


MADE at the City of Calgary, in the Province of Alberta, on  1st day of December 2004.	 ALBERTA ENERGY AND UTILITIES BOARD
AltaGas Utilities Inc. Inter-Affiliate Code of Conduct Filing	Application No. 1365034

**1 INTRODUCTION**

On October 15, 2004, AltaGas Utilities Inc. (AltaGas or AUI) filed an application with the Board requesting approval of its Inter-Affiliate Code of Conduct (Code or Code of Conduct). The structure and format of the Code presented in the Application appeared to follow the code of conduct template from the ATCO Group Affiliate Transactions and Code of Conduct as approved by the Board in Decision 2003-040.

On October 27, 2004, the Board issued a Notice of Application inviting interested parties to register their objections, if any, by November 5, 2004. The Board further advised interested parties that in the event no bona fide objections were received by this date that the Board would proceed to process the application without further notice. No objections were received by the Board, therefore, the Board considers the close of record for this application to be November 5, 2004.

**2 PARTICULARS OF THE APPLICATION**

The Code presented for approval by AltaGas substantially mirrored the format and content of the ATCO Inter-Affiliate Code of Conduct approved by the Board in Decision 2003-040 (the ATCO Code), save for two material changes.

**First Change**

Under Section 6.2 - Management Exception, AUI has deleted any reference to sections 3.1.4 and 3.1.5 of the Code, and the criteria that officers of a utility are also officers of an affiliate. AUI's revised section reads as follows:

***6.2 Management Exception***

Officers of a Utility may disclose Utility planning, operational, financial and strategic information to the Affiliate to fulfill their responsibilities with respect to corporate governance, policy and strategic direction of an affiliated group of businesses, but only to the extent necessary and not for any other purpose.

The original Section 6.2 as per Decision 2003-040 reads as follows:

***6.2 Management Exception***

Officers of a Utility who are also officers of an Affiliate as permitted pursuant to section 3.1.4 hereof may disclose, subject to the provisions of section 3.1.5 hereof, Utility planning, operational, financial and strategic information to the Affiliate to fulfill their responsibilities with respect to corporate governance, policy and strategic direction of an affiliated group of businesses, but only to the extent necessary and not for any other purpose.

**Second Change**

AUI revised section 7.3 of the template ATCO Code, the effect of which was to provide for the option that the Compliance Officer could be a senior manager of the utility. The revised section reads as follows:

***7.3 Compliance Officer***

Each Utility shall appoint a compliance officer (the “Compliance Officer”). The same individual may be the Compliance Officer for more than one Utility. The Utility shall ensure that the Compliance Officer is an officer *or senior manager* of the Utility and has adequate resources to fulfill his or her responsibilities (emphasis added)

The original Section 7.3 as per Decision 2003-040 reads as follows:

***7.3 Compliance Officer***

Each Utility shall appoint a compliance officer (the “**Compliance Officer**”). The same individual may be the Compliance Officer for more than one Utility. The Utility shall ensure that the Compliance Officer is an officer of the Utility and has adequate resources to fulfill his or her responsibilities.

**3 BOARD FINDINGS**

The Board notes that no interveners objected to AUI’s Code of Conduct filing. However, the Board considers that AUI’s revisions to the Code diminish the intent and spirit of the Code by deleting substantive language in Sections 6.2 and 7.3.

Therefore, the Board directs AUI to refile the Code, including the original language from Sections 6.2 and 7.3 as per Decision 2003-040.

In Decision 2004-010, EPCOR Utilities Inc. Code of Conduct and Exemption application, the Board expanded the definition of Utility to incorporate regulated rate provider under the Electric Utilities Act and default supply provider under the Gas Utilities Act. Based on AUI acting as a default supply provider in its service area, the Board considers that the expanded definition of Utility should also be incorporated in the AltaGas Code. Therefore, the Board directs AUI to include the following revised definition in its Code of Conduct refiling.

**“Utility”** means any Body Corporate or any unit or division thereof, that provides a Utility Service and falls within the definition of:

- i) “electric utility” under the *Electric Utilities Act*, S.A. 2003, c. E-5.1;
- ii) “gas utility” under the *Gas Utilities Act*, R.S.A. 2000, c. G-5;
- iii) “public utility” under the *Public Utilities Board Act*, R.S.A. 2000, c. P-45;
- iv) “regulated rate provider” under the *Electric Utilities Act*, S.A. 2003, c. E-5.1; or
- v) “default supply provider” under the *Gas Utilities Act*, R.S.A. 2000, c. G-5.

### **Implementation**

The Board has considered the required time that should be allotted for the implementation of the AltaGas Code. The Board notes in Decision 2003-040, the proposed ATCO Code came into effect 90 days after Board approval, and that existing agreements or arrangements were required to be brought into compliance within 150 days of Board approval.

The Board does not believe that it is necessary to provide a similar implementation period to AltaGas as was provided to ATCO. The Board notes that AltaGas is not dealing with as much uncertainty as ATCO was, or a situation where the approved code is much different from that applied for, as was the case when the ATCO Code was approved.

Therefore, the Board expects AltaGas’ Code will come into force on January 1, 2005, and that existing agreements or arrangements not in compliance with the AltaGas Code shall be brought into compliance on or before March 1, 2005. In addition, the Board directs AltaGas to file its Compliance Plan by February 1, 2005.

Accordingly, the Board directs AltaGas to amend the provisions of Section 2.4 of the proposed AltaGas Code by deleting the wording of present section and by substituting the following wording:

#### **2.4 Coming into Force**

This Code comes into force on January 1, 2005, provided however that, to the extent existing agreements or arrangements are in place between parties to whom this Code applies that do not conform with this Code, such agreements or arrangements must be brought into compliance with this Code on or before March 1, 2005.

The Board directs AltaGas to refile its Code of Conduct reflecting the Board’s directions in this Order by December 15, 2004.

The Board considers the Code approved in this Order to be an enduring code for AltaGas, not merely a single purpose code developed for this specific Application or instance. The Code must be considered, however, to be a living document and if it is to continue to be relevant, it must be able to evolve over time. Accordingly, the Board expects that the Code will be subject to revisions, updates, and exemption applications from time to time as may be appropriate.

#### **4 ORDER**

THEREFORE IT IS ORDERED THAT:

- 1) The Board directs AltaGas Utilities Inc. to refile its Code of Conduct, incorporating the Board's directions by December 15, 2004.
- 2) The Board directs AltaGas Utilities Inc. to file its Compliance Plan by February 1, 2005.

END OF DOCUMENT