



AltaGas Ltd.

Code of Conduct Compliance Plan

December 16, 2016

Alberta Utilities Commission

Decision 21623-D01-2016

AltaGas Ltd.

Code of Conduct Compliance Plan

Proceeding 21623

Application 21623-A001

December 16, 2016

Published by the:

Alberta Utilities Commission

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1 Introduction

1. On May 19, 2016, AltaGas Ltd. (AltaGas) filed an application¹ with the Alberta Utilities Commission seeking approval of its compliance plan pursuant to Section 30(1) of the *Code of Conduct Regulation*. A draft of the compliance plan was included in the application.²

2. The Commission issued a notice of application on May 24, 2016, requesting written submissions by June 7, 2016.³ The Commission received no submissions regarding the application. On July 27, 2016, the Commission issued information requests⁴ (IRs) to AltaGas. The Commission received IR responses on August 26, 2016.⁵ Also on August 26, 2016, AltaGas filed a revised version of the compliance plan (revised compliance plan) that reflected changes necessitated by the IR responses.^{6,7}

3. The Commission considers the record of this proceeding to have closed on August 26, 2016. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to a particular matter.

2 Code of conduct compliance plan

4. The *Code of Conduct Regulation* came into effect on January 1, 2016. Under Section 46(5) of the *Code of Conduct Regulation*, AltaGas, which provides retail energy services⁸ in Alberta, was required to file a new compliance plan with the Commission in sufficient time for the Commission to consider and approve same before January 1, 2017.

5. Under Section 30(1) of the *Code of Conduct Regulation*, a compliance plan must set out the systems, policies and mechanisms that AltaGas intends to use to ensure that AltaGas and its officers, employees, agents and contractors will comply with the *Code of Conduct Regulation*.

¹ Exhibit 21623-X0002, AltaGas Ltd. Compliance Plan to be filed with AUC, May 19, 2016.

² Exhibit 21623-X 0001, AltaGas Code of Conduct Regulation Compliance Plan, May 19, 2016.

³ Exhibit 21623-X0005, Notice of Application, May 24, 2016.

⁴ Exhibit 21623-X0007, AltaGas Ltd - Information Request, July 27, 2016.

⁵ Exhibit 21623-X0008, AltaGas reply to Commission IR, August 26, 2016.

⁶ Exhibit 21623-X0009, AltaGas Code of Conduct Regulation Compliance Plan_CLEAN, August 26, 2016.

⁷ Exhibit 21623-X0010, AltaGas Code of Conduct Regulation Compliance Plan_CHG, August 26, 2016.

⁸ Section 1(1)(q)(ii) of the *Code of Conduct Regulation* states: "retail energy services...in respect of the natural gas market means retail gas services."

6. The AltaGas compliance plan closely follows the Commission's code of conduct compliance plan template and is organized into sections that include a reference to the corresponding section of the *Code of Conduct Regulation*. The revised compliance plan⁹ addresses the information requests made by the Commission and sets out the systems, policies and mechanisms that AltaGas intends to use to ensure that it and its officers, employees, agents and contractors will comply with the *Code of Conduct Regulation*.

7. Specifically, the revised compliance plan provides systems, policies and mechanisms to govern and ensure, among other things:

- equality of treatment of customers by AltaGas
- protection of customer information
- prevention of any unfair competitive advantage to affiliated providers of owners of a distributor
- maintenance of separate records and accounts by the gas distributor and its affiliated provider
- ongoing compliance reports
- compliance audits¹⁰

8. The revised compliance plan requires AltaGas personnel, which includes officers, employees, or any other person such as agents or contractors of AltaGas who are not employed by AltaGas, to participate in training designed to convey the requirements of the *Code of Conduct Regulation* and the revised compliance plan, and to provide a written acknowledgement that they have received and read a copy of the compliance plan and understand both the obligations of AltaGas and their personal obligations. Contraventions of the revised compliance plan may result in disciplinary action, up to and including termination of employment or a contract with AltaGas.¹¹

9. The Commission has reviewed the IR responses and the revised compliance plan. Some sections of the revised compliance plan require additional discussion and comment, and are discussed below.

2.1 Information sharing

10. In ALTAGAS-AUC-2016JUL27-004, the Commission requested that AltaGas describe the services it provides to AltaGas Utilities Inc. (AUI) under its defined term, "Gas Management Services".¹²

11. AltaGas responded that gas management services include:

- Daily & monthly gas balancing
- Transportation and routing
- Regulatory support for Nova Gas Transmission Ltd. (NGTL)

⁹ Exhibit 21623-X0009, AltaGas Code of Conduct Regulation Compliance Plan_CLEAN, August 26, 2016.

¹⁰ *Ibid.*, PDF page 4.

¹¹ *Ibid.*, PDF page 10.

¹² Exhibit 21623-X0007, AltaGas Ltd – Information Request, July 27, 2016, PDF page 3.

- Purchases and sales to maintain correct inventory levels as prescribed in the NGTL gas balancing procedures
- Contract support such as setting up exchanges with producers¹³

12. The Commission also asked AltaGas what customer information is exchanged between AUI and AltaGas in order to perform or provide these gas management services.¹⁴ AltaGas responded that Section 5, AltaGas Policy 2 stated that:

AltaGas Personnel shall not, except as set forth in this policy, be permitted access to AUI Customer Information. Excepted from this policy are AltaGas Personnel who require AUI Customer Information to provide Gas Management Services or other services as approved by the Commission.

13. AltaGas clarified that no customer information is exchanged between AltaGas and AUI and stated that it “regrets the confusion this policy and terminology may have caused.” AltaGas explained that the policy resulted from a misunderstanding regarding the information available in AUI’s nomination imbalance and settlement information system (NISIS). AltaGas stated in its response that its access to NISIS is equivalent to the access of any other retailer and a retailer’s access does not permit visibility of customer information. AltaGas explained that its access to NISIS includes visibility to aggregated default requirements and retailer inventory positions to indicate how those affect AUI’s inventory position with Nova Gas Transmission Ltd. AltaGas stated that it proposed to delete Policy 2 and Policy 3 of Section V, customer information, as well as part of Mechanism 1 in Policy 6 of Section V to avoid any further confusion.¹⁵

14. The Commission finds that AltaGas’s proposal to delete the above-mentioned policies and mechanism and its response remove any confusion regarding customer information shared between AltaGas and AUI. Based on AltaGas’s response the Commission understands that AltaGas receives no customer information from AUI in order to perform gas management services that is not provided in the same manner to all other retailers of AUI.

2.2 Unfair competitive advantage

2.2.1 Arrangements creating unfair competitive advantage prohibited

15. Section 17 of the *Code of Conduct Regulation* contains the following requirements:

Arrangements creating unfair competitive advantage prohibited

17(1) A distributor and an affiliated provider of the distributor shall not make arrangements that create an unfair competitive advantage for the affiliated provider.

(2) A regulated rate supplier and an affiliated provider of the regulated rate supplier shall not make arrangements that create an unfair competitive advantage for the regulated rate supplier or the affiliated provider.

(3) An entity, including a rural electrification association, that carries on both the business of a distributor and the business of a regulated rate supplier or retailer shall not make an internal

¹³ Exhibit 21623-X0008, AltaGas reply to Commission IR, August 26, 2016, PDF page 4.

¹⁴ Exhibit 21623-X0007, AltaGas Ltd – Information Request, July 27, 2016, ALTAGAS-AUC-2016JUL27-004, PDF page 3.

¹⁵ Exhibit 21623-X0008, AltaGas reply to Commission IR, August 26, 2016, PDF pages 4-5.

arrangement that creates an unfair competitive advantage for itself as a regulated rate supplier or retailer.

(4) An entity, including a rural electrification association, that carries on both the business of a regulated rate supplier and the business of a retailer shall not make an internal arrangement that creates an unfair competitive advantage for itself as a regulated rate supplier or retailer.

(5) A distributor or regulated rate supplier and an affiliated provider of the distributor or regulated rate supplier may make arrangements to create cost efficiencies in their operations if, in the opinion of the Commission, the arrangements do not create an unfair competitive advantage for the regulated rate supplier or the affiliated provider.

(6) An entity referred to in subsection (3) or (4) may make internal arrangements to create cost efficiencies in its operations if, in the opinion of the Commission, the arrangements do not create an unfair competitive advantage for the entity as a regulated rate supplier or retailer.

16. In ALTAGAS-AUC-2016JUL27-010, the Commission asked AltaGas to confirm if any cost-sharing or internal arrangement between AUI and AltaGas had been approved by the Commission and if confirmed, to list the decisions in which the arrangements were approved.¹⁶

17. AltaGas stated that all inter-affiliate transactions, including those between AltaGas and AUI, are subject to the inter-affiliate code of conduct approved by the Commission. AltaGas submitted that the inter-affiliate code of conduct should ensure that all transactions are completed at fair market value. Further, AltaGas added that cost sharing or internal arrangements under sections 17(5) and (6) of the *Code of Conduct Regulation* are encompassed within the inter-affiliate code of conduct approved by the Commission, and that it should be able to rely on compliance and reporting under the inter-affiliate code of conduct to satisfy the requirements of the *Code of Conduct Regulation* without need for further process.¹⁷

18. AltaGas indicated that if a cost sharing or internal arrangement between AltaGas and AUI were to arise outside the scope of the inter-affiliate code of conduct, AltaGas or AUI would notify the Commission in writing as to the nature, scope and details of the proposed transaction and request the Commission's direction on whether the proposed transaction is acceptable or creates an unfair competitive advantage.¹⁸

19. For the reasons that follow, the Commission is not persuaded that AltaGas's compliance measures in the revised compliance plan relating to Section 17 adequately address the requirements set out in the *Code of Conduct Regulation*.

20. AltaGas has proposed to rely on its inter-affiliate code of conduct and inter-affiliate compliance plan to ensure its compliance with Section 17 of the *Code of Conduct Regulation*. In the Commission's view, while the inter-affiliate code of conduct may assist in some circumstances, it is insufficient in itself to address the unfair competitive advantage prohibitions in Section 17. Specifically, neither the compliance plan nor the inter-affiliate code of conduct fully address the requirements of sections 17(5) and (6) of the *Code of Conduct Regulation* with respect to existing and future arrangements intended to create operational cost efficiencies.

¹⁶ Exhibit 21623-X0007, AltaGas Ltd – Information Request, July 27, 2016, PDF page 6.

¹⁷ Exhibit 21623-X0008, AltaGas reply to Commission IR, August 26, 2016, PDF page 9.

¹⁸ *Ibid.*

21. Although the concept of “unfair competitive advantage” set out in the current *Code of Conduct Regulation* transplants the prohibition of creating an unfair competitive advantage from the previous *Code of Conduct Regulation*, AR 160/2003 (*Electric Utilities Act*) and the *Code of Conduct Regulation*, AR 183/2003 (*Gas Utilities Act*) (the previous regulations), it has been modified through the addition of sections 17(5) and (6).
22. The previous regulations set out the prohibition against the creation of an unfair competitive advantage in Section 19 of each regulation. The sections that followed discussed the specific instances where an unfair competitive advantage would be deemed to exist, including sharing of customer information (Section 20 of each of the previous regulations), joint acquisitions, research and dispositions (Section 22 of each of the previous regulations), goods and services transactions (Section 23 of each of the previous regulations) and financial transactions (Section 24 of each of the previous regulations). These provisions of the previous regulations also carved out exemptions to a deemed unfair competitive advantage in the event that certain circumstances existed or certain controls were in place.
23. The current *Code of Conduct Regulation* re-establishes in Section 17 that the creation of an unfair competitive advantage is prohibited. Similar to the previous regulations, the sections that follow provide guidance for positive identification of unfair competitive advantages and specify carve-out exemptions to the prohibition as it relates to information sharing (Section 18), acquisitions, research and dispositions (Section 20), goods and services transactions (Section 21), and financial transactions (Section 22). Section 23 provides similar guidance and exemptions to the prohibition for entities carrying on more than one business specifically. Together, sections 18 and 20 through 23 provide that an entity is deemed to have created an unfair competitive advantage *unless* it demonstrates certain circumstances or if certain enumerated controls exist.
24. In addition to these exemptions, the *Code of Conduct Regulation* now regulates a previously un-regulated category of arrangements to create cost efficiencies. Implicitly, these arrangements, addressed by sections 17(5) and 17(6), do not relate to one of the types of arrangements that create an unfair competitive advantage where the circumstances or controls exist enunciated in sections 18, 20 and 21 or Section 23. It is this category of arrangement that now attracts the need to seek the opinion of the Commission that the arrangement does not create an unfair competitive advantage.
25. The Commission considers that sections 17(5) and 17(6) require an opinion of the Commission with respect to both existing and future arrangements. It is with respect to this requirement that the Commission finds AltaGas’s mechanisms and systems to be inadequate to meet its Section 17 obligations.
26. While AltaGas has cast the prohibition contained in Section 17 of the *Code of Conduct Regulation* in terms of a policy objective of the company under Section VII(A) Policy 1 of the revised compliance plan, the Commission finds that the mechanism to address this policy objective is insufficient. AltaGas is directed, in a compliance filing to this decision, to change Section VII(A) Policy 1 Mechanism 1 and add Mechanism 2 as follows:

Mechanism 1: In the event an arrangement of the type described in sections 17(5) or 17(6) of the Regulation is not explicitly exempted as not creating an unfair competitive advantage by sections 18, 20 and 21 or Section 23 of the Regulation, AltaGas will promptly notify the Commission, in writing, of the existing arrangement and will request an opinion of the Commission as to whether the existing arrangement creates an unfair

competitive advantage. In the event that the Commission determines that an existing arrangement does create a prohibited unfair competitive advantage, AltaGas will modify or terminate the arrangement in accordance with the directions of the Commission.

If given an approval, a record of the approval will be held by the finance or accounting group for a period of no less than six years from the date the written approval is granted.

Mechanism 2: In the event a new arrangement of the type described in sections 17(5) or 17(6) of the Regulation is not explicitly exempted as not creating an unfair competitive advantage by sections 18,20 and 21 or Section 23 of the Regulation, AltaGas will notify the Commission, in writing, of the proposed arrangement before such arrangement takes effect and will request an opinion of the Commission as to whether the proposed arrangement would create an unfair competitive advantage.

If given an approval, a record of the approval will be held by the finance or accounting group for a period of no less than six years from the date the written approval is granted.

27. The Commission expects AltaGas to file, on its own initiative, a stand-alone application in respect of present or future arrangements that require the Commission's opinion pursuant to Section 17 of the *Code of Conduct Regulation*.

28. Future audits by the Commission of AltaGas's compliance plan and investigations pursuant to a complaint will include verification of compliance with the requirements of Section 17.

2.3 Records of transactions

29. Section 27(2) of the *Code of Conduct Regulation* states:

27(2) If the total cost of all transactions for goods or services between a distributor or regulated rate supplier and an affiliated provider of the distributor or regulated rate supplier exceeds \$500 000 annually or an amount determined by the Commission, each of the transactions must be documented by one or more written agreements and must be supported by written evidence of the fair market value of the goods or services.

30. Mechanism 2 of Section VIII(C)¹⁹ in AltaGas's revised compliance plan provides for written records and approval by the compliance plan committee for any transaction exceeding \$500,000 annually.

If any transactions between AUI and AltaGas exceed \$500,000 annually, the Controller will obtain written evidence of Fair Market Value and provide this evidence to the Compliance Plan Committee at its next meeting unless the transaction has been otherwise approved by the Commission. These records will be made available by AltaGas to the Auditor.

31. Section 27 of the *Code of Conduct Regulation* requires each of the transactions to be documented by one or more written agreements which AltaGas has not committed to provide unless it is inferred to be contained within the written evidence of the fair market value in

¹⁹ Exhibit 21623-X0009, AltaGas Code of Conduct Regulation Compliance Plan_CLEAN, August 26, 2016, page 19.

Mechanism 2 or the written record of all goods and services sold, leased, exchanged, given or otherwise disposed in Mechanism 1. In addition, the mechanism is qualified as applying only “[i]f any transactions between AUI and AltaGas exceed \$500,000 annually”. This wording could be misunderstood such that the value of a single transaction would have to be \$500,000 before the mechanism would apply. The regulation clearly specifies that the \$500,000 threshold applies to the total cost of all transactions for goods or services between AUI and AltaGas. Further, the Commission has not approved a threshold that is different than the one specified in the *Code of Conduct Regulation*.

32. Therefore, the Commission directs AltaGas in its compliance filing to revise the mechanisms for Section 27 to clearly indicate that one or more written agreements documenting each transaction is required and that the mechanism applies to situations where the total cost for all transactions is \$500,000.

2.4 Notice to the public

33. Under Section 34(1) of the *Code of Conduct Regulation*, “[e]ach distributor, regulated rate supplier and affiliated provider of a distributor or regulated rate supplier shall give notice to the public in accordance with its compliance plan that complaints about contraventions of this Regulation may be made to the Commission or the Market Surveillance Administrator.” In ALTAGAS-AUC-2016JUL27-011, the Commission asked AltaGas for confirmation of the wording for which it was seeking approval of the Commission.²⁰ AltaGas proposed to revise its website, billing and compliance plan notices to reflect the AUC template provided on its website.

34. AltaGas proposed to insert the following notice concerning complaints or alleged contraventions in Section 1, Introduction, of its revised compliance plan:

As an Affiliated Provider, AltaGas is subject to the CCR. A copy of the CCR and the AltaGas Compliance Plan are posted at www.altagas.ca. Questions, comments, complaints, or alleged contraventions of AltaGas’ compliance with the Compliance Plan or CCR can be directed to the Compliance Officer, by calling 403-691-7575 or emailing compliance.officer@altagas.ca. Complaints relating to alleged contraventions of the Compliance Plan or CCR may be made to either the Commission, or the MSA who are independent of AltaGas. The Commission can be reached by calling 780-427-4903, or by emailing consumer-relations@auc.ab.ca. The MSA can be reached by calling 403-705-3181, or by emailing compliance@albertamsa.ca.

35. For purposes of its website, AltaGas proposed to include the identical notice, but to also add “Code of Conduct Regulation”, “Alberta Utilities Commission” and “Market Surveillance Administrator” before any of the abbreviations, CCR, AUC and MSA, respectively.

36. AltaGas stated that given there is limited space on a customer bill, it is seeking Commission approval of a shorter, but still compliant notice that reads as follows:

Complaints or alleged contraventions of the Code of Conduct Regulation or AltaGas’ Compliance Plan may be directed to either the AUC, at 780-427-4903 or consumer-

²⁰ Exhibit 21623-X0007, AltaGas Ltd – Information Request, July 27, 2016, PDF page 6.

relations@auc.ab.ca, or (b) the MSA, at 403-705-3181 or compliance@albertamsa.ca. Both the AUC and MSA are independent of AltaGas Ltd.²¹

37. Section 31(1)(a) allows the Commission to approve a compliance plan with changes and therefore, the Commission has revised the wording proposed by AltaGas for use on its website to read as follows (changes noted in bold and with underline):

As an Affiliated Provider, AltaGas is subject to the ~~CCR~~ **Code of Conduct Regulation**. A copy of the ~~CCR~~ **Code of Conduct Regulation** and the AltaGas Compliance Plan are posted at www.altagas.ca. Questions, comments, complaints, or alleged contraventions of AltaGas' compliance with the Compliance Plan or ~~CCR~~ **Code of Conduct Regulation** can be directed to the Compliance Officer, by calling 403-691-7575 or emailing compliance.officer@altagas.ca. Complaints relating to alleged contraventions of the Compliance Plan or ~~CCR~~ **Code of Conduct Regulation** ~~may~~ **can also** be made to either the **Alberta Utilities Commission (AUC)**, or the **MSA Market Surveillance Administrator (MSA)** who are independent of AltaGas. The ~~Commission~~ **AUC** can be reached by calling 780-427-4903, or by emailing consumer-relations@auc.ab.ca. The MSA can be reached by calling 403-705-3181, or by emailing compliance@albertamsa.ca.

38. The Commission finds that the web text as revised above is sufficient to satisfy the requirements of Section 34 of the *Code of Conduct Regulation* and approves the notice. The Commission finds that the text on customer bills must also include a statement to make it clear that any questions related specifically to the bill should be directed to AltaGas and not to the AUC or to the MSA.

3. Commission findings

39. Section 31(1) of the *Code of Conduct Regulation* allows the Commission to:

- (a) approve a compliance plan, with or without changes and with or without conditions,
....

40. The Commission accepts the changes AltaGas has made to its compliance plan in response to the Commission IRs. However, in accordance with its directions above, the Commission requires modifications to the AltaGas revised compliance plan in order to find that the compliance plan sufficiently addresses each of the requirements of the *Code of Conduct Regulation*.

41. Accordingly, the Commission approves AltaGas's revised compliance plan on an interim basis until such time as the Commission approves a final compliance plan, pursuant to the compliance filing directed in this decision. However, the Commission wishes to clarify that, with respect to any transactions or matters related to Section 17 of the *Code of Conduct Regulation*, it would not be sufficient for AltaGas to rely on the current systems and mechanisms contained in the revised plan, approved on an interim basis. Nor would it be sufficient for AltaGas to rely on its inter-affiliate code of conduct in order to continue existing arrangements or to justify any new arrangement which may result in the creation of an unfair competitive advantage, unless such

²¹ Exhibit 21623-X0008, AltaGas reply to Commission IR, August 26, 2016, PDF page 10.

arrangements are otherwise exempted pursuant to sections 18, 20 and 21 or Section 23 of the *Code of Conduct Regulation*.

42. Pursuant to *Code of Conduct Regulation* sections 31(4)(a) and 31(4)(c), the Commission expects AltaGas to send a copy of its revised compliance plan approved on an interim basis in this decision to AltaGas Utilities Inc. and to all AltaGas officers, employees, agents and contractors affected by the plan, as soon as practicable. AltaGas is also directed to post a copy of the revised compliance plan on its website and to indicate that it has been approved by the Commission on an interim basis.

43. The Commission reminds AltaGas that, in accordance with Rule 30: *Compliance with the Code of Conduct Regulation* and Section 33 of the *Code of Conduct Regulation*, AltaGas is required to file a compliance report with the Commission within 30 days of becoming aware of an incident of non-compliance with the *Code of Conduct Regulation* or its revised compliance plan. In addition, the annual compliance report is due 90 days following the end of each calendar year, with the first report due in March 2018 for the 2017 calendar year.

4. Order

44. It is hereby ordered that:

- (1) The Commission approves the AltaGas Ltd. compliance plan, as attached to this decision as Appendix 2, on an interim basis effective January 1, 2017.
- (2) The Commission approves the following wording for the notice to be posted on the AltaGas Ltd. website in accordance with Section 34 of the *Code of Conduct Regulation*:

As an Affiliated Provider, AltaGas is subject to the *Code of Conduct Regulation*. A copy of the *Code of Conduct Regulation* and the AltaGas Compliance Plan are posted at www.altagas.ca. Questions, comments, complaints, or alleged contraventions of AltaGas' compliance with the Compliance Plan or *Code of Conduct Regulation* can be directed to the Compliance Officer, by calling 403-691-7575 or emailing compliance.officer@altagas.ca. Complaints relating to alleged contraventions of the Compliance Plan or *Code of Conduct Regulation* can also be made to either the Alberta Utilities Commission (AUC), or the Market Surveillance Administrator (MSA) who are independent of AltaGas. The AUC can be reached by calling 780-427-4903, or by emailing consumer-relations@auc.ab.ca. The MSA can be reached by calling 403-705-3181, or by emailing compliance@albertamsa.ca.

- (3) AltaGas Ltd. is directed to file a compliance filing application in accordance with the directions contained within this decision on or before March 31, 2017.

Dated on December 16, 2016.

Alberta Utilities Commission

(original signed by)

Anne Michaud
Commission Member

Appendix 1 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. AltaGas is directed, in a compliance filing to this decision, to change Section VII(A) Policy 1 Mechanism 1 and add Mechanism 2 as follows..... Paragraph 26
2. The Commission directs AltaGas in its compliance filing to revise the mechanisms for Section 27 to clearly indicate that one or more written agreements documenting each transaction is required and that the mechanism applies to situations where the total cost for all transactions is \$500,000..... Paragraph 32
3. AltaGas is also directed to post a copy of the revised compliance plan on its website and to indicate that it has been approved by the Commission on an interim basis
..... Paragraph 42
4. AltaGas Ltd. is directed to file a compliance filing application in accordance with the directions contained within this decision on or before March 31, 2017..... Paragraph 44

Appendix 2 – AltaGas Ltd. Compliance Plan



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tRegulationDecision.pc

(contains 28 pages)

ALTAGAS LTD.
CODE OF CONDUCT REGULATION
COMPLIANCE PLAN
2016

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**ALTAGAS LTD.
CODE OF CONDUCT REGULATION**

COMPLIANCE PLAN

I. INTRODUCTION

(A) PURPOSE OF ALTAGAS LTD. COMPLIANCE PLAN

AltaGas Ltd. ("**AltaGas**"), is a corporation registered in Alberta that provides Retail Energy Services to Alberta energy consumers. AltaGas owns one hundred percent of AltaGas Utility Group Inc. which is the owner of AltaGas Utilities Inc. ("**AUI**"), a natural gas distributor, and is therefore an affiliated gas retailer and an Affiliated Provider for the purposes of the *Code of Conduct Regulation* (the "**CCR**").

AltaGas, as an Affiliated Provider, is required to file and obtain approval of this Compliance Plan from the Alberta Utilities Commission (the "**AUC**" or the "**Commission**").

AltaGas will be operated in a manner that is consistent with the CCR, which dictates acceptable and unacceptable conduct and business practices, the proper relationships among distributors and an affiliated provider, as well as other compliance requirements. The relevant provisions of the CCR are incorporated in AltaGas' Compliance Plan to govern and ensure, among other things:

- (a) Equality of treatment of Customers by AltaGas;
- (b) Protection of Customer Information;
- (c) Prevention of any unfair competitive advantage to affiliated providers of owners of a distributor;
- (d) The maintenance of separate records and accounts by the gas distributor and its affiliated provider;
- (e) The development of a Compliance Plan and ongoing compliance reports; and
- (f) Compliance Audits.

The Compliance Plan sets out the policies and mechanisms that AltaGas will rely upon to ensure that the operations of AltaGas, as an affiliate of AUI, are conducted in a manner that is consistent with the requirements of the CCR. The Compliance Plan will apply to all AltaGas Personnel. While the Compliance Plan is enacted to ensure compliance with the CCR, AltaGas Personnel shall comply with the CCR to the extent of any inconsistency between the Compliance Plan and the CCR.

AltaGas will not condone, encourage, or support any activity or behaviour on the part of AltaGas Personnel that is inconsistent with the requirements of the Compliance Plan or the CCR, and is committed to implementing immediate and comprehensive responses to any such activity or behaviour upon becoming aware of it.

Following approval by AltaGas, this Compliance Plan will become effective on the date that the Compliance Plan is approved by the Commission.

This Compliance Plan describes certain obligations and responsibilities of specified AltaGas management personnel. Notwithstanding this, and without otherwise reducing or eliminating the obligation and responsibility of the specified AltaGas management personnel to ensure any specific requirements of this Compliance Plan are satisfied, it is understood that all or a portion of the tasks described in this Compliance Plan may be assigned to a specified AltaGas management personnel may be reassigned by the Compliance Officer or further delegated by the specified AltaGas management personnel to other AltaGas Personnel.

Copies of the Compliance Plan are available on the AltaGas website at www.altagas.ca. Questions, comments, complaints, or alleged contraventions of AltaGas' compliance with the CCR or the Compliance Plan should be directed to the Compliance Officer, by calling 403-691-7575 or emailing compliance.officer@altagas.ca. Complaints relating to alleged contraventions of the CCR may be made to the Commission by calling 780-427-4903 or by emailing consumer-relations@auc.ab.ca or to the MSA by calling 403-705-3181 or by emailing compliance@albertamsa.ca. Both the AUC and MSA are independent of AltaGas as an Affiliated Provider.

The Compliance Officer is responsible for the ensuring compliance with the Compliance Plan and CCR. Assisting the Compliance Officer is a Compliance Plan Committee which is accountable for:

- (a) identifying proposed enhancements or improvements to the Compliance Plan and approving changes to the Compliance Plan, where appropriate;
- (b) providing direction to individual members of the Compliance Plan Committee and others administering compliance as it relates to the development, implementation, training, monitoring and reporting associated with the Compliance Plan; and
- (c) enforcing adherence to and ensuring compliance with the Compliance Plan and the CCR by AltaGas Personnel.

Unless otherwise noted, any reference to a mechanism, policy or section herein, refers to the mechanism, section and policies of this Compliance Plan.

II. DEFINITIONS

In this Compliance Plan,

"AltaGas" means AltaGas Ltd., an Affiliated Provider of AUI;

"AltaGas Customer" means a Customer of AltaGas who receives Retail Energy Services;

"AltaGas Customer Information" means information that is uniquely associated with an AltaGas Customer, could be used to identify an AltaGas Customer, or is provided by a Customer to AltaGas;

"**AltaGas Personnel**" means any officer or employee of AltaGas or any other Person, (including agents or contractors of AltaGas who are not employed by AltaGas) performing functions for or undertaking tasks on behalf of AltaGas and designated as AltaGas Personnel in accordance with this Compliance Plan; ;

"**AltaGas Personnel List**" means the list of AltaGas Personnel prepared by the Compliance Officer;

"**Affiliated Provider**" (i) in respect of a distributor means (A) an affiliated electricity retailer or affiliated gas retailer of the distributor, (B) a regulated rate supplier that is authorized by the distributor to provide regulated energy services, and (ii) in respect of a regulated rate supplier means an affiliated electricity retailer or affiliated gas retailer of the regulated rate supplier;

"**Auditor**" means one or more auditors appointed by the Commission under Section 39 of the CCR;

"**AUI**" means AltaGas Utilities Inc., a Distributor providing Regulated Energy Services and an affiliate of AltaGas;

"**AUI Customer**" means a Customer who receives Regulated Energy Services from AUI;

"**AUI Customer Information**" means information that is uniquely associated with an AUI Customer; could be used to identify an AUI Customer, or is provided by an AUI Customer to AUI;

"**CCR**" means the *Code of Conduct Regulation*;

"**Commission**" means the Alberta Utilities Commission;

"**Compliance Acknowledgment**" means the Appendix A form where those newly subject to the Compliance Plan acknowledge and certify they understand the obligations of the Compliance Plan

"**Compliance Confirmation**" means the Appendix B form where those who continue to be subject to the Compliance Plan indicate whether they complied and identify any non-compliance

"**Compliance Plan**" means this compliance plan of AltaGas, upon approval by the Commission pursuant to the CCR;

"**Compliance Plan Committee**" means the committee of senior AltaGas management personnel responsible for overseeing, developing, implementing and monitoring associated with the Compliance Plan, assisting in the administration of any necessary changes to the Compliance Plan, as well as the identification and mitigation of non-compliance with the CCR and Compliance Plan as required, which is chaired by the Compliance Officer and includes the following individuals:

- General Counsel
- Controller;
- Vice President responsible for Energy Services;

- Vice President responsible for utility business operations
- Compliance Officer; and
- Such other members as may be appointed from time to time.

"Compliance Officer" means the person appointed by the Compliance Plan Committee as the Compliance Officer who is accountable for the development of the Compliance Plan, overall adherence to the Compliance Plan and CCR, as well as administering investigations concerning any alleged contravention of the Compliance Plan or CCR;

"Compliance Plan Committee Report" means the report(s) prepared by the Compliance Officer, containing the reports provided at, and minutes of, the meetings of the Compliance Plan Committee;

"Compliance Plan Contravention Investigation Report" means the report prepared by the Compliance Officer containing details of any complaint or alleged AltaGas contravention of the Compliance Plan or the CCR as reported by a Person, which shall include, but not be limited to, the following information:

- (a) Date of the complaint or alleged contravention;
- (b) Date reported and the method used to report the complaint or alleged contravention;
- (c) Description of the complaint or alleged contravention;
- (d) Person reporting the complaint or alleged contravention;
- (e) The relevant section of the Compliance Plan that applies to the issues raised by the complaint or alleged contravention;
- (f) The process and procedures used to conduct the investigation;
- (g) Status of the complaint or alleged contravention;
- (h) Details of communication, or attempts to communicate, with the complainant; and
- (i) Conclusions of the Compliance Officer regarding the complaint or alleged contravention and the date upon which these conclusions were arrived at.

"Compliance Plan Contravention Report" means the report that summarizes the details of any contravention with the Compliance Plan or the CCR that is prepared by the Compliance Officer and which shall include the contents of the Compliance Plan Contravention Investigation Report as well as the measures undertaken by AltaGas to address any contravention or complaint and prevent similar contraventions or complaints from occurring in the future;

"Customer" (i) in respect of the electricity market means customer as defined in the Electric Utilities Act, and (ii) in respect of the natural gas market means customer as defined in the Gas Utilities Act;

"Customer Information" means information that is uniquely associated with a Customer, could be used to identify a Customer, or is provided by a Customer to AltaGas, and includes but is not limited to AltaGas Customer Information;

"Distributor" (i) in respect of the electricity market means an owner of an electric distribution system, but in the case of an entity that carries on both the business of an owner of an electric distribution system and the business of a regulated rate provider does not include the entity when carrying on the business of a regulated rate provider, and (ii) in respect of the natural gas market means a gas distributor, but in the case of an entity that carries on both the business of a gas distributor and the business of a default supply provider does not include the entity when carrying on the business of a default supply provider;

"Electronic Customer Information Repository" means a separate password protected electronic repository that contains Customer Information, and has the equivalent standard of security protocol of other data repositories created and maintained by the Person that has primary control and operation of the electronic repository;

"Electronic Customer Information Repository Description" means a list that includes the following information relating to each Electronic Customer Information Repository:

- (a) Name of the Electronic Customer Information Repository;
- (b) Accessible By, being a notation of the AltaGas Personnel who shall have access to the Electronic Customer Information Repository.

"Electronic Customer Information Repository List" means a list of the Electronic Customer Information Repositories maintained and operated by AltaGas;

"Energy Services" in respect of the electricity market means electricity services and in respect of the natural gas market means gas services or gas distribution services;

"Fair Market Value" means the price available in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act, expressed in terms of money;

"Gas Management Services" means the gas management services that AltaGas provides to AUI;

"MSA" means the corporation continued by section 32 of the *Alberta Utilities Commission Act*;

"Person" includes an individual or a corporation and the heirs, executors, administrators or other legal representatives of a person;

"Regulated Energy Services" means Energy Services that are provided and distributed by AUI or the access to which or the use of which is controlled by AUI pursuant to a tariff approved by the Commission;

"Retail Energy Services" (i) in respect of the electricity market means retail electricity services, and (ii) in respect of the natural gas market means retail gas services;

"Retailer" (i) in respect of the electricity market means retailer as defined in the Electric Utilities Act, and (ii) in respect of the natural gas market means retailer as defined in the Gas Utilities Act.

III. CONDUCT AND BUSINESS PRACTICES OF ALTAGAS

(A) CONDUCT OF ALTAGAS (CCR S. 3)

AltaGas Policy 1: AltaGas Personnel shall conduct their activities in a manner so as to comply with and ensure compliance with the CCR and this Compliance Plan.

Mechanism 1: Only AltaGas Personnel shall perform functions for or undertake tasks on behalf of AltaGas that are necessary for AltaGas to provide Retail Energy Services. The Compliance Officer shall designate the AltaGas Personnel on the AltaGas Personnel List and shall maintain and update the AltaGas Personnel List on an ongoing basis.

Mechanism 2: AltaGas Personnel will be informed of the applicable requirements of the CCR and the applicable requirements of the Compliance Plan by being required to: (a) read the Compliance Plan and (b) attend a training session, or alternatively review a video or Powerpoint presentation of a previously held training session, designed to address the applicable sections of the Compliance Plan. The timing of completion of this requirement will be within 45 days or less of the approval of this Compliance Plan by the Commission.

Mechanism 3: AltaGas Personnel will be informed of their obligation to immediately seek answers to all questions regarding the Compliance Plan and its impact on the specific role they perform in the provision of services to AltaGas from their immediate supervisor in the first instance. If there remains any doubt or confusion regarding an answer provided to a question the supervisor shall escalate the inquiry to a member of the Compliance Plan Committee. If there remains any doubt or confusion regarding an answer to a question, the member of the Compliance Plan Committee shall refer the matter to the Compliance Officer.

Mechanism 4: AltaGas Personnel shall be required to execute an acknowledgement in the form of Appendix A acknowledging he/she has read this Compliance Plan and understands the obligations of AltaGas, and his/her personal obligations, under the Compliance Plan. If the Compliance Plan is amended, the amended provisions will be provided to the AltaGas Personnel to whom the amendment applies within 15 days of the date of the amendment coming into force and a supplementary acknowledgement will be obtained within 30 days from receipt of the Compliance Plan, as amended. If a Person who is AltaGas Personnel does not provide an acknowledgement or fails to act in accordance with the Compliance Plan, such Person will no longer be considered AltaGas Personnel and any access granted to an Electronic Customer Information Repository will be

revoked until the Person is compliant with the Compliance Plan and executes an acknowledgment.

Mechanism 5: Within 60 days after the end of each calendar year, all AltaGas Personnel whose names appear on the AltaGas Personnel List on December 31 of the prior calendar year, will be required to review this Compliance Plan and execute a confirmation in the form of Appendix B confirming that he/she has undertaken the required review of the Compliance Plan and has acted in accordance with the requirements of this Compliance Plan during the prior calendar year. Any Person that fails to comply with the Compliance Plan or execute a confirmation will no longer be considered AltaGas Personnel and any access granted to an Electronic Customer Information Repository will be revoked until the Person is compliant with the Compliance Plan and executes a confirmation.

Mechanism 6: The Compliance Plan, as amended, will be posted on the AltaGas website for viewing by the public and AltaGas Personnel within 15 days of approval of the Compliance Plan by the Commission;

Mechanism 7: The Compliance Officer will review the contents of the AltaGas website on a quarterly basis to confirm the Compliance Plan posted by AltaGas is current and accurate. A record of this review shall be maintained by the Compliance Officer.

Mechanism 8: Adherence to the Compliance Plan and the CCR by AltaGas Personnel will be an important consideration taken into account by AltaGas in its assessment of the performance of AltaGas Personnel. Breach of the Compliance Plan by AltaGas Personnel may result in disciplinary action, up to and including termination of employment or contract with AltaGas.

Mechanism 9: Officers, employees, agents, or contractors newly designated as AltaGas Personnel and who are added to the AltaGas Personnel List from time to time will be informed of the applicable requirements of the CCR and Compliance Plan by being required to: (a) read the Compliance Plan and (b) attend a training session, or alternatively review a video or Powerpoint presentation of a previously held training session, designed to address the applicable sections of the Compliance Plan within 30 days of being added to the AltaGas Personnel List.

IV. CUSTOMERS

(A) TYING PROHIBITED (CCR S. 4)

AltaGas Policy 1: AltaGas Personnel shall not represent that the provision of Regulated Energy Services to a Customer is conditional on the Customer acquiring any other goods or services from AltaGas or any other Retailer.

Mechanism 1: The Compliance Officer will regularly review the standard form of AltaGas' monthly billing envelope, its contents, and bill that will be distributed to AltaGas Customers to ensure that they do not contain language that requires or induces AltaGas Customers to purchase any goods or services from AltaGas or any other

Retailer by making or appearing to make the provision of Regulated Energy Services conditional on those purchases and will keep a written record of this review.

Mechanism 2: The Divisional Vice President of AltaGas responsible for Energy Services shall keep a copy of all AltaGas consumer awareness and education materials and other AltaGas communications that will be distributed to AltaGas Customers, through the AltaGas billing envelope or otherwise, and the Compliance Officer will at least quarterly review the content of such materials and communications and will keep a written record of this review.

Mechanism 3: AltaGas will include the disclosure statement in Section 7(1) of the CCR in 12 point bold font and contrasting background in its advertising that markets Retail Energy Services and on its website. The Compliance Officer will review and retain a quarterly printout from the website as well as review and retain any advertising that markets Retail Energy Services provided to Customers or potential customers to verify compliance.

(B) TRANSFER OF CUSTOMERS (CCR S. 5)

Section 5 of the CCR does not impose requirements or restrictions applicable to Retailers or Affiliated Providers, including AltaGas.

(C) REPRESENTATIONS (CCR S. 6)

AltaGas Policy 1: AltaGas Personnel shall not represent or imply in any way in communications with AltaGas Customers or the public that present or future customers of AltaGas will receive treatment from AUJ that is different from the treatment received by present or future Customers of other Retailers.

Mechanism 1: Same as Mechanism 1 under AltaGas Policy 1 in Section IV. (A).

Mechanism 2: Same as Mechanism 2 under AltaGas Policy 1 in Section IV. (A).

Mechanism 3: Same as Mechanism 3 under AltaGas Policy 1 in Section IV. (A).

(D) ADVERTISING (CCR S. 7)

AltaGas Policy 1: The Compliance Plan Committee shall ensure that AltaGas includes the conspicuous statements described in section 7(1) of the CCR on its website and in any written advertising that markets Retail Energy Services.

Mechanism 1: Same as Mechanism 2 under AltaGas Policy 1 in Section IV. (A).

Mechanism 2: Same as Mechanism 3, under AltaGas Policy 1 in Section IV. (A).

(E) MEETINGS BY AUI WITH RETAILERS AND CUSTOMERS (CCR S. 8)

Section 8 of the CCR does not impose requirements or restrictions applicable to Retailers or Affiliated Providers, including AltaGas.

V. CUSTOMER INFORMATION

(A) CONFIDENTIALITY RULE, DISCLOSURE OF CUSTOMER INFORMATION, AND CONDITIONS ON DISCLOSURE (CCR S. 9, 10)

AltaGas Policy 1: AltaGas Personnel shall protect the confidentiality and security of Customer Information and shall not, without written customer consent, disclose AltaGas Customer Information to any Person other than an individual whose name appears on the AltaGas Personnel List *unless* the disclosure is permitted pursuant to Section 10 of the CCR.

Mechanism 1: Same as Mechanism 1, under AltaGas Policy 1 in Section III. (A).

Mechanism 2: AltaGas Customer Information in the form of electronic data will be maintained and stored only in an Electronic Customer Information Repository accessible only by AltaGas Personnel. AltaGas Customer Information shall also be accessible to AltaGas Personnel outside of their work premises through a secure password protected electronic connection to the Electronic Customer Information Repository.

Mechanism 3: On at least a quarterly basis, the Director Information Technology of AltaGas shall determine whether each Electronic Customer Information Repository maintained by AltaGas that contains AltaGas Customer Information is secured to ensure that only AltaGas Personnel have access. The Director Information Technology of AltaGas shall prepare a report detailing whether access was granted to any non-AltaGas Personnel and provide a copy of this report to the Compliance Officer. If the report indicates that individuals other than AltaGas Personnel have obtained electronic access to any Electronic Customer Information Repository maintained by AltaGas that contains AltaGas Customer Information, the Compliance Officer shall prepare a Compliance Plan Contravention Report.

Mechanism 4: The Director Information Technology will prepare or update, if necessary, the Electronic Customer Information Repository Description for each Electronic Customer Information Repository maintained by AltaGas, upon any material change to each Electronic Customer Information Repository and provide any updated Electronic Customer Information Repository Description and updated Electronic Customer Information Repository List to the Compliance Officer.

Mechanism 5: The Director Information Technology will ensure that only AltaGas Personnel that have provided the acknowledgement will be granted access to the Electronic Customer Information Repository to ensure the access rights are consistent with the Compliance Plan, and AltaGas will maintain a written record of such approvals through the AltaGas Personnel List.

Mechanism 6: Arrangements for the off-site storage of AltaGas Customer Information in locations that are not premises of AltaGas will be made only by AltaGas Personnel or AltaGas personnel who have responsibility for arranging off-site storage. The off-site storage facility must have security features that will allow AltaGas to restrict access to the off-site storage only to individuals whose names appear on the AltaGas Personnel List and employees of the off-site storage facility.

AltaGas Policy 2: AltaGas Personnel are the only individuals that shall have authority to authorize the release of Customer Information to a Person.

Mechanism 1: The Compliance Officer shall maintain the AltaGas Personnel List and seek to ensure compliance with the Compliance Plan such that only individuals whose names appear on the AltaGas Personnel List shall engage in the release of Customer Information in response to a written request of an AltaGas Customer to do so.

AltaGas Policy 3: AltaGas Personnel will not disclose Customer Information to any Person unless it is in accordance with the conditions of this Compliance Plan and the CCR.

Mechanism 1: AltaGas will only accept an electronic or written consent and will not accept a verbal consent from a Customer to release (or obtain) his/her Customer Information.

Mechanism 2: The Director of Commercial and Industrial Markets of AltaGas will ensure paper or electronic copy of each written consent form permitting the disclosure or receipt of Customer Information is retained by AltaGas for a period of six years from the date on the consent form. The Director of Commercial and Industrial Markets will verify that the Customer's consent to disclose (or obtain) its Customer information includes all of the following:

- (a) The date the Customer's consent to disclose or obtain Customer Information was received by AltaGas;
- (b) The Customer Information that is authorized to be disclosed or obtained by the Customer;
- (c) The period of time that the Customer consent to release or obtain Customer Information is in effect;
- (d) Whether the consent of the Customer authorizes the Customer Information to be released to one, some, or all Retailers, and if the consent is limited to one or some Retailers, the name(s) of the Retailer(s); and

- (e) The date the Customer Information is released or procured by AltaGas to a Retailer or Retailers or received by AltaGas from a Distributor.

Mechanism 3: For any request relating to the disclosure or procurement of Customer Information that has not been accompanied by a Customer's Consent, the Director of Commercial and Industrial Markets of AltaGas will consult a member of the Compliance Plan Committee. If there remains any doubt or confusion regarding whether disclosure should occur, the member of the Compliance Plan Committee may refer the matter to the Compliance Officer to determine whether the requested disclosure is authorized under Section 10 of the CCR.

Mechanism 4: Same as Mechanism 2, under AltaGas Policy 1 in Section III. (A).

Mechanism 5: Same as Mechanism 3, under AltaGas Policy 1 in Section III. (A).

Mechanism 6: Same as Mechanism 4, under AltaGas Policy 1 in Section III. (A).

Mechanism 7: Same as Mechanism 5, under AltaGas Policy 1 in Section III. (A).

AltaGas Policy 4: AltaGas will maintain separate work premises from those work premises occupied by AUI. AltaGas work premises shall not be considered AUI work premises as a result of AltaGas Personnel providing Gas Management Services to AUI.

Mechanism 1: The Compliance Officer and/or Director of Information Technology, shall undertake a review of the AltaGas work premises and ensure the premises are separated.

(B) CONDITIONS ON DISCLOSURE OF CUSTOMER INFORMATION (CCR S. 11)

Section 11 of the CCR does not impose requirements or restrictions applicable to Retailers or Affiliated Providers, including AltaGas.

(C) HISTORICAL ELECTRICITY OR GAS USAGE (CCR S. 12)

AltaGas Policy 1: As a Retailer, AltaGas must not request a Customer's historical electricity or gas usage Information without the Customer's consent.

Mechanism 1: Same as Mechanism 1 under AltaGas Policy 3 in Section V. (A).

Mechanism 2: Same as Mechanism 2 under AltaGas Policy 3 in Section V. (A).

(D) AGGREGATED CUSTOMER INFORMATION (CCR S. 13)

Section 13 of the CCR does not impose requirements or restrictions applicable to Retailers or Affiliated Providers, including AltaGas.

VI. BUSINESS PRACTICES OF DISTRIBUTORS AND REGULATED RATE SUPPLIERS

(A) EQUAL TREATMENT OF RETAILERS (CCR S. 14)

Section 14 of the CCR does not impose requirements or restrictions applicable to Retailers or Affiliated Providers, including AltaGas.

(B) PROHIBITIONS (CCR S. 15)

Section 15 of the CCR does not impose requirements or restrictions applicable to Retailers, or Affiliated Providers, including AltaGas.

(C) INFORMATION ABOUT RETAIL ENERGY SERVICES (CCR S. 16)

Section 16 of the CCR does not impose requirements or restrictions applicable to Retailers, or Affiliated Providers, including AltaGas.

VII. RELATIONS AMONG DISTRIBUTORS AND AFFILIATED PROVIDERS OR RETAILERS

(A) UNFAIR COMPETITIVE ADVANTAGES PROHIBITED (CCR S. 17)

AltaGas Policy 1: Any sharing of costs, costs efficiencies or internal arrangements shall not create an unfair competitive advantage for either AltaGas or AUI. All sharing of costs, cost efficiencies, and internal arrangements between AUI and AltaGas shall reflect the appropriate allocation and recording of the economic benefits or costs between AUI and AltaGas and shall be tracked in separate records and accounts maintained by AUI and AltaGas.

Mechanism 1: Any cost-sharing or internal arrangement between AUI and AltaGas, with the exception of an arrangement otherwise approved by the Commission, shall specify the percentage allocation of costs between AUI and AltaGas, include a description of the justification for the allocation, and will require the prior written approval of the Controller.

A record of the approval will be held by the finance or accounting group for a period of no less than six years from the date the written approval is granted.

(B) INFORMATION SHARING (CCR S. 18)

AltaGas Policy 1: AltaGas will ensure that AUI's Customer Information is not disclosed or made available to AltaGas Personnel that could use such information for marketing or sales of Energy Services.

Mechanism 1: Same as Mechanism 1 under Policy 1 in Section III. (A).

Mechanism 2: Same as Mechanism 4, under Policy 1 in Section III. (A).

Mechanism 3: Same as Mechanism 5, under Policy 1 in Section III. (A).

Mechanism 4: Same as Mechanism 1, under Policy 4 in Section V. (A).

(C) RETAILER SEEKING AUI CUSTOMER INFORMATION (CCR S. 19)

AltaGas Policy 1: AltaGas Personnel shall not seek or receive AUI Customer Information or other information from a current or former officer, employee, agent or contractor of AUI for sales or marketing purposes.

Mechanism 1: The Compliance Officer shall document all such reports received in writing, or any other form, and investigate all reports to determine if any AUI Customer Information was improperly sought or received from AUI. These reports shall be included in the quarterly Compliance Plan Committee Report.

Mechanism 2: Upon termination of their employment with AltaGas (voluntary or otherwise) AltaGas Personnel shall be informed of their obligation to continue to protect the confidentiality of Customer Information.

Mechanism 3: Same as Mechanism 2 under AltaGas Policy 1 in Section III. (A).

Mechanism 4: Same as Mechanism 3 under AltaGas Policy 1 in Section III. (A).

Mechanism 4: Same as Mechanism 4 under AltaGas Policy 1 in Section III. (A).

Mechanism 5: Same as Mechanism 5 under AltaGas Policy 1 in Section III. (A).

(D) ACQUISITIONS, RESEARCH, AND DISPOSITIONS (CCR S. 20)

AltaGas Policy 1: To prevent the creation of an unfair competitive advantage, the accounting for all joint acquisitions of products, research and development, or dispositions of property by AUI and AltaGas shall reflect an appropriate allocation and recording of the economic benefits or costs between AUI and AltaGas in a manner that is consistent with the economic benefits or costs attributable to AUI and AltaGas.

Mechanism 1: The Controller shall account for all joint acquisitions, research and development, and dispositions of property in accordance with this Policy and shall be responsible for recording, at the time of the transaction, an entry in the records and accounts of AUI and AltaGas of any joint purchases or acquisitions, research and development or disposition of property, the rationale for such, and the basis for the allocation of the economic benefits or costs between AUI and AltaGas. These records and accounts will be made available by AltaGas to the Auditor.

Mechanism 2: All joint acquisitions, research and development or disposition of property by AUI and AltaGas, with the exception of a transaction otherwise approved by the

Commission, shall be reported by the Controller to the Compliance Plan Committee at the next meeting following such occurrence.

(E) GOODS AND SERVICES TRANSACTIONS TO BE AT FAIR MARKET VALUE (CCR S. 21)

AltaGas Policy 1: All transactions involving the sale, lease, exchange, transfer or other disposition of goods or services between AUI and AltaGas shall be at Fair Market Value, or the regulated value if the good or service is regulated by municipal, provincial or federal government or a government agency.

Mechanism 1: The Controller shall approve the valuation of all sales, leases, exchanges, transfers or other dispositions of goods or services at Fair Market Value in accordance with this AltaGas Policy and shall be responsible for recording at the time of the transaction in the records and accounts of AUI and AltaGas all sales, leases, exchanges, transfers or other dispositions of goods or services and the rationale supporting the valuation. These records and accounts will be made available by AltaGas to the Auditor.

Mechanism 2: All transactions involving the sale, lease, exchange, transfer or other disposition of goods or services between AUI and AltaGas, with the exception of a sale, lease, exchange, transfer or other disposition of goods or services between AUI and AltaGas otherwise approved by the Commission, shall be reported by the Controller to the Compliance Plan Committee at the next meeting following such occurrence.

(F) FINANCIAL TRANSACTIONS (CCR S. 22)

AltaGas Policy 1: Financial transactions by AUI on behalf of AltaGas or jointly entered into by AUI and AltaGas (including the issuance of equity or debt) must not be on more favourable terms than AltaGas could have obtained on its own.

Mechanism 1: If AUI on behalf of AltaGas or jointly enters into with AltaGas any financial transactions, the Controller shall approve the terms of such financial transaction and shall include a justification that the transaction did not have more favourable terms than AltaGas could have obtained on its own.

Mechanism 2: Financial transactions between AUI and AltaGas shall be reported by the Controller or designate to the Compliance Plan Committee at the first quarterly meeting following the financial transaction unless the transaction was previously approved by the Commission.

(G) ENTITIES CARRYING ON MORE THAN ONE BUSINESS (CCR S. 23)

Section 23 of the CCR is not applicable as AltaGas and AUI are separate legal entities.

(H) ACCESS TO PUBLICLY AVAILABLE INFORMATION (CCR S. 24)

Section 24 of the CCR does not impose requirements or restrictions applicable to Affiliated Providers or Retailers, including AltaGas.

VIII. SEPARATE RECORDS AND ACCOUNTS

(A) RECORDS AND ACCOUNTS (CCR S. 25)

AltaGas Policy 1: AUI and AltaGas shall have separate records and accounts.

Mechanism 1: The Controller will ensure the accounts and records of AUI and AltaGas are kept separate from each other and

(a) Sufficient records and accounts are maintained to enable an audit to be conducted under Part 4 of the CCR;

(b) That the accounts comply with generally accepted accounting principles.

(B) WRITTEN FINANCIAL TRANSACTIONS (CCR S. 26)

AltaGas Policy 1: To prevent the creation of an unfair competitive advantage, all financial transactions between AUI and AltaGas shall be in writing and shall be approved in advance by the AltaGas' Controller.

Mechanism 1: The Controller will ensure that all financial transactions between AUI and AltaGas are recorded in the accounts and records of AUI and AltaGas are supported by written documentation describing and confirming the transaction.

Mechanism 2: The written documentation of financial transactions between AUI and AltaGas will be made available by AltaGas to the Auditor.

Mechanism 3: All financial transactions between AUI and AltaGas, with the exception of financial transactions approved by the Commission, shall be reported by the Controller to the Compliance Plan Committee at the first quarterly Compliance Plan Committee meeting following the financial transaction.

(C) TRANSACTION RECORDS FOR GOODS AND SERVICES (CCR S. 27)

AltaGas Policy 1: AltaGas shall maintain a written record of all goods and services sold, leased, exchanged, given or otherwise disposed of between AUI and AltaGas, which shall include the value of the transaction expressed in terms of money.

AltaGas Policy 2: Transactions between AUI and AltaGas that involve goods or services sold, leased, exchanged, given, or otherwise disposed of between AUI and AltaGas in an amount greater than an annual amount of \$500,000, including transactions approved by the Commission, shall be documented by an agreement in writing and the valuation of the transaction shall reflect Fair Market Value.

Mechanism 1: The Controller will maintain a written record of all goods and services sold, leased, exchanged, given or otherwise disposed of between AUI and AltaGas which will include the value of the transaction expressed in terms of money.

Mechanism 2: If any transactions between AUI and AltaGas exceed \$500,000 annually, the Controller will obtain written evidence of Fair Market Value and provide this evidence to the Compliance Plan Committee at its next meeting unless the transaction has been otherwise approved by the Commission. These records will be made available by AltaGas to the Auditor.

(D) MAINTAINING RECORDS (CCR S. 28)

AltaGas Policy 1: AltaGas shall maintain the records, accounts, financial transactions, reports and plans required by the CCR and the Compliance Plan for a period of at least six (6) years.

Mechanism 1: The Compliance Officer and the Controller will jointly be responsible for making the necessary arrangements to maintain and store all records that must be maintained by AltaGas for the required period.

Mechanism 2: The records, accounts, financial transactions, reports and plans of AltaGas that must be maintained for the required period and which contain AltaGas Customer Information in the form of electronic or physical records will be accessible physically and/or through a password protected data system only by AltaGas Personnel in secure work premises or at an off-site storage facility. The off-site storage facility must have security features that will allow AltaGas to restrict access to the off-site storage only to individuals whose names appear on the AltaGas Personnel List, Auditors, and employees of the off-site storage facility.

IX. COMPLIANCE PLANS

(A) NO RETAIL ENERGY SERVICES WITHOUT APPROVED COMPLIANCE PLANS (CCR S. 29)

AltaGas Policy 1: AltaGas shall not provide Retail Energy Services until AltaGas has received approval of the Compliance Plan from the Commission.

Mechanism 1: AltaGas will operate under its existing approved Compliance Plan until such time as this Compliance Plan is considered compliant with the CCR and approved by the Commission

Mechanism 2: Same as Mechanism 4 under AltaGas Policy 1 in Section III.(A).

Mechanism 3: Same as Mechanism 5 under AltaGas Policy 1 in Section III.(A).

Mechanism 4: Same as Mechanism 6 under AltaGas Policy 1 in Section III.(A).

(B) COMPLIANCE PLAN REQUIRED (CCR S. 30)

AltaGas Policy 1: AltaGas shall ensure AltaGas Personnel are notified of their obligations contained in AltaGas' Compliance Plan and the CCR.

Mechanism 1: Same as Mechanism 2 under AltaGas Policy 1 in Section III.(A).

Mechanism 2: Same as Mechanism 4 under AltaGas Policy 1 in Section III.(A).

Mechanism 3: Same as Mechanism 5 under AltaGas Policy 1 in Section III.(A).

(C) APPROVAL OF COMMISSION (CCR S. 31)

AltaGas Policy 1: Once approved by the Commission, AltaGas shall as soon as practicable send a copy of its Compliance Plan to AltaGas Personnel and AUI.

Mechanism 1: Same as Mechanism 2 under AltaGas Policy 1 in Section III.(A).

Mechanism 2: Same as Mechanism 4 under AltaGas Policy 1 in Section III.(A).

Mechanism 3: Same as Mechanism 5 under AltaGas Policy 1 in Section III.(A).

Mechanism 4: Same as Mechanism 6 under AltaGas Policy 1 in Section III.(A).

Mechanism 5: As soon as practicable after approval by the Commission, a copy of AltaGas' Compliance Plan will be provided to AUI.

(D) CHANGES TO COMPLIANCE PLAN (CCR S. 32)

AltaGas Policy 1: AltaGas shall file amendments to the Compliance Plan within 60 days following a change to the CCR or a change in circumstances that requires a change to the Compliance Plan and will send a copy of the amended Compliance Plan to AltaGas Personnel and AUI.

Mechanism 1: Same as Mechanism 2 under AltaGas Policy 1 in Section III.(A).

Mechanism 2: Same as Mechanism 4 under AltaGas Policy 1 in Section III.(A).

Mechanism 3: Same as Mechanism 5 under AltaGas Policy 1 in Section III.(A).

Mechanism 4: Same as Mechanism 6 under AltaGas Policy 1 in Section III.(A).

Mechanism 5: As soon as practicable after approval of the amendments to the Compliance Plan by the Commission, a copy of AltaGas' Compliance Plan will be provided to AUI.

Mechanism 6: Same as Mechanism 7 under AltaGas Policy 1 in Section III.(A).

X. QUARTERLY AND ANNUAL COMPLIANCE REPORTS (CCR S. 33)

AltaGas Policy 1: The Board of Directors of AltaGas shall be informed, on no less than a quarterly basis, of any Compliance Plan Contravention Investigation Reports and Compliance Plan Contravention Reports which shall include any non-compliance with the Compliance Plan or the CCR and the action taken to remedy such non-compliance, and any complaints of non-compliance with the Compliance Plan or the CCR and how the complaints were dealt with.

Mechanism 1: If there are complaints of non-compliance with the CCR or the Compliance Plan, or if it is determined that AltaGas did not comply with the CCR or the Compliance Plan, the Compliance Officer will provide a Compliance Plan Contravention Report to the Commission within 30 days of becoming aware of an incident of non-compliance. A copy of the Compliance Plan Contravention Report will be provided to the Compliance Plan Committee and the Board of Directors of AltaGas.

Mechanism 2: Within 90 days following the end of each calendar year, AltaGas will send to the Commission, a Compliance Plan Contravention Report, approved by the Board of Directors of AltaGas, that describes any non-compliance with the Compliance Plan or the CCR and the action taken to remedy such non-compliance, and any complaints of non-compliance with the Compliance Plan or the CCR and how the complaints were dealt with.

Mechanism 3: A Compliance Plan Committee Report will be provided to the Board of Directors of AltaGas by the Compliance Officer on a quarterly basis, within 60 days following the end of each of the first three quarters of a calendar year and within 90 days following the end of the fourth quarter.

AltaGas Policy 2: AltaGas Personnel who become aware of circumstances that they believe may constitute a contravention of the Compliance Plan or the CCR shall forthwith report this information to the Compliance Officer.

Mechanism 1: Same as Mechanism 2 under Policy 1 in Section III A.

AltaGas Policy 3: The Compliance Officer shall hold meetings to receive reports and oversee additional matters relevant to the Compliance Plan and CCR and will prepare a Compliance Plan Contravention Investigation Reports or Compliance Plan Contravention Reports, if necessary, within 30 days.

Mechanism 1: The Compliance Plan Committee by way of a quarterly meeting will:

- (a) Receive and review the updated AltaGas Personnel List and any updated Electronic Customer Information Repository descriptions relating to Electronic Customer Information Repositories maintained by AltaGas;

- (b) Receive and review reports of any current AltaGas employee whose name is not on the AltaGas Personnel List who has sought or received Customer Information from any present or former officer, employee, agent, or contractor of AltaGas and provide any appropriate directions;
- (c) Receive and review a report of all AltaGas consumer awareness and education materials and other AltaGas communications approved, since the last meeting of the Compliance Plan Committee, for distribution to the public pursuant to the Compliance Plan and provide any appropriate directions;
- (d) Receive and review reports from the Controller regarding any joint acquisitions by AUI and AltaGas made since the last meeting;
- (e) Receive and review reports from the Controller involving any sale, lease, exchange, transfer, or other disposition of goods or services between AUI and AltaGas made since the last meeting;
- (f) Receive and review reports from the Controller describing any financial transactions (other than those approved by the Commission), between AUI and AltaGas made since the last meeting;
- (i) Receive and review reports from the Compliance Officer of any action taken by AltaGas or AltaGas Personnel in response to an emergency that threatens public safety or the safety of AltaGas Personnel;
- (j) Consider any necessary changes to the Compliance Plan that reflect changed circumstances or improved practices;
- (k) Receive and review a report regarding the security and access to Electronic Customer Information Repositories from the Director of Information Technology upon any material change to the business systems of AltaGas; and
- (l) Receive and review Compliance Plan Contravention Investigation Reports and Compliance Plan Contravention Reports and the actions taken to remedy any non-compliance.

The Compliance Officer will maintain minutes of the Compliance Plan Committee meetings and bring any Compliance Plan Contravention Investigation Reports or Compliance Plan Contravention Reports to the Committee's attention as soon as practicable and raise them successively with the Governance Committee of the Board of Directors of AltaGas and Commission in accordance with this Compliance Plan.

XI. INFORMATION ABOUT COMPLAINTS (CCR S. 34)

AltaGas Policy 1: AltaGas will notify the public of its right to report any contraventions of the CCR or the Compliance Plan to the MSA or the Commission. All complaints of alleged contraventions of the CCR received by AltaGas from the public shall be referred to the Compliance Officer who shall

acknowledge receipt of the complaint, in writing, within 10 business days of AltaGas receiving the complaint and investigate the complaint or alleged contravention and take reasonable measures to address the complaint or alleged contravention within 30 days or less of receiving the Complaint.

Mechanism 1: Prior to providing a notice to the public pursuant to Section 34 of the CCR AltaGas' Compliance Officer will seek the Commission's approval of a notice it provides to the public.

Mechanism 2: Within 15 days following the approval of the notice by the Commission, the Compliance Officer will ensure the notice is posted to the AltaGas website.

AltaGas Policy 2: AltaGas shall give notice to the public that complaints about contraventions of the CCR may be made to the Commission or the MSA.

Mechanism 1: Commencing no later than 60 days after approval of the AltaGas Compliance Plan, AltaGas will include text on the Customer's bill, giving notice to the Customer that complaints about contraventions of the Compliance Plan or CCR may be made to the Commission or MSA and that the Commission and MSA are independent of AltaGas as an Affiliated Provider. This notice shall be approved by the Commission prior to being placed by AltaGas.

Mechanism 2: Reports from the public of matters that may constitute a contravention of the Compliance Plan or the CCR will be addressed by the Compliance Officer.

Mechanism 3: Upon AltaGas receiving a complaint or an alleged contravention, the Compliance Officer will log the complaint or allegation and forthwith investigate the matter to determine if any contravention of the Compliance Plan or CCR occurred.

To that end, the Compliance Officer will develop a process and procedure to conduct the investigation, and, if possible, resolve the complaint or alleged contravention. This procedure will, if time permits, be circulated to the Compliance Plan Committee for input. Such procedure will involve consideration of, among other things, the following details:

- the basis for conducting the investigation;
- suggested timeline to conduct the investigation;
- those individuals assigned to investigate;
- the detailed scope and plan for investigation;
- internal reporting requirements;
- external reporting requirements;
- when to conclude the investigation; and

- suggested timeline and methods to be used to communicate with the complainant.

Upon completion of the investigation, the Compliance Officer will document the circumstances of alleged contravention in the Compliance Plan Contravention Investigation Report. The Compliance Officer will endeavour to resolve any complaint of alleged violation of the CCR or the Compliance Plan with the member of the public that lodged the complaint within 30 days or less of AltaGas receiving the complaint.

Mechanism 4: If it is established that a contravention of the CCR or the Compliance Plan has occurred, the Compliance Officer will prepare a Compliance Plan Contravention Report and provide the Compliance Plan Contravention Report to the Compliance Plan Committee as soon as reasonably practicable and no later than 30 days after becoming aware of the contravention.

XII. PUBLICATION OF COMPLIANCE PLANS AND REPORTS (CCR S. 35)

Section 35 of the CCR does not impose requirements or restrictions applicable to Affiliated Providers including AltaGas.

XIII. REGULATION PREVAILS (CCR S. 36)

AltaGas Policy 1: Compliance by AltaGas with the Compliance Plan does not release AltaGas Personnel from complying with the CCR.

Mechanism 1: Same as Mechanism 2 under AltaGas Policy 1 in Section III.(A).

Mechanism 2: Same as Mechanism 4 under AltaGas Policy 1 in Section III.(A).

Mechanism 3: Same as Mechanism 5 under AltaGas Policy 1 in Section III.(A).

XIV. ALTERNATIVE COMPLIANCE ARRANGEMENTS (CCR S. 37)

Section 37 of the CCR does not impose requirements or restrictions applicable to Affiliated Providers including AltaGas.

XV. EXCEPTIONS

(A) EMERGENCY EXCEPTIONS (CCR S. 38)

AltaGas Policy 1: Any action taken by AltaGas or AltaGas Personnel in response to an emergency that threatens public safety, the safety of AltaGas personnel, the physical integrity of its facilities or system reliability does not contravene the Compliance Plan or the CCR.

Mechanism 1: Any action taken by AltaGas or AltaGas Personnel in response to an emergency that threatens public safety, the safety of AltaGas personnel, or any other Person

or the physical integrity of AltaGas facilities or system reliability that otherwise would result in a breach of this Compliance Plan will be forthwith reported in writing to the Compliance Officer who shall report such occurrence to the Commission within 10 business days of the date of the emergency and to the Compliance Plan Committee at the next meeting of the Compliance Plan Committee.

XVI. COMPLIANCE AUDIT

(A) APPOINTMENT OF AUDITOR (CCR S. 39)

Section 39 of the CCR does not impose requirements or restrictions applicable to Affiliated Providers including AltaGas.

(B) AUDIT (CCR S. 40)

AltaGas Policy 1: AltaGas Personnel shall be required by AltaGas to fully co-operate with an audit by an Auditor.

Mechanism 1: Employees of the Auditor shall provide reasonable proof to AltaGas Personnel of their identity prior to requesting access to AltaGas Customer Information.

Mechanism 2: The Compliance Officer shall be responsible for ensuring that the AltaGas Personnel are informed that the Auditor has the authority to receive any information required to complete the audit in a timely and efficient manner.

Mechanism 3: AltaGas shall provide the Auditor with complete and unfettered access to the records, information, and information systems of AltaGas and to AltaGas Personnel for the purpose of the Auditor completing its Audit.

(C) INVESTIGATIONS (CCR S. 42-44)

Sections 40 through 44 of the CCR do not impose requirements or restrictions applicable to Affiliated Providers including AltaGas.

XVII. TRANSITIONAL PROVISIONS AND APPROVALS (CCR S. 45, 46)

AltaGas Policy 1: AltaGas will continue to comply with the Compliance Plan filed with the Commission under the Code of Conduct Regulation (AR 183/2003) which remains in force and effect until this Compliance Plan is approved by the Commission under the CCR.

Mechanisms: See policies and mechanisms associated with AltaGas Compliance Plan approved and in effect under the Code of Conduct Regulation (AR 183/2003) and posted to AltaGas' website.

AltaGas Policy 2: AltaGas shall file this Compliance Plan in sufficient time for it to be approved by the Commission prior to January 1, 2017.

**APPENDIX A:
ALTAGAS LTD. COMPLIANCE PLAN
COMPLIANCE ACKNOWLEDGEMENT**

Note: Terms utilized in this Compliance Acknowledgement are defined in the Definitions Section II of the Compliance Plan or the CCR.

AltaGas Ltd. (“AltaGas”), a corporation registered in Alberta, is committed to conducting its affairs in accordance with all applicable laws that govern AltaGas’ operations. The Compliance Plan was developed as part of that commitment. AltaGas Personnel are required to, fully and completely in all circumstances, comply with all the policies and mechanisms contained in this Compliance Plan.

The undersigned AltaGas Personnel hereby acknowledges that he/she has received and read a copy of this Compliance Plan and understands both the obligations of AltaGas and his/her personal obligations, as described in this Compliance Plan, and undertakes to conduct himself/herself in a manner that is in accordance with the policies and mechanisms contained in this Compliance Plan.

The undersigned AltaGas Personnel hereby acknowledges that he/she will not seek preferential treatment for AltaGas from AUJ.

The undersigned AltaGas Personnel acknowledge that it is his/her obligation and right to ask questions and seek clarification regarding the contents of this Compliance Plan from his/her supervisor if there is any uncertainty or question respecting his/her understanding of the policies and mechanisms described in this Compliance Plan.

Acknowledged and accepted this ___ day of _____, 20__.

Name

Name Printed

**APPENDIX B:
ALTAGAS LTD. COMPLIANCE PLAN
COMPLIANCE CONFIRMATION**

Note: Terms utilized in this Compliance Confirmation are defined in the Definitions Section II of the Compliance Plan or the CCR.

AltaGas Ltd. (“AltaGas”), a corporation registered in Alberta, is committed to conducting its affairs in accordance with all applicable laws that govern AltaGas’ operations. The AltaGas Compliance Plan was developed as part of that commitment.

AltaGas Personnel are required to, fully and completely in all circumstances, comply with all the policies and mechanisms contained in the AltaGas Compliance Plan.

The undersigned AltaGas Personnel hereby confirms that he/she has reviewed the terms of this Compliance Plan within the past 30 days and further confirms he/she has complied with the requirements of the AltaGas Compliance Plan over the past calendar year, or portion thereof during which he/she was a member of the group of AltaGas Personnel. If this is not the case, this signatory shall describe all instances of non-compliance, in writing, in the area provided below or provide further documentation that contains a detailed description of any non-compliance.

Written description of any non-compliance (attach additional pages if necessary):

Acknowledged and accepted this ___ day of _____, 20___.

Name

Name Printed