



NEWS RELEASE

ALTAGAS EXPANDS NORTHWEST ALBERTA OPERATIONS WITH CONSTRUCTION OF CLEAR PRAIRIE GAS PLANT

Calgary, Alberta (October 4, 2005) -- AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) announced today it will build a 15 MMcf/d sweet gas processing facility approximately 40 miles northwest of Clear Prairie, Alberta, extending its gathering and processing presence west of the sixth meridian. Construction of the \$6 million Clear Prairie Gas Plant is expected to begin in early November, with commissioning anticipated in mid-December, subject to regulatory approvals being received.

Included in the cost to build the new processing facility is the acquisition of existing gathering lines and infrastructure from Warrior Energy Corporation (Warrior). The Clear Prairie Gas Plant will receive and process sweet natural gas from several active producers in the area and will include compression, dehydration and refrigeration.

Warrior has agreed to provide a term dedication that will underpin throughput at the facility. The plant is anticipated to be processing at capacity by spring 2006, and to be accretive to earnings.

David Cornhill, Chairman and CEO of AltaGas remarked, "I am excited by this significant expansion in northwest Alberta. The Clear Prairie Gas Plant showcases AltaGas' ability to grow internally and positions us to pursue further gathering opportunities in northwest Alberta and in British Columbia."

Marshal Thompson, Senior Vice President Gathering and Processing at AltaGas added, "There is significant activity in the Clear Prairie area of northwest Alberta. The construction of the Clear Prairie Gas Plant is in response to area producers' need for increased access to processing capacity."

The announcement of the Clear Prairie Gas Plant follows the September 30, 2005 announcement of plans to construct the 20 MMcf/d Princess Gas Plant, which will be connected to AltaGas' existing Bantry facility. AltaGas will spend \$20 million on these two internal expansion opportunities.

AltaGas moves energy from its source to the end-user, adding value through the process. The Trust has consolidated assets totalling over \$1 billion and a market capitalization of approximately \$1.5 billion. Its steadily expanding asset base today includes natural gas gathering and processing facilities, interests in ethane and natural gas liquids extraction plants, and transmission pipelines. AltaGas distributes natural gas to Alberta customers through AltaGas Utilities Inc., to customers in the Northwest Territories through Inuvik Gas Ltd. and in Nova Scotia through its interest in Heritage Gas Limited. The Trust provides energy services to customers, including marketing of natural gas and natural gas liquids, sale of power from its power purchase based arrangements and, as a leading energy agency business, specializes in the procurement and supply of energy to end-users.

AltaGas' Trust Units are listed on the Toronto Stock Exchange under the symbol ALA.UN. The Trust is included in the S&P/TSX Capped Income Trust Index and the S&P/TSX Capped Energy Trust Index.

When used in this news release, the words "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward-looking statements. These risks and uncertainties include operating performance, regulatory and environmental issues, weather and economic conditions, competition and financing availability. For additional information on these and other factors, see the reports filed by AltaGas with Canadian securities regulators. AltaGas disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information or future event.

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