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*Investor Relations*

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*Chairman & Chief Executive Officer*

**Debbie Stein**
*Vice President Finance & Chief Financial Officer*

**Richard Alexander**
*President & Chief Operating Officer*

**Randy Toone**
*Divisional Vice President Extraction & Transmission*

## CONFERENCE CALL PARTICIPANTS

**Nima Billou**
*Bloom Investment Counsel*

**Robert Catellier**
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**Tony Courtright**
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**Matthew Akman**
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## PRESENTATION

**Operator**

Good afternoon ladies and gentlemen and welcome to the AltaGas Income Trust 2008 Third Quarter Conference Call and Webcast. I would now like to turn the meeting over to Ms. Sheena McKellar of Investor Relations. Please go ahead, Ms. McKellar.

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**Sheena McKellar, Investor Relations**

Thank you. Good afternoon everybody. Welcome to AltaGas' third quarter 2008 conference call.

David Cornhill, Chairman and Chief Executive Officer, will open today's call with a few remarks. Debbie Stein, Vice President Finance and Chief Financial Officer, will then review our consolidated financial results and Richard Alexander, President and Chief Operating Officer, will close the presentation with a discussion of AltaGas' operating results and our outlook for 2008 and 2009. We'll then wrap up with a question and answer session.

I remind you that 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 they are subject to certain risks which could cause actual performance and financial results to vary materially from those contemplated in the forward-looking statements. For additional information on these risks, please take a look at our annual information form under the heading Risk Factors.

I will now turn the call over to David Cornhill.

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**David Cornhill, Chairman & Chief Executive Officer**

Thank you, Sheena. Good afternoon and welcome to our third quarter conference call.

Today AltaGas announced net income of $53.5 million or $0.75 per unit for the three months ending September 30, 2008 compared to $31.4 million or $0.54 per unit for the same period in 2007.

Adjusting for unrealized gains on risk management of $0.8 million, net income was $52.7 million or $0.74 per unit for the third quarter of 2008 compared to $30.7 million or $0.53 per unit in the third quarter of 2007.

The hard work of the AltaGas team resulted in the creation of some one-time earnings opportunities in the third quarter. We decreased income tax liability as a result of reorganization of assets, including assets from Taylor, within the trust structure. These actions enhanced earnings by $13.8 million. We sold some power assets under development for proceeds of $6.6 million and an after-tax gain of $900,000 in the third quarter.

We faced some earnings challenges in the extraction business in the third quarter: the fire that occurred in the natural gas-fired heater at the Harmattan Complex and the major turnaround at the Younger plant. These items reduce earnings from the extraction business by approximately $3 million. In my view, the normalized earnings for the third quarter is approximately $41 million, a strong quarter.

Our financial position is strong. Our debt-to-total capitalization as at September 30th was 37.5 percent, below our target of 40 to 45 percent. Both S&P and DBRS have revised our bond rating outlook from stable to positive in the third quarter. Our strong balance sheet, our strong cash flow, plus our unused bank lines provide us the flexibility to move forward on our plan.

Let me talk about the progress we have been making on major projects. First the Bear Mountain Project:  all the foundation work has been completed and we are ready to receive turbines which will begin erection in late spring of next year. We are also beginning work on the substation foundation and transmission lines. We are on schedule. Second, the Harmattan project - $55 million. All major parts of these projects are completed and operational. They are generating cash flow today. Finally, we are finalizing our work on the BC Hydro Call for Power. We expect to bid three to four projects into this call.

Clearly 2008 will be a very strong year. In the first nine months of 2008 AltaGas had earned more than we had earned in any year in AltaGas' history. We expect the fourth quarter earnings to be similar to the normalized Q3 results. For 2009 we have put the foundations in place for another strong year.

The majority of AltaGas' revenues are underpinned by contractual arrangements that provide stability and predictability in earnings and cash flow. Sixty percent of the 2009 volumes exposed to frac spreads have been hedged at more than $27/Bbl. AltaGas is on track to hedge two-thirds of the Sundance power generation for 2009 by year-end at prices similar to the 2008 average hedge price.

In addition, we continue to optimize current operations and develop new assets. The volume addition at the Harmattan Complex, as well as the Bear Mountain Wind Park and the Sarnia storage project, will contribute to earnings and cash flow next year.

The nature of the assets we invest in allow us to think and plan long term. Because of AltaGas' stability and predictability of cash flows and earnings, we have confidence in the sustainability of our distributions. We have disclosed our thoughts on future conversion to a corporation by 2011. AltaGas is well positioned for 2011.

Finally, Q3 2008 was a good quarter. Q4 2008 is expected to be strong. The foundations have been laid for 2009. We have a strong balance sheet, we have low payout ratios and we have great projects available to enhance unitholder value. All in all, not a bad position to be in, in these troubled times.

Now I'll turn it over to Debbie.

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

Thank you, David. Good afternoon everyone.

Our net income was a record $53.5 million or $0.75 per unit for the third quarter and $124 million or $1.83 per unit for the first nine months of the year.

During the third quarter we recorded a one-time reduction in future income tax liability of $13.8 million. This recovery resulted from lower tax rates applied to a portion of our future tax liability as a result of legal entity ownership changes within the trust structure. Adjusted for this change and mark-to-market changes, third quarter net income was $38.9 million or $0.55 per unit compared to $30.7 million or $0.53 per unit. Normalized for these items, year-to-date net income was $112.5 million or $1.66 per unit compared to $83 million or $1.45 per unit in the first nine months of 2007.

On a consolidated basis, amortization expense rose almost $6 million to $17.4 million in third quarter, mainly due to the acquisitions, partially offset by the sale of our non-core oil and gas assets in mid-2007. In third quarter 2008 there was also an adjustment to amortization related to changes in the purchase price allocation for Taylor. Year-to-date amortization expense was $50.2 million compared to $35.7 million during the same period last year.

Interest expense in third quarter of 2008 was $6 million, up from $2.9 million in third quarter last year. The increase was due to the higher average debt balance of $548.3 million compared to $225.2 million in third quarter last year. At 4.9 percent, the average borrowing rate was lower than 5.3 percent for the same period last year. For the first nine months of the year interest expense was $19.3 million compared to $9 million for the same period last year.

We reported an income tax recovery of $8.8 million during third quarter 2008 compared to a tax expense of $3.2 million in the same quarter last year. The recovery again was due to the $13.8 million reduction in future income tax liability. Year-to-date we have reported an income tax recovery of $8 million compared to an expense of almost $12 million in the same period in 2007. The difference is primarily due to the reduction in future tax liability this quarter and the $6 million SIFT expense recorded in 2007.

During the quarter invested capital totalled $99.8 million compared with $12.3 million in the same quarter of 2007. We spent growth capital of $100.3 million, which included the acquisition of NovaGreen and GreenWing, the Bear Mountain Wind Project, extraction and transmission projects like the Harmattan initiatives and the expansion of the Pouce Coupe facility, as well as some work on the run-of-river development projects and the Sarnia storage project. The invested capital tables in our MD&A provide a detailed breakdown of our capital spending.

Year-to-date invested capital has totalled $779.7 million compared with $53.7 million in the same period last year. The majority of the growth capital invested to date this year was for the Taylor acquisition back in January.

Our CapEx program for 2008 and 2009 remain at $225 million and $250 million, respectively. We expect to finance these planned expenditures with available credit facilities as well as non-distributed cash of between $65 and $75 million a year and approximately $35 million a year from our DRIP program.

Total debt as of September 30th was $556.7 million, which is up from $221 million at the end of 2007 and slightly higher than $504 million at June 30th. This resulted in a total debt-to-total capitalization ratio of 37.5 percent, below our target range of 40 to 45 percent.

At October 31st AltaGas had 71.5 million units outstanding. For the quarter, the weighted average units outstanding was 71.1 million, up 23 percent from third quarter 2007.

With respect to cash flows, funds from operations were $56.3 million in the third quarter of 2008, up from $47.6 million in the same quarter of 2007. The change was mainly due to higher earnings as a result of our contribution from the Taylor acquisition as well as $2 million in cash taxes related to the disposition of our power project under development.

Distributions declared during the third quarter were 53.5 cents per unit or $38 million. Our payout ratio was 68 percent in the quarter and 66 percent year-to-date, both well within our target of 65 to 75 percent of funds from operations.

We remain committed to our investment-grade credit rating. Both DBRS and Standard & Poor's have revised their outlooks on AltaGas to positive in recent months and have confirmed our debt to total capitalization targets as appropriate. The change in outlook and trend reflects the efficient integration of Taylor and AltaGas' continued strong performance.

Our strong balance sheet, commitment to our investment-grade ratings, and financial flexibility position us for continued growth and strong performance in 2008 and beyond.

Rick will now discuss our third quarter operating results and our business outlook for 2008 and 2009.

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**Richard Alexander, President & Chief Operating Officer**

Thank you, Debbie. Good afternoon everyone.

Our operating segments reported $56.1 million in operating income compared to $44.3 million in third quarter 2007. Year-to-date operating income delivered by our operating segments was $164 million, a 40 percent increase over the same period last year.

In third quarter the gas business represented 46 percent of total operating segments operating income compared to 29 percent in the same quarter last year.

Extraction and Transmission reported $18 million of operating income. The addition of the Taylor assets accounted for most of the increase. In third quarter, we had lost revenue of approximately $2.8 million due to the Younger turnaround as well as $0.5 million in lost revenue due to downtime resulting from the Harmattan heater fire.

Year-to-date operating income was $61.6 million, more than double what we reported during the same period last year. On a year-to-date basis approximately three quarters of net revenue in this segment is underpinned by long-term fixed fee or cost-of-service arrangements.

At $26/Bbl, realized frac spreads were approximately $1 higher than the quarter in 2007. The 12 percent of extraction volumes exposed to market prices added $14.8 million of net revenue compared to 10 percent of volumes adding $4 million in the same quarter last year. The variance is the result of higher volumes exposed to market prices due to the Taylor acquisition and a slight increase in realized frac spreads.

As I mentioned, around 12 percent of extraction volumes are exposed to market prices and as part of our risk mitigation strategy AltaGas has hedged approximately 60 percent of the exposed volumes at over $23/Bbl for the remainder of 2008 and approximately 60 percent at over $27/Bbl for 2009. We have also hedged approximately 15 percent of 2010 exposed volumes at over $27/Bbl. The current forward curve indicates that frac spreads are in the $10/Bbl range for fourth quarter 2008. With our current hedges we expect to realize a frac spread of around $20/Bbl for the fourth quarter.

We expect Extraction and Transmission to contribute around 40 percent of business operating income this year and 2008 results will increase materially over last year due to the larger asset base. Results have been tempered by several scheduled extraction plant turnarounds completed earlier this year, including significant turnarounds at Harmattan in second quarter and Younger in third quarter. Overall, these turnarounds have resulted in $6.8 million of operating expense and lost revenue.

We continue to move forward with our $55 million growth capital program at Harmattan. We have expanded the complex's capture area, including the interconnection with the Carstairs processing plant and earlier this week Harmattan began processing gas previously handled at Carstairs. Harmattan is now processing around 15 Mmcf/d of Carstairs volumes and we expect this to increase to approximately 30 Mmcf/d over the next week. The remaining initiatives will add additional compression capacity and significantly increase Harmattan's NGL processing capacity. We expect that the Harmattan initiatives will add $10 million of EBITDA next year. We also continue to pursue the Harmattan Co-streaming project as a great way to significantly increase utilization. A decision on the ERCB's NGL inquiry is expected in the coming weeks, at which point we will resubmit our project application.

Operating income for Field Gathering and Processing was $7.2 million, up from $3.1 million reported in the third quarter of 2007 and $5.8 million reported in the second quarter of 2008. The increase over last year was due to higher rates, new plants, and lower operating expenses, partially offset by natural declines and lower producer activity. Despite lower volumes in the second quarter, operating results improved as costs were significantly lower. Year-to-date, operating income in the segment was $17.3 million, up 26 percent from the same period in 2007.

Average throughput in the quarter was 545 Mmcf/d, up 7 percent from third quarter 2007. Throughput was up mainly due to the addition of new facilities and additional well tie-ins, which numbered 84 compared to 57 in third quarter 2007. Year-to-date throughput volumes were up 3 percent to 547 Mmcf/d as a result of new facilities and well tie-ins, partially offset by natural declines, unscheduled shutdowns, and the scheduled turnaround at Rainbow Lake in the second quarter.

In 2008 AltaGas expects higher results from field gathering and processing, mainly due to the addition of RET, a full year of Acme and Corbett Creek, and higher rates and facility optimization. Moving forward we expect that the recent economic conditions may cause producers to cut their drilling programs and as a result we may see fewer well tie-ins and declining throughput in the upcoming year. However, this may lead to additional opportunities to acquire or build producer facilities.

Energy Services reported operating income of $800,000 compared to a loss of $200,000 in the third quarter of 2007. The increase was due to a one-time pricing adjustment for a supply contract and lower operating and administrative expenses. On a year-to-date basis this segment has reported a loss of $300,000 compared to income of $2 million for the same period last year. In 2008, we expect results to be slightly lower than 2007, excluding the gain on the sale of the non-core assets reported in 2007. AltaGas continues to develop the Sarnia storage project and we expect it to be in service next summer and adding to earnings.

Moving to the power business, third quarter 2008 operating income was $30.1 million, down slightly from same quarter last year. Operating income decreased mainly as a result of higher RAPP received due to a plant outage at Sundance in third quarter 2007, as well as lower spot prices, a lower contribution from our peaking plants, and higher environmental costs. These were partially offset by higher hedged power prices and volumes and a gain on the sale of a power project that was under development. Year-to-date, operating income has grown 15 percent to $85.4 million.

Average Alberta spot prices were $80/MWh, down from $92/MWh in third quarter 2007. Our average power price received, which includes hedged and spot sales for both Sundance and the gas-fired peaking plans was $83/MWh, up $6 from the same quarter last year. Our hedging strategy allowed us to mitigate the impact of lower spot prices this quarter as we were hedged at substantially higher prices than last year.

We expect 2008 Power Generation operating income to increase over 2007 levels as we've hedged at a higher average hedge price this year. Despite the current commodity market and credit liquidity situation, forward Alberta power prices have remained relatively strong at over $100/MWh for the remainder of 2008 and around $80/MWh for the next couple of years. We have added to our hedge position for fourth quarter 2008 to mitigate the potential for falling prices. Today we have closer to three-quarters of our fourth quarter volumes hedged and an average hedge price for the year has increased to $77/MWhs.

AltaGas continues to add to hedge position for 2009. By the end of this year we expect to have hedged two-thirds of next year's Sundance generation at prices similar to our 2008 average. We have also started hedging a portion of our 2010 production at attractive prices. Additional gas-fired peaking units at Bantry and Parkland have been installed, with generating capacity of 14.4 MW and we expect that they will yield similar returns to our existing peaking facilities on an annual basis.

As David mentioned, construction at Bear Mountain Wind Park continues on time. All turbine foundations have been constructed and the wind park is on track to be operational in November 2009. Ninety percent of the costs have been fixed and we expect to spend approximately $50 million this year and a further $130 million in 2009.

The biggest power development we are pursuing is the 195-megawatt Forrest Kerr run-of-river project in Northwest British Columbia. We plan to bid it and potentially two or three other projects, for a total of three or four projects, into BC Hydro's Call for Power later this year.

The Corporate segment reported an operating loss of $5.4 million in the third quarter compared to a loss of $6.8 million in third quarter 2007. The smaller loss was the result of unrealized gains on risk management contracts and a one-time write-off of project development costs in third quarter 2007. Year-to-date Corporate has reported an operating loss of $28.7 million compared to an operating loss of $19.5 million in the first nine months of 2007. For the year, this segment's operating loss is expected to be higher than 2007 due to the acquisition of Taylor and additional costs related to AltaGas' growth.

In 2008 our gas business has grown due to the larger asset base and our power business has been positively impacted by higher hedge prices. In 2009 we expect to see growth in our gas business as a result of current growth, including the increased volumes at Harmattan, Sarnia gas storage, and the Pouce Coupe processing facility expansion and fewer scheduled turnarounds. We have also hedged 60 percent of volumes exposed to frac spreads at $27/Bbl, which will mitigate a decline in frac spreads. We expect a little more modest growth in the power business as pricing is expected to be similar to our 2008 average hedge. We have also begun to put on hedges for 2010 at or above the 2009 prices. Bear Mountain will be online in November and will add significantly to earnings in 2010.

And with that I'll turn the call back to Sheena.

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**Sheena McKellar, Investor Relations**

Thank you, Rick.

That completes the formal part of today's call. David, Rick, and Debbie are now available to answer your questions. Helena, I'll turn the call back to you for the Q&A session.

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**Operator**

Thank you. We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift your handset before making your selection. If you have a question, please press star one on your telephone keypad. If at any time you wish to cancel your question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

The first question is from Nima Billou from Bloom Investment Counsel. Please go ahead.

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**Nima Billou, Bloom Investment Counsel**

Thank you. Just looking at the cash flow per unit, it seems as if it was down 5 percent while the EBITDA per unit was up roughly 12 percent, so I wanted to get a sense beyond the increased cash taxes and interest expense, as well as the turnaround expense for Harmattan and Younger, what would contribute to that?

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**David Cornhill, Chairman & Chief Executive Officer**

It's David. I've asked that same question. You have the answer. Interest and the current taxes related to the asset sale. And then the turnaround would be about $0.05 to $0.06.  There's mark-to-market as well on both years.

**Nima Billou, Bloom Investment Counsel**

Oh, mark-to-market. And the mark-to-market would be with respect to, sorry?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

The mark-to-market is the change in fair value in the quarter related to our hedges.

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**Nima Billou, Bloom Investment Counsel**

Hedges for frac spreads?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

Yes. So frac and... Well power goes through our other comprehensive statement but to the extent that we have an ineffective portion on our frac hedges, it's primarily on frac hedges.

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**Nima Billou, Bloom Investment Counsel**

Okay. Thanks very much. And with respect to power prices, so two-thirds are hedged at the same level that was hedged in 2008, $77. Is that correct?

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**Richard Alexander, President & Chief Operating Officer**

We do expect to have two-thirds hedged by the end of 2008 at prices similar to last year.

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**Nima Billou, Bloom Investment Counsel**

Do '09 prices in the spot market, do you expect a little bit of upside as you had mentioned, because the markets continue to remain tight in terms of supply and demand balance on the unhedged portion?

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**Richard Alexander, President & Chief Operating Officer**

Well that's difficult for me to say. There's a lot going on in the marketplace right now that's going to affect demand and it's hard to know how that's going to impact prices. Also, the power prices are partially being held up by the gas price being high in Canadian dollar terms and it's difficult to know what that will look like going forward as well.

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**Nima Billou, Bloom Investment Counsel**

Okay. And finally in the FG&P segment, are you—when do producers set their budgets with respect to CapEx? Are you already seeing declines or have the yet to kind of come back to you so that you have a better sense in terms of activity?

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**Richard Alexander, President & Chief Operating Officer**

Well this is about the time of year they set their budgets because they're starting to think about their commitments, particularly in the north, for winter drilling, and not many have announced budgets. There have been a couple companies announce that their budgets have been cut, particularly in Alberta, and we are starting, we haven't got any numbers for October but we are sensing that on October we are seeing fewer well tie-ins.

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**Nima Billou, Bloom Investment Counsel**

Gotcha. You're just preparing for the possibility given what you're sort of seeing on a preliminary basis in the marketplace.

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**Richard Alexander, President & Chief Operating Officer**

Yes.

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**Nima Billou, Bloom Investment Counsel**

Okay. Thanks very much.

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**Operator**

Thank you. The next question is from Robert Catellier from Clarus Securities. Please go ahead.

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**Robert Catellier, Clarus Securities**

Yes, David, can you clarify how you get to the $41.5 normalized income? What adjustments are you making to the reported number?

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**David Cornhill, Chairman & Chief Executive Officer**

If you look at what Debbie had talked about, $38 and change, and you add about $3 million for the turnarounds, which is with respect to the fire and the Younger turnaround. That's a run-rate type normalized that you would expect.

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**Robert Catellier, Clarus Securities**

And when you look at the frac spread markets, recently we've seen what I would characterize as unusually low butane postings; is that factored into your $10/Bbl Q4 frac spread expectations?

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**Richard Alexander, President & Chief Operating Officer**

Yes it does.

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**Robert Catellier, Clarus Securities**

And is the source of that temporary because of industry outages or have you...do you have a point of view on that?

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**Richard Alexander, President & Chief Operating Officer**

Well, again, it's difficult to say. We're just looking at the forward curve and that's what the forward curve reflects. The forward curve is in acridation(sp.) even though there's (inaudible) oil curve. So it is possible we'll see that move up going forward, but that's currently not what the curve is showing.

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**David Cornhill, Chairman & Chief Executive Officer**

Just generally we'd be more bullish on frac spreads than $10.

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**Robert Catellier, Clarus Securities**

Can you characterize the depth pricing of the power market in 2010? Are there volumes there that you need or have the financial difficulties thinned that market out a bit?

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**Richard Alexander, President & Chief Operating Officer**

Well the power price is in that $80 range into 2010 right now, but you're absolutely correct, there is less liquidity in that timeframe. So you may see a price, but it may not be one you could hit on any given day. So as we move closer, the liquidity picks up, and that's why we're more active in 2009 than 2010.

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**David Cornhill, Chairman & Chief Executive Officer**

We've been able to do 2010 deals.

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**Richard Alexander, President & Chief Operating Officer**

Yes, we have done some.

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**Robert Catellier, Clarus Securities**

Right, so but maybe at a slower pace than you'd otherwise hoped.

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**Richard Alexander, President & Chief Operating Officer**

Well, no, we normally don't get too aggressive until later anyway, but because of the climate we're being a bit more proactive.

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**Robert Catellier, Clarus Securities**

Right. I'd like to address the expansion opportunities at Harmattan. It sounds to me like the Carstairs consolidation is completed and the volumes are ramping up, but with respect to the other programs that you have there, are they also expected to be commissioned in Q4? I'm just curious as to how much upside there is or additional income their might be from the Harmattan and the Carstairs consolidation in Q4.

**Randy Toone, Divisional Vice President Extraction & Transmission**

It's Randy Toone. Of the $55 million capital spend we had for 2008 we'll probably have about $8 million that's going to be carried over into 2009, but the majority of the revenue generation of that capital will be realized January of 2009.

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**Robert Catellier, Clarus Securities**

And that $10 million EBITDA expectation reflects that timing?

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**Randy Toone, Divisional Vice President Extraction & Transmission**

Yes.

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**Robert Catellier, Clarus Securities**

Right. Just with respect to the co-stream project, should you re-bid that project, obviously the frac spread environment has changed, presumably temporarily, but the cost environment has also changed as well. Do you have a comment on the continuing economics of that project? Is it still at this point something you'd pursue?

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**David Cornhill, Chairman & Chief Executive Officer**

Yes, we're actively pursuing co-stream and we're waiting for the completion of the NGL inquiry to move, but we think it's an excellent project and we're moving forward strongly on it.

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**Robert Catellier, Clarus Securities**

And with respect to Q3 turnarounds, the actual number, the actual impact seems to be higher than the previous guidance, despite a deferral. Can you provide a little bit more clarity into the nature of that variance?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

In the variance or the guidance that we gave in Q2, Rob, there were lower frac spread assumptions in there.

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**Robert Catellier, Clarus Securities**

Okay.

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

So that's primarily all of it.

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**Robert Catellier, Clarus Securities**

And the deferral, can you tell us what plant was deferred and when we might expect that turnaround?

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**Richard Alexander, President & Chief Operating Officer**

The Empress plant. It should be in next year, first quarter.

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**Robert Catellier, Clarus Securities**

Q1?

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**Randy Toone, Divisional Vice President Extraction & Transmission**

It will be Q2 or Q3 of next year, but it's a small turnaround and it's probably under a $200,000 impact.

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**Robert Catellier, Clarus Securities**

Oh, okay. Just finally, I noticed that the operating and admin expense line in the power segment has increased for project development. You know, that obviously will add an element of variability to that line item. Is there any type of guidance you can provide? How should we be thinking about that? Because it effectively doubled in the quarter.

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**Richard Alexander, President & Chief Operating Officer**

Well we've added the team with the purchase of NovaGreen and so we're going to have the increased cost going forward for running that office in Vancouver.

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**Robert Catellier, Clarus Securities**

Right, so this reflects NovaGreen and that's the appropriate run rate unless you make any other changes.

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**Richard Alexander, President & Chief Operating Officer**

Yes.

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**David Cornhill, Chairman & Chief Executive Officer**

And their focused on their run-of-river capital projects and we're expensing their costs.

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**Robert Catellier, Clarus Securities**

Okay, thank you.

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**Operator**

Thank you. The next question is from Tony Courtright from Scotia Capital. Please go ahead.

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**Tony Courtright, Scotia Capital**

Thank you. You've indicated that you're going to be bidding both Forrest Kerr and three to four other potential hydro projects into the call for power later this year; can you give us some feel, if not for the dollar amount at least the timing specifically of the Forrest Curve project?

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**Richard Alexander, President & Chief Operating Officer**

I'll start by saying what I meant to say is we'll bid a total of three or four. So including Forrest Kerr.

The timing of those projects in terms of construction would start probably in 2010 or 2011 and run probably to 2016 kind of timeframe.

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**Tony Courtright, Scotia Capital**

And so far no clarity on cost for disclosure purposes?

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**Richard Alexander, President & Chief Operating Officer**

No, we're working through the cost now as we get ready to bid, trying to finalize where we're at.

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**Tony Courtright, Scotia Capital**

So really no serious money likely until potentially you're a taxable public entity.

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**Richard Alexander, President & Chief Operating Officer**

That's correct.

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**Tony Courtright, Scotia Capital**

Okay. And in the interim you have indicated, as mentioned at the analyst day, that you have enough resources to pursue your CapEx programs for 2008 and 2009; any outlook for 2010 CapEx as yet in terms of financing or what are you thinking in that regard?

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**David Cornhill, Chairman & Chief Executive Officer**

We haven't at this time.

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**Tony Courtright, Scotia Capital**

Okay. Those are my questions.

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**Operator**

Thank you. The next question is from Matthew Akman from Macquarie. Please go ahead.

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**Matthew Akman, Macquarie Research Equities**

Thanks. Debbie, how much undrawn credit facilities do you guys have left?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

At the end of Q3 it was about $350 million.

**Matthew Akman, Macquarie Research Equities**

And how far would that take you if you don't issue any more other debt over the next 12 months or so? Would that take you through 2009?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

It would.

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**Matthew Akman, Macquarie Research Equities**

Okay. But probably not much further?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

Well it would take us past 2009 when you look at the free cash flow of $65 to $75 and the DRIP.

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**Matthew Akman, Macquarie Research Equities**

Is there any thought of trimming back CapEx in light of the environment that's around us now?

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**David Cornhill, Chairman & Chief Executive Officer**

I wouldn't say trimming back. I think we are looking at screening at a higher hurdle rate slightly and we're looking at optimizing and we have disposed of some small assets as well, so we're looking at maximizing our cash flexibility and we think we're in good position. So at this point we don't see a need to scale back but we look at it constantly.

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**Matthew Akman, Macquarie Research Equities**

Okay. And David, how about the sort of overall decision between buy versus build? Is that something you're analyzing a little bit more carefully too?

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**David Cornhill, Chairman & Chief Executive Officer**

Yeah, I think we're looking actively at buying spinning assets on the power side or operational on the gas side. It's a balance. We think we have attractive projects under development so we're actively looking down both lines but also realize the current credit market, so we're being prudent. I don't know if I answered you.

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**Matthew Akman, Macquarie Research Equities**

No, no, that's good. Thanks. Those are my question.

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**Operator**

Thank you. The next question is from Linda Ezergailis from TD Newcrest. Please go ahead.

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**Linda Ezergailis, TD Newcrest**

Thank you. For planning and modelling purposes should we be assuming that Bear Mountain will be 100 percent owned by AltaGas? Or what's the latest status on looking for a partner on that?

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**David Cornhill, Chairman & Chief Executive Officer**

It will be somewhere, I suspect, between 85 and 100 owned. So you can use 100. The noise wouldn't make any difference in the modelling.

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**Linda Ezergailis, TD Newcrest**

In the modelling or your responses to Tony about financing or Matthew about deferring CapEx potentially or anything like that?

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**David Cornhill, Chairman & Chief Executive Officer**

Well we're still working under the assumption of about $225 spent in 2008 and $250 in 2009. Those are our working assumptions going forward. And we have a financing in place, cash flow and DRIP to finance that easily.

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**Linda Ezergailis, TD Newcrest**

Okay. And those numbers would assume an 85 percent ownership?

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**David Cornhill, Chairman & Chief Executive Officer**

They assume 100 percent.

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**Linda Ezergailis, TD Newcrest**

Okay. And then just a clean-up question related to your maintenance capital. It's quite unusual to see a trust report a negative maintenance capital number.

Can you help us out in terms of what, um, if we backed out the one-time, what was it, reclassification item, what your maintenance capital number would be in the quarter?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

You know, Linda, I don't have that at my fingertips, but, um, so obviously we did the adjustment in Q3 so the year-to-date number would be correct, but I don't have that number at my fingertips, sorry. I'll get that to you after the call.

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**Linda Ezergailis, TD Newcrest**

Okay, thank you.

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**Operator**

Thank you. The next question is from Jeff Mo from Mawer Investments. Please go ahead.

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**Jeff Mo, Mawer Investment Management**

Good afternoon. I have a couple questions about the run-of-river projects in Northwest BC. So first was what are the megawatt hours in the PPAs that you're bidding at sort of going forward and what levels you would like to see before you might go ahead with those projects?

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**Richard Alexander, President & Chief Operating Officer**

Well the Forrest Kerr project is a 195-megawatt project. I'm not sure I know what you mean by what level we want to see.

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**Jeff Mo, Mawer Investment Management**

Oh, just in terms whether you're getting a PPA and what levels you'll be selling that power at.

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**Richard Alexander, President & Chief Operating Officer**

Well we will, ah, we'll bid into the call. What we bid into the call will be confidential, so I can't tell you what price we would like to receive.

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**Jeff Mo, Mawer Investment Management**

Right. Is there a range just in terms of projects you would take going forward?

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**Richard Alexander, President & Chief Operating Officer**

No, I would prefer not to give a range or a number.

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**Jeff Mo, Mawer Investment Management**

Okay. And the other question relating to those projects is, um, there's been some chatter that the BC NDP party is unhappy with private power development in British Columbia and I think they're election next year, and so I don't know if you've thought about any political risks or regulatory risks along that standpoint?

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**Richard Alexander, President & Chief Operating Officer**

Well we have heard that chatter also, so there's always political risk. We can't forecast what BC government will do or BC Hydro in terms of whether or not they will go ahead with their full call, a partial call, ah, what they will think of when they see all the prices bid. So we're operating on the assumption that the process will go forward as planned.

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**Jeff Mo, Mawer Investment Management**

Okay. All right, thank you, David.

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**Operator**

Thank you. The next question is from Chris Bolton from BMO Capital Markets. Please go ahead.

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**Chris Bolton, BMO Capital Markets**

First question just on the Pouce Coupe expansion: Do you have regulatory approval for that now?

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**Richard Alexander, President & Chief Operating Officer**

Not at this time. We're going through the regulatory process.

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**Chris Bolton, BMO Capital Markets**

All right. And second question, it's just the notes that you're thinking about issuing, $100 million worth of MTNs before the year-end; does that also reduce your credit facility by $100 million then?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

It would.

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**Chris Bolton, BMO Capital Markets**

All right, great. And my final question was just, maybe I missed it, but the number of wells tied into your Field Gathering and Processing. Did you...?

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**Richard Alexander, President & Chief Operating Officer**

It was 84 in the quarter.

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**Chris Bolton, BMO Capital Markets**

And do you have what it was the same period last year?

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**Richard Alexander, President & Chief Operating Officer**

I believe it was 57.

**Chris Bolton, BMO Capital Markets**

Great. Those are all my questions. Thank you.

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**Operator**

Thank you. Once again, please press star one on your telephone keypad if you have a question.

The next question is from Robert Catellier from Clarus Securities. Please go ahead.

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**Robert Catellier, Clarus Securities**

Yes, can you explain the nature of the tax recovery and the restructuring that was done that resulted in the gain?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

When we acquired Taylor we acquired Taylor at the LP1 level, which is where we issued our exchangeable units out of, and then subsequent to the acquisition of Taylor and in preparation for 2011 we chose to move the investment in Taylor below our corporate umbrella, which is what we call AltaGas Ltd. So by moving it under a corporate structure we were able to benefit from a lower tax rate at the corporate rate versus the SIFT because we haven't seen the alignment between SIFT tax and corporate tax yet. So by physically moving it we were able to adjust the value of our future income tax liability.

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**Robert Catellier, Clarus Securities**

Gotcha. Thank you.

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**Operator**

Thank you. The next question is from Fai Lee from RBC Capital Markets. Please go ahead.

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**Fai Lee, RBC Capital Markets**

Thank you. Just with respect to the comment about lower well tie-in activity could decrease Field Gathering and Processing volumes, just wonder if you could give us maybe a sense of what would maybe be a low-case scenario? Are we talking like a few percent off of the 545 this quarter or could it be potentially more than that?

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**Richard Alexander, President & Chief Operating Officer**

Well I think if we went back to the kind of levels we were seeing in the spring and in last year's summer – that would probably be kind of a down-side case. You know, we started to see a pickup as people had more confidence in the economy and more certainty around the royalty regime in Alberta and so on, but of course that may have gone sideways, so we could see ourselves go back to that kind of 40 to 50 wells per quarter.

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**Fai Lee, RBC Capital Markets**

Okay. And with respect to the hedges that you have in place right now on the power side and for the frac spreads, are there any concerns about counterparty risks?

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**Debbie Stein, Vice President Finance & Chief Financial Officer**

The short answer is no. We have on our power side about four counterparties, only one of which is financial and that's Morgan Stanley, and they're actually exposed to us. And on the frac spread our counterparty is the Bank of Montreal. We have a small amount that's going to fall off at the end of December with Goldman Sachs.

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**Fai Lee, RBC Capital Markets**

Thank you.

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**Operator**

Thank you. There are no further questions registered at this time. I would now like to turn the meeting back over to Ms. McKellar.

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**Sheena McKellar, Investor Relations**

Thank you, Helena. If anyone has any follow-up questions, please give me a call. My number is 403-691-9855. Thank you.

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**Operator**

Thank you. The conference has now ended. Please disconnect your lines at this time. Thank you for your participation.

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