



NEWS RELEASE

ALTAGAS SIGNS ELECTRICITY PURCHASE AGREEMENT FOR NORTHWEST BC RUN-OF-RIVER PROJECT

Calgary, Alberta (May 28, 2010) – AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) today announced that it has, through an indirect wholly owned subsidiary, signed a 60-year CPI indexed Electricity Purchase Agreement (EPA) with BC Hydro for its 195-MW Forrest Kerr run-of-river hydro-electricity generation project. The construction site is located in northwest British Columbia, approximately 100 km north of Stewart, BC. AltaGas expects the Forrest Kerr Project to be the first of three run-of-river power generation projects in the area, and is continuing development of its McLymont Creek and Volcano Creek projects.

“The Forrest Kerr Project represents an important evolution in AltaGas’ power business as we continue to build long-term contracted generation assets,” said David Cornhill, Chairman and Chief Executive Officer of AltaGas. “These projects will provide the people of British Columbia with clean and reliable power from a significant water resource. For our investors, this announcement comes at an important time in history as governments move to reduce emissions while building for the future.”

The Forrest Kerr Project is to be constructed wholly within Tahltan Nation traditional territory and is estimated to cost a total of approximately \$700 million. Once completed, the project will provide enough electricity for approximately 70,000 homes in British Columbia and will offset more than 450,000 tonnes of greenhouse gas equivalents annually. The Forrest Kerr Project is expected to come into service in 2014 and will deliver electricity to the terminus point of the previously announced 287-kV Northwest Transmission Line (NTL), near Bob Quinn, BC. The British Columbia Transmission Corporation is developing the NTL.

The Forrest Kerr Project will channel a portion of the Iskut River flow through a tunnel to an underground powerhouse, where it will pass through turbines to produce electricity, before it is returned to the river. The Forrest Kerr Project was issued an environment assessment certificate in March 2010. Site development activities are currently underway and AltaGas anticipates initiating construction immediately.

“This project represents an exciting partnership for AltaGas with the Tahltan Nation and with the Government of British Columbia,” added Mr. Cornhill. “The Forrest Kerr Project will be a significant renewable energy asset, and is supported by 40 years of hydrology data and analysis.”

AltaGas and the Tahltan Nation have established a strong working relationship that will see the people of the Tahltan Nation having employment and business opportunities and economic participation in the Forrest Kerr Project.

“The Tahltan Nation is proud of this Impact Benefit Agreement with Coast Mountain Hydro Corp. and the increased economic security that it will provide for generations to come,” said Annita McPhee, Chair, Tahltan Central Council. “This agreement establishes ownership, management of our resources and profit sharing while taking into consideration the protection of our environment as a renewable energy project. This IBA will

set the bar for resource development projects and demonstrates the results of a successful relationship with a company in Tahltan Territory that respects our Aboriginal title and rights"

More information on the Forrest Kerr Projects is available on AltaGas' website at <http://www.altagas.ca/forrestkerr/>

AltaGas Income Trust is one of Canada's largest and fastest growing energy infrastructure organizations. The Trust creates value by acquiring, growing and optimizing gas and power infrastructure, including a focus on renewable energy sources.

AltaGas Income Trust's units are listed on the Toronto Stock Exchange under the symbol ALA.UN. The Trust is included in the S&P/TSX Composite Index, the S&P/TSX Income Trust Index and the S&P/TSX Capped Energy Trust Index.

This news release contains forward-looking statements. When used in this news release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Trust or an affiliate of the Trust, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Trust's current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, general economic conditions and other factors set out in the Trust's public disclosure documents. Many factors could cause the Trust's actual results, performance or achievements to vary from those described in this news release, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in, or incorporated by reference in this news release, should not be unduly relied upon. Such statements speak only as of the date of this news release. The Trust does not intend, and does not assume any obligation, to update these forward-looking statements. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

For further information contact:

Media
Adrienne Lovric
(403) 691-9873
adrienne.lovric@altagas.ca

Investment Community
Greg Aarssen
(403) 691-7141
greg.aarssen@altagas.ca

Website: www.altagas.ca
Investor Relations
1-877-691-7199
investor.relations@altagas.ca