



AltaGas Ltd.

**Gas Utilities Act Code of Conduct Regulation, AR 183/2003
Audit Exemption for 2014**

August 6, 2015

Alberta Utilities Commission

Decision 20449-D01-2015

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1 Introduction

1. On May 19, 2015, AltaGas Ltd. (AltaGas) filed an application with the Alberta Utilities Commission pursuant to Section 41(1)(a) of the *Gas Utilities Act Code of Conduct Regulation*, AR 183/2003, requesting an exemption from the requirement to provide the Commission with an audit report for 2014 as set out in Section 40(3) of the *Gas Utilities Act Code of Conduct Regulation*. Section 41(1)(a) enables, among other things, a gas distributor or default supply provider, or its affiliated retailer, to apply to the Commission for an exemption from all or any provision of the *Gas Utilities Act Code of Conduct Regulation*.

2. The Commission issued notice of the application on May 21, 2015, and established a schedule for filing of statements of intent to participate. The Commission did not receive any submissions by the June 4, 2015 closing date.

3. By letter dated June 25, 2015, the Commission indicated that a formal process was not required; however, to complete the record of this proceeding, the Commission issued an information request to AltaGas. The Commission received AltaGas' information response on July 7, 2015.

4. The Commission considers that the record for this proceeding closed on July 7, 2015.

2 Application

5. AltaGas submitted the requested exemption would not be detrimental to the public interest nor would it reduce AltaGas' obligations to the public.

6. AltaGas referred to its compliance history to support its exemption request. In Decision [20118-D01-2015](#),¹ the Commission was satisfied that AltaGas was, in all material respects, in compliance with the provisions of the *Gas Utilities Act Code of Conduct Regulation* and its compliance plan for 2013, the most recent year for which an audit was undertaken. Similarly, in compliance audits conducted for 2010 and 2012, AltaGas was found to be, in all material respects, in compliance with the *Gas Utilities Act Code of Conduct Regulation* and AltaGas' compliance plans.

7. With respect to its first and second quarter 2014 and annual 2014 compliance plan reports, AltaGas reported non-compliance related to the requirement to train personnel within

¹ Decision 20118-D01-2015: AltaGas Utilities Inc. and AltaGas Ltd., Gas Utilities Act Code of Conduct Regulation, AR 183/2003, 2013 Audit Reports and Audit Work Plans, Proceeding 20118, April 24, 2015.

30 days of being added to the personnel list. Effective January 1, 2014, AltaGas' remediation to the training issue was implementation of a web-based compliance training site, and a list of requirements to eliminate further instances of non-compliance.

8. In Decision 2013-451,² the Commission stated that it was satisfied with the proposed remediation measures, and there were no reports of non-compliance in the third or fourth quarters of 2014 related to the requirement to train personnel.

9. AltaGas confirmed in an information request response that a new enterprise software system was implemented on January 1, 2015. AltaGas indicated that the implementation would address previous non-compliance with sections 9 and 12 of the *Gas Utilities Act Code of Conduct Regulation*.

3 Commission findings

10. Pursuant to Section 37 of the *Gas Utilities Act Code of Conduct Regulation*, compliance audits are mandatory and, as such, AltaGas bears the onus of satisfying the Commission that an exemption from this requirement is warranted pursuant to Section 41(2)(a) of the *Gas Utilities Act Code of Conduct Regulation*.

11. The Commission notes that AltaGas previously filed an application, on March 13, 2014, requesting an exemption from the requirement to provide the Commission with audit reports for both the years 2013 and 2014. The Commission denied AltaGas' application in Decision 2014-198.³ At the time, the Commission found that AltaGas had not discharged its onus to establish that exempting it from compliance audits for the years 2013 and 2014 was in the public interest.

12. The Commission has considered all of AltaGas' submissions including its history of compliance with the *Gas Utilities Act Code of Conduct Regulation* in the years in which audits were conducted and AltaGas' submission that, other than the non-compliance incidents related to training personnel within 30 days, described in paragraph seven of this decision, no other instances of non-compliance were identified in 2014. The Commission also considered AltaGas' recent implementation of a web-based compliance training site to be an effective remediation measure.

13. The Commission is aware that non-compliance generally arises not from a lack of policies and procedures but from unusual circumstances such as changes to systems and staff, and human error. The Commission is not aware of any circumstances in 2014 that would indicate an increased risk of non-compliance by AltaGas with the *Gas Utilities Act Code of Conduct Regulation*.

² Decision 2013-451: AltaGas Utilities Inc., AltaGas Ltd., and ECNG Energy L.P., Gas Utilities Act Code of Conduct Regulation, AR 183/2003 2012 Audit Reports, Proceeding 2906, Applications 1610058-1, 1610060-1, 1610061-1, December 17, 2013.

³ Decision 2014-198: AltaGas Ltd., Gas Utilities Act Code of Conduct Regulation, AR 183/2003 Audit Exemption for 2013 and 2014, Proceeding 3119, Application 1610391-1, July 3, 2014.

14. The Commission has considered the risk of non-compliance as discussed in the previous paragraphs and the cost of undertaking an audit and has concluded that the expenditure required to conduct an audit would not serve the public interest at this time.

15. Further, the Commission finds that granting an exemption to the requirement for an audit, as permitted under Section 41(2)(a) of *the Gas Utilities Act Code of Conduct Regulation*, will not diminish AltaGas' obligations under the *Gas Utilities Act Code of Conduct Regulation*.

16. Based on the preceding analysis, the Commission is satisfied that it is in the public interest to grant AltaGas' request for an audit exemption for 2014 and therefore grants the exemption to the requirement for an audit in Section 37 of the *Gas Utilities Act Code of Conduct Regulation*.

17. It is hereby ordered that:

- (1) AltaGas Ltd.'s request for exemption from the requirement to conduct a compliance audit for 2014 is granted.

Dated on August 6, 2015.

Alberta Utilities Commission

(original signed by)

Kay Holgate
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
AltaGas Ltd. (AltaGas)

Alberta Utilities Commission
Commission panel K. Holgate, Commission Member
Commission staff E. von Engelbrechten (Commission counsel) C. Burt C. Arnot