



Hamilton Utilities Corporation

News Release

For immediate release

Hamilton Utilities Corporation Releases 2005 Financial Results

Hamilton, April 7, 2006 – Hamilton Utilities Corporation announced its financial results today reporting consolidated net income for the year ended December 31, 2005 of \$12.4 million compared with \$11.0 million for the year ended December 31, 2004.

“2005 was a very successful year for Hamilton Utilities Corporation which delivered strong financial results and a merger of its wholly-owned electricity distribution subsidiary, Hamilton Hydro Inc., with St. Catharines Hydro Utility Services Inc.,” said John Basilio, Interim President of Hamilton Utilities. “The merger delivered on a significant component of our strategic plan to lead in the consolidation of Ontario’s electricity distribution sector which, in turn, will support more reliable and cost effective customer service delivery and improved shareholder value.”

The merger proceeded through a statutory amalgamation and was completed on March 1, 2005, with Hamilton Utilities receiving a 78.9% common equity interest in the newly merged entity, Horizon Utilities Corporation. Horizon Utilities Corporation is the third largest municipally owned local distribution company in Ontario serving 230,000 customers in the communities of Hamilton and St. Catharines.

The total revenue of Hamilton Utilities increased by \$22.7 million over 2004 reflecting electricity distribution revenue contributed by the former St. Catharines Hydro Utilities Services Inc. subsequent to the merger and an increase in weather related consumption; an increase in the FibreWired telecommunications services business unit reflecting customer growth as a result of new product offerings; and an increase in thermal energy revenue of \$0.6 million generated by Hamilton Community Energy and reflecting a new customer connection.

Operating expenses increased by \$13.5 million over 2004. Such increases were principally related to Horizon Utilities, including the contribution of expenses by the former St. Catharines Hydro Utilities Services Inc. subsequent to the merger, such as increased activity in deforestation of power lines, expenditures to support regulated electricity conservation and demand management programs, and merger related expenditures. The merger is expected to result in annualized cost savings exceeding \$5.0 million.

During 2005, Hamilton Utilities paid regular dividends of \$6.5 million and a one-time dividend of \$16.6 million to its sole shareholder, the City of Hamilton. The one-time dividend reflected an adjustment to the capital structure of Horizon Utilities Corporation.

Financial Summary (\$ millions)

	2005	2004
Revenues	94.7	72.0
Operating expenses	46.0	32.5
Depreciation and amortization	21.0	17.2
	67.0	49.7
Income from operating activities	27.7	22.3
Gains on asset dispositions	0.6	0.7
Net interest expense	(6.6)	(6.3)
Income before payments in lieu of taxes	21.6	16.7
Payments in lieu of taxes	(6.9)	(5.7)
Net income before minority interest	14.7	11.0
Minority interest	(2.3)	-
Net income	12.4	11.0

Hamilton Utilities Corporation's 2005 Consolidated Financial Statements and Management's Discussion and Analysis are available at www.hamiltonucorp.com.

Hamilton Utilities Corporation is a holding company with a 78.9 per cent ownership 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.

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