



AltaGas

AltaGas Income Trust Annual and Special Meeting Transcript

Date: Tuesday, April 21, 2009

Time: 3:00 PM MT

Speakers: **Mr. Dennis Dawson**

Vice President, General Counsel and Corporate Secretary

Mr. David Cornhill

Chairman and Chief Executive Officer

DENNIS DAWSON: Thanks everyone. I'd like to welcome all of you to the annual and special meeting of AltaGas Income Trust, both those here today in person and those listening to our webcast.

My name is Dennis Dawson, AltaGas General Partner Inc.'s Vice President, General Counsel and Corporate Secretary.

Mr. David Cornhill, Chairman and Chief Executive Officer of AltaGas General Partner Inc. will act as the Chairman of the meeting. Mr. Cornhill has requested that I administer the formal part of these proceedings as well as act as Secretary of the meeting. And Mr. Cornhill will then make his presentation.

So I'll now call the formal part of the annual -- they're trusting me with technology this year, so please bear with me...

I will now call the formal part of the Annual and Special Meeting of the Unitholders of AltaGas Income Trust to order. Laura Leong and Tricia Beaton of Computershare Trust Company of Canada will act as scrutineers.

For your information, and in order to expedite the meeting, I have asked certain Unitholders to make certain motions at the appropriate time. Voting on all motions shall be by a show of hands, whereby each person present and entitled to vote shall have one vote, unless for any reason a vote based on the number of votes attached to all outstanding trust units and a special voting unit entitled to be voted at the meeting is requested or required, in which case a poll will be conducted. Individual votes will be recorded and totals in favor or against will be tallied by the scrutineers. There will be polls for two motions today.

So I have before me a true copy of the Notice of the Annual and Special Meeting of the Unitholders of AltaGas Income Trust, together with the statutory declaration of Computershare Trust Company of Canada as to the mailing of the Notice of the Annual Meeting together with the Management Information Circular and the form of proxy for the Trust unitholders and the Voting Instruction Form for the Exchangeable unitholders. The statutory declaration indicates that all documents were mailed within the time periods required by the declaration of trust and the voting trust agreement regarding the rights of the holders of the exchangeable units to participate in the meeting, as well as applicable legislation. I will file the statutory declaration with the minutes of the meeting.

I have received the report of the scrutineers, with respect to attendance of the meeting, which report states that a quorum is present. I declare that quorum is

present for the Annual and Special Meeting of the unitholders of AltaGas Income Trust and that the meeting is duly called and properly constituted for the transaction of business. I direct that the scrutineers report on attendance be next to the minutes of the meeting.

The first item of business is the presentation by the directors of AltaGas General Partner Inc. on behalf of the trust of their Annual Report to the unitholders, which report consists of the consolidated financial statements of the Trust for the fiscal year ended December 31, 2008 and the auditor's report thereon.

The consolidated financial statements, the auditor's report thereon and management's discussion and analysis with respect thereto are included in the Trust's Annual Report that has been mailed to the holders of trust units and exchangeable units of record on February 26th, 2009. There are extra copies of the Annual Report available to holders of trust units and exchangeable units on request and there's some on the table at the side of the room.

In addition, a report with respect to the business of the Trust and its affiliates will be provided after the conclusion of the formal part of the meeting. Is there any discussion regarding the Trust's consolidated financial statements?

The next item of business is to consider the nominees standing for election as the directors of AltaGas General Partner Inc. and to direct Computershare Trust Company of Canada as trustee of the Trust to cause the appointment of those nominees as directors of the general partner.

Could I please have a motion to direct Computershare Trust Company of Canada as trustee of the Trust, to fix the number of directors of AltaGas General Partner Inc. at nine?

JIM BRACKEN: I would make that motion, Mr. Chairman.

RANDY TOONE: I second the motion.

DENNIS DAWSON: Thanks, Jim. Thank you, Randy.

You have heard the motion. The motion is open for discussion. All those in favor of the motion, please raise your hands. Opposed, if any?

I declare the motion carried.

I declare the meeting open for nominations for the persons that Computershare Trust Company of Canada, as trustee of the Trust, will be directed to cause to be appointed as directors of AltaGas General Partner Inc. and ask Jim Bracken to place the names of the person nominated by management of the Trust before this meeting.

JIM BRACKEN: I nominate David Cornhill, Allan Edgeworth, Denis Fonteyne, Hugh Fergusson, Daryl Gilbert, Robert Hodgins, Myron Kanik, David Mackie, Neil McCrank.

DENNIS DAWSON: Thank you, Jim. All of the nominees have filed their consents to act as a director of AltaGas General Partner Inc. Are there any further nominations?

I declare the nominations closed.

Could I please have a motion that the persons nominated be the trustees' nominees for the directors of AltaGas General Partner Inc. and that Computershare Trust Company of Canada, as trustee of the Trust, be directed to cause the appointment of those nominees as directors of AltaGas General Partner Inc.?

NANCY ANDERSON: I would make that motion, Mr. Chairman.

JIM BRACKEN: I second the motion.

DENNIS DAWSON: Thank you, Nancy. Thank you, Jim.

You have now heard the motion and the motion is now open for discussion. All those in favor of the motion, please raise your hands. Opposed, if any?

I declare the motion carried and I declare that Computershare Trust Company of Canada, as trustee of the Trust, is hereby directed to cause the persons nominated to be appointed as directors of AltaGas General Partner Inc.

The next item of business is the consideration of the appointment of the auditors of the Trust and the authorization of AltaGas General Partner Inc. to fix the remuneration of the auditors.

Could I please have a motion to appoint Ernst and Young LLP as the auditors of AltaGas Income Trust until the next annual and special meeting of the unitholders of the trust or until a successor is appointed and that the remuneration of such auditors be fixed by AltaGas General Partner Inc.?

DEBBIE STEIN: I would make that motion, Mr. Chairman.

DENNIS DAWSON: Thanks, Debbie.

BRAD MATTSON: I second the motion.

DENNIS DAWSON: Thank you, Brad.

You have heard the motion and the motion is now open for discussion. All those in favor of the motion, please raise your hands. Opposed, if any?

I declare the motion carried.

The next item of business is the consideration of the approval that all unallocated trust unit options entitled to be granted, pursuant to the trust unit option plan, be approved and are authorized to be issued until April 21st, 2012.

Could I please have a motion that all unallocated trust unit options entitled to be granted, pursuant to the trust unit option plan, be approved and are authorized to be issued until April 21th, 2012?

GREG AARSSSEN: I would make that motion, Mr. Chairman.

DENNIS DAWSON: Thank you, Greg.

KENT STOUT: I second the motion.

DENNIS DAWSON: Thank you, Kent.

You have heard the motion. There will be a ballot taken on this resolution. Registered unitholders and special appointments will have received an orange ballot on checking in at the front. Each person present at this meeting that is entitled to vote should mark on the ballot whether you are in favor of the resolution or opposed.

Please raise your hand if you have not filled this out and returned it to the scrutineer. Please raise your hand after you've marked your vote on the ballot so that the scrutineer can pick up your completed ballot for tabulation. Any more to be picked up?

We'll now ask the scrutineers to tabulate the results of the ballot and bring that forward. So we'll just wait a moment while they're tabulating. Thank you.

The results of the ballot have now been tabulated and as the majority of the votes cast by persons entitled to vote on the motion are in favor of the resolution, I declare it to be passed.

The next item of business is the consideration of an amendment to the trust unit option plan. Could I please have a motion that the trust unit option plan be amended by adding the following provisions immediately following the current provisions of section four, thereof, in addition -- which would say, in addition to the foregoing restrictions, no trust unit option -- or pardon me, trust option may be granted to non-employee directors of the general partner if granting of such a trust option could result, at any time, in the issuance to such persons, as a group, of a number of trust units exceeding 1% of the number of trust units, including exchangeable securities then issued and outstanding immediately prior to such issuance.

And, part B of that is, within any one fiscal year, the total value of trust options granted to a non-employee director, as determined by the Board of Directors on the grant date of trust options to the non-employee director, using the Black-Scholes-Merton valuation model shall not exceed \$100,000.

Could I have that motion?

GREG AARSSSEN: I would make that motion, Mr. Chairman.

DENNIS DAWSON: Thank you, Greg.

KENT STOUT: I second the motion.

DENNIS DAWSON: Thank you, Kent.

You've heard the motion and there will be a ballot taken on this resolution as well. Each of the registered unitholders and special appointments will have received a yellow ballot on checking in at the front desk. Each person present at this meeting that is entitled to vote should mark on the ballot whether you are in favor of the resolution or opposed.

Please raise your hand after you've marked your vote on your ballot if you've not returned it to the scrutineer already, so that they can pick it up, the completed ballot, for tabulation.

Any out there? We'll now wait a few minutes while the scrutineers advise the

results of the ballot. David Cornhill's coming. Don't worry. We'll get through this. Thank you.

The results of the ballot have now been tabulated. As the majority of the votes cast by the persons entitled to vote on the motion are in favor of the direct -- resolution, I declare it to be passed.

The next item of business is the consideration of an amendment -- to the amendment provisions of the trust unit option plan. Could I please have a motion to approve the resolution attached to the management information circular as Schedule B to amend the trust unit option plan as described in the management information circular?

MARILYN PFAEFFLIN: I would make that motion, Mr. Chairman.

DENNIS DAWSON: Thank you, Marilyn.

JEREMY BAINES: I second the motion.

DENNIS DAWSON: Thanks, Jeremy.

You've heard the motion and the motion's open for discussion. All those in favor of the motion, please raise your hands. Opposed, if any?

I declare the motion carried. Is there any further business to come before this meeting?

As there is no further business, I would like to call for a motion terminating the meeting.

KENT STOUT: I would make that motion, Mr. Chairman.

DENNIS DAWSON: Thank you, Kent.

RANDY TOONE: I second the motion.

DENNIS DAWSON: Thank you, Randy.

All those in favor of the motion, please raise your hands. Opposed, if any?

I declare the motion carried and the formal part of the meeting at an end.

And so I'd like to take this opportunity to introduce the AltaGas directors in attendance this afternoon. Denis Fonteyne if you wouldn't mind standing up and -- as I introduce you. Denis Fonteyne, just for a second. Daryl Gilbert. Myron Kanik. Robert Hodgins. Allan Edgeworth. Neil McCrank. And Hugh Fergusson. Thank you, gentlemen. David Mackie couldn't be with us today.

And now, of course, David Cornhill, who's also a director, Chairman and CEO of AltaGas, will now make his presentation.

And -- oh, yes, my favorite slide. Certain of the information today is forward-looking information and this tells you what you should do, which is look at the AIF, which is probably more than -- anyway, thank you very -- thanks very much and now the interesting part of the presentation.

DAVID CORNHILL: Thank you, everyone, and good afternoon. And thank you all for joining us today. I hope it's warmer back there than it is up here. It's freezing, so I'll try to talk very quickly and get done in 7.5 minutes.

I always have to have a map in my presentations and this map shows where we operate our businesses as well as have development opportunities. Currently our assets are focused in British Columbia, Alberta and Saskatchewan; however, we have our first asset being built in Ontario with our Sarnia storage project.

I want to talk a little bit about taking good care. And I view our job is to take good care. We're to take good care of our investors. They have invested in us and entrusted their money and our job is to create long-term value. Our job is also to provide stable and steady income stream for our investors.

For our employees, we're to provide secure employment, a safe workplace, career opportunities and, something I'm most proud of, we're hiring eight new young men and women to join the company this year -- in business and engineering. They will go through a two-year training program, seeing various parts of the business and I think that's critical in this economic time to be hiring young people and giving people opportunity. Because 30 years from now, they will be the leaders of this economy and it's important to give them a start.

It's important to take good care of the environment, operate clean and very carefully our operations. We have always room for improvement, but it's a clear focus for us. As you can see, as well, we're focused on providing clean power.

The economic downturn we didn't see. We didn't in the first half of the year. We

didn't see it coming. But by September, we realized that we were into a significant downturn and began to take steps to secure cash flow and reduce costs. We hedged our NGLs at very attractive prices. We hedged our power through 2009 and 2010 at prices similar to 2008. We looked at reducing operating costs, reducing G&A costs, while maintaining all employees.

We also looked at bringing on projects on time and on budget. And we will be generating for 2010, approximately \$25 million new EBITDA from projects that we'll bring on stream this year. So our job is to take good care.

Our business is straightforward: investing in energy infrastructure to meet energy demand. We have diverse assets to provide long-term stable cash flow. We have assets that total \$2.2 billion. We have a portfolio of quality opportunities, both short and long term. I will talk about these growth opportunities later.

2008 was a very successful year, even though it seems like a decade ago today. We had record results. Operating income rose by 50 percent over 2007. Both the gas and power businesses experienced strong growth and record performance. We completed the Taylor acquisition, adding low-risk, long-life infrastructure growth opportunities for both gas and power business. We grew our clean energy portfolio through run-of-river and wind development projects. We have about 1,900 megawatts (MW) of development opportunities in place today.

2009 expects to be another strong year. We have a strong balance sheet, strong liquidity, financial flexibility to pursue attractive growth opportunities and today we are recognized by S&P when they upgraded us, our bond rating, to BBB-mid, with a stable outlook. I'm very proud of the hard work of our team to reach this opportunity -- this new level.

Our quality growth portfolios include new developments and optimizing existing assets. We're pursuing projects that make sense for AltaGas and that deliver long-term, sensible returns.

We expect a good year for the gas business. I love plants and these – we're getting more into what I like to talk about and deal with. We are facing some challenges in the gas business, but we have a strong foundation in place. We're seeing strong extraction volumes and no scheduled turnarounds. The new volumes we added at Harmattan, as a result of our 2008 capital investment, are coming through. Earnings and cash flow will be strong, similar to 2008 levels.

Sarnia Storage Project is generating cash flow in the second quarter of this year. Ethylene delivery system upgrades are done.

For Q1, the extraction business is performing well, as is the transmission business. Field gathering and processing volumes have seen some impact from reduced producer activity, but our team is working hard to maintain profitability and strong performance. We also see strong performance from our Energy Services business. We don't see any surprises in the gas business in 2009.

Sour gas expansion at Pouce Coupe is still moving forward, however, much slower than we had hoped. Expect to add to earnings late this year and early next. On the regulatory front, I can tell you, I'm very disappointed with the ERCB delays and the length of the process. I can tell you it hurts taxpayers, it hurts every Albertan, it hurts our customers and it hurts our unitholders.

We expect a solid year for power in 2009. Two-thirds of 2009 Sundance generation is hedged at about \$76 per megawatt-hour. And 50 percent of our 2010 Sundance generation is hedged at similar prices.

Following a disciplined hedging policy, we reduced the volatility and locked in cash flows. This was highlighted in the S&P upgrade just recently and complimented management on their hedging and their consistency in delivering financial cash flows actually beating their expectations. I want to note as well, these hedge prices are at similar to 2008 levels.

Bear Mountain Wind Park is on schedule and should be in service for November 2009 and we should start generating cash in the summer. For the first quarter, lower spot prices in Alberta, everyone sees, but with our strong hedge book and our peaking plants, we'll see a good performance. We expect 2009 to be a good year, maybe not a great year, for the power business.

Bear Mountain Wind Park is 102-MW in northeast BC, near Dawson Creek. We're progressing as scheduled. In-service date, as I said, targeted for 2009, with first production in Q3. We are very proud of this project. It's our first major construction project and our team has done an excellent job. We've met all environmental commitments to date, receiving federal Environmental Assessment certificate. It's a very business construction site, but we've maintained a very safe construction site there with no lost time accidents. And we have strong community support.

We expect to add about \$18 million worth of EBITDA in 2010, supported by a 25-

year fixed price contract from BC Hydro. This will be the first wind-powered generation in British Columbia.

As you can see from the photo on the right, the transmission lines have been installed along the ridge and the photo on the left here shows the delivery of the 300,000-pound transformer on site in March. The total cost estimate will be just under \$200 million, with over 95% of the costs fixed. We have a long-term operating maintenance agreement in place with the wind turbine manufacturer. And this diversifies our power portfolio by geography, fuel source and contract type.

We've made steady progress: the substation is almost complete and we are preparing for mid-May arrival of the turbines. The turbines are currently being manufactured in Germany and the towers are being manufactured in Saskatoon. Installation of the turbines will begin once the turbines have started to arrive. This is one of the blades of our turbines: it's 41 meters long. All components are being moved to port by the end of the week. Three shipments across the Atlantic -- the first leaving at the end of the week -- will start and arrive in Thunder Bay. The blades will be transported to Dawson Creek via rail, which is a 14-day trip.

The height of the towers will be 82 meters, or 270 feet, or 25 stories. They are being manufactured in Saskatoon by Hitachi and will be delivered in four pieces by truck. Some of the loads will be as long as 50 meters long. The first tower should arrive to the site on the 19th of May. Six to ten truckloads will be arriving per day and a total 500 truckloads will arrive between mid-May and mid-August to deliver all of the equipment.

We'll be using a methodology of a single blade installation, lifting one blade at a time versus the alternative of lifting all three. We are doing this to reduce the environmental footprint, by reducing the amount of trees and the space that we need to erect the turbines. We should begin erecting the turbines June 1st of this year. And you can see here just what's involved in the cranes and how we erect the turbines and bring the three blades up to the hub.

Beyond 2009, we'll continue to grow both the gas and power business. We'll grow our extraction business through one area in particular, the Co-stream project, storage opportunities and acquisitions and development of new facilities. On the power side, we're looking for opportunities to diversify by geography and by fuel source. We invest in assets that provide long-term cash flow, and that's why wind parks and run-of-river projects fit our strategy so well. We'll also look actively at corporate acquisitions.

We'll be submitting, tomorrow, our application for the Co-stream project. The project will significantly increase our extraction throughput, increasing our liquid production by almost 25 percent. It's very consistent with our strategy of optimizing existing assets and it adds processing options to our producers on the west leg of Nova. We think it's a critical project for Alberta.

We will process up to 250 million cubic feet a day on the Nova system and we'll be recovering new incremental ethane and NGLs. Once we receive regulatory approval, construction will take 14 months and involves 75 kilometers of 24-inch gas pipeline. Target in-service date is November 2010 and expected cost is between \$100 and \$120 million.

We have 14 wind development projects underway in various stages of development in western Canada and the US, with approximately 1,500 MW of capacity. Many of these projects are located in California and Nevada markets, which have favorable regulation, high emission standards and strong customer support for clean power.

We also have ten run-of-river projects in British Columbia, with a total capacity potential of 400 MW: six in southern BC and four in northwestern BC. Last fall, we bid three of the hydro projects into the BC Hydro 2008 Clean Call for Power, totaling about 275 MW, including the largest, the 195-MW Forrest Kerr project. BC Hydro is expected to announce successful bidders this summer.

We continue to work on Log Creek and Kookipi Creek projects, which already have 10-MW PPAs for 40 years with BC Hydro and could be in service as early as late 2010.

Our vision for AltaGas is to be a leading and one of the largest Canadian energy infrastructure companies. Our focus is across Canada and the United States and we financial strength and discipline. We have a strong asset base. We have a strong management team. This will bode well for us to realize our vision.

And I remember, and my whole management team remembers, that our job is to take good care. Thank you very much.

I'll now open it up for questions.

If there are no questions, there is coffee, soft drinks and chocolates on the side and we'll be happy to have informal discussion while we enjoy some coffee to warm up. Thank you.