



NEWS RELEASE

ALTAGAS INCOME TRUST INCREASES POWER CAPACITY BY 25 MEGAWATTS

Calgary, Alberta (August 31, 2004) – AltaGas Income Trust (AltaGas or the Trust) (TSE:ALA.UN) announced today it has entered into a contract with Maxim Energy Group Ltd. for the right to 25 megawatts of gas fired power peaking capacity. The contract requires no capital outlay by AltaGas but instead requires AltaGas to pay Maxim monthly variable operating and maintenance charges plus a capacity fee. AltaGas retains 100 percent of the ancillary service and peaking sales revenues. The contract has a 10 year term commencing September 1, 2004 and includes an option at the end of the initial term to extend the term for a further 15 years or purchase the assets.

The 25 megawatts of power is generated by four gas fired peaking plants located in southern Alberta. AltaGas' total power portfolio now consists of 478 megawatts of power generation representing approximately 6 percent of the Alberta power market as of June, 2004.

The addition of the 25 megawatts of natural gas generation capacity provides fuel diversity to AltaGas' coal fired generation. It adds a fifth independent supply source, reducing any potential risk on the Trust's overall power supply portfolio. Operationally, given the speed at which the power assets can be ramped up, the peaking supply easily provides backstopping to AltaGas' Sundance B Power Purchase Arrangement and Genesee energy contract. The peaking gas requirement will be managed by the gas services component of AltaGas.

AltaGas does not engage in speculative trading of power. The Trust manages its acquired power capacity to provide stable, predictable earnings and cash flow over time. AltaGas reduces its exposure to floating electricity prices by supplying internal electrical demand requirements and by using a balanced portfolio of contracts to lock in power margins to reduce pricing risk.

AltaGas moves energy from its source to the end user, adding value through the process. The Trust has consolidated assets totalling over \$950 million and a market capitalization of approximately \$1 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 the Ikhil Gas Project and distributes gas 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 and sale of power from its power purchase based arrangements.

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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