

EVENT: ALTAGAS INCOME TRUST - Q1 RESULTS  
CONFERENCE CALL & WEBCAST  
TIME: 16H00 E.T.  
REFERENCE: CNW GROUP - CALGARY  
LENGTH: APPROXIMATELY 37 MINUTES  
DATE: MAY 10, 2006

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OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by. Welcome to the AltaGas first quarter 2006 conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press \* 0 for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded on May 10th at 2:00 p.m. Mountain time and will now turn the conference over to Ms. Debbie Stein, Vice-President and Controller.

Please go ahead, Ms. Stein.

DEBBIE STEIN (Vice-President, Controller, AltaGas Income Trust): Thank you, Shauna. Good afternoon, everyone. We would like to welcome you to AltaGas' first quarter 2006 conference call.

Joining me today is David Cornhill, Chairman, President and Chief Executive Officer; Richard Alexander, Senior Vice-President, Finance and Chief Financial Officer; Patricia Newson, Senior Vice-President; Marshal Thompson, Senior Vice-President, Gathering and Processing; and Jim Bracken, Senior Vice-President, Energy Services and Power.

David will begin with a few remarks on the first quarter. As you know, Rick was appointed as Senior Vice-President, Finance and CFO effective May 1, 2006 and he has certified our financial statements for the quarter and will be presenting the discussion of our financial results.

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He will then turn the call over to David to discuss our outlook for the remainder of 2006 and beyond. We'll then be available to answer any of your questions.

Before we begin, I would like to remind you that certain information presented today may constitute forward-looking statements. Such statements reflect the Trust's 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".

David?

DAVID CORNHILL (Chairman, President and Chief Executive Officer, AltaGas Income Trust): Thank you, Debbie, and thank you for joining us this afternoon and welcome to our first quarter results conference call.

As we indicated in today's news release, I am pleased to say that we had record earnings in the first quarter driven by strong operational results. Net income increased 4 per cent to \$28.6 million and net income per share was \$0.52 per unit in the quarter. Our results were even better than those numbers would suggest since last year's net income included the \$7.9 million gain on the sale of units of Taylor. When the gain is removed from last year's earnings, net

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income in 2006 increased 45 per cent over the first quarter of 2005 which translates into \$0.15 per unit.

2005 earnings also included contribution of the natural gas distribution business which we spun out in November. We continue to hold 27-per-cent interest in this business through AltaGas Utility Group. The first quarter contains the lion's share of annual income for the Utility Group and this year, we received only 27 per cent of it.

The growth in 2006 net income was due to higher power prices received on power sold, lower transmission costs in the power generation segment, expansion and acquisition in Field Gathering and Processing segment, higher frac spreads in the Extraction and Transmission business, and lower interest expense. This growth was partially offset by higher taxes.

On the operational front, capacity in Field Gathering and Processing segment was over a Bcf per day at the end of the quarter. The increase came from new plants we added in 2006 at Princess, at Clear Prairie and a small expansion at Iron Creek.

EBITDA as a percentage of net revenue for the Field Gathering and Processing business was 39.5 per cent in the quarter, up from 38.2 per cent in the first quarter last year. Average throughput was 570 million cubic feet a day in the first quarter of 2006, up from 558 million cubic feet a day in the first quarter of 2005.

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In the first quarter of 2006, average throughput was down from 573 million cubic feet in the fourth quarter of 2005 even though we added new capacity. Issues at upstream producers' facilities connected to the Rainbow Lake plant decreased throughput by over 5 million a day in the quarter compared to the fourth quarter of last year. We are still impacted by this but expect the volume to come back by the end of Q2.

We also had an unplanned downtime at Bantry which decreased throughput by 4 million cubic feet compared to last quarter. Throughput volumes at new plants which include Blair Creek, Princess and Clear Prairie plants are ramping up and are expected to improve over the next few quarters. During Q1 of 2006, these plants were operating at about 26 per cent utilization.

We saw higher throughput in April and are currently flowing over 580 million cubic feet. We are working hard to break the 600 million cubic feet mark.

We had 138 wells tied in in the first quarter, almost the same as 139 in the first quarter of 2005. However, our producers are facing longer lead times to tie in their gas wells which is delaying throughput to our plant and building a potential backlog of wells waiting to be tied in.

Results in our Extraction and Transmission segment were up slightly over last year due to slightly higher transmission income and higher frac spreads. Frac spreads were at \$13 a barrel this quarter compared to \$10 a barrel in Q1 of

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2005. If you remember, frac spreads in the fourth quarter of last year averaged less than \$7, so there was an increase in this quarter.

The volumes exposed to frac spread contributed approximately \$1.4 million in net revenue, up approximately \$200,000 from the first quarter of 2005. Like other companies with power generating assets, we benefit from higher power prices in this quarter which had a substantial impact on our results.

The average price received on the sale of power which includes both our hedged and spot sales was over \$61 per megawatt/hour, up almost \$14 from Q1-2005. Transmission costs dropped by \$3.5 million in the quarter compared to Q1-2005 due to changes in transmission tariff methodology that went into place on January 1 this year.

I'd like briefly to discuss our Energy Services business, which is our smallest segment. This year, operating income was approximately \$600,000 compared to \$1.8 million in the first quarter of last year. We changed our internal allocation method for shared services costs in the first quarter of 2006, resulting in higher G&A costs allocated to this segment by \$400,000. Also of note is in the first quarter of 2006 [should be 2005], we included profits from short-term contracts that added approximately \$600,000 to Energy Services income. In addition, the iQ2 business is developing more slowly than expected.

We also saw higher depletion rates in our oil and gas production in the quarter. All in all, AltaGas is off to a strong start in 2006 and we are optimistic for the remainder of the year.

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I am pleased to introduce Rick Alexander as AltaGas' new Chief Financial Officer. I know that Rick is well known to the energy investment community and we expect that his knowledge and experience will complement the management team here, at AltaGas. I will now turn the discussion over to Rick to discuss the financial results in more detail.

RICHARD ALEXANDER (Senior Vice-President, Finance and Chief Financial Officer, AltaGas Income Trust): Thank you, David, and good afternoon, everyone.

Today, I'd like to highlight the key financial results discussed in our Q1 news release which you can find on our website. Overall, first quarter net income was a record \$28.6 million. This is up from net income of \$27.6 million reported in the first quarter last year. Net income per unit was the same in both quarters, at \$0.52 per unit, as a result of the weighted average number of units outstanding increasing by 1.4 million units to 54.8 million units.

As David discussed, our results have grown more than the direct comparison to the first quarter of 2005 would suggest due to the 2005 gain on the sale of Taylor units. This gain added \$7.9 million to net income. Also, 2006 had a much smaller contribution from the Natural Gas Distribution segment which added approximately \$800,000 to net income this quarter compared to approximately \$4 million in the first quarter of 2005.

With these adjustments, our first quarter net income of \$28.6 million in 2006 was up from what would have been \$15.7 million in 2005, an increase of 82

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per cent. We are quite pleased with these results. Even with the 1.4 million increase in units outstanding, we saw net income per unit of \$0.52 compared to an adjusted \$0.29 in 2005.

The spinout of the Natural Gas Distribution segment in the middle of the fourth quarter impacted first quarter results in several ways. First, with the \$85 million proceed of the spinout being applied to debt, we saw a reduced interest expense in the quarter. Second, we received a smaller contribution from the smaller investment in natural gas distribution with our 26.7-per-cent share of the Utility Group operating income being \$800,000, compared to a contribution of \$5.2 million from the segment in the first quarter of 2005.

I want to point out that this quarter will show the most significant year-over-year impact since the first quarter is usually the most profitable for the seasonal natural gas distribution business.

Now, I'd like to briefly discuss operating income in our segments. Operating income in the Field Gathering and Processing segment was up 23 per cent in the first quarter compared to the same quarter in 2005. The additions and expansions of facilities, as well as the receipt in 2006 of approximately \$1 million from take-or-pay contractual provisions were partially offset by the throughput declines at Bantry and Rainbow Lake that David discussed. An equalization adjustment of \$700,000 reduced operating expenses in first quarter 2005.

We continue to see improvement in operating income due to increasing operating cost flow-throughs in contracts as well the continued strong throughput

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volumes. At the end of March, almost 32 per cent field gathering and processing throughput included operating cost flow-throughs. This is up from just under 29 per cent at the end of March 2005.

In the Extraction and Transmission segment, operating income was up \$200,000, or 2 per cent, mainly due to the higher frac spreads that David mentioned. Due to the contractual operations in place, the lower volumes this quarter had minimal impact on our financial results.

Power generation operating income almost tripled to \$22.8 million from \$8.1 million in the first quarter of 2005. This was due to the higher power prices received and lower transmission costs we have already discussed.

Operating income was also up almost \$7 million compared to the fourth quarter of 2005, even though the average power price received in Q1-06 was almost \$4 per megawatt-hour lower than it was in Q4. This again was a function of lower transmission costs more than offsetting the lower prices.

Energy Services operating income was down to \$600,000 from \$1.8 million in the first quarter of 2005 for the reasons David discussed. I'd remind you that this segment is small, accounting for only 2 per cent of operating income in the first quarter of 2006 compared to 5 per cent in the first quarter last year.

Finally, the new corporate segment includes the cost to providing corporate services and investments to the public and private entities, corporate assets and general corporate overhead.

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As a result, with the gain on the sale of Taylor units in the first quarter last year, the Corporate segment results went from operating income of \$5.4 million in 2005 to a cost of \$3.6 million in the first quarter of 2006.

This quarter's corporate segment results included the \$800,000 from our equity interest in AltaGas Utility Group, which included the seasonally strong winter quarter, and \$1.2 million from our continuing investment in Taylor. As was the case in the latter part of 2005, our G&A expenses in the first quarter continued to be impacted by CEO, CFO certification compliance costs. In the quarter, expenditures incurred to meet these requirements for reporting issuers by the Canadian Securities Administrators were approximately \$700,000. These costs show up in the corporate segment.

Operating and administrative expenses were almost flat year over year. This is because the CEO/CFO certification costs and the growth in our operations offset most of the decline in operating and administrative costs from the spin-out of the distribution business which had expenses of 4.6 million in the first quarter of 2005.

The reduction in amortization costs due to the natural gas distribution spinout were partially offset by the growth in the FG&P capital investment, the addition of iQ2 and by the increased depletion expense for oil and gas properties that David discussed.

Income taxes in the first quarter of 2006 were \$3.1 million, up from \$1.5 million in the first quarter of 2005. This was a result of higher net income in

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2006 as well as the 2005 effective tax rates that were lower, due to the Taylor capital gain. The natural gas distribution segment reported 1.2 million in income tax expense in Q1-2005.

No impact of the recent provincial and federal budgets was recorded in the first quarter. We expect that the 1.5-per-cent reduction in Alberta corporate tax rate will result in future income tax recovery of approximately \$2 million which will be recorded in the Trust's second quarter financial statements. We have no plans to record the impact of the federal budget until it receives royal assent.

Moving on to our balance sheet, debt levels at March 31st, 2006 at \$282 million were \$63 million lower than they were in the same date of 2005. As I mentioned, \$85 million in proceeds from the natural gas distribution spinout were used to pay down debt late in 2005.

Our total debt-to-cap ratio was 36.5 per cent, up very slightly from 36 per cent at year end; moreover, this ratio is down significantly from 41.1 per cent at the end of the first quarter in 2005. Our balance sheet remains strong, positioning us well for capitalizing on growth opportunities when they arise.

In addition to the lower debt level outstanding, as a result of last fall's refinancing of the medium-term notes that matured in October of 2005, we have interest expense that is almost 3 percentage points lower on \$100 million of our debt. This helped lower our average borrowing rate to 4.9 per cent from 5.9 per cent in Q1-05 and helped decrease our quarterly interest expense by 35 per cent, or \$1.8 million to \$3.3 million in the quarter.

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In regards to cash flow, funds from operation for the quarter were up 34 per cent to almost \$42 million. The 2005 funds from operation included funds from the Natural Gas Distribution business but not the \$7.9 million after-tax proceed of the Taylor disposition which were reported as an investing activity in 2005.

For the first quarter of 2006, distributions declared were \$0.485 per unit, or \$26.6 million, a payout ratio of 63.8 per cent of funds from operation. Distributions declared included one month at \$0.165 per unit, the half cent increase we announced in March. The 2006 payout ratio was down from 77.4 per cent of funds from operation in the first quarter last year.

Finally, new invested capital in the quarter totalled \$18.5 million, up from \$6.1 million in the first quarter of 2005. These numbers are net of disposals, which were \$300,000 this quarter, a total of \$11 million in the first quarter of 2005 when we disposed of the Winefred processing facility and some of our Taylor units.

The invested capital tables in our MD&A give you a detailed view of where we spent our capital in the quarter.

This concludes my remarks for my first conference call as the CFO of AltaGas and I'll now turn the call back to David.

DAVID CORNHILL: Thanks, Rick.

We are continuing to execute our plans and to deliver high single-digit earnings per unit growth this year. In Field Gathering and Processing, we expect

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to see continued improved throughput. We saw higher throughput in April and currently flowing over 580 million cubic feet a day and are, as I said before, working hard to break the 600-million-a-day mark.

We are seeing many facilities acquisition and development opportunities in Field Gathering and Processing and expect to invest more than \$40 million this year. Frac spreads are expected to continue to be stronger in 2006 than in 2005 which combined with our long-term stable contractual arrangements, should support continuing healthy results in our Extraction and Transmission segment.

We continue to expect Power Generation results to be strong for the remainder of the year even though the Genesee strip contract expired at the end of March 2006.

Market prices, we're currently seeing for the rest of 2006 and for 2007 are in the low to mid \$60 range and we have begun to lock in prices for 2007. You should expect iQ2 in power to be lower than Q1 but strong from historical standards.

The GreenWing and the Aeolis Wind Power partnerships we entered into earlier this year will help us move us towards the goal of developing and operating renewable power generation facilities.

Finally, moving to the Energy Services segment, we anticipate that it will be a challenge for the reported results in 2006 to meet 2005 performance due to the change in allocation of costs to this small segment.

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We do expect to deliver improving operating income over the remainder of the year, driven by growth in energy management fees and margins locked in on fixed power contracts.

Recent federal and provincial budgets, if enacted, will result in lower income tax expense and improved earnings.

That concludes our formal part of the conference call. I will now turn it over to the operator for questions.

OPERATOR: Thank you. One moment, please. Ladies and gentlemen, we will now conduct the question-and-answer session. If you have a question, please press the \* followed by the 1 on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset, if you're using a speakerphone, before pressing any keys. One moment, please, for your first question.

The first question comes from Linda Ezergailis, from TD Newcrest. Please go ahead with your question.

LINDA EZERGAILIS: Thanks. I'm looking for some more colour on your power business. Was there a bigger contribution from the gas-fired peaking plant at all in the first quarter?

DAVID CORNHILL: Compared to fourth quarter, it was mainly reduction, all reduction in transmission costs, higher spot prices, and charges there as well as the change in tariffs. So peaking was pretty normal but it was mainly driven by that.

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LINDA EZERGAILIS: Okay, and can you give us a sense of how much of your power was contracted in Q1 and what percentage you have contracted for the balance of 2006?

DAVID CORNHILL: All I can say is consistent with historical standards. We don't want to telegraph the marketplace where we are exactly. Not meaning you guys. Meaning people we sell fixed power with. But it's consistent with our long-term objective and historically, we've said around 66 per cent.

LINDA EZERGAILIS: About two thirds. And how much do you have contracted for 2007 so far?

DAVID CORNHILL: A material part, but not significant. How's that?

LINDA EZERGAILIS: Material but not significant. And what is the depth in the markets? Are you starting to contract at all for 2008 and beyond?

DAVID CORNHILL: A very small piece to individual customers, but, from a financial market perspective, it's not very liquid.

LINDA EZERGAILIS: Okay.

DAVID CORNHILL: (Inaudible) volumes.

LINDA EZERGAILIS: Okay, and then for your transmission, the tariff changes, is there any seasonality or is that flat for the year?

DAVID CORNHILL: With respect to the power transmission costs?

LINDA EZERGAILIS: Yes.

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DAVID CORNHILL: There is less seasonality now, but there is some price sensitivity of spot prices because of the line loss that we are allocated on the transmission portion of the cost.

LINDA EZERGAILIS: Okay, and moving on to your Energy Services, it seems that it's developing a little bit slower than you have expected, largely at IQ2. I calculated about 1.7 per cent of operating income. Is this still a strategic business for you given that it seems to be take up probably a little bit more time than what it's contributing, or is there a lot of growth in the long term that you see? Are there synergies with the other businesses? Can you help me understand the value to AltaGas?

DAVID CORNHILL: We see growth in the business. It would I think maintain, for the foreseeable future would be our smallest segment. We're seeing a lot of synergy with our Extraction and Transmission segment and creating a lot of option value there. So we do see some significant synergies there and some good growth prospects.

LINDA EZERGAILIS: Can you elaborate a little bit on the synergies with your Extraction and Transmission business?

DAVID CORNHILL: We're able to provide producers with better markets and our customers with better sourcing. We can help create value on our extraction by processing additional volumes through our facilities are the key and we are also able to provide better, on our pipeline services, better transmission

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by creating swap opportunities or moving gas around for them in a more effective way to maximize value for our customers.

LINDA EZERGAILIS: And in terms of the economic value creation, is that being booked within Energy Services or in your Extraction and Transmission?

DAVID CORNHILL: Extraction and transmission.

LINDA EZERGAILIS: Okay. I guess some companies would reflect that economic value in Energy Services because without that, you wouldn't be getting it necessarily.

DAVID CORNHILL: I've got one Senior Vice-President nodding in agreement and one shaking his head.

LINDA EZERGAILIS: Oh, I'm in another room, so I can't see that. And finally, just on the administrative front, you've provided the new segmentation for the first quarter of 2005, which is great. Is it possible to get the second quarter and third quarter as well, just to help us with our modelling, or do we have to wait until you report those quarters?

DAVID CORNHILL: I'm going to pass that to Debbie.

DEBBIE STEIN: Linda, it's at the back of our quarterly reports, so it's already been issued. It went out with the report today, at the back.

DAVID CORNHILL: It's the very last page.

LINDA EZERGAILIS: All right. I see that now. I didn't have a lot of time to get through this release today. Thank you.

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DEBBIE STEIN: Yes, I did mean to apologize to the audience for the lateness of getting the press release across the wire.

LINDA EZERGAILIS: Thanks.

OPERATOR: Your next question comes from Robert Catellier, from Clarus Securities. Please go ahead with your question.

ROBERT CATELLIER: Are you able to quantify the variance in the transmission charge compared to last year? Obviously, you know, it's a significant component of the improvement in operating income, certainly from the fourth quarter.

DAVID CORNHILL: Jim, do you want to...

JAMES BRACKEN (Senior Vice-President, Energy Services and Power, AltaGas Income Trust): Yes, it totals about \$3 million year over year. What it is, it's the elimination of the interconnection charges for about \$2.52 per megawatt-hour. There's also the elimination of the operating reserve charge, the 2.7-2.8 per cent of pool price. That's about \$1.50 or \$1.60 megawatt-hour. And those are posted to, you can see that on the AESO website, disappeared as of January 1st in terms of charges to us.

ROBERT CATELLIER: Okay, can you describe the nature of the outage at the Bantry facility and total expense you expect to incur to get that facility back online?

DAVID CORNHILL: Marshal?

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MARSHAL THOMPSON (Senior Vice-President, Gathering and Processing, AltaGas Income Trust): Sure, it's back online now. We anticipate probably the end of second quarter taking Bantry down again for some additional regular maintenance, but only down for about two of three days. The nature, there were a number of things we did there, but the major things were changing out some reboilers and some catalysts associated with our sulphur removal.

So those were the two major things that occurred. One of the reboilers was planned and one was not.

ROBERT CATELLIER: Okay.

MARSHAL THOMPSON: So we're expecting, it's back up and operating in normal conditions now and has been for the vast majority of April.

ROBERT CATELLIER: And what was the outage time for your customers?

MARSHAL THOMPSON: In total, for the quarter, it averaged about... I think it was a total of 18 days.

ROBERT CATELLIER: Okay. There seems to be a \$1 million take-or-pay payment receipt in Q1 from Field Gathering and Processing. Is that not unusual timing?

MARSHAL THOMPSON: No, it really is reflective of our acquisitions of the facilities which occur all throughout the year. It normally happens on the anniversary date of an acquisition or expansion of the facility.

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ROBERT CATELLIER: Okay. David, you mentioned that producers are experiencing longer lead times. Has anything changed since the Q4 conversation or is this just an ongoing bottleneck that everyone is experiencing because of the high industry activity.

DAVID CORNHILL: It's just general high industry activity. Labour is tight. In the north, we had some very mild weather, so some of those are delayed, but I think you will have seen a number of producers talking about the inventory of gas wells that they have yet to tie in. I think Apache just recently announced in terms of the huge quantity of wells.

So there is, lead times have stretched out and scheduling is becoming a bigger issue on tie-in pipelines.

ROBERT CATELLIER: So there has been somewhat of a worsening since your last conversation?

DAVID CORNHILL: I think we've seen a little bit of it happening. There's more pressure in the south in the wintertime because of the short timeframes in the north, so everyone, if you don't get it done before break-up, you wait a year. So there's a little pull that way and it was a rather short winter drilling season.

ROBERT CATELLIER: Okay, to what do you attribute the slow iQ2 contribution?

DAVID CORNHILL: With the implementation, some of the I would say organizational integration was slower than anticipated and we have taken steps to make some changes there and we feel comfortable that we're seeing progress

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and actually have seen significant progress over the April timeframe in terms of the integration activity.

ROBERT CATELLIER: Okay, and finally, David, do you have a view on the recent Battle River transaction with ENMAX in terms of value for all power assets?

DAVID CORNHILL: Nice number, and we haven't done a value on that just at this point.

ROBERT CATELLIER: Okay, thank you.

OPERATOR: Your next question comes from Robert Kwan, from RBC Capital Markets. Please go ahead with your question, sir.

ROBERT KWAN: Yes, good afternoon. Maybe just coming back to transmission, so you mentioned transmission costs were down \$3 million year over year. How much were they down versus Q4?

JIM BRACKEN: I think the number's around \$9 million.

ROBERT KWAN: Okay, and so I guess that... does that kind of explain pretty much the entire variance between Q4 operating income and where you were in Q1-06 also taking into account slightly lower volumes and then lower power price received?

DAVID CORNHILL: In Q1, we had similar volumes but the lion's share of the costs are in transmission, whether it's line loss or changing tariff structure, and then we also had our famous rate rider "C" adjustments. So those were all some of the things that caused transmission to be a little higher in the fourth

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quarter than we might have anticipated and those changes were reflected positively in Q1.

ROBERT KWAN: Okay. And then just in the outlook section on the power side, you mentioned the second quarter contribution is expected to be up from last year but obviously less than Q1 with those changes there. Kind of what's your expectation for the remaining nine months on a year-over-year basis?

DAVID CORNHILL: We expect it to outperform 2005 in each quarter, hence our expectation.

ROBERT KWAN: And is that based on the \$60 power price that you were referencing earlier?

DAVID CORNHILL: That's based on what we see with our hedge power price, or what we see as transmission. The biggest question is variability in the spot prices and they've been somewhat weaker than the fourth quarter last year. So that's the variable, but we feel pretty comfortable with the strong performance, even with weaker short-term spot price.

ROBERT KWAN: Okay, and then just lastly, on the Edmonton Ethane extraction plant, you mentioned that it suffered with lower efficiency in Q1. Has that been rectified here?

DAVID CORNHILL: Marshal?

MARSHAL THOMPSON: Yes, we took the plant down and warmed it up on the 7th and 8th of March and it's now back performing exactly as you would expect it to.

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ROBERT KWAN: Okay, so there's no spill-over effect into Q2 then I guess?

MARSHAL THOMPSON: Not at all.

ROBERT KWAN: How much did it impact the Q1 results, or is there some way you can kind of give a rough quantification of that?

MARSHAL THOMPSON: Because of our contractual arrangements, it wasn't particularly material. It really only affected volume and our produced volume.

ROBERT KWAN: Okay. That's great. Thank you.

OPERATOR: Your next question comes from Chris Bolton, from BMO Nesbitt Burns. Please go ahead with your question, sir.

CHRIS BOLTON: Hi. I'm just wondering with the Genesee strip contracts expired, is there any progress in terms of the auction or have you heard anything recently about that?

DAVID CORNHILL: The last I heard was June, but then it's really gone silent. So, Jim, do you have a better update?

JIM BRACKEN: We haven't heard an official date, but it will probably be much later than that in the year.

DAVID CORNHILL: Much later than June?

JIM BRACKEN: Much later than June, yes.

CHRIS BOLTON: Okay, I think everything else has been answered, so thanks.

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OPERATOR: Your next question is a follow-up question from Robert Catellier, from Clarus Securities. Please go ahead with your question.

ROBERT CATELLIER: Two quick follow ups. Firstly, it's a relatively moderate amount on the financial statements, but there's a 500,000 related to a true-up for the Taylor units. Can you elaborate on that, please?

DEBBIE STEIN: It's the timing based on when we get final results from Taylor.

ROBERT CATELLIER: Oh, okay. So it's just an accruals variance.

DEBBIE STEIN: Timing, yes.

ROBERT CATELLIER: And then, David, do you think you can reach the 600 Mcf throughput level with the current asset base you have in place or do you have to spend more capital to reach that number?

DAVID CORNHILL: We think that the Princess assets and base has ramped up. We're expecting some enhancement of their sulphur recovery later in early Q3 will impact it a little bit. We're hoping mid, late this month that Rainbow will be up and with producers getting their gas back on somewhere between 5 and 10 million a day and we are seeing general, increased activity. It's been fairly dry, so (inaudible) 75 per cent on the (inaudible) I've seen, so it's not slowing down activity.

CHRIS BOLTON: Great, thanks.

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OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the \* followed by the 1. As a reminder, if you are using a speakerphone, please lift the handset before pressing the keys.

Ms. Stein, there are no further questions at this time. Please continue.

DEBBIE STEIN: Thank you, Shauna, and thank you, everyone, for attending our first quarter conference call and we look forward to hearing from you soon.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

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