



NEWS RELEASE

ALTAGAS INCOME TRUST TO BUILD NEW GAS PLANT NEAR PRINCESS, ALBERTA

Calgary, Alberta (September 30, 2005) -- AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) announced today it will build a 20 MMcf/d sour gas processing plant near Princess, Alberta. Construction of the \$14 million Princess Gas Plant is expected to begin next week, with commissioning anticipated by December 1, 2005.

The plant is expected to be connected to AltaGas' existing Bantry facility, which will increase the overall reliability and flexibility of processing for all area producers.

Alberta Environment and the Alberta Energy and Utilities Board have approved construction of the plant, which is licensed for 0.99 tonnes/day of sulphur emissions. AltaGas will work with area producers and landowners to minimize emissions by converting the plant to an acid gas injection facility by July 1, 2006. AltaGas anticipates this conversion will eliminate the plant's sulphur emissions.

The Princess Gas Plant will be underpinned by contracts with Enerplus Resources and Gentry Resources and is expected to be accretive to cash flow and earnings beginning in 2006.

David Cornhill, Chairman and CEO of AltaGas remarked, "The Princess Gas Plant is an excellent example of AltaGas' internal growth capability. It will allow us to lever off our existing operations at Bantry, expand our presence in the area and provide cost-effective gas processing. The plant will also provide new access to previously undrilled and unconnected reserves and will encourage new exploration and development in the area."

Marshal Thompson, Senior Vice President Gathering and Processing at AltaGas added, "AltaGas has strong working relationships with area producers and landowners, and is proud to develop the Princess Gas Plant with minimal impact on the environment."

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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