



# Managing Risk in a Midstream Business

*Scotia Capital  
Energy Trusts 2006 Conference*

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Gathering and Processing  
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**AltaGas**

Well connected.

# Forward-looking information



- **Certain information presented today may constitute forward-looking statements. Such statements reflect the Trust's current expectations, estimates, projections and assumptions. These forward-looking statements are not guarantees of future performance and are subject to certain risks which could cause actual performance and financial results in the future to vary materially from those contemplated in the forward-looking statements. For additional information on these risks see the Trust's Annual Information Form under the heading "Risk Factors".**

# Our vision



*To be the leading Canadian integrated energy infrastructure organization by capitalizing on our solid underlying business, operational expertise and financial strength*

# We believe



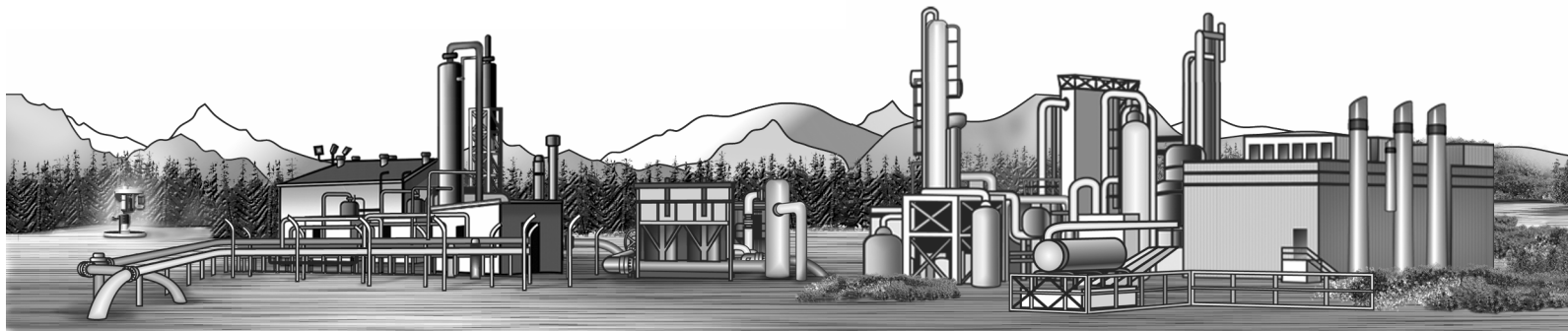
- **Focus on earnings is necessary**
  - **By the market**
  - **Promotes discipline in acquisitions**
  - **Ensures long-term sustainability**

# Making connections along the energy value chain



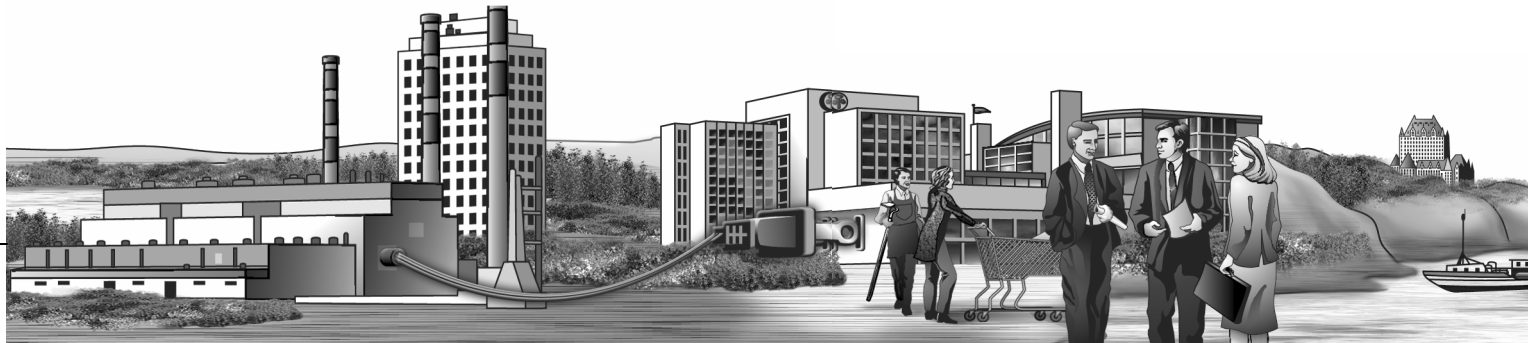
**Field Gathering and Processing**

**Extraction and Transmission**



**Power Generation**

**Energy Services**



# What we see

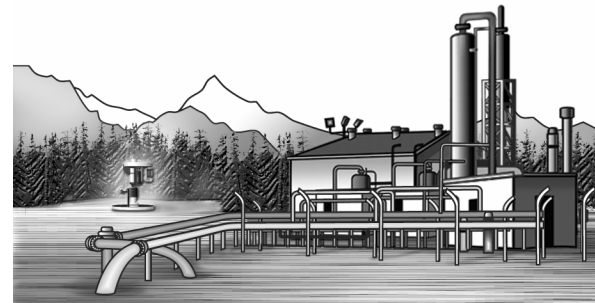


- **Western Canada Sedimentary Basin maintains gas deliverability but becoming sweeter**
- **Continued demand for natural gas liquids but gas stream becoming leaner**
- **Continued strong demand for electricity with greening of power supply**

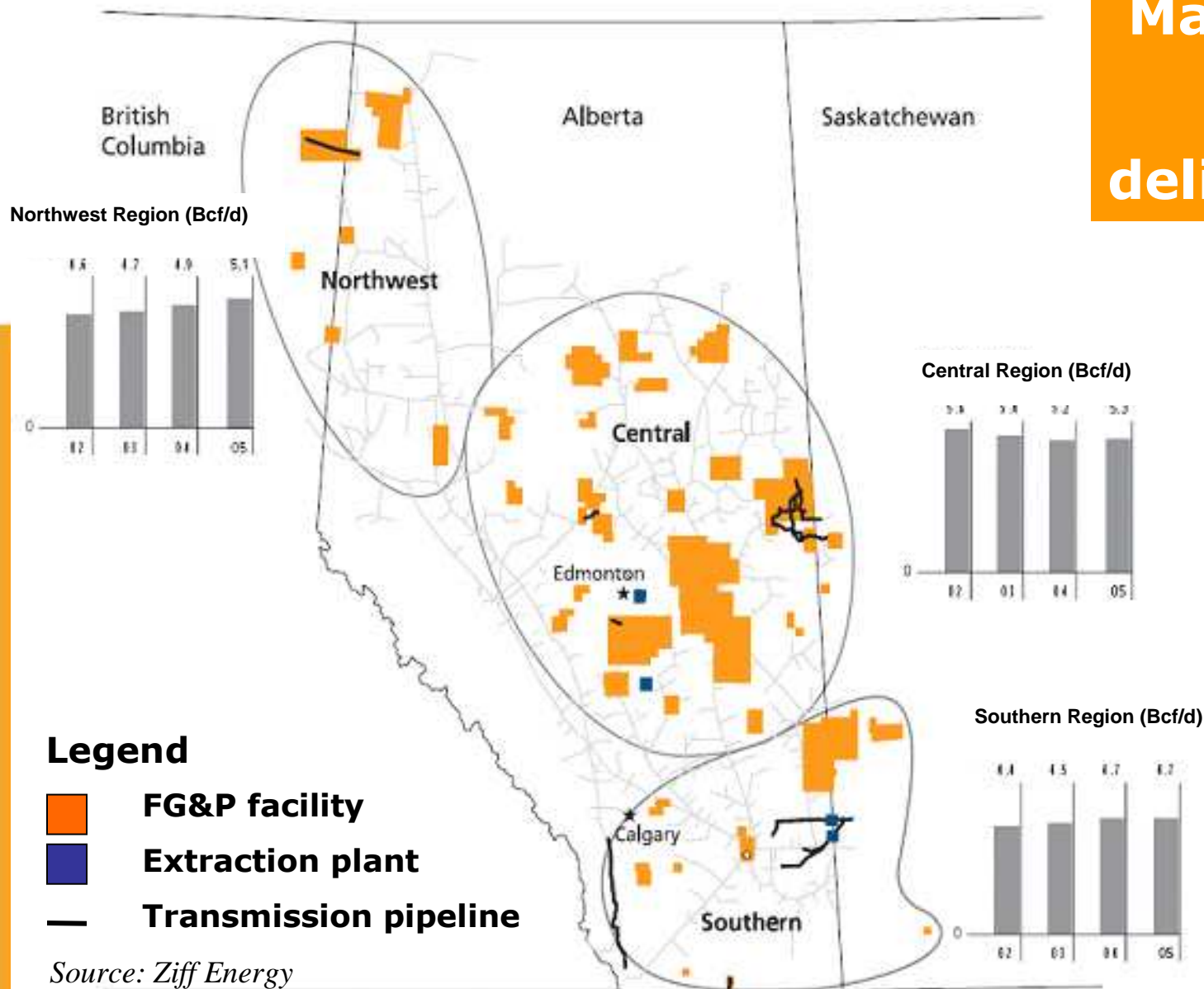
# Field Gathering and Processing



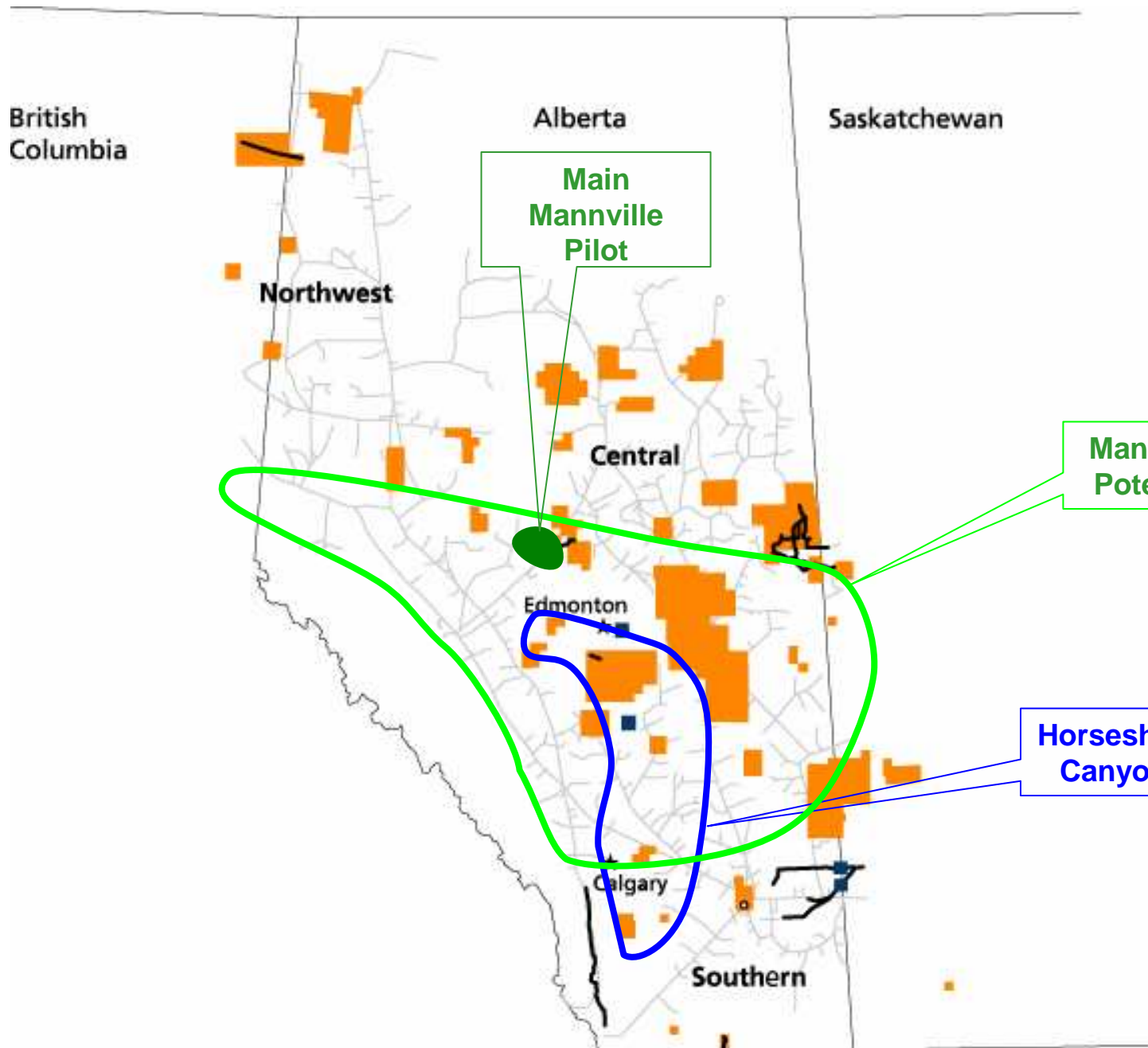
- **74 facilities with 1.0 Bcf/d of licensed capacity, including sour gas capacity**
- **Moveable facilities**
- **6,000 km of gathering lines**
- **Ability to rapidly tie in new wells**
- **Interconnected processing facilities**
- **Flexible contract terms**
- **240+ producer customers**



# Maintaining gas deliverability



**Coalbed  
methane  
in the  
WCSB**



**Main  
Mannville  
Pilot**

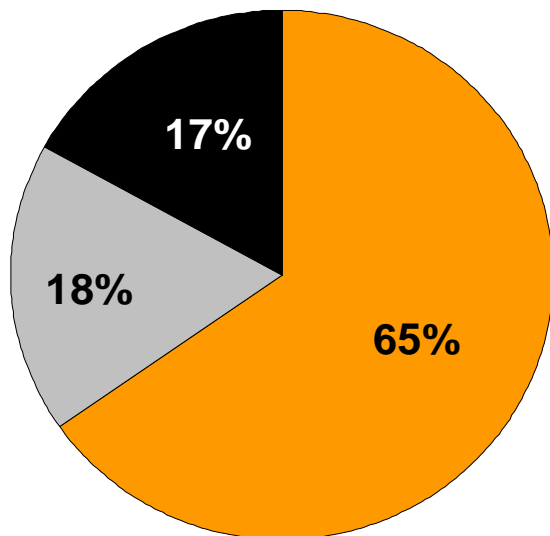
**Mannville  
Potential**

**Horseshoe  
Canyon**

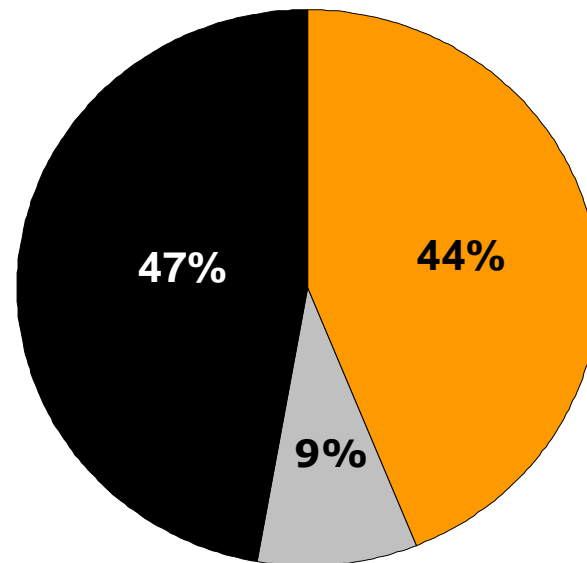
# Sweetening of the basin – West Central Alberta production



2005 = 1.2 Bcf/d



2010 = 1.4 Bcf/d



■ Sweet ■ Sour ■ CBM & EDM

Source: AJM Petroleum Consultants

# The leaning of the gas stream



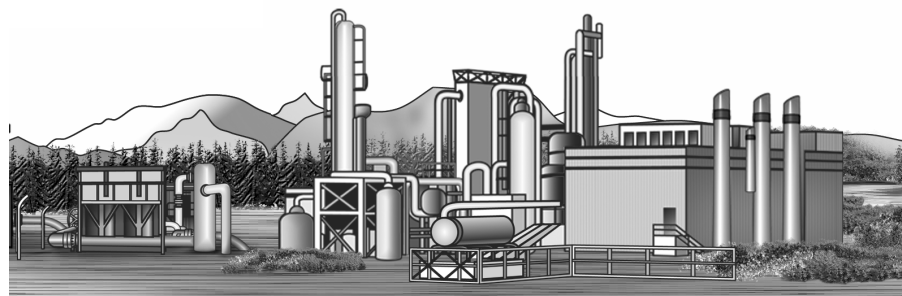
- **Increased CBM will lean the gas stream**
- **Not expected to materially impact AltaGas in near term**
- **Taking steps to deal with in longer-term**
  - **Actively managing gas stream through extraction plants**
  - **Contracts in place reduce impact of leaning**
- **Potential to move leaner gas to new markets in oil sands areas**

# Extraction and Transmission



- **539 Mmcf/d extraction inlet capacity, including Alberta's newest extraction plant**
- **2005 average production – 13,155 Bbls/d ethane and 6,202 Bbls/d NGLs**
- **6 transmission pipelines totalling 750 km**
- **2005 transmission throughput volumes - 432 Mmcf/d**
- **Long-life assets underpinned by long-term contracts and little commodity price risk**

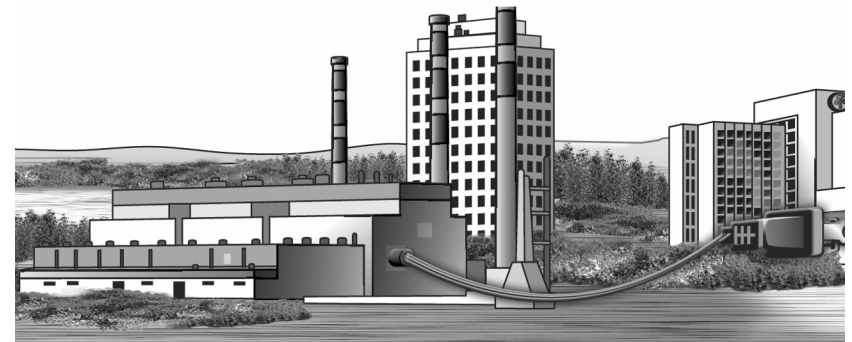
***Continued strong demand  
for natural gas liquids***



# Power Generation



- **Supplies 5% of Alberta's electricity demand**
- **Rights to 353 MW of coal-fired generation until 2020**
- **25 MW of gas-fired peaking capacity**
- **Sells power and ancillary services in Alberta**
- **Risk mitigation through power price hedging**



# Western Canada electricity market drivers



- **Continued population growth**
  - Alberta 1.6% in 2005 (52,000)
- **Strong economy, driven by high commodity prices**
  - Alberta GDP grew 4.5% in 2005
  - Western Canada GDP grew 3.8% in 2005
  - Canada GDP grew 2.9% in 2005
- **Development of mega projects such as oil sands**
- **Alberta: demand growth has exceeded new generation since 2001**
- **B.C.: new generation needed to meet demand growth**

# Why wind power is a good investment for a trust



- **Long-life assets**
- **Long-term contracts with creditworthy counterparties**
- **Provides geographic and fuel diversity**
- **Capitalizes on AltaGas' operational expertise**

# Bear Mountain Wind Farm



- **Located near Dawson Creek, B.C.**
- **120 MW capacity**
- **AltaGas partnered with Aeolis in Bear Mountain Wind L.P.**
  - **Seeking further partners**
- **25-year electricity purchase agreement with BC Hydro signed on August 28, 2006**
- **Wind farm expected to be fully operational in 2009**

# Energy Services



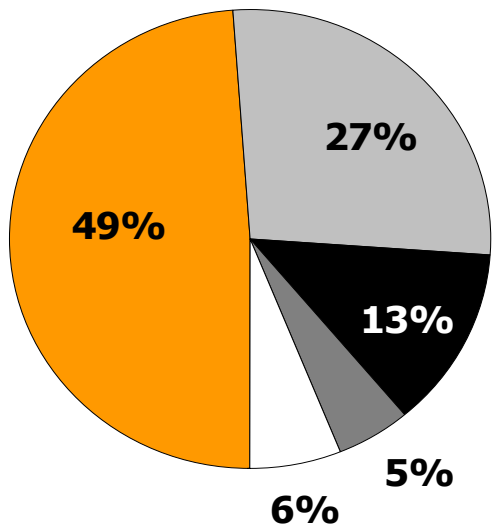
- **Energy procurement and consulting services, natural gas transportation and storage optimization to end-use customers**
- **1,243 energy management contracts in 2005**
- **95% contract renewal rate**
- **312,272 GJ/d average gas volumes marketed in 2005**
- **Diverse portfolio of long-term, fixed-margin and fee-for-service contracts**



# Diversified integrated energy business



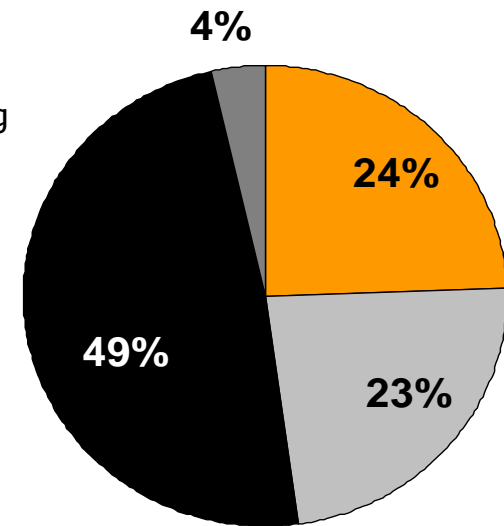
**Net Book Value**  
At December 31, 2005



**\$797.2 million**

- Field Gathering and Processing
- Extraction and Transmission
- Power Generation
- Energy Services
- Corporate

**EBITDA**  
YTD 2006



**\$83.5 million**

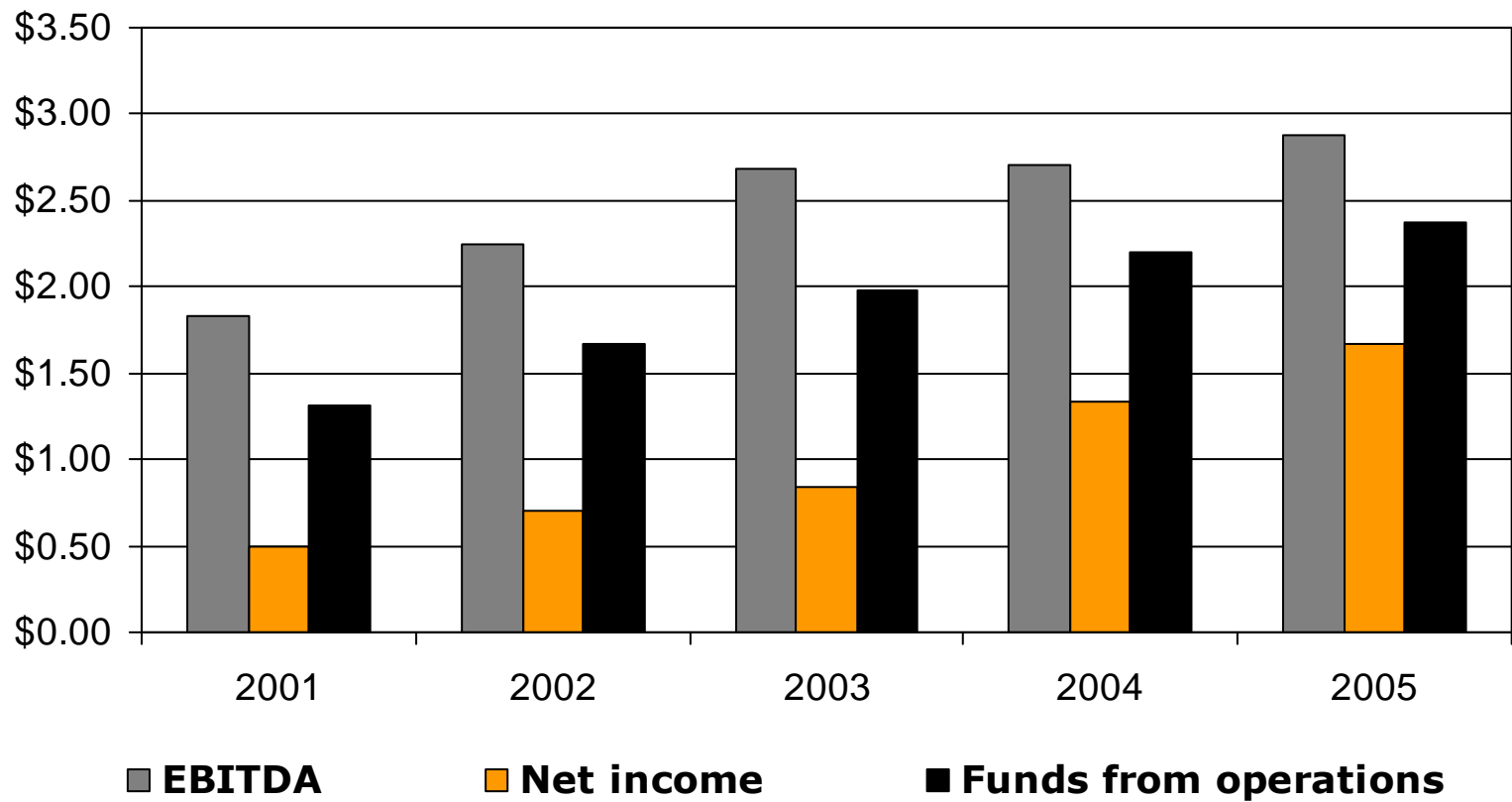
Note: Pie chart excludes corporate, which was (\$8.8) million

# 2006 acquisition strategy



- **Up to \$100 million available for acquisitions over 2006 without going to equity markets**
- **Potential for major acquisitions**
- **All acquisitions must meet following criteria**
  - **Net income and return on equity accretive**
  - **Maintain low risk profile**
  - **Maintain financial flexibility**
  - **Enhance unitholder value**

# Five-year highlights per unit



# AltaGas total return vs. indices



Assumes a \$100 investment on Dec. 31, 2000 and reinvestment of dividends/distributions

