



AltaGas Utilities Inc.

Gas Code of Conduct Audit Regulation Exemption Request

April 1, 2009



ALBERTA UTILITIES COMMISSION

Decision 2009-036: AltaGas Utilities Inc.

Gas Code of Conduct Regulation Audit Exemption Request

Application No. 1604871

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ALBERTA UTILITIES COMMISSION

Calgary Alberta

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

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1 INTRODUCTION

1. The Alberta Utilities Commission (Commission) received an application dated March 4, 2009, from AltaGas Utilities Inc. (AUI). The application sought approval from the Commission for AUI to appoint Ernst & Young LLP (E&Y) to act as its independent auditor for 2008.
2. On March 16, 2009, AUI sent the Commission a letter to amend the application and request an exemption from the requirement that an independent auditor conduct its annual compliance audit for 2008. The requirements for a compliance audit are set out in sections 37 through 40 of the *Code of Conduct Regulation*, AR183/2003, made pursuant to the *Gas Utilities Act* (referred to in this decision as GCCR).
3. Under the GCCR, a gas distributor or default supply provider and its affiliated retailer are required to annually hire an independent auditor to review their compliance with the GCCR. Section 38 of the GCCR also requires that the Commission approve the auditor and the audit plan.
4. In the past, the Alberta Energy and Utilities Board (EUB), predecessor to the Commission, approved E&Y as the independent auditor to perform the initial compliance audit for the year 2005. The EUB granted AUI an exemption for 2006. The Commission's Audit and Compliance Group performed the AUI compliance audit for 2007. AUI's amended application requested that the Commission exempt it from performing its 2008 audit, under paragraph 41(1)(a) of the GCCR. AUI stated that it had forecast 2008 audit costs of approximately \$30,000 in its 2008/2009 forecast General Tariff Application (Application 1579247, ID 88). AUI stated that its "regulation audit costs are administered by way of a deferral account and an exemption would provide a substantial savings to AUI's customers."¹

2 DISCUSSION

5. The Commission has considered AUI's submissions that the 2008 compliance audit would cost approximately \$30,000, and that if the Commission were to grant the exemption there would be substantial savings to AUI's customers.
6. In addition, the Commission observes that E&Y and the Commission's Audit and Compliance Group considered AUI to be in compliance in all material respects with the GCCR

¹ AltaGas Utilities Inc. letter dated March 16, 2009

in 2005 and in 2007 respectively. AUI received approval for its exemption request from the EUB for 2006.

3 DECISION

7. The Commission considers that AUI has shown continued compliance with the GCCR. The Commission is satisfied that the AUI exemption request is in the public interest because it will result in savings to its customers. Therefore, the Commission approves AUI's request for an exemption from the requirement to perform a 2008 GCCR compliance audit.

Dated in Calgary, Alberta on April 1, 2009.

ALBERTA UTILITIES COMMISSION

(original signed by)

Carolyn Dahl Rees
Vice-Chair