



AltaGas Utilities Inc.
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October 29, 2010

Mr. David Mitchell, CA
Regulatory Specialist, Rates Division – Edmonton
Alberta Utilities Commission
10055 – 106 Street, 10th Floor
Edmonton, Alberta T5J 2Y2

Dear Mr. Mitchell:

**Subject: AUC Rule 026 clause 2(2)
Statement of adoption of International Financial Reporting Standards by AltaGas Utilities Inc.**

The ultimate parent company of AltaGas Utilities Inc., AltaGas Ltd., made the following disclosures regarding International Financial Reporting Standards (IFRS) in the Management's Discussion and Analysis dated October 27, 2010.

"The Accounting Standards Board (AcSB) confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian Generally Accepted Accounting Principles (CGAAP) for publicly accountable enterprises for financial periods beginning on or after January 1, 2011.

On October 1, 2010 the AcSB issued an amendment to Part I of the CICA Handbook that allowed qualifying entities with rate regulated activities (RRA) to adopt IFRS for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2012, thereby providing a one-year deferral.

AltaGas is a qualified entity for the deferral period based on the activities of AltaGas Utility Group Inc. (Utility Group). While AltaGas' IFRS conversion project is on track to meet the original conversion deadline, AltaGas has elected to use the deferral offered by the AcSB given the uncertainty with respect to the application of IFRS to the RRA, which are important to AltaGas' business model and one of the key drivers of financial performance.

As a result of the elected deferral option, the IFRS transition date has been reset to January 1, 2011 with a conversion date of January 1, 2012. AltaGas will reassess the accounting policy choices available and will determine those most appropriate for AltaGas' business activity, including the option to adopt US GAAP rather than IFRS."

In accordance with clause 2(2) of AUC Rule 026, this letter confirms that as a wholly-owned subsidiary of AltaGas Ltd., AltaGas Utilities Inc. will be electing to take the one-year deferral to adopt IFRS.

Sincerely,

Arnold Mantei

Arnold Mantei
Vice President Controller
AltaGas Utilities Inc.