



ALTAGAS

10 Years of Extraordinary Growth

Third Quarter 2004 Update

November, 2004

Forward-Looking Information



- **Certain information in this presentation is forward-looking. Such information is subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward-looking information. 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.**

Q3 Highlights



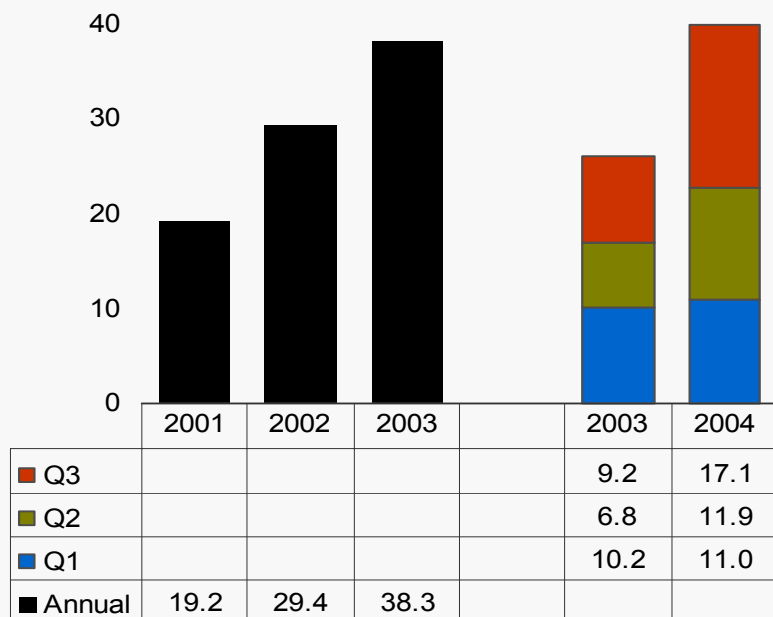
- Acquired a 48 2/3 percent interest in the Edmonton ethane extraction plant for approximately \$42.1 million
- Entered into a capital lease for the right to 25 megawatts of gas fired power peaking capacity
- Tied in 333 wells in the first nine months of 2004 compared to 227 well tie-ins during the first nine months of 2003
- Announced construction of \$5.5 million sour gas processing plant and 37 kilometers of pipeline in Saskatchewan
- Invested an additional \$10.6 million in Taylor NGL Limited Partnership units increasing interest to 18.9 percent
- On October 6, acquired Premstar for approximately \$22.0 million paid primarily by way of 993,789 AltaGas Trust units

Q3 Highlights

- **David Cornhill announced decision to step down as CEO in 2006**
 - will stay on as Chairman of the Board
 - will continue to hold a significant investment in AltaGas
- **Enbridge sold its 36 percent interest in AltaGas at an average price of \$19.78 per unit**

Net Income

NET INCOME (\$ Millions)



■ Third quarter

- \$17.1 million in 2004, 85.9% increase over 2003
- Full quarter of operating as an income trust

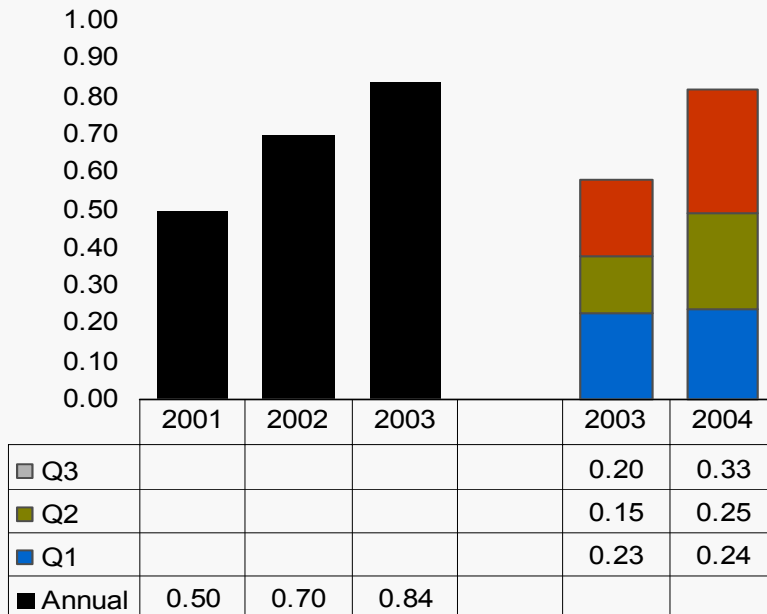
■ First nine months

- \$40.0 million in 2004, 52.1% increase over 2003
- Absorbed \$6.1 million in one time costs
 - \$4.4 million for trust conversion
 - \$1.7 million in Bantry field processing facility turnaround costs

Net Income Per Unit



NET INCOME PER UNIT (\$)



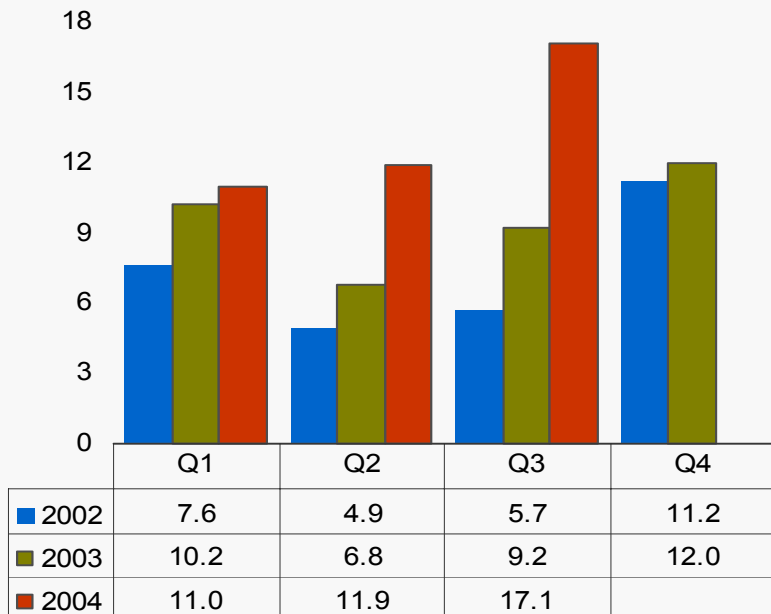
■ Net Income Per Unit

- Q3 2004 up 65.0% over Q3 2003
- First nine months 2004 up 43.1% over same period 2003

Seasonality with Consistent Growth



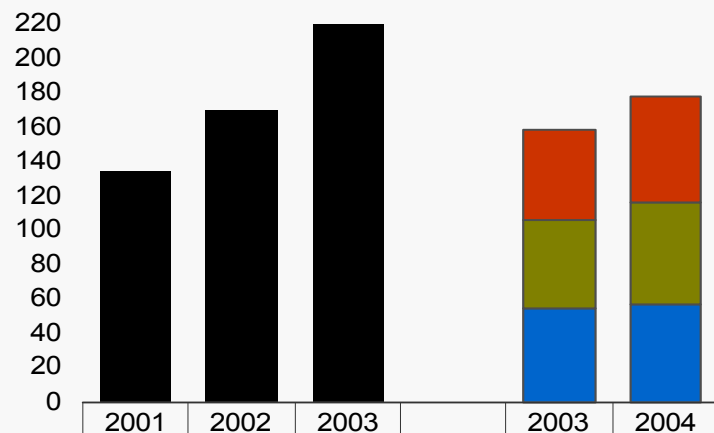
NET INCOME BY QUARTER
(\$ Millions)



- Q3 2004 is strongest Q3 in AltaGas' history
- Q4 historically the strongest quarter
- On track for another record year

Net Revenue

NET REVENUE (\$ Millions)

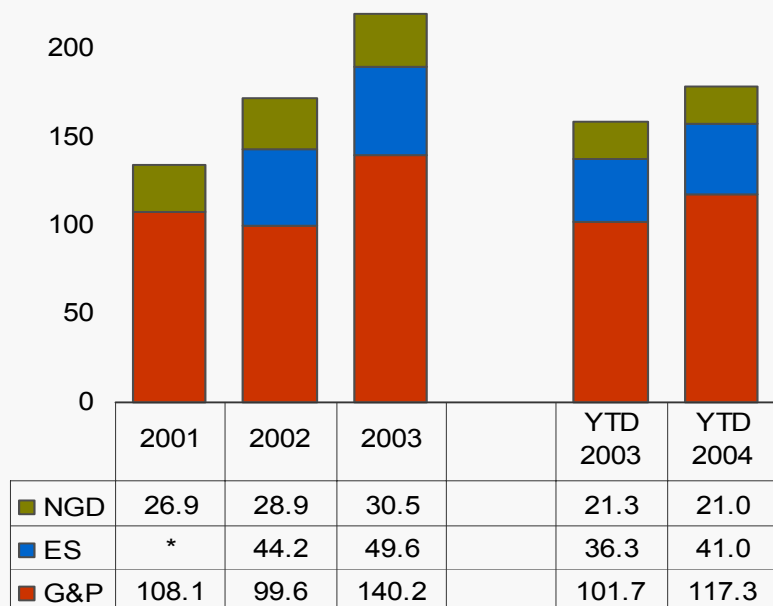


■ Q3				53.3	61.5
■ Q2				51.2	59.5
■ Q1				54.4	57.2
■ Annual	135.0	169.9	219.9		

- **Third quarter**
 - \$61.5 million in 2004, 15.4% increase over 2003
- **First nine months**
 - \$178.2 million in 2004, 12.1% increase over 2003

Net Revenue by Segment

NET REVENUE BY SEGMENT (\$ Millions)

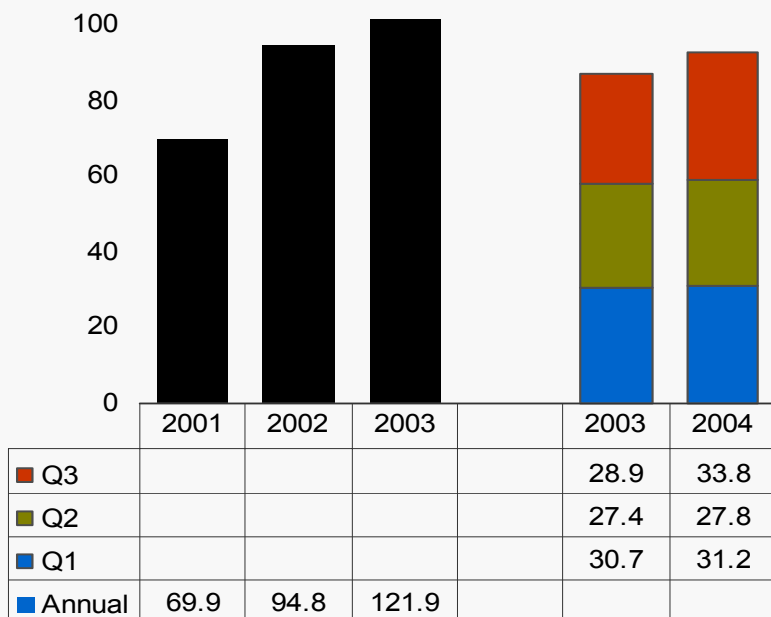


* Energy Services results were combined with Gathering and Processing in 2001

- **Gathering and Processing**
 - Increased volumes in all components
 - Acquisitions and expansions
- **Energy Services**
 - Genesee energy contract
 - Higher power prices
- **Natural Gas Distribution**
 - Increased customer base
 - Offset by warmer weather in 2004 and revenue deficiency accrual

EBITDA

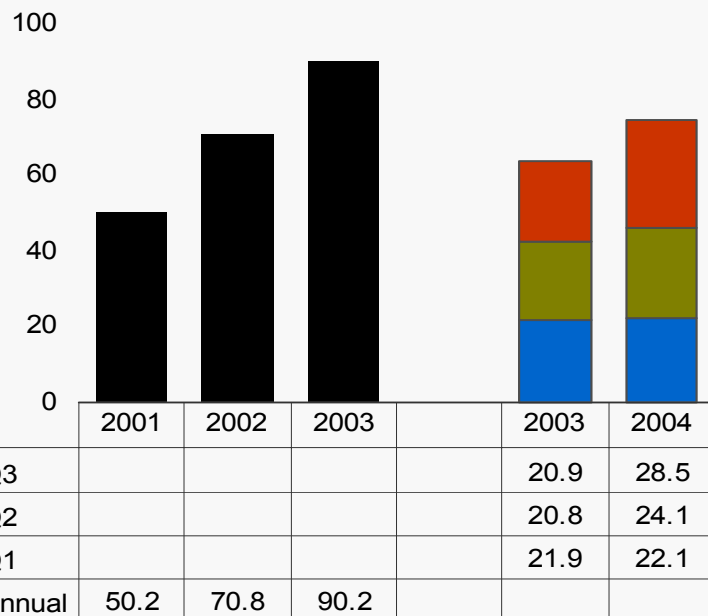
EBITDA (\$ Millions)



- **Third quarter**
 - \$33.8 million in 2004, 17.0% increase over 2003
- **First nine months**
 - \$92.8 million in 2004, 6.7% increase over 2003

Funds from Operations

FUNDS FROM OPERATIONS (\$ Millions)



Q1/04 and Q2/04 restated

- **Third quarter**
 - \$28.5 million in 2004, 36.4% increase over 2003
- **First nine months**
 - \$74.7 million in 2004, 17.5% increase over 2003

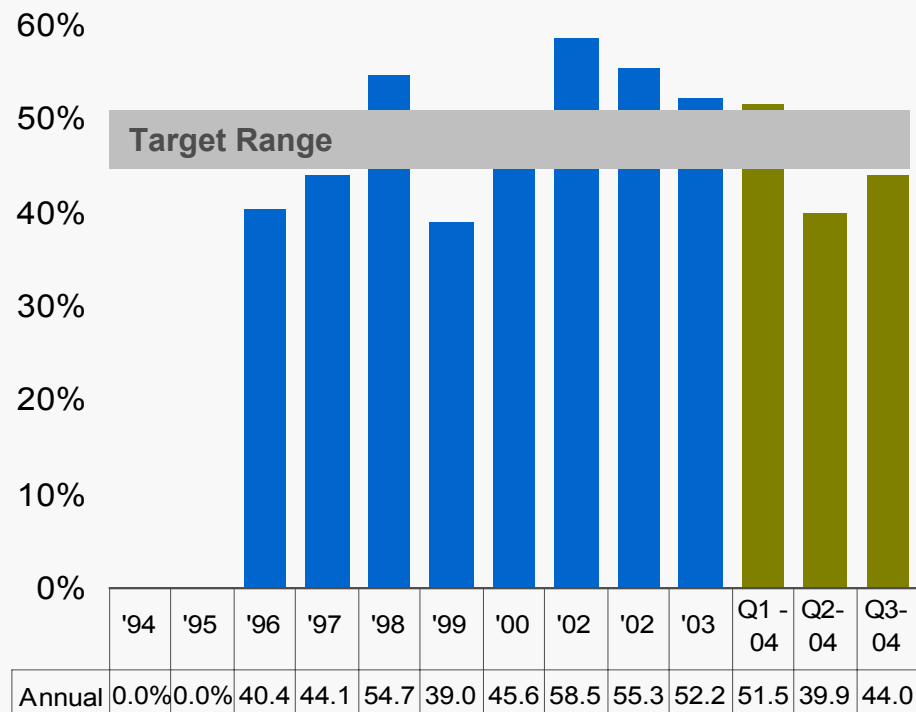
Capital Expenditures



- **\$75.8 million in capital expenditures in first nine months of 2004**
 - \$68.5 million growth capital (includes \$13.8 million capital lease)
 - \$4.3 million maintenance capital
 - \$3.0 million administration capital
- **Additional**
 - \$12.8 million invested in Taylor NGL Limited Partnership units
 - \$22.0 million to acquire Premstar (primarily by way of the issuance of 993,789 units in October 2004)

2004 Financial Structure

DEBT AS A PERCENTAGE OF TOTAL CAPITAL

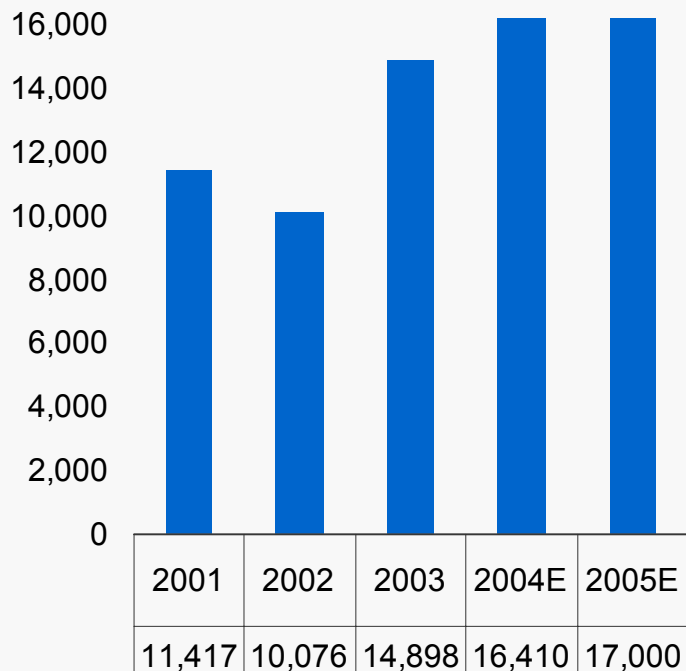


- **Trust stability rating**
 - S&P: SR-3
 - DBRS: STA-3 (middle)
- **Rating on medium term notes**
 - S&P: BBB-
 - DBRS: BBB(low)
- **Capital structure**
 - September 30, 2004 44%
 - Trust target 45 - 50%
 - Historical target 50 - 55%

2004 Opportunities - Gathering and Processing



GAS WELL COMPLETIONS IN THE WCSB



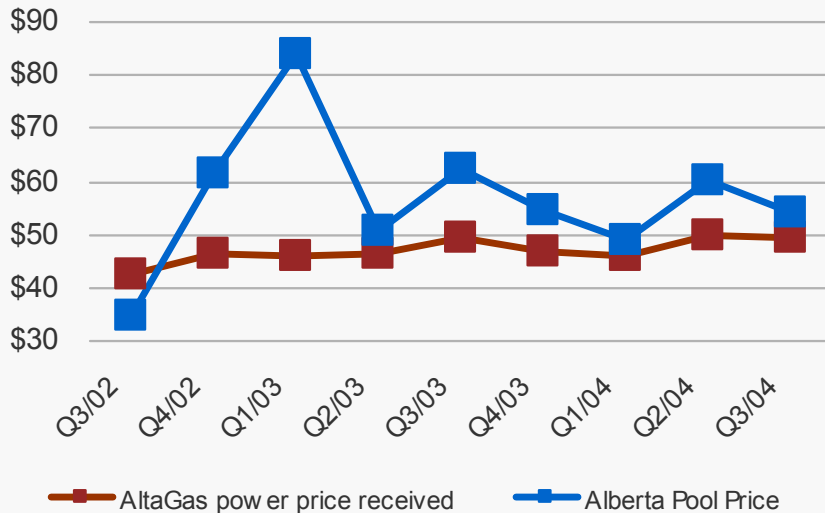
Source: First Energy

- **Internal growth with low investment**
 - \$7.9 million spent in the field gathering and processing component in the first nine months of 2004
 - numerous plant expansions underway or anticipated
 - \$5.5 million sour gas processing plant in Saskatchewan
- **Strong E&P activity**
 - field gathering and processing throughput up to 559 Mmcf/d from 519 in 2003
- **Acquisitions**
 - Edmonton ethane extraction plant
 - evaluating other opportunities
- **Operational excellence and enhanced customer service**

2004 Opportunities - Energy Services



POWER PRICE RECEIVED COMPARED TO POWER POOL PRICE (\$/MWh)



■ Power Services

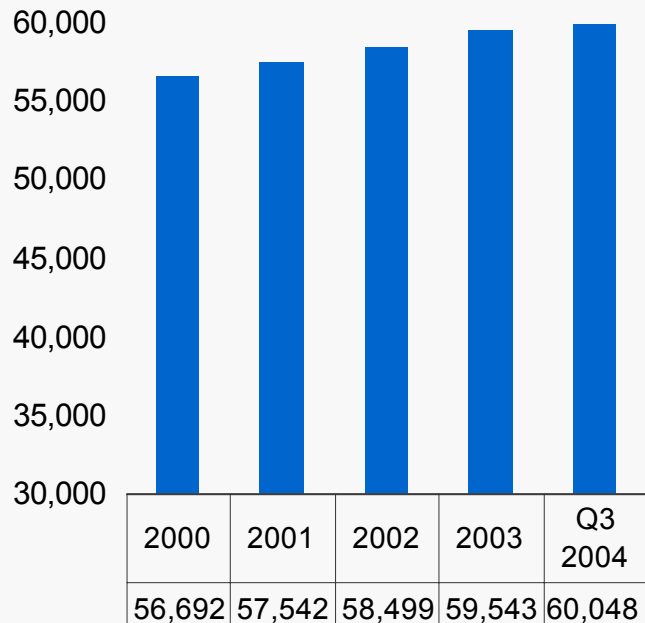
- 478 MW of long term conservatively priced power supply
 - includes 25 MW of gas fired power peaking capacity as of September 1, 2004
- substantial portion of power margins locked in for 2004
- expect to realize average of \$47 per MWh on power volumes for 2004 and low \$50's per MWh for 2005

■ Gas Services

- Premstar integration opportunities

2004 Opportunities – Natural Gas Distribution

NUMBER OF GAS DISTRIBUTION CUSTOMERS (AUI)



- **Expansion of existing franchise customer base**
 - customer base increasing on average by 2% per year
 - continue to see healthy growth particularly in urban areas
- **Heritage Gas**
 - delivery of natural gas to first commercial customer in December 2003 and first residential customer in January 2004
 - 60 customers at end of Q3/04 with signed commitments from an additional 189
 - AltaGas' capital commitment for 2004 is approximately \$5 million

2004 Outlook



- **Expect growth to continue**
 - Gathering and Processing
 - ahead of 2003
 - producers active, significant well tie-in activity
 - impact of acquisitions and expansions
 - Energy Services
 - ahead of 2003
 - power pricing and operations improving
 - Premstar acquisition
 - Natural Gas Distribution
 - flat year over year



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