



NEWS RELEASE

ALTAGAS UTILITY GROUP INC.

ANNOUNCES RECORD 2008 RESULTS AND A QUARTERLY DIVIDEND OF \$0.05 PER SHARE

Calgary, Alberta (February 27, 2009) - AltaGas Utility Group Inc. (Utility Group) (TSX: AUI) today announced net income of \$5.9 million (\$0.73 per share) for the year ended December 31, 2008 compared to \$4.6 million (\$0.56 per share) in 2007. A dividend was declared of \$0.05 per common share payable on April 15, 2009 to shareholders of record at the close of business on March 31, 2009.

The 2008 net income was \$1.3 million higher than 2007 primarily due to \$0.7 million from rate base growth of 13.5 percent in 2008, and \$0.7 million from a full year of income from the acquisition of Ikhil on July 31, 2007. Contributions from lower average interest rates on Utility Group's debt, and colder weather in 2008 compared to 2007 were offset by higher corporate operating and administrative costs. Gas volume consumption in 2007 was greater than expected when rates were set, resulting in 2007 net income being \$0.4 million higher than normal. Gas volume consumption in 2008 was normal, and consequently the year did not benefit from the volume variance that contributed to 2007 earnings.

"Utility Group had a great year in 2008", said Patricia Newson, President and Chief Executive Officer of Utility Group. "Our record net income is a testament to the quality of Utility Group's investments, which will generate utility income for years to come. The Ikhil acquisition on July 31, 2007 is performing very well, and system growth to meet customer demand kept the Alberta team busy managing almost \$24 million of investment projects. Heritage Gas also invested approximately \$24 million, mainly in Dartmouth and on the Halifax Peninsula to service record numbers of new residential and commercial customers."

Net income for the three months ended December 31, 2008 was \$2.8 million (2007 - \$2.5 million) or \$0.35 per share (2007 - \$0.31 per share). The \$0.3 million increase in net income for the fourth quarter comprised \$0.2 million from rate base growth at AltaGas Utilities Inc. and Heritage Gas, \$0.2 million from an increase in the price received for natural gas at Ikhil and \$0.2 million from lower average interest rates on Utility Group's debt, partially offset by higher corporate operating and administrative costs of \$0.3 million.

Utility Group's regulated businesses are allowed the opportunity to earn a return on invested rate base that is intended to provide shareholders with a fair return on investment and to cover the cost of debt. AltaGas Utilities Inc.'s net rate base increased to \$113.1 million in 2008 from \$105.2 million in 2007, or 7.5 percent. Heritage Gas' weighted average rate base increased 58.0 percent to \$91.8 million (Utility Group's proportionate share - \$22.9 million) for 2008 from \$58.1 million (Utility Group's proportionate share - \$14.5 million) in 2007.

Utility Group expects customer growth in 2009 at AUI to return to historic levels of approximately two percent. Utility Group has filed applications to grow consolidated rate base by approximately 13 percent with additional spending on system betterment and general plant at AltaGas Utilities Inc. along with Heritage Gas' continued development in its franchise areas. Subject to regulatory approvals, rate base growth should drive a similar growth in regulatory net income. Utility Group is well positioned in the marketplace to provide shareholders with consistent, reliable and accretive value during the coming year.

Financial and Operating Highlights

(unaudited, in millions of Canadian dollars except per share amounts or otherwise indicated)

	Q4 2008	Q4 2007	2008	2007
Revenue	48.3	41.1	154.6	134.0
Net revenue ⁽¹⁾	14.5	13.1	49.8	43.1
EBITDA ⁽¹⁾	6.9	6.6	21.2	18.2
Operating income ⁽¹⁾	4.6	4.5	12.2	10.4
Net income	2.8	2.5	5.9	4.6
Total assets	240.6	212.8	240.6	212.8
Current liabilities	41.0	37.9	41.0	37.9
Long-term liabilities	126.0	105.2	126.0	105.2
Net income per share - basic	\$ 0.35	\$ 0.31	\$ 0.73	\$ 0.56
Net income per share - diluted	\$ 0.35	\$ 0.31	\$ 0.73	\$ 0.56
Deliveries (PJs) ⁽²⁾	7.7	7.4	24.4	23.9
Service sites at period end	71,034	68,225	71,034	68,225
Degree day variance (percent)	1.2	1.3	3.1	0.8

(1) Net revenue, earnings before interest, taxes, and depreciation and amortization (EBITDA) and operating income are not measures under Canadian Generally Accepted Accounting Principles (GAAP) and may not be comparable to similar measures presented by other companies. Management believes that this presentation provides useful information to investors and shareholders as it provides increased predictive value and performance trends. A reconciliation of these non-GAAP measures is set out below.

(2) Deliveries reflect Utility Group's 100 percent share in AUJ and its proportionate share of Heritage Gas (24.9 percent) and Inuvik Gas (one-third).

Non-GAAP Financial Measures

(\$ millions)

	Q4 2008	Q4 2007	2008	2007
Net revenue	14.5	13.1	49.7	43.1
Add: Cost of natural gas	33.8	28.0	104.8	90.9
Revenue (GAAP financial measure)	48.3	41.1	154.5	134.0
EBITDA	6.9	6.6	21.1	18.2
Deduct: Depreciation and amortization	2.3	2.1	9.0	7.8
Interest expense	1.1	1.4	4.8	4.6
Income taxes ⁽³⁾	0.7	0.6	1.5	1.2
Net income (GAAP financial measure)	2.8	2.5	5.8	4.6
Operating income	4.6	4.5	12.1	10.4
Deduct: Interest expense	1.1	1.4	4.8	4.6
Income taxes ⁽³⁾	0.7	0.6	1.5	1.2
Net income (GAAP financial measure)	2.8	2.5	5.8	4.6

(3) Income taxes consist of current and future income taxes.

ABOUT ALTAGAS UTILITY GROUP INC.

AltaGas Utility Group Inc. is a publicly traded company holding interests in AltaGas Utilities Inc., Heritage Gas Limited and Inuvik Gas Ltd. Combined, these regulated natural gas distribution businesses serve more than 71,000 customers in three areas of Canada through an infrastructure of nearly 22,000 kilometres of pipeline. Utility Group holds an interest in the Ikhil Joint Venture which produces and supplies natural gas in Inuvik, Northwest Territories. Utility Group pursues opportunities to invest in infrastructure-based utility and related businesses with long-term, stable returns.

FOR FURTHER INFORMATION

Jared Green C.A.

Vice President Controller & Corporate Secretary

jared.green@altagasutility.com

(403) 806-3320

Investor Relations

investor.relations@altagasutility.com

(403) 806-3310

www.altagasutilitygroup.com