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Linda Ezergailis
TD Newcrest

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PRESENTATION

Operator

Good morning ladies and gentlemen and welcome to the AltaGas Income Trust 2009 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.

Sheena McKellar, Investor Relations

Thank you, Joe.

Good morning everybody, welcome to AltaGas' Third Quarter 2009 Conference Call. With me today are David

Cornhill, Chairman and Chief Executive Officer; Richard Alexander, President and Chief Operating Officer; and Debbie Stein, Vice President, Finance and Chief Financial Officer. After some formal comments we'll have a question and answer session.

Before we begin let me 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'll now turn the call over to David.

David Cornhill, Chairman & Chief Executive Officer

Thank you, Sheena.

Today we report third quarter net income of \$34.7 million, or \$0.44 per unit. Our third quarter earnings reflect the benefit of AltaGas' stable operations, diversified power and gas assets, and disciplined risk management. While parts of our business face current market challenges, overall our energy infrastructure business recorded solid results.

You may have heard our Bear Mountain Wind Park is fully commissioned and in service on October 24th, beating its November in-service target and coming in on budget. To meet the conditions of COD we completed a 72-hour test, during which the turbines performed well and the park produced approximately 2,000 megawatt hours of energy. The turbine substation and transmission infrastructures are performing as anticipated and the wind park is meeting our expectations. The wind park's 34 turbines are expected to produce enough energy to power most of the South Peace region [of B.C.].

The successful completion of the wind park is an example of AltaGas' strategy to invest and build long-term, stable assets that deliver solid returns. AltaGas has again proven its ability to meet complex project development and construction targets on time and on budget. Earlier this year we completed our Sarnia Storage Project ahead of schedule and under budget. This project is contributing to earnings and is another

good example of our focus on developing long-term stable assets.

We continue to implement our growth strategy and pursue opportunities both in the gas and power business. Subsequent to the third quarter our successful acquisition of AltaGas Utility Group added regulated assets with stable, long-life cash flows, consistent with our overarching strategy. Utility Group has over \$200 million of energy infrastructure assets and 71,000 customers in Alberta, Northwest Territories and Nova Scotia.

On Tuesday we announced the acquisition of the remaining 75 percent of Heritage Gas from SaskEnergy and Scotia Investments. Heritage Gas has a strong team, good assets and significant growth potential.

As AltaGas grows we continue to transition from a company that acquires assets to a company that both builds and acquires assets. Bear Mountain and Sarnia Storage demonstrates that we can develop projects from beginning to end.

In the gas business, we continue to focus on our Harmattan Co-Steamer project and our sour gas expansion at Pouce Coupe, two projects that will increase the value of existing assets. The Co-Streaming Project has the potential to significantly increase extraction production and is a great way to recover liquids that are currently flowing out of Alberta as part of the gas stream. The public hearing on the Pouce Coupe application was held in August and we expect a decision soon. We hope to begin construction of the expansion later in the fourth quarter.

We continue to pursue our run-of-river projects in British Columbia including three Northwest B.C. projects that were submitted to the 2008 B.C. Hydro Clean Power Call.

In September 2009, the government of British Columbia announced its commitment to upgrade and extend an electrical transmission capability in Northwest B.C., specifically the Northwest Transmission Line [or NTL]. The government of Canada has recently announced a \$130 million commitment to fund the NTL under the Federal Green Energy Infrastructure Fund to support the upgrade.

The NTL upgrade will extend BCTC's [British Columbia Transmission Corporation] transmission grid to within 44 kilometres of the Northwest Projects. Having considered the implications of these developments, AltaGas has decided to withdraw its proposal for the Northwest Projects from the 2008 Clean Power Call. Since withdrawing AltaGas' sought and obtained the Province

of British Columbia's agreement to engage in negotiations with the province in view of finding a mutually beneficial outcome regarding the Northwest Projects and the NTL.

We expect another year of strong earnings in 2009 as we benefit from growth projects and our low-risk, stable business. Next year the recently completed Bear Mountain Wind Park, Sarnia Storage project, as well as the addition of the Utility Group will contribute to earnings.

Beyond this our planning includes \$2 billion worth of growth over the next five to seven years, including optimizing current infrastructure, building new assets and diversifying our business.

We have more than 1,900 megawatts of renewable energy projects in the development stage and a number of gas opportunities under assessment. We are making progress on an unprecedented number of growth opportunities in both our gas and power businesses, working closely with current and potential customers, and meeting the infrastructure needs and moving these projects forward.

Before I pass the call on to Debbie, I'd like to highlight again what our team has accomplished since the last call.

The new Sarnia Storage is built and meeting its target capacity of 5.3 Bcf; we have completed the construction of Bear Mountain, met COD and are producing cash flow today; we acquired almost \$300 million worth of natural gas distribution assets; and we delivered strong earnings a very weak gas market.

Debbie?

Debbie Stein, Vice President, Finance & Chief Financial Officer

Thank you, David.

As David mentioned, net income in third quarter was \$34.7 million compared to \$53.5 million in the same quarter last year when we reported a one-time tax recovery of \$13.8 million. Net income for the nine months ended September 30 2009 was \$109.1 million, compared to \$124 million for the same period in 2008.

Consolidated operating income in the quarter was \$45.4 million, down from \$50.6 million in the same quarter last year. However, despite the economic challenges this year, on a year-to-date basis, the operating results were

relatively flat at \$135.4 million compared to \$135.1 million last year.

Interest expense for third quarter 2009 was \$8.8 million compared to \$6 million in the same quarter of 2008. The increase was due to higher average debt balance of \$657.8 million, compared to \$548.3 million for the same period in 2008. Borrowing rates were also higher because of the MTN issuances this year. The average borrowing rate was 6.9 percent in third quarter 2009 compared to 4.9 percent for the third quarter of 2008.

Income tax expense in the third quarter 2009 was \$1.8 million compared to income tax recovery of \$8.8 million in the same period last year. The increase was largely due to last year's one-time \$13.8 million recovery of future income taxes as a result of legal entity ownership changes within the Trust structure, and it was partially offset by lower income subject to tax this year.

Invested capital for third quarter 2009 was \$92.6 million compared to \$99.8 million in the third quarter 2008. This included growth capital of \$63.8 million for the construction of Bear Mountain Wind Park, \$5 million for various E&T [Extraction and Transmission] projects, about \$5 million for the construction of the Sarnia Storage Project, or the completion of the construction, \$2.6 million for FG&P [Field Gathering and Processing], a \$6 million increase to our interest in Magma Energy Corp, and \$1.3 million to advance our various renewable energy projects.

The outlook for the full year of 2009 growth capital is approximately \$600 million. This includes committed capital spending of approximately \$300 million for ongoing projects under development and construction, as well as the acquisition of Utility Group and the expected acquisition of the 75.1 percent of Heritage Gas we do not already own.

Based on projects currently under review, AltaGas expects capital expenditures for 2010 to be approximately \$225 million, 70 percent for gas and 30 percent for power, and to date, approximately \$80 million of that \$225 million has been committed.

At September 30, 2009 we had more than \$400 million of liquidity available to support our growth strategy. At the end of the third quarter our debt-to-total capitalisation was 38.7 percent. With the completion of the acquisition of the natural gas distribution businesses, our pro forma debt-to-total cap is expected to be 48 percent, well within our target range of 45 to 50 percent.

Our financing strategy and financial discipline was further recognised when DBRS increased our credit rating from

a BBB (low) with a positive trend to BBB with a stable trend. We remain committed to our investment-grade credit rating and we will continue to remain disciplined in our approach going forward.

Distributions declared during the quarter were \$0.54 per unit, or \$43 million, and, as we said last quarter, we remain comfortable with the current distribution level until conversion to a corporation.

I'll now pass the call over to Richard to discuss our operating results and business outlook.

Richard Alexander, President & Chief Operating Officer

Thank you, Debbie.

Our business reported \$45.4 million in operating income in third quarter 2009, compared to \$50.6 million in third quarter last year.

Operating income from the gas business was \$25.3 million in third quarter 2009, comparable to \$26 million in the same quarter 2008. Despite a challenging environment results were relatively flat and we continue to expect the 2009 results from our gas business will be similar to 2008.

In third quarter, extraction and transmission reported operating income of \$23.7 million, up from \$18 million the third quarter 2008. The increase was due to higher extraction NGL volumes, increased volumes processed due to the 2008 capital program at Harmattan, increased revenue from the EDS pipeline upgrade, a one-time reversal of the deferred revenue associated with the Suffield pipeline, additional revenue from the Suffield pipeline due to higher contracted volumes, and finalisation of the insurance claim related to the prior year's fire in the natural gas heater at the Harmattan Complex.

Spot frac spread prices have risen steadily through 2009, but in the third quarter were still 47 percent lower than in the third quarter 2008, averaging \$19.47 per barrel. AltaGas realised a strong frac spread at \$20.55 per barrel as a result of our hedging strategy. This compares to a realised frac spread of \$26 per barrel in the same period last year. In third quarter 2009, the 14 percent of extraction volumes exposed to spot frac spreads added \$9.7 million of net revenue compared to the same period last year when 13 percent of extraction volume exposed to frac spreads added \$15.9 million net revenue.

For the remainder of 2009 AltaGas has hedged approximately two-thirds of frac-exposed volumes at approximately \$25 per barrel. Given our existing frac spread hedges and our current frac spread forecast which shows frac spreads of \$18 to \$20 per barrel, we expect our realised frac spreads for the remainder of 2009 to be approximately \$23 per barrel. We have also hedged more than 30 percent of 2010 exposed volumes at approximately \$21 per barrel.

Operating income for field gathering and processing was \$100,000 the third quarter 2009, compared to \$7.2 million the third quarter of 2008. Operating income decreased primarily due to reduced producer activity as well as customers shutting in gas production in response to low natural gas prices, and lower product and facility service revenue. Operating income was also impacted by \$800,000 in costs related to a turnaround at one facility.

Average throughput in the quarter was 433 million cubic feet per day, down from 545 million cubic feet per day in third quarter 2008. Approximately half of the decline was due to natural declines; a quarter of the decline was due to producers shutting-in natural gas production due to low commodity prices, and the remainder due to planned and unplanned downtime. Well tie-ins for third quarter 2009 totalled 24, down from 84 in third quarter 2008.

The third quarter was a challenging quarter for FG&P business, and 2009 commodity price volatility and liquidity issues resulted in many producers scaling back their exploration and production activity, and consequently our processing volumes have declined. We believe that we have reached the bottom of the cycle, and we continue to be optimistic about the business over the medium and long-term. Recently we have seen gas prices strengthen and we are beginning to see some previous shuttered production come back online.

Energy Services reported operating income of \$1.5 million for the third quarter 2009, compared to \$800,000 in third quarter 2008. Operating income increases as a result of a reduction of liabilities related to natural gas transaction and from Sarnia Storage contributing to earnings. These increases were partially offset by lower fixed priced natural gas transportation sales.

We continue to expect 2009 to be another good year for our gas business. The impact of our 2008 to 2009 capital program, combined with no scheduled extraction plant turnarounds, and solid frac hedges in place, will contribute to 2009 operating income and help offset the challenges this business sees in the current economic environment. We are looking at opportunities to

consolidate plants and grow volumes in areas that continue to experience strong drilling activity.

Operating income in the power business was \$21.4 million in the third quarter, compared to \$30.1 million in the same period last year. The decrease was a result of higher PPA costs, lower revenue from sales at spot power prices as well as a gain on sale of assets in third quarter 2008. These decreases were partially offset by lower transmission and environmental costs.

The average Alberta Power Pool price in the third quarter was \$50 per megawatt hour, down significantly from \$80 per megawatt hour in the same period last year. Our average power price received, which includes hedged and spot sales for both Sundance and the gas fired peaking plant was \$70 per megawatt hour.

Consistent with our hedging strategy we have hedged two thirds of 2009's Sundance generation at \$76 per megawatt hour. We're also on track to meet our two-thirds hedged target for 2010, at an average price of approximately \$70 per megawatt hour.

Our corporate segment reported an operating loss of \$1.3 million, a decrease from the \$5.4 million loss in third quarter 2008. The decreased loss was due to unrealised gains from investments subject to mark-to-market accounting, and unrealised gains on risk management contracts, partially offset by higher administration costs due to support the growth of the Trust.

Excluding the impact of mark-to-market accounting we expect corporate segment operating loss to be lower than 2008. Operating and administrative expenses are expected to be lower than 2008 as a result of initiatives to reduce costs. The corporate segment is also expected to report higher earnings from equity investments.

As we've indicated, we expect 2009 to be a good year for AltaGas. Our straightforward business strategy is supported by stable operations, a diversified energy infrastructure base, and disciplined risk management.

We also expect 2010 to be another strong year for AltaGas. On the gas side we will have a full year contribution from Sarnia as well as we expect the sour gas expansion at Pouce Coupe to come online and provide incremental earnings.

On the power side we will have a full year of earnings from Bear Mountain. We will also see an increase in income due to addition of rate regulated assets of the Utility Group to our gas business. These initiatives

position us well for a good 2010 and pave the way for future growth.

With that I'll turn the call back to Sheena.

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. Joe, I'll turn the call back to you for the Q&A.

Operator

Certainly. Thank you. For telephone participants, if you do have a question and you are on a speakerphone today please lift your handset before making your selection. You may press star one on your telephone key pad to ask a question, and if at any time you wish to cancel your question you may press the pound key. Please press star one at this time if you have a question. There will be a brief pause while participants register for questions and we thank you for your patience.

The first question will be from Robert Catellier from Clarus Securities. Please go ahead.

Robert Catellier, Clarus Securities

Yes, can you clarify and explain the implications of negotiating the Northwest Projects directly with the province of B.C. rather than in the Clean Power process?

David Cornhill, Chairman & Chief Executive Officer

I guess it's pretty straightforward, Rob. It's trying to find a solution and create value with respect to the NTL, but it's trying to create value for the province and for AltaGas. So I think that's all we can say now. We'll work to create value for everyone.

Robert Catellier, Clarus Securities

So just the complications in dealing with both the Northwest Transmission Line and at the same time with the project, it's just easier for all parties involved to negotiate those things.

David Cornhill, Chairman & Chief Executive Officer

Our delivery point had changed from where we anticipated. We had proposed a transmission line part of our project; it's just a better way to go.

Robert Catellier, Clarus Securities

Okay. Has the ERCB accepted an application on our Magma Co Stream Project? Are there any delays in that process?

Greg Aarsen, VP Corporate Affairs

Rob, the allocation has been in for a period of time now. The Board has completed its review, it's gone through a series of interrogatories and questions of us, the last of those questions was sent to us on Friday of last week. We are submitting a response to those today and the file will be ready at that point in time to be submitted for hearing.

Robert Catellier, Clarus Securities

So at this point when do you expect an outcome from the hearing? Is it too early to tell on that or...?

Greg Aarsen, VP Corporate Affairs

I think it's too early to tell.

We don't know at this point in time how much intervention there will be but it is our anticipation and our hope that with the application being completed now that and going by the ERCB's own standards of hearing time that we should have a decision sometime in May of next year. That's assuming that we have opposition. If there is no opposition then it could be sooner than that.

Robert Catellier, Clarus Securities

Right. Can you elaborate a little bit on the strategy with regard to AUI and the growth potential, obviously we've seen you acquire AUI and subsequently then Heritage Gas, as a public company we expected AUI may have been pursuing other assets, third-party assets, but I suspect because of its cost in capital it never came to bear and I wonder if under your ownership you view the

possibility of acquiring third party assets as part of the growth strategy there?

David Cornhill, Chairman & Chief Executive Officer

Our track record since owning answers yes. We see growth both from acquisitions but I don't think you should also downplay the organic growth well in excess of 10 percent on rate base received over the next two years, both in the Utility in Nova Scotia as well as Alberta.

So we see strong growth track record, as we've seen before with Utility Group, we see that continuing and having ability to group additional acquisitions, if that makes sense.

Robert Catellier, Clarus Securities

Okay. And I just want to understand in what context we're to take the guidance for similar gas business results this year compared to last, does that include the impact of the recent acquisitions? AUI and Heritage Gas?

Richard Alexander, President & Chief Operating Officer

No, that would be over and above. So the business I was speaking to would be what you would have traditionally thought of as the extraction, transmission, field gathering and processing, and energy services.

Robert Catellier, Clarus Securities

Just finally on the power side, can you explain what measures have been taken to reduce your environmental costs? I'm wondering if this has to do with the acquisition of credits or if you put some scrubbing technology into the generator?

Richard Alexander, President & Chief Operating Officer

No, it does not have anything to do with scrubbing technology. Because TransAlta owns those assets we're not in a position to invest capital.

We did initiate a process last year to figure out how we could enhance our credit position by acquiring third-party

credit, as well as focussing on how we can generate credits internally and we're starting to see significant benefits from that program in 2009, and that's what it's related to.

Robert Catellier, Clarus Securities

Thank you.

Operator

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

Tony Courtright, Scotia Capital

Thank you very much. On the capital structure, your credit facilities, I note that they currently have a maturity date of September 30th but they're not listed in your current maturities. Why is that? Is it your option to extend these credit facilities?

Debbie Stein, Vice President, Finance & Chief Financial Officer

We've historically treated those revolvers, Tony, as if they would be renewed subsequently. So the only thing that we move into our current liabilities at the end of Q3 was the August MTNs, but historically that's how we've treated our revolving facilities. So it continues to show up in the long-term liabilities.

Tony Courtright, Scotia Capital

In terms of the environmental cost that you were just talking about, you mentioned that previously that there had been some sort of offset with renewable energy credits and emission credits or something between Bear Mountain and somebody in Alberta.

How much of Bear Mountain's green attributes have already been spoken for, for internal purposes, and is there still capacity on the upside to sell them to third-parties?

Richard Alexander, President & Chief Operating Officer

We haven't disclosed what percentage we have sold to a third party, but I can tell you there is still additional capacity that hasn't been sold and of course there's longer-term capacity as well.

Tony Courtright, Scotia Capital

In terms of the Energy Services segment there's reference to a contract, gas contract, maturing I think, that matured at the end of October, and that you anticipate there being a substantial benefit going forward presumably because that had been underwater.

That contract, is that sustainable, that guidance that you've indicated in terms of the amount of future contributions? Or does it vary depending on prevailing gas prices?

Debbie Stein, Vice President, Finance & Chief Financial Officer

No, it is sustainable. It's the end of a contract that was dragging earnings, Tony, so the contract is now terminated, well not terminated, but expired, so we would see that the drive that it was having on earnings would go away.

Tony Courtright, Scotia Capital

But the magnitude of the lift there is quite material, and so, if the contract expires, can you explain the nature of how it is that you suddenly get a whole bunch of future contributions?

Debbie Stein, Vice President, Finance & Chief Financial Officer

Well we have gas purchases and sales that would contribute to earnings. One of those contracts was out of the money. So the gas purchases and sales that we have going forward will continue to add gas purchases and sales, and that drag that we had from that contract that has expired is no longer driving the earnings based on, the earnings from the current contracts that we have and the future contracts that we would expect to enter into in the future.

Tony Courtright, Scotia Capital

So, there's an expectation renewal here, or what I'm trying to get to, again, is the sustainability, the duration or term of how long we can anticipate...?

Richard Alexander, President & Chief Operating Officer

No, this contract is expired and the difference that we see is in perpetuity.

Tony Courtright, Scotia Capital

Okay, well that's certainly welcome. I'm sure you've been waiting this moment for a long time.

One last question, and I'd be prepared to take it offline if required, but in the description of the power business you say operating income declined because you had higher power volumes sold at spot prices. I guess that was in the prior year. I presume you're referencing 2008. Or maybe it's referring to 2009. But at the same time you say that net revenue declined because you sold more power at spot prices, I just don't know how the same rationale could explain the two.

David Cornhill, Chairman & Chief Executive Officer

Well we sold more power and because it was at the spot price, and the spot price was down roughly \$30, it's more power, but it's lower revenue.

Tony Courtright, Scotia Capital

So maybe I'm misreading it. So it's not that you sold more power in 2008 relative to 2009, it's that you sold more spot power in 2009 relative to 2008?

David Cornhill, Chairman & Chief Executive Officer

Correct.

Tony Courtright, Scotia Capital

Gotcha. All right, great. Thank you very much.

Operator

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

Matthew Akman, Macquarie Research Equities

Thank you very much. I know you don't want to talk, David, too much about the Northwest Projects, but in my mind the transmission development would be a benefit generally in terms of potentially not having to charge as high a price for that power going forward, given that someone else is going to fund the transmission, so that would require so renegotiation. Is that a fair way of looking at it?

David Cornhill, Chairman & Chief Executive Officer

There's a lot of moving parts to get the transmission line developed but I would say it's positive for both us and for the province at 270 megawatts of green power on that transmission line.

Matthew Akman, Macquarie Research Equities

Okay, thanks.

A couple other questions on Heritage Gas. I noticed when you guys provided the guidance for it would add that the cash per unit was the same as the earnings per unit. Could you just confirm that that's because of this deferral account in Nova Scotia that doesn't allow you to collect 100 percent of earnings as cash?

David Cornhill, Chairman & Chief Executive Officer

Yes.

Matthew Akman, Macquarie Research Equities

Okay. What is the size of that deferral account relative to the \$109 million you guys paid for the rate base?

David Cornhill, Chairman & Chief Executive Officer

I'm going to say about 20 percent would be with respect to rate base on the deferral account.

Matthew Akman, Macquarie Research Equities

Okay thanks for that answer. I just wanted to move to the gather and processing part of the business for a second.

Is there any potential to move any of your assets over into higher producing shale areas from some of the Alberta areas that have been a little bit disappointing over the last couple of years?

Richard Alexander, President & Chief Operating Officer

There is some capability to do that and it's an option we're looking at as we see existing contracts that have run off or producers volumes decline dramatically.

David Cornhill, Chairman & Chief Executive Officer

Two examples are Pouce Coupe where we use facilities, existing facilities, as well as our Ante Creek volume expansion where we moved from existing facilities from more eastern parts of the province.

Matthew Akman, Macquarie Research Equities

Okay, thanks. Just one last question is around environmental stuff, and carbon dioxide, I know that generally a lot of the frac facilities do have material amounts of CO2 emissions. Do you guys have a view on whether the cost of that would be the responsibility of you, or the producer, or who?

David Cornhill, Chairman & Chief Executive Officer

No, I don't. Right now we don't have to pay any tax or tax credit, well we've actually earned some tax credits on that, so no, we're not in that situation so we haven't really looked at who would have to pay or who would own it.

Matthew Akman, Macquarie Research Equities

In Alberta though, with the processing plant, there's no tax or fees for CO2 currently on those assets?

Randy Toone, Divisional VP Field Gathering and Processing and Energy Services

Harmattan is a large emitter and we do have to pay if we are over a certain amount, but we are actually under that. And we actually get performance credit, green credits, because every year we've showed our emissions going down.

And Harmattan does have a frac (inaudible), but also Harmattan has a CO₂ (inaudible) plant, so we produce CO₂ there too.

Matthew Akman, Macquarie Research Equities

So because of the intensity target you've managed to actually come in under as you've improved performance?

Randy Toone, Divisional VP Field Gathering and Processing and Energy Services

Yes, and that where we use, for internal reasons, that's one of the offsets for power.

Matthew Akman, Macquarie Research Equities

I see. Thank you for those answers.

Operator

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

Linda Ezergailis, TD Newcrest

My questions have probably been answered but maybe we can look at the big picture a little bit and just step back and maybe you can tell us what you're seeing in terms of acquisitions by geography, where in the energy infrastructure value chain, and specifically I guess maybe you can comment on whether any producers have approached you for selling some of their midstream assets.

David Cornhill, Chairman & Chief Executive Officer

We're seeing a lot of opportunity in North West Alberta and British Columbia working around our assets that we have there and expansions and working with producers.

We're in dialogue with a number of producers as well in terms of acquiring assets throughout the province. We're also looking at developing gas fired generation in various locations including at Harmattan.

So in terms—we're seeing a re-focus on producer assets and streamlining their facilities and we see continued opportunity there. We're focussed North West Alberta and British Columbia right now, but I think if we see a resurgence in gas price and a better environment from the Alberta government with respect to royalties and the mood of producers, spending money in Alberta with interesting opportunities like the West of Four with the new technology being applied to various horizons there, so, overall we're quite bullish, but it's an incredibly active time and I can tell our people are stretched here and looking at opportunities on the gas side.

Linda Ezergailis, TD Newcrest

And what about on the Utility side, where are you looking for acquisitions there?

David Cornhill, Chairman & Chief Executive Officer

Sorry, I couldn't hear that.

Linda Ezergailis, TD Newcrest

Sorry, on the utility side, what sort of geography are you looking at for acquisitions and would you consider a natural gas or electricity?

David Cornhill, Chairman & Chief Executive Officer

We're looking North American.

Linda Ezergailis, TD Newcrest

Okay, and natural gas as well as electricity?

David Cornhill, Chairman & Chief Executive Officer

Natural gas primarily.

Operator

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

Fai Lee, RBC Capital Markets

Thank you. Just a few questions, first with respect to the reduced administrative costs in 2009. Due to some cost initiative will we see the benefit flow through into 2010 or some of these cost reductions maybe a deferral into 2010, when your business conditions might improve?

Richard Alexander, President & Chief Operating Officer

There will be some cost benefits that we've implemented that will continue to flow through into 2010, and some of them were temporary ones that we were able to act upon just because of the conditions in the market place, so there will be a portion that will pass through into next year, but you have to remember as well we've made some significant growth initiatives in 2009 and that will be reflected in some higher administrative costs next year as well.

Fai Lee, RBC Capital Markets

All right. So net 2010 G&A might be a little higher than 2009?

David Cornhill, Chairman & Chief Executive Officer

That would be my expectation.

Fai Lee, RBC Capital Markets

In terms of the shut-ins in the FG&P, I believe 30 Mmcf/d of gas shut in, in the quarter. Just ball park, I'm just wondering what your sense of the gas prices required to bring that gas back on?

Richard Alexander, President & Chief Operating Officer

We've seen approximately half of that gas be turned on here; actually a lot of people turned the gas back on early

November so gas prices came up between \$4 and \$5, so the remainder of the gas I think will come on this winter.

Fai Lee, RBC Capital Markets

So maybe \$5 or \$6 yeah?

Richard Alexander, President & Chief Operating Officer

Yes.

Fai Lee, RBC Capital Markets

And just want to say something just following up on Tony's question earlier regarding the energy services and the benefit out of the market contract. It sounds like there's a mismatch between what you're buying the gas and what you'll be able to re-sell it at, I just wondering if that's something that was just unusual in this case, or is it something that could happen going forward just due to the nature of the business?

David Cornhill, Chairman & Chief Executive Officer

This was unusual. It happened with a producer actually defaulting on a back-to-back contract.

Fai Lee, RBC Capital Markets

All right. That's fine. I was wondering why there wasn't a revenue hit. Thanks.

Operator

As a reminder, if you have a question please press star one on your telephone key pad at this time.

The next question will be from Gary Bishop, a private investor. Please go ahead.

Gary Bishop, Private Investor

Yeah, hi. On the topic of conversion to a corporation, can you comment on the time frame for that and the impact it might have on the dividends?

David Cornhill, Chairman & Chief Executive Officer

As previously discussed, we're looking at conversion second half of 2010, and our range of expected dividend at that time would be between \$1.10 and \$1.40.

Gary Bishop, Private Investor

Per year?

David Cornhill, Chairman & Chief Executive Officer

Per year.

Gary Bishop, Private Investor

Okay. Thank you very much.

Operator

Thank you. We have a follow up question from Fai Lee. Please go ahead.

Fai Lee, RBC Capital Markets

Thank you. Just a question regarding AltaGas Utilities. At the time of the announcement of the acquisition I believe there was expected to be about \$8 million of transaction costs that were on the expense in Q4; is that still the case or will you be capitalising those costs?

Debbie Stein, Vice President, Finance & Chief Financial Officer

They'll be capitalised.

Fai Lee, RBC Capital Markets

Okay, thank you.

Operator

Thank you, and there are no questions remaining at this time, so I'll turn the meeting back to you Ms McKellar.

Sheena McKellar, Investor Relations.

Thank you, Joe. If there are any follow-up questions please feel free to give me a call, my contact info is in today's release. Thank you everyone.

Operator

Thank you. The conference call has concluded. You may disconnect your telephone lines at this time. We thank you very much for your participation.
