



AltaGas Utilities Inc.

Gas Code of Conduct Regulation
Audit Exemption

June 2, 2010



ALBERTA UTILITIES COMMISSION

Decision 2010-247: AltaGas Utilities Inc.

Gas *Code of Conduct Regulation* Audit Exemption

Application No. 1606091

Proceeding ID. 590

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**ALTAGAS UTILITIES INC.
GAS CODE OF CONDUCT REGULATION
AUDIT EXEMPTION**

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Application No. 1606091
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1 INTRODUCTION

1. The Alberta Utilities Commission (Commission) received an application dated April 14, 2010, from AltaGas Utilities Inc. (AUI). The application requests an exemption from conducting a compliance audit for the 2009 audit year, pursuant to section 41(1)(a) of the *Code of Conduct Regulation*, AR 183/2003. This section enables 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 *Code of Conduct Regulation*.

2. Section 37 of the *Code of Conduct Regulation* requires a gas distributor or default supply provider and its affiliated retailer to each appoint an independent auditor to perform a compliance audit on an annual basis in accordance with the *Code of Conduct Regulation*.

3. Pursuant to section 41(2)(a) of the *Code of Conduct Regulation* the Commission can not approve an exemption unless the Commission is satisfied that it is in the public interest to do so and that any exemption does not significantly affect the obligations of the applicant, or that the obligations can be or will be met in other ways.

4. The Commission issued a Notice of Application on April 23, 2010 requesting parties who wished to intervene in the proceeding to submit a statement of intent to participate to the Commission by 4:00 p.m., May 7, 2010. The Commission did not receive a statement of intent to participate from any party. The Commission considers that the record for this proceeding closed on May 7, 2010.

2 BACKGROUND

5. AUI estimated that the compliance audit would cost approximately \$50,000. This amount would be flowed through to AUI's customers through a deferral account. Thus AUI submitted an exemption would result in a substantial savings to its customers.

6. AUI noted that AUC staff performed both AUI's Inter-Affiliate Code of Conduct audit and *Code of Conduct Regulation* audit for the 2007 audit year¹ and found AUI to be in compliance in all material respects with the Inter-Affiliate Code of Conduct and *Code of Conduct Regulation*.

¹ AltaGas Utilities Inc. – Regulatory Audit Report #2008-002 (Released September 2008).

7. AUI was granted an exemption for the 2008² audit year. AUI submitted that, for 2008 and 2009, all instances of non-compliance identified by the Company in its annual reports to the Commission had been remedied by the time the reports were filed.

3 VIEWS OF THE COMMISSION

8. The Commission is satisfied that the exemption request is in the public interest and will not significantly affect the obligations of AUI for the following two reasons.

9. First, AUI has shown, and continues to show, compliance with the *Code of Conduct Regulation*. The Commission notes that, in 2008, AUC Staff performed both AUI's Inter-Affiliate Code of Conduct audit and *Code of Conduct Regulation* audit for the 2007 audit year. The Commission considered AUI to be in compliance in all material respects with the Inter-Affiliate Code of Conduct and *Code of Conduct Regulation*. The Commission also notes that for 2008 and 2009, all instances of non-compliance identified by AUI in its annual reports to the Commission had been remedied by the time the reports were filed.

10. Second, an exemption will result in a savings to AUI's customers. The Commission has considered AUI's submission that the 2009 compliance audit would cost approximately \$50,000. Forgoing the audit would result in savings to AUI's customers.

4 DECISION

11. For the foregoing reasons the Commission exempts AUI from the obligation to perform a compliance audit for the 2009 year, as required by section 37 of the *Code of Conduct Regulation*.

Dated on June 2, 2010.

ALBERTA UTILITIES COMMISSION

(original signed by)

Mark Kolesar
Commissioner

² Decision 2009-036: AltaGas Utilities Inc, Gas Code of Conduct Audit Regulation Exemption Request (Application No. 1605871) (Released: April 1, 2009).