

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”.

energy to GROW

Opportunities to grow all our businesses



## The next 24 months of growth



### Real projects are in place

- \$150 million on four projects over the next 24 months
- Projects are consistent with strategy to grow gas and power infrastructure equally
  - Acme gas plant (CBM)
  - Sarnia Airport Pool Storage Project
  - Southern Alberta gas-fired generation
  - Bear Mountain Wind Park
- Additional \$35 million in FG&P spending this year

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## Gas growth opportunities



### Gas infrastructure

- Expect to spend \$50 million per year to expand, construct and acquire facilities
- Significant opportunities to acquire processing assets from producers
- Optimize facilities to increase efficiency and product recoveries
- Enhanced ethane recovery potential at other extraction plants
- Additional pipeline and gas storage assets in Ontario
- Integration of transmission assets with Energy Services and FG&P, similar to Orion Cold Lake Project

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## Sarnia Airport Pool Storage Project



### First AltaGas investment in Ontario infrastructure assets

- Recently purchased 50 percent interest in natural gas storage project
- 5.3 Bcf of working capacity and deliverability of 52 Mmcf/d
- Project will be fully operational by mid-2009
- Market Hub Partners Canada L.P. holds 50 percent and will operate
- Combined with Energy Services team, increases opportunities in Ontario

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## Noel Pipeline and Pouce Coupe sour gas plant expansion projects



### Project deferred due to labour cost uncertainty and low gas prices

- AltaGas intends to continue working on development of the project
- Projects include:
  - New sour gas pipeline from Noel region of B.C. to expansion of existing Pouce Coupe sour gas facility in northwest Alberta
  - Acid gas injection facility to minimize sulphur and carbon dioxide emissions

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**New 10 Mmcf/d gas processing facility and associated gathering and sales lines**

- Project is progressing on-time and on-budget
- Expected to cost approximately \$13 million
- Project located near Acme, Alberta
- Expected in service during fourth quarter 2007
- Facility will process coalbed methane (CBM)
- Project underpinned by firm contract with Ember Resources Inc.

**Power infrastructure**

- Diversification of power portfolio by 2009
  - By geographic location (Alberta 89%, B.C. 11%)
  - By fuel type (coal 80%, gas 9%, wind 11%)
- Pursuing coal, gas and renewable (wind and hydro) generation
- Wind projects were bid into Manitoba Hydro RFP (250 MW)

**Operation of 14 MW of gas-fired peaking generation**

- Diversification of power portfolio
  - Increases gas-fired generation by more than 55%
  - Additional backstopping for coal-fired PPA supply
- Run in conjunction with existing 25 MW of gas-fired generation
  - Capacity expected to be located at existing FG&P sites
  - Operated by FG&P personnel and dispatched from EEEP
  - In service late 2007 and early 2008, subject to regulatory approvals
- Adding capacity to southern Alberta market

- 25-year electricity purchase agreement with BC Hydro
- Approval to execute agreement with Enercon to purchase turbines
- Project development, optimization and regulatory approvals being finalized
- Environmental assessment certificate received
- Construction expected to begin in Fall 2007, with project in service 2009
- Total project cost approximately \$200 million
- AltaGas owns 100 percent of BMWLP
  - Targeting 50% AltaGas ownership

**The announced growth projects will be financed by:**

1. Cash flow
2. Equity through DRIP
3. Debt capacity, while remaining within publicly announced targets
4. Issuing equity, if additional financing required
  - Financing available to fund projects without going to external equity markets
  - Sold \$21 million of non-core assets

**Ideally positioned to grow our businesses and create long-term unitholder value**

- Strong base businesses in 2007
- Real projects totalling approximately \$150 million expected to be in service in next 24 months
- Further opportunities to grow all parts of integrated gas and power infrastructure business

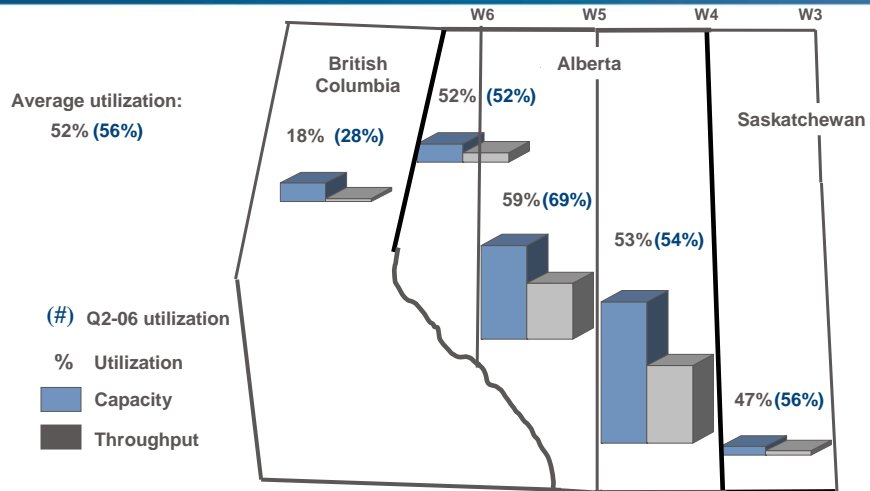
## Business Overview

### Expectations for 2007

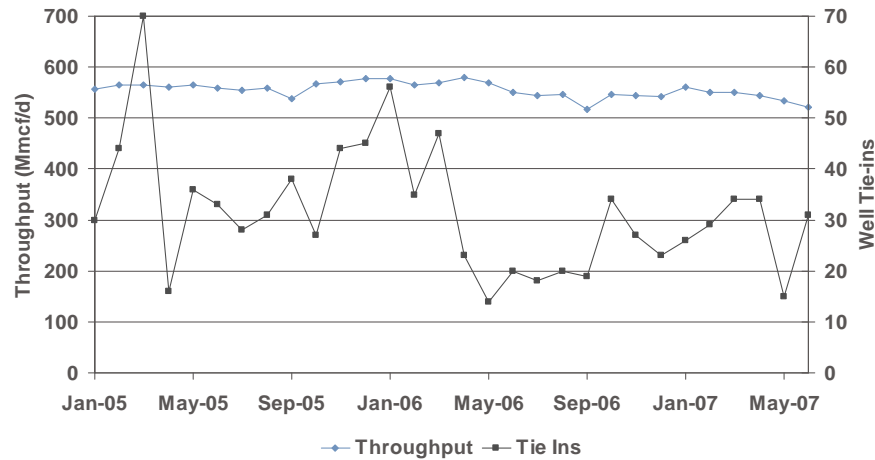
#### **Base business is strong**

- Field Gathering and Processing throughput impacted by lower drilling short-term, but increased acquisition opportunities
- Extraction and Transmission: frac spreads softening from 2006 levels although still higher than historical, increased extraction utilization and commencement of Orion operations
- Power Generation to benefit from strong power prices
- Energy Services expansion into Ontario electricity market and investment in gas storage infrastructure

# AltaGas Q2-07 regional utilization



# FG&P historical throughput and well tie-ins



## Alberta greenhouse gas legislation



### Legislation

- Effective July 1, 2007
- AltaGas participating in government consultation process

### Impact

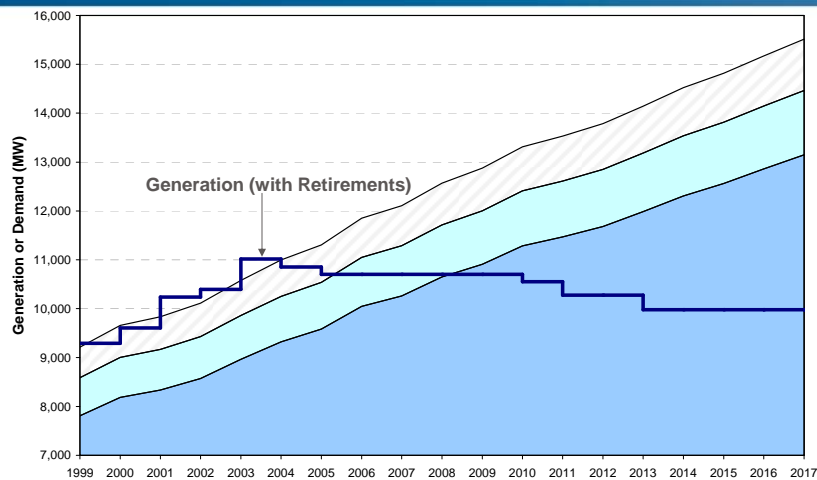
- Impacts facilities emitting > 100 kilotonnes/year of GHG emissions
- 50% interest in Sundance B PPAs only AltaGas facility exceeding threshold

### Mitigation

- Improvement of operating efficiencies expected at Sundance
- Wind project development
- FG&P-generated greenhouse gas credits

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## Alberta power market outlook



Source: AESO

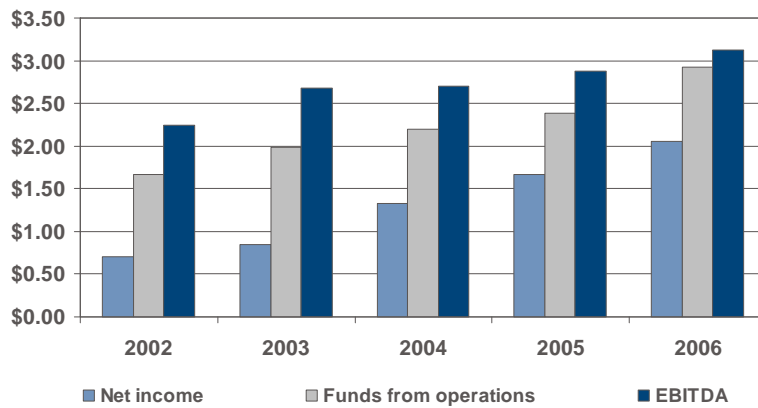
■ Forecast Alberta Internal Load (AIL) ■ AIL + 10% Reserve ■ AIL + 18% Reserve ■ Alberta Firm Generation

Excludes additions to generation after November 2006

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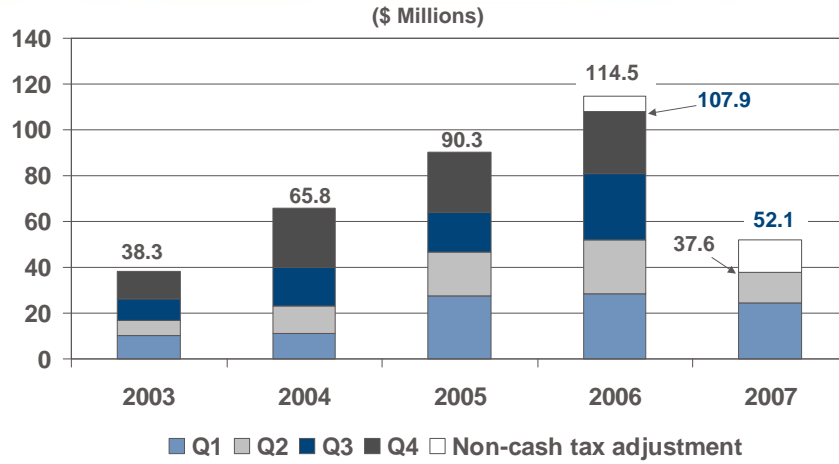
# Financial Overview

Track record of growing earnings and cash flow per unit



## Net income

**AltaGas**

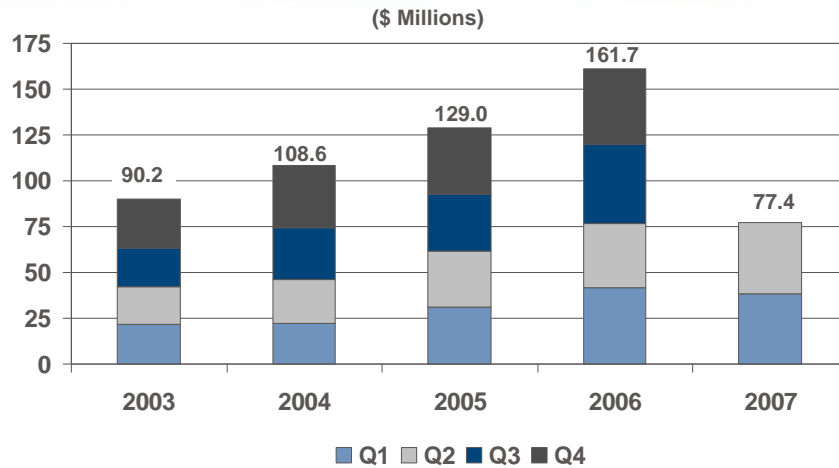


Note: Q2-06 positive non-cash tax adjustment; Q2-07 negative non-cash tax adjustment

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## Funds from operations

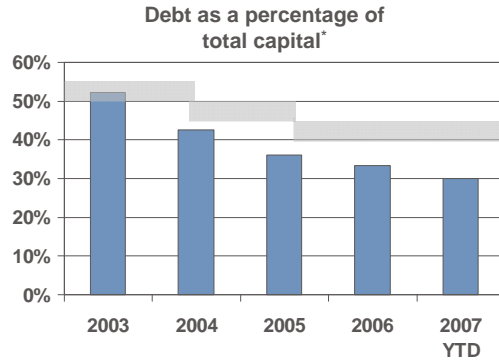
**AltaGas**



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## Financial structure

**AltaGas**



\* As at period-end

Target Range

### Committed to investment grade rating

#### Trust stability rating

- S&P: SR-3
- DBRS: STA-3 (middle)

#### Rating on medium-term notes

- S&P: BBB-
- DBRS: BBB (low)

#### Capital structure

- June 30, 2007 – 30.0%
- Trust target: 40 to 45%

#### \$100 million MTN issue in Jan-07

- 5.07% coupon
- January 2012 maturity

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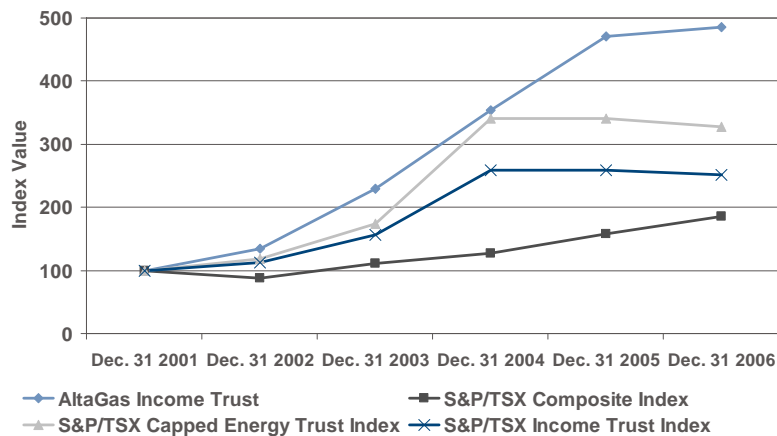
**AltaGas**

## Investment Highlights

## AltaGas total return vs. indices

**AltaGas**

Assumes a \$100 investment on Dec. 31, 2001 and reinvestment of dividends/distributions



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## Investment highlights

**AltaGas**

### Demonstrated track record of growth and value creation

- Over last 5 years, total return of almost 500%

### Business operated in disciplined manner

- Focus on traditional financial metrics

### Significant opportunities to continue to create and grow unitholder value

### AltaGas is in business for the long-haul

- Our vision and strategy is to build today for the future

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