CORPORATE PARTICIPANTS

Julie Puddell
Senior Analyst, Investor Relations

David Cornhill
Chairman & Chief Executive Officer

Richard Alexander
President & Chief Operating Officer

Debbie Stein
Senior Vice-President, Finance & Chief Financial Officer

David Harris
Vice-President, Major Projects, Power

Randy Toone
Co-President, Gas

CONFERENCE CALL PARTICIPANTS

Linda Ezergailis
TD Securities

Tony Courtright
Scotia Capital

Robert Catellier
Clarus Securities

Robert Kwan
RBC Capital Markets

Matthew Akman
Macquarie Capital Markets

Winfried Fruehauf
W. Fruehauf Consulting Corporation

PRESENTATION

Operator

Good morning ladies and gentlemen and welcome to the AltaGas Ltd. 2011 First Quarter Conference Call and Webcast. I would now like to turn the meeting over to Julie Puddell, Senior Analyst, Investor Relations. Please go ahead, Ms. Puddell.

Julie Puddell, Senior Analyst, Investor Relations

Good morning everyone. Welcome to AltaGas' first quarter 2011 conference call. Speaking today are David Cornhill, Chairman and Chief Executive Officer; Richard Alexander, President and Chief Operating Officer; Debbie Stein, Senior Vice-President, Finance and Chief Financial Officer; and David Harris, Vice-President, Major Projects, Power. After some formal comments this morning we will have a question and answer session.

Before we begin I'd like to remind you that certain information presented today may include forward-looking statements. Such statements reflect the Corporation's current expectations, estimates, projections, and assumptions. These forward-looking statements are not guarantees of future performance and they are subject to certain risks which could cause actual performance and financial results to vary materially from those contemplated in the forward-looking statements. For additional information on these risks, please take a look at our annual information form under the heading "Risk Factors".

I'll now turn the call over to Mr. David Cornhill.

David Cornhill, Chairman & Chief Executive Officer

Thank you, Julie. Good morning everyone.

It has been a successful quarter as our business delivered strong results this quarter compared to the first quarter of last year and the previous quarter. First quarter 2011 we reported income before income tax of $38.1 million or $0.46 per share compared to $31 million or $0.38 per share in the first quarter of last year. Our cash flow was also strong with funds from operations of $64 million, or $13 million higher than the first quarter last year.

We worked hard in this quarter to optimize our assets, capitalize on opportunities to enhance earnings, and progress all our projects in line with our project execution plan. We see higher volumes in areas where producers are taking advantage of liquid-rich gas. We have assets strategically located that will benefit from this producer activity.

In the quarter we capitalized on an opportunity to increase earnings by accepting an offer for the Groundbirch plant. We had an opportunity to redeploy the capital to acquire 40 percent interest in a 40 million a day plant in the Pine Creek area.

In power we had higher power generated and higher prices with good reliability and strong run time. In addition, this was the first full quarter of operations from our new Harmattan Co-gen facility.

On the project front our construction plans are going well. Once breakup is over we are ready to begin construction of the Henderson pipeline. This pipeline will bring 15 million cubic day of production from our customers in August of this year.

We expect the Younger facility to be processing approximately 630 million cubic feet a day by the end of the year. The volume increase will be a result of completion of the Septimus pipeline and some plant debottlenecking projects.

Construction will begin in July at the Harmattan Complex for both the co-streaming project and the second co-generation plant. We expect in-service date Q1 2012.

On Gordondale we are progressing well on the regulatory process. We are taking steps to contract for long lead equipment in order to keep our plant in-service date. At our two large utilities we saw colder weather and also saw higher earnings as a result a result of rate-base growth.

On Forrest Kerr I won't say much, as you'll hear from David Harris later, but we are making good progress. In the quarter we completed our 400 person camp, executed on turbine and surge access tunnelling contracts, and began tunnelling. We are continuing to work on progressing agreements from McLymont and Volcano and remain positive that we can get this over the finish line by the end of the year.

Before I pass the call onto Rick to discuss the operating results and business outlook, I'd like to take this opportunity to thank him for the many contributions to AltaGas over the past five years. We will continue to benefit from his expertise as he will remain on the board of Heritage Gas Limited and we wish him the best of luck in future endeavours.

We have promoted David Harris to the position of President, Power. Since joining last September, David has led the Forrest Kerr project and his leadership and expertise has kept the project on time and on budget. As President of Power, he will remain focused on delivering this project from the Vancouver office. We have a strong team leading the other parts of our power business who will work with David to continue to grow and deliver strong results from this business.

We also announced the promotion of Debbie Stein to Senior Vice-President and CFO. Debbie's promotion to Senior Vice-President reflects her growing contribution to the Company's strategic direction and her leadership at the senior executive level of AltaGas.

I'd like now to turn it over to Rick.

Richard Alexander, President & Chief Operating Officer

Thank you, David.

First quarter 2011 consolidated operating income was $58.5 million compared to $37.4 million reported in first quarter last year. Operating income from the gas business was $30.2 million in first quarter 2011 compared to $22.7 million for the same period in 2010. Operating income increased due to higher frac both volumes and margins, the sale of the Groundbirch facility, settlement on a take-or-pay contract, and lower amortization. These increases were partially offset by lower volumes at some FG&P facilities, higher operating and administrative costs, lower margins realized within the natural gas storage business, and lower daily contract quantity on the Suffield system.

On April 13, 2011 AltaGas signed a letter of intent with a producer to acquire a 40 percent interest in the 40 million cubic feet per day Pine Creek gas processing facility for $18 million, subject to normal conditions precedent, including the execution of a definitive agreement for its purchase and operation. The Pine Creek facility's capture area includes the newly discovered Wilrich and Notikewin zones and a Duvernay shale play which trends into an area six miles east of the plant.

AltaGas realized a frac spread of approximately $32 per barrel compared to approximately $30 per barrel in the first quarter 2010. Spot frac spread prices remained strong in first quarter in 2011, averaging nearly $41 per barrel, up from approximately $35 per barrel in the same period 2010. Based on management's analysis of historical NGL prices, along with NGL published commodity prices and the current forward curve for 2011, management expects NGL frac spread prices to average approximately $38 per barrel, including extraction premiums. In 2011 we anticipate that 13 percent of total extraction volumes will be exposed to frac spread. At March 31 approximately 70 percent of the exposure has been hedged at an average price of $26.85 per barrel. For 2012 AltaGas has hedged approximately 50 percent of its frac-exposed volumes at an average price of $35 per barrel.

Higher earnings are expected from higher volumes processed at some FG&P and extraction facilities driven by producer activity to capitalize on high NGL-content gas plays or light oil plays. Stronger results are expected in the gas reporting segment in 2011 compared to 2010, despite turnarounds at Younger and Harmattan and lower daily take-or-pay volumes on Suffield. In second quarter we have a turnaround at Younger. A turnaround at Harmattan is scheduled for September. The financial impact of both turnarounds will be reported in third quarter and are expected to reduce operating income by $8.5 million.

Now turning to our power business, operating income in the power business for the first quarter of 2011 was $26.6 million compared to $16.5 million for the same period in 2010. The power segment reported higher operating income primarily due to higher Alberta power prices, stronger results from Bear Mountain Wind Park, increased contributions from gas-fired peaking plants, and the addition of a gas-fired co-generation facility at the Harmattan Complex, partially offset by higher costs. In the first quarter AltaGas realized an average power price of over $78 per megawatt hour, which includes the sale of power in Alberta and BC compared to just over $62 per megawatt hour in first quarter 2010. In the first quarter 2011 AltaGas hedged 57 percent of power sold in Alberta at an average price of $65 per megawatt hour. For the second quarter AltaGas has hedged approximately 60 percent of its Alberta-based power sales at an average price of $68 per megawatt hour. For third and fourth quarters of 2011 AltaGas has hedged approximately 40 percent at average prices of $64 per megawatt hour. Based on current hedges and forward power prices published in broker reports, which are currently in the low $60 range per megawatt hour for the balance of 2011 and more power generated, we expect higher earnings in our power business compared to last year. We expect to continue to execute short-term hedges throughout 2011 at premium prices to long-term averages, as we have successfully done to date in 2011.

Turning to our utility business, in our utility business operating income for first quarter was $11.8 million compared to $6.8 million for the same period in 2010. Operating income increased mainly due to colder weather than last year in Alberta and Nova Scotia and a higher rate base at both the Alberta and Nova Scotia utilities. We expect to report stronger earnings from our utilities in Alberta and Nova Scotia, as they both expect to increase rate base by 13 percent and 25 percent respectively in 2011.

AltaGas' diversified gas, power and utilities asset base continues to produce stable operating results and our growing operations are expected to deliver stronger operating results in 2011.

I'll now pass the call over to Debbie Stein to discuss our first quarter financial results.

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

Thank you, Rick, and good morning everyone. Before I get into the comments around our financial results I would like to highlight that we have redefined the non-GAAP terms of operating income and EBITDA to exclude the impact of gains and losses on our risk management contracts that are commonly called hedges. This definition simplifies our use of these terms and better reflects the underlying performance of our business. Our use of the term "adjusted net income" also reflects for GAAP results excluding the after-tax impact on those hedges.

You will notice in our first quarter report we have also deferred the implementation of our International Financial Reporting Standards and we continue to plan to report financial results under Canadian generally accepted accounting principles for fiscal 2011. AltaGas is a qualifying entity for the IFRS deferral as a result of its rate-regulated activities. We are currently evaluating our accounting policy choices and will determine those most appropriate for AltaGas' business activity, including the option to adopt U.S. GAAP rather than IFRS. With that I'll now give some high-level comments on this quarter's results.

AltaGas' reported net income applicable to common shares is $26.6 million or $0.32 per share compared to $36.4 million or $0.45 per share for the same quarter last year. Income tax expense in first quarter 2011 was $8.8 million compared to an income tax recovery of $5.4 million in first quarter 2010. The increase was mainly due to its higher income subject to tax as a result of its conversion to a corporate structure.

Adjusted net income in first quarter 2011 was $32.1 million or $0.39 per share, relatively flat to the $32.4 million or $0.40 per share in first quarter last year. EBITDA was higher by almost $20 million in first quarter at $80.8 million or $0.98 per share compared to $61 million in first quarter 2010. We reported almost $13 million higher funds from operations in first quarter compared to the same quarter last year. Our payout ratio as a percentage of funds from operations was 43 percent

in first quarter compared to 86 percent in the same quarter last year.
Interest expense in first quarter 2011 was $12.9 million compared to $11.5 million in first quarter 2010. The increase in interest expense was due to a higher average borrowing rate partially offset by a lower average debt balance. The average borrowing rate was 6.3 percent in first quarter this year compared to 4.6 percent in first quarter last year. Our average debt in the quarter was $919.7 million compared to $1,032.2 million in first quarter of 2010. The expected effective tax rate for 2011 on the consolidated statement of income is expected to be approximately 23 percent. The tax rate at the consolidated level is lower than the expected statutory rate as a result of the lower tax rates expected to be reported by the utilities.

In March we issued $200 million of senior unsecured medium-term notes carrying a coupon rate of 4.1 percent and maturing on March 24, 2016. On April 26th we completed a new $125 million letter of credit facility. The responses to our MTN offering and our new LC facility underscore our strong access to the capital markets and increases our financial flexibility to support our ongoing business and growth strategies. With the addition of the LC facility we currently have approximately $1 billion of available liquidity.

We continue to maintain our balance sheet strength with our net debt to total capitalization at 43.3 percent at the end of the quarter. In 2011 AltaGas expects its capital program to be approximately $425 million, of which about $400 million is committed to date. The majority of the committed capital includes planned spending for the Harmattan Co-stream project, the Forrest Kerr project, and growth of the rate base in our utility business, and some smaller additions and expansions in both the gas and power businesses. AltaGas is well positioned to fund its current capital program through its internally generated cash flow, its dividend reinvestment plan, and its continued strong access to markets.

David Harris will now spend some time talking about what has been going on at our Forrest Kerr project.

David Harris, Vice-President, Major Projects, Power

Thank you, Debbie, and good morning everyone.

We continued to make steady progress this quarter with tunnelling and cleaning efforts at the intake portal advancing as scheduled. The camp is complete with snow roof trusses currently being installed. Approximately 75 workers are currently operating out of the 400 person camp. The intake design has been completed and overall plant optimization has been finalized. Bridge repairs and upgrades on two of our five bridges are complete with the remaining bridge work to take place later this summer. Tunnelling has commenced and we are approximately 40 metres into the surge bypass tunnel and have just started initial tunnel blasting on the powerhouse access tunnel. To date we have not encountered any rock formations that cause us concern. We are currently on schedule to continue the tunnel activities for the powerhouse access and surge bypass tunnels as well as mobilizing and commencing tunnelling on the power tunnel. Clearing up the transmission line corridor is also scheduled to commence over the next month. The contracts were finalized for the access and surge tunnels and turbines for a total of about $110 million. Costs are within the project budget estimate for this scope of work and we currently have 30 percent of our tunnelling costs locked down. We had approximately 20 percent of our costs fixed at the end of 2010 and expect to have approximately 85 percent of our capital cost fixed by the end of 2011. Project cost escalation and schedule risks will be mitigated through our procurement and contracting strategies.

That concludes my prepared remarks. I'll now turn the call back to Julie.

Julie Puddell, Senior Analyst, Investor Relations

Thank you. We are now available to answer your questions. Operator, I will now turn the call back to you for the question and answer session.

QUESTION AND ANSWER SESSION

Operator

Thank you. We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift the handset before making your selection. If you have a question, please press star one on your telephone keypad. If at any time you would like to cancel your question, please press the pound sign. There will be a brief pause while the participants register for questions. Thank you for your patience. The first question is from Linda Ezergailis from TD Securities. Please go ahead.

Linda Ezergailis, TD Securities

Thank you. First of all, Rick, congratulations, and all the best in your retirement.

Richard Alexander, President & Chief Operating Officer

Thank you.

Linda Ezergailis, TD Securities

Can someone perhaps give us more colour on Groundbirch? It sounds like you were approached for an offer you couldn't refuse. Now was it because the price was good or that you were compelled to sell? And what might we see more modest asset sales of this sort going forward?

Richard Alexander, President & Chief Operating Officer

I'll take that. It's Rick.

On the Groundbirch opportunity we were approached by the new owner of the producing area. They wanted to take control of the asset. And for us it was an opportunity to realize the profitability of that plan early and then redeploy that capital into another investment opportunity, which we talked about during the call.

Linda Ezergailis, TD Securities

Do you see this as a trend that could continue in the basin or is this kind of a one-off?

Richard Alexander, President & Chief Operating Officer

I see this as a one-off. In fact, the trend we're seeing in the basin is that most of the large producers are turning more and more to mid-streamers.

Linda Ezergailis, TD Securities

Okay, thank you. Just as a follow-up, maybe this is a question for David: What is your latest update on 2012 Alberta power price hedging in terms of percentages and price levels?

David Cornhill, Chairman & Chief Executive Officer

I believe we're about 25 to 30 percent in mid-60s. And that's mainly due—we've done some hedges likely as well as our industrial and commercial customers.

Linda Ezergailis, TD Securities

Okay, so that's a combination of financial and commercial industrial.

David Cornhill, Chairman & Chief Executive Officer

Yeah, but they're all financial in the Alberta market even with commercial industrial.

Linda Ezergailis, TD Securities

Okay, great. Thank you.

Operator

Thank you. The next question is from Tony Courtright from Scotia Capital. Please go ahead.

Tony Courtright, Scotia Capital

Thanks very much. Could you disclose what the proceeds of disposition were on the sale of the Groundbirch?

Richard Alexander, President & Chief Operating Officer

Under the confidentially agreement we aren't at liberty to do that. Sorry, Tony.

Tony Courtright, Scotia Capital

All right; in terms of the amount that you're hedging in Alberta for power, can you give some colour as to what volume you consider to be hedgeable? In other words, you have a lot of peaking, so do you view that as also capable of being hedged so that when you give a figure of what percentage hedge what is the denominator that we should be looking at?

Richard Alexander, President & Chief Operating Officer

We do include the peakers as available to hedge. So for us, as we re-evaluated our hedging strategy, we now include all of the power we generate, including Bear Mountain, to determine what is an appropriate hedge target to put in place. But we have continued to disclose, as we talked about in the call, the amount of power hedged in the Alberta market, because that's the merchant component.

Tony Courtright, Scotia Capital

Right; so with the commissioning of the Harmattan co-generation, that would be included in the denominator going forward, eventually when you commission the second one that would be included in the denominator and so forth.

Richard Alexander, President & Chief Operating Officer

Yes, sir.

Tony Courtright, Scotia Capital

All right; there's also a reference that you have on the front, pursuing several agreements for the McLymont Creek and Volcano Creek hydro projects. Just want to make sure that I'm not misinterpreting "several agreements". Presumably there's still only one counterparty here, you're not envisaging a different sort of arrangement. Are the agreements to do with—well what are the agreements to do with?

Richard Alexander, President & Chief Operating Officer

For McLymont and Volcano the key agreements are an EPA that we're in the process of having discussions with BC Hydro on, and it's our hope that we'll get a similar EPA to that of Forrest Kerr, and then in addition we need an IBA with the Tahltan, the First Nations whose land the projects are on, and we're in those discussions as well, but hopefully those will be similar to the arrangements at Forrest Kerr also.

Tony Courtright, Scotia Capital

And in your estimation what sort of ideal timetable would this follow?

Richard Alexander, President & Chief Operating Officer

Ideal?

Tony Courtright, Scotia Capital

Well...

Richard Alexander, President & Chief Operating Officer

Well I think we're very optimistic that we'll see these projects, the agreements, get across the finish line sometime in 2011. And that's ideal for us because with the camp there and the Forrest Kerr timeline, by completing the agreements by the end of 2011 it'll be very easy transition to utilize the camp and contractors to move onto McLymont and then onto Volcano so that we can have one project come on in 2014, 2015 and 2016.

Tony Courtright, Scotia Capital

Great. Appreciate that. Thanks very much.

Operator

Thank you. Our next question is from Robert Catellier from Clarus Securities. Please go ahead.

Robert Catellier, Clarus Securities

Most of my questions have been answered but I'd like to ask about the negotiations for McLymont and Volcano. It's my understanding that, while not acting alone, Rick had an important role in those negotiations and I wondered what the transition plan was as he approaches his retirement date.

David Cornhill, Chairman & Chief Executive Officer

I'll take it and then Rick can add.
While Rick led a team, including David Harris, Dennis Dawson, Dan Woznow, and many others, so there's a strong team below Rick as well, as we discussed Rick's retirement, he has said he will be available to help along the way if we needed it. So we feel like we have a good continuity and we do have present agreements with Forrest Kerr. So that's how we have planned for the transition.

Robert Catellier, Clarus Securities

It should be pretty smooth then.

David Cornhill, Chairman & Chief Executive Officer

We hope so.

Richard Alexander, President & Chief Operating Officer

I'm confident, Rob, it'll be very smooth. And, as David said, I'm not going far. I'm going to spend some time with my family in and about the area. So to the extent I can be helpful on the projects going forward to get them across the finish line, I will.

Robert Catellier, Clarus Securities

Okay. So then, David, is that a similar plan then for the rest of Rick's responsibilities? So you'll just disperse, I guess, his responsibilities among the existing management team and the executive committee rather than replace the role?

David Cornhill, Chairman & Chief Executive Officer

What we've announced is creating three distinct businesses that have three presidents or co-presidents that will be running the day-to-day operations and focusing on those parts of the business.

Robert Catellier, Clarus Securities

Okay. And I just have two minor questions about the results. I'm curious as to the nature of the take-or-pay arrangement that was settled resulting in that $2 million gain. Was that a gathering and processing agreement or a transmission agreement?

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

It was a gathering and processing agreement.

Robert Catellier, Clarus Securities

Okay. And the one-time items related to settlements with producers, are those prior-period adjustments or are those different than prior-period adjustments?

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

No, Rob, those related to the two agreements for the sale of the Groundbirch facility and the take-or-pay. There weren't any other one-time items other than those two.

Robert Catellier, Clarus Securities

Okay. Thank you.

Operator

Thank you. Our next question is from Robert Kwan from RBC Capital Markets. Please go ahead.

Robert Kwan, RBC Capital Markets

Thank you. First, if I can just follow up on McLymont and Volcano and some of the timing you talked about, Rick; certainly makes a lot of sense to try to kind of dovetail all the projects together. At what point does it become concerning to you that you'd, or how much wiggle room I guess do you have in terms of the timing to finalize the agreement if it leaks into 2012 before you get problems with respect to holding labour over and contractors?

Richard Alexander, President & Chief Operating Officer

Well I'll start, and David Harris may want to jump in, but I don't see it as material, all it means is that we may have to de-mob contractors or people at the camp and then bring them back at a later date. So it's one of ease of transition and it does reduce the costs slightly. So it's more a logistical planning than any kind of material timing issue.

Robert Kwan, RBC Capital Markets

Okay. And you said some additional cost is—how material would the cost be?

Richard Alexander, President & Chief Operating Officer

Well the cost would be, you know, take people out of the camp and then bring people back into the camp, maintain the camp while it's not being fully utilized; that kind of thing. So not material, Robert.

Robert Kwan, RBC Capital Markets

Okay. And presumably if the timing dragged on you'd just build that back into the price.

Richard Alexander, President & Chief Operating Officer

Well we would try.

Robert Kwan, RBC Capital Markets

Okay. Just the last question I've got: field gathering and processing volumes are down quite a bit sequentially; just wondering if you have commentary. It sounds like some of the facilities are doing well but there seem to be a lot of, I don't know if problems is the right word, but a lot of facilities that you're not seeing good throughput, yet you expect it to be up for the entire year. Can you just give a little bit more colour on what's behind that?

Randy Toone, Co-President, Gas

It's Randy Toone. We are seeing some lower volumes in certain areas but we do have some growth in the liquid-rich areas and also producers drilling for oil where we're seeing the impact of solutions gas. So by the end of the year we feel that we, ah, the overall average for 2011 is going to be higher than 2010, we expect.

Robert Kwan, RBC Capital Markets

Okay, so you're expecting a very significant then pick-up coming out of Q1. And will we see that in Q2 or do you think it's more back half of the year?

Randy Toone, Co-President, Gas

We're going to see it in Q2 with the Notikewin Pine Creek facility. We've also got some other growth in certain areas that we will see through Q2.

Robert Kwan, RBC Capital Markets

Okay, that's great. Thank you very much.

Operator

Thank you. Our next question is from Matthew Akman from Macquarie. Please go ahead.

Matthew Akman, Macquarie Capital Markets

Thank you very much. On Harmattan, what does the guidance contemplate in terms of the flows on the $250 million expansion, if you can call it that? Is that contemplating it as full?

David Cornhill, Chairman & Chief Executive Officer

The contract is a cost of service so we don't bear the throughput risk on that. It contemplates the contract.

Matthew Akman, Macquarie Capital Markets

So it doesn't matter what the NGL production is or how much gas flows through the plant.

David Cornhill, Chairman & Chief Executive Officer

That's right.

Matthew Akman, Macquarie Capital Markets

And, David, I guess there's a lot of activity in that area; what if more gas wants to move through Harmattan and more liquids wants to get produced there? Would that require a new agreement?

David Cornhill, Chairman & Chief Executive Officer

No, our agreement contemplates that the first is to process raw gas from the field and secondary is the co-streaming project.

Matthew Akman, Macquarie Capital Markets

Okay. Okay. Moving on to gas distribution for a second, I don't know if this is for Debbie or who, but what is the cash flow situation at Heritage Gas currently? Because there was this, um, I don't know what you call it, a deficiency account of some kind that was established to get this thing going. Are you seeing positive cash flows out of that asset currently?

David Cornhill, Chairman & Chief Executive Officer

Yes, we're seeing positive cash flows, but the cash flows aren't fully offsetting the net investment, capital investment (growth) rate base, but from an operational perspective it's positive cash flow.

Matthew Akman, Macquarie Capital Markets

Is there still this build up of this account over time? Is there still some deficiency relative to what you, you know, sort of the nameplate ROE is, or are you catching up to that?

David Cornhill, Chairman & Chief Executive Officer

The addition to the RDA are declining and we expect in—we're going into a rate hearing this year and during that three-year period we expect it to turn and start declining.

Matthew Akman, Macquarie Capital Markets

Okay. And maybe this is just a quick clean-up question for Debbie: To get the after-tax impact of the gain on sale of Groundbirch would we just tax effect it by sort of the 20 percent or something?

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

Yeah, on the Groundbirch you would take the 20 percent, 50 percent of the gain.

Matthew Akman, Macquarie Capital Markets

Sorry, can you clarify?

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

20 percent of the 50 percent of the gain. 23 percent of 50 percent of the gain.

Matthew Akman, Macquarie Capital Markets

Okay. Thank you very much. Those are all my questions.

Operator

Thank you. Once again, if you have a question, please press star one on your telephone keypad at this time.

The next question is from Winfried Fruehauf from W. Fruehauf Consulting Corporation. Please go ahead.

Winfried Fruehauf, W. Fruehauf Consulting Corporation

Thank you and good morning. Regarding the change in the accounting method, what are the major pros and cons of either method? That is U.S. GAAP or IFRS.

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

Winfried, as you know, we have a regulated business now, so under IFRS we do not get any rate regulated accounting under IFRS, and so we would have our regulated assets and liabilities now off of our balance sheet and flowing through the P&L. So that's the biggest difference right now why we chose to take the deferral on moving to IFRS and really giving a hard look at whether we move to U.S. GAAP.

Winfried Fruehauf, W. Fruehauf Consulting Corporation

Okay. Actually, before asking this question I should have congratulated you on your appointment. I'll do it now. I'm very pleased about it.

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

Thank you.

Winfried Fruehauf, W. Fruehauf Consulting Corporation

The other question I have is regarding processing. More than a decade ago your company set out, as one of its objectives, to increase the utilization of processing capacity, but in this period, in the intervening period, the utilization has been trending downward virtually every year, and I'm wondering to the extent that capacity utilization has an impact on operating income, and in many cases it doesn't but in other cases it probably does, what would be sort of the operating income impact of a change by 1 percentage point in the capacity utilization?

Debbie Stein, Senior Vice-President, Finance & Chief Financial Officer

Yeah, I don't have that detail right now. I know that in our annual report we actually give the net income impact on volume, not capacity utilization. So I can certainly get back to you on that and try and extrapolate what our guidance on the Mmcf sensitivity would translate to to capacity utilization.

Winfried Fruehauf, W. Fruehauf Consulting Corporation

That would be appreciated. Thank you very much. That's all I have.

Operator

Thank you. There are no further questions at this time. I would now like to turn the meeting over to Ms. Puddell.

Julie Puddell, Senior Analyst, Investor Relations

Thank you, Thomas.

Thank you for your interest in AltaGas. If you have any follow-up questions, please feel free to contact me. Thank you and we look forward to speaking with you again.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation

---