

NEWS RELEASE

**ALTAGAS' THIRD QUARTER GROWS 62 PERCENT
WITH NET INCOME OF \$8.9 MILLION**

CALGARY, Alberta - November 13, 2003 - TSX: ALA

Third Quarter and Year-to-Date 2003 Highlights

(All financial figures are in Canadian dollars unless otherwise stated.)

- AltaGas Services Inc.'s net income for the first nine months of 2003 was \$25.4 million or \$0.56 per share, compared to net income of \$17.7 million or \$0.43 per share for the first nine months of 2002. This is a 44 percent increase in net income and a 30 percent increase in net income per share. Third quarter 2003 net income was \$8.9 million, 62 percent higher than 2002 third quarter net income of \$5.5 million. Net income per share increased to \$0.20 in the third quarter of 2003, a 61 percent increase compared to \$0.12 per share in the third quarter of 2002.
- The growth in net income for the first nine months and third quarter of 2003 was a result of stronger contributions from the transmission, power and extraction components. The increases in both periods were partially offset by interest associated with higher debt levels and by increased income taxes primarily related to higher income from AltaGas' growth. For the nine months of 2003, a higher effective tax rate also had an impact on results.
- AltaGas' Board of Directors declared a dividend of \$0.11 per common and participating share to be paid on December 31, 2003 to shareholders of record as at November 28, 2003, an increase of \$0.03 per share compared to the \$0.08 per share dividend in the third quarter of 2002.
- Funds generated from operations for the first nine months of 2003 grew 31 percent to \$63.5 million when compared to \$48.4 million for the first nine months of 2002. Funds generated from operations for the third quarter of 2003 were \$21.1 million, a 20 percent increase over the same period last year.
- Late in the third quarter of 2003, modifications were completed to the EnCana-operated Empress extraction facility, in which AltaGas has a 10 percent interest. As a result of the modifications, AltaGas' net ethane production capability will increase by an estimated 1,400 Bbls/d. This additional ethane capacity is expected to contribute positively to AltaGas' income starting in the fourth quarter of 2003.
- On October 17, 2003, AltaGas purchased an additional 1,592,250 limited partnership units of Taylor NGL Limited Partnership ("Taylor") for approximately \$8.7 million. The purchase, under a public offering of Taylor's limited partnership units, preserved AltaGas' 19.2 percent ownership of Taylor. The two companies, each owning a fifty percent interest in the Joffre ethane extraction plant, expect to benefit over the longer term from this relationship by capturing mutually beneficial growth opportunities.

Commenting on the first nine months of 2003, AltaGas' Chairman and Chief Executive Officer David Cornhill said, "The strength of our asset base continues to be demonstrated through our financial and operating results. With nine months behind us and with the fourth quarter historically our strongest, AltaGas is well on its way to achieving another record year". Mr. Cornhill added, "Our progress continues to be a direct result of our disciplined growth strategy. Our strong and diverse asset base, cash flow and earnings position us to capture opportunities to enhance long-term shareholder value."

Net revenue for the Gathering and Processing segment was \$101.5 million for the first nine months of 2003 compared to \$72.9 million for the first nine months of 2002, an increase of 39 percent. The net revenue for the first nine months of 2002 included a pre-tax gain of \$2.4 million on the sale of investments. Net revenue for the third quarter of 2003 was \$34.4 million compared to \$24.0 million for the third quarter of 2002. Net revenue growth in this segment during the first nine months of 2003 was achieved largely due to increased natural gas throughput in the transmission, extraction and field gathering and processing components, with third quarter growth primarily attributable to increased throughput in transmission.

In the field gathering and processing component, AltaGas continues to benefit from opportunities captured as a result of the Company's strategy to acquire underutilized facilities in areas with growth potential. During the third quarter of 2003, AltaGas' field gathering and processing facilities continued to attract new production, averaging almost one new well connection per day with a total of 80 well tie-ins compared to 48 well tie-ins during the third quarter of 2002. These well tie-ins, along with the acquisition of the Wabasca gathering and processing facilities in late December 2002, contributed to gross average natural gas throughput of 514 Mmcf/d for the third quarter of 2003, compared to 479 Mmcf/d for the same period in 2002. Volume increases were partially offset by normal natural gas production declines and lower producer activity in some AltaGas operating areas. AltaGas also experienced a net reduction in volumes of approximately three Mmcf/d in total at its Thornbury and Winefred field gathering and processing facilities due to the Alberta Energy and Utilities Board ("AEUB") decision to order the interim shut-in of all wells with natural gas production from the Wabiskaw-McMurray formation in a designated Athabasca oil sands area in northeastern Alberta.

In its field gathering and processing component, AltaGas typically acquires skid-mounted processing facilities that can be integrated with existing facilities. These mobile assets allow AltaGas to match quickly and efficiently the size of plant processing requirements to anticipated production volumes in an area. The ability to redeploy major equipment allows AltaGas to reduce operating costs and maximize return on capital investment. In October 2003, AltaGas commissioned a new gas plant in the Coutts area in southern Alberta. This six Mmcf/d, greenfield sour gas processing facility, backstopped by long-term take-or-pay commitments, was constructed utilizing redeployed equipment. To further utilize redeployable equipment, AltaGas is pursuing an opportunity to convert spare compressors to power generators at its field gathering and processing facilities.

AltaGas continues to implement new systems to integrate contracts and invoicing for field gathering and processing customers and to install a field data capture system across most of the Company's field gathering and processing facilities. During the third quarter of 2003, AltaGas successfully completed Electronic Flow Measurement (EFM) and field data capture installations in the Central Border area and initiated an upgrading project to the Supervisory Control and Data Acquisition (SCADA) installations in three operating areas and connected those systems to the field data capture system.

In the extraction component, AltaGas' net production averaged 6,013 Bbls/d of ethane and natural gas liquids ("NGLs") during the first nine months of the year compared to an average 3,180 Bbls/d extracted during the first nine months of 2002. AltaGas' total average extraction volumes for the third quarter of 2003 increased to 5,440 Bbls/d from 3,487 Bbls/d for the same period in 2002. The higher average production in 2003 is a result of the commissioning of the Joffre ethane extraction plant in December 2002. This increase was offset by reduced volumes in the third quarter of 2003 as a result of the eight week shut-in of the EnCana-operated Empress extraction facility to complete modifications required to increase ethane production at that facility. The modification was commissioned at the end of the third quarter and will contribute positively to AltaGas' income starting in the fourth quarter of 2003 as AltaGas' ethane production capability will be increased by approximately 1,400 Bbls/d. The ethane will be sold to a major petrochemical producer under a long-term fixed-margin contract, providing AltaGas with an additional source of long-term stable cash flow. The extraction component represents a strong area of growth for AltaGas and the Company continues to pursue opportunities to expand its position in this marketplace.

Total average transmission volumes increased to 322 Mmcf/d for the first nine months of 2003 from 57 Mmcf/d for the same period in 2002. This is primarily a result of the late December 2002 Suffield transmission pipelines acquisition which increased natural gas transmission capacity by 400 Mmcf/d. Total average transmission volumes for the third quarter of 2003 were 347 Mmcf/d compared to 321 Mmcf/d for the second quarter of 2003. The higher volumes in 2003 are primarily due to higher throughput on the Suffield system and the Summerdale transmission pipeline. Throughput on

the Summerdale pipeline increased as a result of the expansion at AltaGas' Manola field gathering and processing facility, which is upstream of the Summerdale transmission pipeline.

The Energy Services segment generated net revenue of \$36.4 million for the first nine months of 2003 compared to \$29.6 million for the first nine months of 2002. Net revenue for the third quarter of 2003 was \$14.1 million compared to \$13.0 million for the same period in 2002. The increases in net revenue in this segment are primarily attributable to the higher price received for power sold and the additional power sales in the second and third quarter of 2003 associated with the Genesee energy strip contract.

AltaGas reduces its exposure to electricity price volatility by using a balanced portfolio of contracts to lock in power margins to reduce pricing risk. The average price AltaGas received from power sales during the first nine months of 2003 was \$47.05 per MWh compared to \$39.83 per MWh during the first nine months of 2002. Average Alberta Power Pool prices were \$65.71 per MWh and \$37.99 per MWh for the first nine months of 2003 and 2002 respectively. The average price AltaGas received from power sales in the third quarter of 2003 was \$48.28 per MWh compared to \$42.51 per MWh in the third quarter of 2002. Average Alberta Power Pool prices were \$62.39 per MWh and \$34.75 per MWh in the third quarter of 2003 and 2002 respectively. The increase in the average price AltaGas received from power sales in the third quarter of 2003 is due to the impact of higher priced hedges in AltaGas' power portfolio.

In the Natural Gas Distribution segment, net revenue for the first nine months of 2003 was \$21.3 million compared to \$20.4 million for the same period in 2002. Net revenue for the third quarter of 2003 was \$4.9 million, compared to \$4.5 million for the third quarter of 2002. The increases were due to higher revenue requirements and higher volumes associated with AltaGas Utilities Inc's ("AUI") customer base which grew to 58,941 at September 30, 2003 compared to 57,900 at the end of September 2002. The increases were partially offset by the impact of warmer weather in 2003 when compared to 2002.

During the third quarter of 2003, AUI received approval from the AEUB to commence negotiations with respect to all components of the Phase 1 portion of AUI's 2003/2004 General Rate Application, with the exception of AUI's 2004 rate of return on common equity and capital structure. AUI's rate of return on common equity and capital structure will be determined through a Generic Cost of Capital Proceeding, which is scheduled to commence in mid-November 2003.

Heritage Gas Ltd., a Nova Scotia company in which AltaGas owns 24.9 percent, holds the full regulation class natural gas distribution franchise to serve six counties in Nova Scotia for a period of 25 years. During the third quarter of 2003, Heritage Gas completed the acquisition of pipeline and other assets from Sempra Atlantic Gas which will be utilized to provide natural gas service to initial customers prior to year end 2003. This project is not expected to contribute to AltaGas' operating results until late 2004.

AltaGas continues to grow through selective investment and disciplined capital allocation. During the first nine months of 2003, AltaGas successfully augmented future cash flows and earnings through contractual arrangements and investment in all segments of its business with minimal capital outlay. Net additions to capital assets in the first nine months of 2003 were \$18.7 million, compared to \$35.5 million for the first nine months of 2002. In the Gathering and Processing segment, capital additions primarily include upgrades and expansions at existing field gathering and processing facilities and expansion of the EnCana-operated Empress extraction plant. In the field gathering and processing component, AltaGas is able to maintain volumes and margins with existing investment and due to producers more frequently paying for tie-ins. In the Natural Gas Distribution segment, net additions to capital assets in 2003 includes routine system betterment projects, new business development and the advancement of Heritage Gas. In the Energy Services segment in 2003, AltaGas grew with minimal investment, as demonstrated by the Company's three year, 100 megawatt Genesee energy strip contract that required no capital outlay. Instead, AltaGas pays a competitively priced fixed monthly capacity charge. AltaGas continues to focus on opportunities through internal expansion and strategic acquisitions that create value for shareholders while preserving the Company's financial strength.

On October 17, 2003, AltaGas purchased an additional 1,592,250 limited partnership units of Taylor NGL Limited Partnership ("Taylor") for approximately \$8.7 million to preserve AltaGas' 19.2 percent ownership of Taylor. The two companies will continue to enhance their existing relationship by capturing mutually beneficial growth opportunities.

At September 30, 2003 AltaGas had total debt outstanding of \$406.0 million, \$29.0 million of which was the result of a short-term bridge facility to a related party. Absent this bridge facility, which was repaid in October, AltaGas'

total debt outstanding would have been approximately \$377.0 million at September 30, 2003, compared to \$419.5 million at December 31, 2002. This \$42.5 million in debt reduction, after investment of \$59.0 million and dividends of \$12.3 million demonstrates the cash flow generation strength of AltaGas' assets.

Mr. Cornhill noted, "Our ongoing focus to strengthen our balance sheet has resulted in significant debt reduction in 2003. We have the financial means to support a substantial level of investment. Over the rest of the year and in the future we look forward to supplementing our internal growth with acquisitions that complement our existing businesses".

Consolidated Financial Highlights

(\$ millions)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Revenue	157.9	107.2	529.9	342.4 ⁽⁴⁾
Net revenue ⁽¹⁾	53.3	41.4	158.9	121.1 ⁽⁴⁾
EBITDA ⁽²⁾	29.3	22.0	87.8	67.6 ⁽⁴⁾
Net income	8.9	5.5	25.4	17.7 ⁽⁴⁾
Funds generated from operations	21.1	17.6	63.5	48.4

Results per basic share (dollars except number of shares)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
EBITDA ⁽²⁾	0.64	0.49	1.93	1.63 ⁽⁴⁾
Net income	0.20	0.12	0.56	0.43 ⁽⁴⁾
Funds generated from operations	0.46	0.39	1.40	1.18
Dividends paid per share	0.11	0.08	0.27	0.20
Basic shares outstanding for the period (millions) ⁽³⁾	45.5	45.1	45.4	41.4
Shares outstanding at period end (millions)	45.6	45.1	45.6	45.1

Certain comparative figures have been reclassified to conform to the current financial presentation.

(1) Net revenue is gross revenue less the costs of the purchase of natural gas for resale and the costs to purchase power under power purchase arrangements.

(2) Earnings before interest expense, income taxes, and amortization. EBITDA is provided to assist investors in determining the ability of AltaGas to generate funds from operations. This measure does not have any standardized meaning prescribed by generally accepted accounting principles and may not be comparable to similar measures presented by other companies.

(3) Based on the weighted average number of shares outstanding for the period.

(4) 2002 includes a pre-tax gain of \$2.4 million (\$1.8 million after tax or \$0.04 per share) from the sale of investments.

About AltaGas

AltaGas moves energy from its source to the end user, adding value through the process. The Company has almost \$900 million of assets and a market capitalization of over \$600 million. Its steadily expanding asset base today includes natural gas gathering and processing facilities, interests in ethane and natural gas liquids extraction plants, and transmission pipelines. AltaGas distributes natural gas to Alberta customers through AltaGas Utilities Inc., to customers in the Northwest Territories through the Ikhil Gas Project and will distribute gas in Nova Scotia through its interest in Heritage Gas Ltd. The Company provides energy services to customers, including marketing of natural gas and natural gas liquids and sale of power from its power purchase arrangements.

AltaGas' common shares are listed on the Toronto Stock Exchange under the symbol ALA. The Company is included in the S&P/TSX Composite Index, S&P/TSX Canadian Smallcap Index and the S&P/TSX Canadian Energy Index.

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When used in this press release, the words "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward-looking statements. These risks and uncertainties include operating performance, regulatory and environmental issues, weather and economic conditions, competition and financing availability. For additional information on these and other factors see the reports filed by AltaGas with Canadian securities regulators. AltaGas disclaims any intention or obligation to update or revise any forward looking information whether as result of new information or future events.

THIRD QUARTER REPORT

INTERIM REPORT TO SHAREHOLDERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

RESULTS AT A GLANCE

	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Net income (millions of dollars)	8.9	5.5	25.4	17.7
Net income excluding net gains from sale of investments (millions of dollars)	8.9	5.5	25.4	15.9
Net income per share	0.20	0.12	0.56	0.43
Net income per share excluding net gains from sale of investments	0.20	0.12	0.56	0.39

Note: Per share amounts are based on the weighted average number of shares outstanding for the period or basic shares.

Net income excluding gains is provided to assist in determining normal income for ongoing operations.

Net income excluding gains does not have any standardized meaning prescribed by Canadian generally accepted accounting principles.

MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and in conjunction with the audited consolidated financial statements and the Management's Discussion and Analysis contained in the Company's annual report for the year ended December 31, 2002.

RESULTS OF OPERATIONS

Consolidated Operations

(\$ millions)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002 ⁽¹⁾
Revenue	157.9	107.2	529.9	342.4
Net revenue ⁽²⁾	53.3	41.4	158.9	121.1
EBITDA ⁽³⁾	29.3	22.0	87.8	67.6
Operating income	18.9	13.1	56.8	41.0

(1) 2002 includes a first quarter pre-tax net gain of \$2.4 million from the sale of investments.

(2) Net revenue is gross revenue less the costs of the purchase of natural gas for resale and the costs to purchase power under power purchase arrangements.

(3) EBITDA (operating income plus amortization) is provided to assist in determining the ability of AltaGas to generate cash from operations. This measure does not have any standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies.

AltaGas generated strong operating and financial results in the third quarter of 2003 which contributed to the substantial growth for the first nine months of this year when compared to the same period in 2002. The growth for the nine months is due to the late December 2002 acquisition of two natural gas transmission pipelines at Suffield, Alberta, a higher contribution from the power component due to increased power prices and additional power sales associated with AltaGas' 100 megawatt Genesee energy strip contract, and the start-up of the Joffre ethane extraction plant in late December 2002.

Revenue for the nine months ended September 30, 2003 rose 55 percent compared to the same period in 2002. For the three months ended September 30, 2003, revenue increased 47 percent compared to the three months ended September 30, 2002. The increases in revenue are primarily due to the higher prices received for natural gas in the Natural Gas Distribution segment and power sold in the Energy Services segment. In this segment, revenue has declined over the three quarters of 2003 due to decreasing gas prices received in the gas services component.

Net revenue increased 31 percent for the first nine months and 29 percent for the third quarter of 2003 when compared to the respective periods of 2002. In the extraction component and the Natural Gas Distribution and Energy Services segments, net revenue better reflects performance than revenue, as changes in the market price of natural gas and power affect both revenue and the cost of goods sold.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the nine and three months ended September 30, 2003 rose 30 percent and 33 percent respectively compared to the same periods of 2002. EBITDA per share increased to \$1.93 for the nine months ended September 30, 2003 compared to \$1.63 for the nine months ended September 30, 2002. EBITDA for the nine months ended September 30, 2002 includes a net gain from the sale of investments of \$2.4 million.

Net income for the nine months ended September 30, 2003 was \$25.4 million or \$0.56 per share compared to \$17.7 million or \$0.43 per share for the nine months ended September 30, 2002. After tax net gains on the sale of investments included in the first quarter of 2002 were \$1.8 million or \$0.04 per share.

The stronger performance in the first nine months and the third quarter of 2003 was due to the late December 2002 acquisition of the Suffield transmission pipelines, the higher price received for power sold, the additional power sales associated with AltaGas' 100 megawatt Genesee energy strip contract and 2002 expansions at extraction and field gathering and processing facilities. The growth was partially offset by increased interest costs due to higher debt balances and by increased income taxes primarily related to the impact of higher income associated with AltaGas' growth. For the nine months of 2003, a higher effective tax rate also had an impact on results.

Results by Operating Segment

AltaGas reports consolidated financial and operating results on the basis of three business segments: Gathering and Processing, Energy Services and Natural Gas Distribution. Gathering and Processing includes natural gas field gathering and processing facilities, ethane and natural gas liquids extraction plant interests and natural gas transmission pipelines. Energy Services includes power services, gas services, and oil and natural gas production. Natural Gas Distribution includes AltaGas' wholly-owned subsidiary AltaGas Utilities Inc., the Company's one-third interest in Inuvik Gas Ltd., a company that distributes natural gas within the Town of Inuvik and the Company's 24.9 percent ownership in Heritage Gas Ltd., a company that is expected to start distribution of natural gas in Nova Scotia by year end 2003.

Gathering and Processing

FINANCIAL RESULTS

(\$ millions)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Revenue	38.2	25.4	114.1	76.9 ⁽¹⁾
Net revenue	34.4	24.0	101.5	72.9 ⁽¹⁾
Operating and administrative expenses	17.9	13.1	53.8	36.0
Amortization expense	6.7	5.2	20.0	15.4
Operating income	9.8	5.7	27.7	21.5 ⁽¹⁾

(1) 2002 includes a first quarter pre-tax gain of \$2.4 million on the sale of investments.

Growth in the Gathering and Processing segment for the nine months ended September 30, 2003 compared to the same period in 2002 was primarily due to the late December 2002 acquisitions of the Suffield transmission pipelines and the Wabasca field gathering and processing facilities. The commissioning of the Joffre ethane extraction plant in late 2002 and the increase in well tie-in activity in the field gathering and processing component also contributed to the growth.

Revenue in this segment for the nine months and three months ended September 30, 2003 increased by 48 percent and 50 percent respectively when compared to the same periods in 2002. Net revenue, revenue minus the costs associated with the purchase of shrinkage gas at extraction facilities, increased by 39 percent for the nine months ended September 30, 2003 and 43 percent for the third quarter of 2003 compared to the same periods of 2002. The extraction component purchases shrinkage gas or natural gas to make up the heating value of natural gas liquids extracted. For the nine months of 2002 net revenue includes a pre-tax gain of \$2.4 million on the sale of investments.

Operating and administrative expenses increased 49 percent in the first nine months of 2003 and 37 percent for the third quarter of 2003 compared to the same periods of 2002 primarily due to costs associated with the acquisition of the Wabasca gathering and processing facilities and expansions in the field gathering and processing component. A significant portion of the increased costs in 2003 were recovered through contractual arrangements. For the first nine months of 2003, increases in repairs and maintenance and general increases in property taxes also contributed to higher operating and administrative expenses.

Amortization expense increased for the nine months and three months ended September 30, 2003 compared to the same periods in 2002 primarily due to the late 2002 acquisitions and start up of the Joffre ethane extraction plant.

OPERATING STATISTICS

	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Field gathering and processing				
Capacity (gross Mmcf/d) ⁽¹⁾	835	767	835	767
Throughput (gross Mmcf/d) ⁽²⁾	514	479	519	478
Capacity utilization at quarter end (percent)	62	62		
Average working interest (percent) ⁽¹⁾	88	87	88	87
Extraction				
Inlet capacity (Mmcf/d) ⁽¹⁾	349	219	349	219
Production (Bbls/d) ⁽²⁾	5,440	3,487	6,013	3,180
Transmission volumes (Mmcf/d) ^{(2) (3)}	347	75	322	57

(1) As at September 30.

(2) Average for the period.

(3) Excludes condensate pipeline volumes.

Average field gathering and processing throughput volumes increased by seven percent in the third quarter of 2003 compared to the third quarter of 2002 due to the acquisition of the Wabasca field gathering and processing facilities and increased well tie-in activity. Partially offsetting the increases were natural production declines and the impact of normal down time for repairs and maintenance on facilities. Average throughput volumes for the third quarter of 2003 increased when compared to the second quarter of 2003 due to increased tie-in activity more than offsetting normal natural gas production declines.

In the extraction component, average production and extraction inlet capacity were higher for the nine and three month periods ending September 30, 2003 compared to the same periods of 2002 due to the start up of the Joffre ethane extraction plant in December 2002. In the third quarter of 2003, the production growth provided by the Joffre ethane extraction plant was partially offset by a construction related shut down at the Encana-operated Empress extraction facility from early August to late September.

Contract arrangements at AltaGas' extraction facilities provide for both fee for service and margin based revenue. A significant amount of inlet volumes processed capture a fee for service and bear no commodity price risk. AltaGas monitors the price differential between the price received for the natural gas liquids (NGLs) extracted and the price paid for the natural gas purchased to make up the heating value of the NGLs extracted, after subtracting operating costs. If commodity prices make NGL extraction uneconomic, the NGLs may be reinjected or the facilities shut in.

Transmission volumes increased during the nine and three months ended September 30, 2003 compared to the nine and three months ended September 30, 2002 primarily due to the acquisition of the Suffield transmission pipelines in December 2002 which increased AltaGas' transmission capacity by 400 Mmcf/d.

Net additions to capital assets in the Gathering and Processing segment were \$11.4 million during the first nine months of 2003 down from \$27.1 million for the same period of 2002. The 2003 capital investment is substantially related to well tie-ins, plant upgrades and expansions at existing field gathering and processing facilities and to extraction facilities, including modifications to the EnCana-operated Empress extraction plant to increase ethane production. The 2002 capital includes an investment of \$19.1 million in the Joffre ethane extraction plant.

Energy Services

FINANCIAL RESULTS

(\$ millions)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Revenue	117.0	78.6	393.6	243.5
Net revenue	14.1	13.0	36.4	29.6
Operating and administrative expenses	2.4	3.0	6.0	8.7
Amortization expense	2.1	2.2	6.3	6.8
Operating income	9.6	7.8	24.1	14.1

Operating income in 2003 in the Energy Services segment increased compared to 2002 primarily due to the higher price received for power sold in the power services component and the addition of 100 megawatts of power available for sale from the Genesee energy strip contract starting on April 1, 2003.

Revenue increased 62 percent in the first nine months of 2003 compared to the same period of 2002. The revenue increases in this segment are driven by higher natural gas prices received in the gas services component and higher power prices received in the power services component in combination with the higher sales volumes associated with the Genesee energy strip contract.

AltaGas reduces volatility in earnings associated with fluctuating power prices by locking in margins with financial instruments. The Company entered the power business in late 2001 and started hedging its power capacity late in the first quarter of 2002.

Net revenue, gross revenue less the costs of the purchase of natural gas for resale and the costs to purchase power under power purchase arrangements, and operating income increased for the nine months ended September 30, 2003 compared to the same period in 2002 primarily due to the higher price received for power sold and increased power sales volumes.

The decrease in operating and administrative expenses for the first nine months of 2003 compared to the first nine months of 2002 was due to lower costs related to oil and gas production. Amortization decreased in 2003 compared to 2002 due to lower oil and natural gas production volumes.

OPERATING STATISTICS

	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Volume of power sold (thousands of MWh)	872	674	2,393	1,997
Average price received on the sale of power (\$/MWh) ⁽¹⁾	48.28	42.51	47.05	39.83
Alberta Power Pool average spot price (\$/MWh) ⁽¹⁾	62.39	34.75	65.71	37.99

(1) Average for the period.

Net additions to capital assets in the Energy Services segment were \$1.5 million during the nine months ended September 30, 2003 compared to \$3.9 million during the same period of 2002. The net additions to capital assets are largely development costs in the oil and natural gas production component.

Natural Gas Distribution

The Natural Gas Distribution segment includes AltaGas Utilities Inc. (AUI), AltaGas' one-third interest in Inuvik Gas Ltd. and the Company's 24.9 percent ownership in Heritage Gas Ltd. (Heritage).

FINANCIAL RESULTS

(\$ millions)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Revenue	12.9	9.1	94.7	60.3
Net revenue	4.9	4.5	21.3	20.4
Operating and administrative expenses	3.8	3.5	11.6	10.7
Amortization expense	1.6	1.4	4.7	4.3
Operating income	(0.5)	(0.4)	5.0	5.4

Operating income in the Natural Gas Distribution segment for the first nine months and the third quarter of 2003 is slightly lower than the same periods of 2002. This decrease is due to higher routine operating and maintenance expenses and lower revenue resulting from weather conditions which were warmer than normal in the third quarter of 2003 and warmer than the same periods of 2002.

Higher natural gas prices in 2003 resulted in Natural Gas Distribution revenue increases in 2003 compared to 2002. AUI generates the majority of Natural Gas Distribution net revenue. Net revenue for the nine months ended September 30, 2003 increased compared to 2002 due to an increase in the number of service customers and an increase in the revenue requirement allowed by the Alberta Energy and Utilities Board. These increases were partially offset by warmer weather in 2003. AUI's net revenue is unaffected by changes in the cost of gas as the actual cost is permitted, subject to approval by the Alberta Energy and Utilities Board, to be passed through to the distribution customers.

On June 27, 2003 AUI filed a 2003/2004 General Rate Application with the AEUB proposing a negotiated settlement process for Phase 1 of this proceeding. In Phase 1 proceedings, the revenue requirements of the company are determined, while Phase 2 proceedings determine the rates that will be charged to each customer class. On July 29, 2003, the AEUB approved the commencement of negotiations with respect to all components of the Phase 1 portion except the 2004 rate of return on common equity and capital structure which will be determined through a Generic Cost of Capital Proceeding. The General Rate Application process will continue throughout the fourth quarter of 2003 and AUI may file a settlement agreement with the AEUB before the end of the year. AUI has applied to the AEUB to discontinue its 2002 Phase 2 application and deal with Phase 2 matters as part of the 2003/2004 General Rate Application.

On July 10, 2003 AUI and other natural gas and electric utilities in Alberta filed the first set of exhibits related to a Generic Cost of Capital Proceeding. This proceeding has been established by the AEUB to determine rate of return and capital structure for utilities on a generic basis, as opposed to a case-by-case basis as currently exists in Alberta. A hearing has been scheduled to commence mid-November 2003. For 2002, the AEUB allowed AUI a 9.7 percent return on equity, based on a capital structure of 41 percent equity and 59 percent debt. AUI has applied for the same return level and capital structure for 2003. AUI has requested a rate of return in the range of 11 percent to 11.5 percent for 2004 based on a capital structure of 45 percent equity and 55 percent debt.

Higher operating and administrative expenses in this segment in 2003 were related to increases in the cost of insurance and routine operating and maintenance activities.

The natural gas distribution business is highly seasonal with the majority of natural gas deliveries occurring during the winter heating season. Gas sales during the winter typically account for approximately two-thirds of annual gas distribution revenue, resulting in strong first and fourth quarter results and second and third quarters that show either small profits or losses.

OPERATING STATISTICS

	Three months ended		Nine months ended	
	September 30		September 30	
	2003	2002	2003	2002
Volume of natural gas distributed				
Sales (Bcf)	1.3	1.4	9.4	9.7
Transportation (Bcf)	2.6	1.8	6.8	5.6
Number of customers ⁽¹⁾	58,941	57,900	58,941	57,900
Degree day variance (percent) ⁽²⁾	(5.9)	20.7	8.8	16.6

(1) At September 30.

(2) Variance from 20-year average. Positive variances are favourable.

Net additions to capital assets in the Natural Gas Distribution segment were \$5.8 million during the nine months ended September 30, 2003 compared to \$4.5 million for the same period in 2002. The additions in 2003 were primarily related to costs associated with routine system betterment projects, new business development, construction of a pipeline in the Rainbow Lake area of Northern Alberta and AltaGas' share of costs related to obtaining the franchise, acquiring pipeline and other assets for Heritage.

In the second quarter of 2003, Heritage accepted the distribution franchise to deliver natural gas to six counties in Nova Scotia. There was no impact on operating results during the first nine months of 2003. Heritage expects to distribute natural gas by the end of 2003.

Consolidated Expenses

(\$ millions)	Three months ended		Nine months ended	
	September 30		September 30	
	2003	2002	2003	2002
Interest	5.6	4.3	16.8	13.7
Income taxes	4.4	3.3	14.6	9.6

AltaGas' interest expense for the nine months ended September 30, 2003 increased 23 percent from the same period in 2002. The increase in interest in 2003 is primarily due to higher average debt balances outstanding. The higher debt levels were primarily attributable to the debt of \$114.7 million incurred to fund the Wabasca field gathering and processing facilities and Suffield transmission pipeline acquisitions on December 19, 2002.

Income tax expense for the nine months ended September 30, 2003 increased from the same period in 2002 due to higher net income before taxes and the effect of changes to the Income Tax Act for federal income taxation of resource income. The changes include the phase out of the deduction for resource allowance and impact taxes otherwise estimated to be payable by AltaGas beyond 2003. The resource allowance deduction was designed to provide oil and gas industry participants a credit in calculating taxable income in place of non-deductible royalties paid on hydrocarbon production. Since 1997 AltaGas has benefited from the resource allowance deduction on its field gathering and processing business, a significant portion of its income, but pays no material royalties. Under the recently announced changes, resource allowance is replaced by the deductibility of provincial or crown royalties and a reduction in the tax rates applicable to resource income. The impact of recording this future income tax adjustment of \$0.02 per share increased the effective tax rate by three percentiles for the nine months ended September 30, 2003. The affect of this adjustment on the effective tax rate will decrease through 2003 as income before income taxes increases.

The effective tax rate for the third quarter of 2003 decreased from the second quarter of 2003 due to the one-time adjustment in the second quarter to reflect the changes to federal taxation of resource income as previously discussed combined with differences between the periods in the composition of income before income tax.

LIQUIDITY AND CAPITAL RESOURCES

Funds generated from operations for the nine months ended September 30, 2003 increased to \$63.5 million from \$48.4 million for the nine months ended September 30, 2002. The increase in 2003 is due to the acquisition of the Suffield transmission pipelines and the higher contribution from the power component in the Energy Services segment.

On September 4, 2003, the Company provided bridge financing of \$29.0 million to a related party. The loan was interest bearing at prime plus one percent and was repaid on October 17, 2003.

At September 30, 2003 AltaGas had total debt outstanding of \$406.0 million compared to \$306.6 million at September 30, 2002 and \$419.5 million at December 31, 2002. The Company's debt to capitalization ratio as at September 30, 2003 increased to 54 percent from 48 percent at September 30, 2002 and decreased from 56 percent at December 31, 2002. The debt to capitalization ratio increased at September 30, 2003 compared to September 30, 2002 primarily due to the funding of the Suffield transmission pipelines and Wabasca field gathering and processing facilities acquisitions in December 2002 and AltaGas' funding of a third party bridge loan of \$29.0 million in September 2003. The improvement in the capitalization ratio from December 31, 2002 is due to the increase in funds generated from operations being applied to debt repayment. Excluding the third party bridge loan, which was repaid on October 17, 2003, the debt to capitalization ratio would have been 52 percent at September 30, 2003.

AltaGas had a working capital surplus of \$35.6 million at September 30, 2003 compared to working capital deficits of \$34.4 million at September 30, 2002 and \$27.2 million at December 31, 2002. The change in working capital is primarily due to the repayment of AltaGas' \$50.0 million non-revolving bridge credit facility with a Canadian chartered bank during the second quarter of 2003 and the bridge facility to a third party in the third quarter of 2003.

AltaGas reduces financing costs and minimizes the effect of future interest rate movements on its cash flows through the use of interest rate swaps. The total amount of debt with variable interest rates that was fixed through interest rate swaps at September 30, 2003 was \$135.0 million. At September 30, 2003 interest rates had been fixed on approximately 58 percent of the Company's total debt, including the swaps and AltaGas' \$100.0 million of Medium Term Notes.

AltaGas paid a quarterly dividend of \$0.11 per fully paid common share and participating share in the capital stock of the Company on September 30, 2003 up from \$0.08 per share on June 30, 2003. Dividends of \$0.27 have been paid during the nine months ended September 30, 2003 compared to \$0.20 paid during the nine months ended September 30, 2002. This increase in dividends is reflective of the strength and sustainability of AltaGas' earnings.

RISK MANAGEMENT

With respect to continuing operations, the nature of AltaGas' risk exposure and the methods of managing risk remain substantially unchanged since December 31, 2002. AltaGas manages market and credit risk exposures in accordance with its corporate risk policies and position limits. The policies and limits are designed to mitigate the risk of significant loss. For further information on risks, refer to Management's Discussion and Analysis contained in AltaGas' 2002 Annual Report.

OUTLOOK

AltaGas' strong balance sheet and cash flow position continue to provide the Company with the flexibility to capture strategic acquisition and expansion opportunities when they arise. Looking forward, AltaGas expects the fourth quarter to be the strongest quarter of the year and on an annual basis, AltaGas management expects to deliver earnings per share growth consistent with the Company's five-year compound annual growth rate of approximately 20 percent.

CONSOLIDATED BALANCE SHEETS

(Unaudited except for December 31, 2002)

(\$ thousands)	September 30 2003	December 31 2002
ASSETS		
Current assets		
Accounts receivable	\$ 73,780	\$ 98,996
Inventory	2,563	3,770
Other (note 2)	36,175	5,180
	112,518	107,946
Capital assets		
Energy services arrangements and contracts	640,527	647,703
Goodwill	102,540	107,030
Future income taxes	18,860	18,860
Future income taxes	195	208
Investments and other assets (note 2)	17,386	7,450
	\$ 892,026	\$ 889,197
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 64,144	\$ 77,165
Short-term debt	185	50,555
Other	12,599	7,397
	76,928	135,117
Long-term debt		
Deferred revenue and other	405,806	368,943
Future income taxes	1,095	807
	55,547	48,070
	462,448	417,820
Shareholders' equity		
Share capital (note 3)	267,503	264,290
Retained earnings	85,147	71,970
	352,650	336,260
	\$ 892,026	\$ 889,197

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(Unaudited)

(\$ thousands except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
REVENUE				
Operating	\$ 157,610	\$ 107,490	\$ 529,337	\$ 340,237
Other	280	(323)	598	2,147
	157,890	107,167	529,935	342,384
EXPENSES				
Cost of sales	104,606	65,756	371,074	221,227
Operating and administrative	23,998	19,323	71,068	53,503
Amortization				
Capital assets	8,905	7,378	26,518	22,076
Energy services arrangements and contracts	1,505	1,512	4,515	4,522
	139,014	93,969	473,175	301,328
Operating income	18,876	13,198	56,760	41,056
Interest expense				
Short-term debt	3	496	1,379	2,049
Long-term debt	5,519	3,852	15,342	11,678
Income before income taxes	13,354	8,850	40,039	27,329
Income taxes	4,381	3,331	14,597	9,630
Net income	8,973	5,519	25,442	17,699
Retained earnings, beginning of period	81,186	62,692	71,970	55,157
Dividends	(5,012)	(3,610)	(12,265)	(8,255)
Retained earnings, end of period	\$ 85,147	\$ 64,601	\$ 85,147	\$ 64,601
Net income per share (note 3)				
Basic	\$ 0.20	\$ 0.12	\$ 0.56	\$ 0.43
Diluted	\$ 0.20	\$ 0.12	\$ 0.56	\$ 0.42

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(\$ thousands)	Three months ended September 30		Nine months ended September 30	
	2003	2002	2003	2002
Cash from operations				
Net income	\$ 8,973	\$ 5,519	\$ 25,442	\$ 17,699
Items not involving cash:				
Amortization	10,410	8,890	31,033	26,598
Future income taxes	1,552	2,834	6,863	6,223
Gain on sale of assets and investments	(30)	-	(76)	(2,442)
Equity (income) loss	(200)	322	(492)	295
Other	332	22	695	72
Funds generated from operations	21,037	17,587	63,465	48,445
Increase in deferred revenue and other	81	89	288	256
Net change in non-cash working capital	11,147	5,736	17,865	9,187
	32,265	23,412	81,618	57,888
Investing Activities				
Acquisition of capital assets	(5,780)	(10,486)	(20,496)	(31,773)
Disposition of capital assets	407	1,750	686	1,750
Acquisition of energy services arrangements and contracts	(4)	(2)	(25)	(764)
Advance to related party (note 2)	(29,000)	-	(29,000)	-
Acquisition of investments and other assets	(1,360)	-	(11,664)	(1,377)
Disposition of investments and other assets	30	411	1,510	2,198
	(35,707)	(8,327)	(58,989)	(29,966)
Financing Activities				
Increase (decrease) in debt	6,466	(11,233)	(13,507)	(77,304)
Dividends	(5,012)	(3,610)	(12,265)	(8,255)
Net proceeds from issuance of common shares (note 3)	1,988	(242)	3,143	57,637
	3,442	(15,085)	(22,629)	(27,922)
Change in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited except for December 31, 2002)

(tabular amounts in thousands of dollars except per share amounts and otherwise noted)

NOTE 1. Summary of Significant Accounting Policies

The interim consolidated financial statements of AltaGas Services Inc. ("AltaGas" or "the Company") have been prepared by management in accordance with Canadian generally accepted accounting principles. The accounting policies applied are consistent with those outlined in the Company's annual consolidated financial statements for the fiscal year ended December 31, 2002. These interim consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the audited consolidated financial statements included in AltaGas' 2002 Annual Report.

Certain comparative figures have been reclassified to conform with current financial statement presentation.

NOTE 2. Related Party Transactions

On April 23, 2003 AltaGas acquired 19.2 percent of the outstanding limited partnership units of Taylor NGL Limited Partnership ("Taylor") for \$9.4 million.

On September 4, 2003 the Company loaned \$29.0 million to a limited partnership in which Taylor is the sole limited partner. The loan was interest bearing at prime plus one percent and was repaid on October 17, 2003.

On October 17, 2003 AltaGas purchased an additional 1,592,250 limited partnership units of Taylor for \$8.7 million. The purchase preserved AltaGas' 19.2 percent ownership of Taylor.

NOTE 3. Share Capital**Authorized:**

- an unlimited number of common shares without nominal or par value.
- an unlimited number of preferred shares without nominal or par value.

Common Shares Issued:

	Number of Shares	Amount
December 31, 2002	36,237,092	\$ 175,326
Issued for cash on exercise of options	405,252	3,143
Issued for compensation	6,000	70
September 30, 2003	36,648,344	\$ 178,539

Preferred Participating Shares Issued:

	Number of Shares	Amount
December 31, 2002 and September 30, 2003	9,000,000	\$ 88,964
Total shares issued	45,648,344	\$ 267,503

The Company has an employee stock option plan under which both employees and directors are eligible to receive grants. At September 30, 2003, there were 3,800,000 common shares reserved for issuance under the plan. To September 30, 2003, options granted under the plan generally had a term of ten years to expiry and vested no longer than over a four year period. Options outstanding under the plan have a weighted average exercise price of \$8.03 and a weighted average remaining contractual life of 7.0 years.

	Number of Options	Weighted Average Exercise Price
Stock options outstanding, December 31, 2002	1,670,676	\$ 7.66
Granted	249,500	9.90
Exercised	(405,252)	7.76
Cancelled	(75,200)	7.58
Stock options outstanding, September 30, 2003	1,439,724	\$ 8.03
Exercisable September 30, 2003	504,724	\$ 7.80

Based on the number and fair value of options granted during the interim period, the effect on net income of following the fair value method of accounting for stock options would not be significant and there would be no effect on net income per share.

The basic number of shares outstanding for the nine months ended September 30, 2003 was 45.4 million (September 30, 2002 - 41.4 million) and the diluted number of shares outstanding for the nine months ended September 30, 2003 was 45.8 million (September 30, 2002 - 41.7 million).

As at October 31, 2003 the number of total shares outstanding was 45,655,094 and the number of stock options outstanding was 1,426,849.

NOTE 4. Segmented Information

AltaGas is a midstream energy company with a portfolio of assets and services used to move energy from the source to the end-user. The Company has three reportable segments:

Gathering and Processing – natural gas gathering and processing, natural gas transmission, and ethane and natural gas liquids extraction.

Energy Services – power services, gas services and oil and natural gas production.

Natural Gas Distribution – natural gas distribution to end users and related services.

For the three months ended September 30, 2003	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 38,193	\$ 117,055	\$ 12,859	\$ (10,217)	\$ 157,890
Cost of sales	(3,785)	(102,893)	(8,037)	10,109	(104,606)
Operating and administrative expenses	(17,960)	(2,408)	(3,738)	108	(23,998)
Amortization	(6,742)	(2,131)	(1,537)	–	(10,410)
Operating income	\$ 9,706	\$ 9,623	\$ (453)	\$ –	\$ 18,876
Net additions to capital assets	\$ 2,951	\$ 452	\$ 2,969		\$ 6,372
Segment assets	\$ 605,552	\$ 160,417	\$ 126,057		\$ 892,026

For the nine months ended September 30, 2003	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 114,132	\$ 393,646	\$ 94,690	\$ (72,533)	\$ 529,935
Cost of sales	(12,615)	(357,224)	(73,435)	72,200	(371,074)
Operating and administrative expenses	(53,818)	(5,959)	(11,624)	333	(71,068)
Amortization	(20,065)	(6,348)	(4,620)	–	(31,033)
Operating income	\$ 27,634	\$ 24,115	\$ 5,011	\$ –	\$ 56,760
Net additions to capital assets	\$ 11,432	\$ 1,527	\$ 5,785		\$ 18,744
Segment assets	\$ 605,552	\$ 160,417	\$ 126,057		\$ 892,026

For the three months ended September 30, 2002	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 25,432	\$ 78,600	\$ 9,133	\$ (5,998)	\$ 107,167
Cost of sales	(1,433)	(65,539)	(4,645)	5,861	(65,756)
Operating and administrative expenses	(13,065)	(2,932)	(3,463)	137	(19,323)
Amortization	(5,242)	(2,260)	(1,388)	-	(8,890)
Operating income	\$ 5,692	\$ 7,869	\$ (363)	\$ -	\$ 13,198
Net additions to capital assets	\$ 5,036	\$ 2,256	\$ 1,609		\$ 8,901
Segment assets	\$ 435,003	\$ 164,782	\$ 116,716		\$ 716,501

For the nine months ended September 30, 2002	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 76,971	\$ 243,455	\$ 60,300	\$ (38,342)	\$ 342,384
Cost of sales	(4,037)	(213,761)	(39,940)	36,511	(221,227)
Operating and administrative expenses	(35,997)	(8,696)	(10,641)	1,831	(53,503)
Amortization	(15,470)	(6,847)	(4,281)	-	(26,598)
Operating income	\$ 21,467	\$ 14,151	\$ 5,438	\$ -	\$ 41,056
Net additions to capital assets	\$ 27,079	\$ 3,876	\$ 4,547		\$ 35,502
Segment assets	\$ 435,003	\$ 164,782	\$ 116,716		\$ 716,501

NOTE 5. Seasonality

The natural gas distribution business is seasonal with the majority of natural gas deliveries occurring during the winter heating season. Gas sales during the winter typically account for approximately two-thirds of annual gas distribution revenue, resulting in strong first and fourth quarter results and second and third quarters that show either small profits or losses.

OTHER INFORMATION

FINANCIAL SUMMARY BY BUSINESS SEGMENT

(\$ millions except per share amounts)	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02
Revenue					
Gathering and Processing					
Field gathering and processing	26.5	24.8	25.1	22.6 ⁽¹⁾	20.3
Extraction	5.9	5.7	8.3	4.3	3.4
Transmission	6.7	6.4	6.2	2.3	1.7
Intercomponent elimination	(0.9)	(0.5)	(0.1)	-	-
Energy Services	117.0	124.0	152.6	112.4	78.6
Natural Gas Distribution	12.9	23.5	58.3	34.0	9.1
Intersegment elimination	(10.2)	(15.3)	(47.0)	(25.3)	(5.9)
	157.9	168.6	203.4	150.3	107.2
Net revenue					
Gathering and Processing					
Field gathering and processing	26.5	24.8	25.1	22.6 ⁽¹⁾	20.3
Extraction	2.1	2.3	2.9	1.8	2.0
Transmission	6.7	6.4	6.2	2.3	1.7
Intercomponent elimination	(0.9)	(0.5)	(0.1)	-	-
Energy Services	14.1	12.5	9.8	14.6	13.0
Natural Gas Distribution	4.9	5.8	10.6	8.5	4.5
Intersegment elimination	(0.1)	(0.1)	(0.1)	(1.0)	(0.1)
	53.3	51.2	54.4	48.8	41.4
Operating income					
Gathering and Processing	9.8	8.7	9.2	5.6 ⁽¹⁾	5.7
Energy Services	9.6	8.3	6.2	9.9	7.8
Natural Gas Distribution	(0.5)	0.3	5.2	3.4	(0.4)
	18.9	17.3	20.6	18.9	13.1

(1) Q4 2002 results include a loss of \$1.4 million on sale of investments.

Note: Certain comparative figures have been reclassified to conform to the current financial statement presentation.

OPERATING SUMMARY BY BUSINESS SEGMENT

	Q3/03	Q2/03	Q1/03	Q4/02	Q3/02
Gathering and Processing					
Field gathering and processing					
Processing capacity (gross Mmcf/d) ⁽¹⁾	835	838	847	842	767
Processed throughput (gross Mmcf/d) ⁽²⁾	514	510	535	532	479
Capacity utilization (percent) ⁽¹⁾	62	61	63	63	62
Average working interest (percent) ⁽¹⁾	88	88	88	88	87
Extraction					
Inlet capacity (Mmcf/d) ⁽¹⁾	349	349	349	349	219
Production (Bbls/d) ⁽²⁾	5,440	6,195	6,416	3,802	3,487
Transmission					
Volumes (Mmcf/d) ⁽²⁾⁽⁴⁾	347	321	319	106	75
Energy Services					
Volume of power sold (thousands of MWh)	872	861	660	672	674
Price received on the sale of power (\$/MWh) ⁽²⁾	48.28	46.55	46.07	46.42	42.51
Average Alberta Power Pool prices (\$/MWh) ⁽²⁾	62.39	50.88	83.85	61.43	34.75
Natural Gas Distribution					
Customers	58,941	58,671	58,700	58,499	57,900
Volume of natural gas distributed					
Sales (Bcf)	1.3	2.1	5.9	4.5	1.4
Transportation (Bcf)	2.6	2.2	1.9	2.0	1.8
Degree day variance (percent) ⁽³⁾	(5.9)	15.4	9.2	(7.4)	20.7

(1) At period end.

(2) Quarter average.

(3) Variance from 20-year average. Positive variances are favourable.

(4) Excludes condensate transmission volumes.

DIVIDENDS

On January 11, 2001 the Corporation declared its first quarterly cash dividend per fully paid common share and participating share in the capital stock of the Company, which was paid on March 31, 2001. No dividends were paid on any shares of AltaGas from the date of its incorporation to the end of December 2000. Dividend levels will be reviewed periodically by the Board of Directors giving consideration to AltaGas' growth-related initiatives, financial position, financing requirements, cash flow and other relevant factors. The following table summarizes AltaGas' dividend history.

(dollars)	2003	2002	2001
First quarter	\$ 0.08	\$ 0.06	\$ 0.03
Second quarter	0.08	0.06	0.03
Third quarter	0.11	0.08	0.06
Fourth quarter	0.11	0.08	0.06
	\$ 0.38	\$ 0.28	\$ 0.18

EARNINGS COVERAGE RATIO

The following table sets forth AltaGas Services Inc.'s earnings coverage ratio which is provided in connection with its continuous offering of Medium Term Notes. The financial ratio has been calculated based on Canadian generally accepted accounting principles.

	Twelve months ended	
	September 30 2003	December 31 2002
Earnings coverage on short and long term debt	3.6 x	3.3x

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
Net revenue	gross revenue less the costs of the purchase of natural gas for resale and the costs to purchase power under power purchase arrangements

When used in this report, the words "outlook", "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward-looking statements. These risks and uncertainties include operating performance, regulatory and environmental issues, weather and economic conditions, competition and financing availability. For additional information on these and other factors see the reports filed by AltaGas with Canadian securities regulators. AltaGas disclaims any intention or obligation to update or revise any forward looking information whether as result of new information or future events.

