distribution company; and wholly-owned interests in FibreWired Hamilton, a regional broadband telecommunications service provider, and Hamilton Community Energy, a district energy facility operating in downtown Hamilton. Hamilton Utilities Corporation is committed to providing essential public utility and related services in a manner that balances commercial discipline with environmental and social responsibility. Hamilton Utilities Corporation is wholly-owned by the City of Hamilton. For more information, visit: www.hamiltonucorp.com.

Hamilton Utilities Corporation's 2006 Consolidated Financial Statements and Management's Discussion and Analysis are available at www.hamiltonucorp.com

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