



NEWS RELEASE

ALTAGAS INCOME TRUST ANNOUNCES PURCHASE OF ALBERTA POWER RETAIL BUSINESS

Calgary, Alberta (September 6, 2005) -- AltaGas Income Trust ("AltaGas" or the "Trust") (TSX: ALA.UN) announced today that it has signed an agreement to purchase substantially all of the assets and liabilities of iQ2 Power Corp. ("iQ2"), a privately held, Alberta-based power retail business, for an undisclosed price. The effective date of the acquisition is July 1, 2005. Closing is subject to meeting and receiving certain typical conditions and approvals.

iQ2 has built a strong position in the retail electricity business in Alberta, serving over 700 agricultural, industrial and commercial clients with a total demand of approximately 60 megawatts. Power is sold over a variety of contract terms, both through customer aggregations and direct sales to end-users. In addition to its core power retailing business, it has also entered the natural gas retailing business.

In connection with the acquisition, AltaGas has retained the management and employees of iQ2. The business will be integrated with the AltaGas Energy Services business, and like that business will be a fee for service and fixed margin based business without commodity trading exposure.

David Cornhill, Chairman and CEO of AltaGas remarked, "The acquisition of iQ2 is driven by our strategy of linking components of the energy value chain, including increasing our presence in retail energy services. We expect this acquisition to start contributing to earnings and cash flow in the fourth quarter of this year. We look forward to building on iQ2's success in the Alberta retail power and gas markets."

Jim Bracken, Senior Vice President Energy Services at AltaGas, added, "iQ2 adds a strong Alberta franchise to our existing ECNG retail gas business in Ontario, and creates synergies which will strengthen our ability to serve commercial, industrial and institutional energy users across Canada. Key to this acquisition are iQ2's established relationships with industry and agricultural associations, its robust billing system capabilities, and its forward-looking management."

"Being part of AltaGas will allow iQ2's business to continue to grow geographically and through additional product options. AltaGas' retail natural gas and power generation expertise will enable iQ2 to capitalize on its track record of innovation for service to existing and new customers," said Tom Dechert, Vice President Sales and Marketing at iQ2.

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 \$1.4 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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- 30 -