


MADE at the City of Calgary, in the Province of Alberta, on  7th day of March 2005.	 ALBERTA ENERGY AND UTILITIES BOARD
AltaGas Utilities Inc. Request for Exemption to Section 7.3 of AUI's Inter-Affiliate Code of Conduct	Application No. 1385986

## **1 INTRODUCTION and BACKGROUND**

On December 1, 2004, the Alberta Energy and Utilities Board (the Board) issued order U2004-416 approving AltaGas Utilities Inc.'s (AUI, AltaGas, or the Company) Inter-Affiliate Code of Conduct, subject to certain amendments (the Code). The Board approved AUI's subsequently amended Code in a letter dated January 5, 2005. The structure and format followed the code of conduct template from the ATCO Group Affiliate Transactions and Code of Conduct (the "ATCO Code") as approved by the Board in Decision 2003-040.

On February 11, 2005, the Board received an application (the Application) from AUI requesting an exemption under section 2.6 of the Code from the requirement in section 7.3 of the Code that the Compliance Officer be an officer of the Utility. AUI requested that the Board allow the Company to appoint one of the following members of senior management to the position of Compliance Officer:

Director, Operating Services  
Director, Controller  
Director, Administrative Service

AUI advised that the requirement in section 7.3 of the Code that the Compliance Officer be an officer of the Utility would be particularly onerous as AUI is a small subsidiary within a much larger enterprise. AUI submitted that in order to effectively meet the Code's requirements, the Compliance Officer must be located in AUI's head office and be part of the day-to-day management team. Only one member of AUI's head office day-to-day management team was an officer of AUI, namely, the President. AUI suggested that without the exemption, only the President of AUI could act as the Compliance Officer.

AUI submitted that the company's senior management positions suggested to serve as Compliance Officer have access to the resources necessary to perform all of the duties and responsibilities of the Compliance Officer under the Code. As well, AUI noted that the President must sign a certificate attesting to the completeness of the Compliance Report under the Code (s.7.6 (n)).

On February 22, 2005, the Board distributed a Notice of Application to interested parties indicating that any party wishing to register as an intervener should do so by March 1, 2005. The

Board indicated that should no bona fide objections be received by this date, the Board would proceed to process the application, including approval, without further notice. The Board received no objections. The Board therefore considers March 1, 2005 to be the date for the close of record of this proceeding.

## **2 BOARD FINDINGS**

In Order U2004-416, the Board denied AUI's revision to section 7.3 of the Code as it deemed those changes diminished the intent and spirit of the Code.

As a result of the Application, the Board has now gained a better understanding of AUI's organizational structure and governance (e.g. the makeup of its officers). The Board recognizes that AUI's President is the only member of AUI's head office day-to-day management team that is also an officer of AUI, and as such, it would be impractical to require that individual to be both the Compliance Officer and the signatory to the certificate attesting to the completeness of the Compliance Report as per section 7.6 (n) of the Code.

The Board considers that the Application addresses the practical application of the Code as it relates to the Compliance Report and Compliance Officer. The relief requested should not negatively impact customers. The Board is satisfied that the exemption to AUI's Code will not diminish the spirit, intent, or enforcement of the Code or Compliance Report filings and, as such, is prepared to accept AUI's proposed exemption request.

The Board approves AUI's exemption request, and therefore AUI may appoint one of the following members of senior management to the position of Compliance Officer:

Director, Operating Services  
Director, Controller  
Director, Administrative Services

## **4 ORDER**

THEREFORE IT IS ORDERED THAT:

- 1) AUI's request for an exemption from section 7.3 of its Inter-Affiliate Code of Conduct solely for the purposes and in the manner described in the Application is approved.

END OF DOCUMENT