



AUC

Alberta Utilities Commission

**AltaGas Utilities Inc.
AltaGas Ltd.
ECNG Energy L.P.**

**Gas Utilities Act Code of Conduct Regulation, AR 183/2003
Approval of Auditor, Audit Plans and Waiver**

September 13, 2013

The Alberta Utilities Commission

Decision 2013-344: AltaGas Utilities Inc., AltaGas Ltd. and ECNG Energy L.P.

Gas Utilities Act Code of Conduct Regulation, AR 183/2003

Approval of Auditor, Audit Plans and Waiver

Application Nos. 1609667, 1609668 and 1609669

Proceeding ID No. 2656

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1 Introduction

1. Pursuant to Decision [2013-173](#)¹ and Decision [2013-174](#),² AltaGas Utilities Inc. (AUI) filed applications with the Alberta Utilities Commission (AUC or the Commission) on June 13, 2013, on behalf of itself, and its affiliated retailers, AltaGas Ltd. (AltaGas) and ECNG Energy L.P. (ECNG), requesting the AUC to:

- (a) approve the appointment of Ernst & Young LLP as auditors for AUI, AltaGas and ECNG for the 2012 audit;
- (b) approve the 2012 audit work plan for each of AUI, AltaGas and ECNG, pursuant to Section 38 of the *Gas Utilities Act Code of Conduct Regulation*, AR 183/2003;
- (c) waive the requirement of Section 37 of the *Gas Utilities Act Code of Conduct Regulation* for each gas distributor or default service provider and its affiliated retailer to each appoint an independent auditor.

2. On June 18, 2013, the AUC issued a notice of application that required interested parties to submit a statement of intent to participate (SIP) by July 2, 2013. In their SIPs, parties were to indicate whether they supported or objected to the application and reasons for their position, as well as the need for further process and the supporting rationale.

3. On July 8, 2013, the Commission received a late SIP from the Consumers' Coalition of Alberta (CCA) indicating that it does not object to the applications filed and concurs with the approvals requested. By letter of July 8, 2013, the Commission denied the request for acceptance of the late SIP. No other interveners registered to participate in this proceeding.

4. By letters dated July 25, 2013,³ and September 3, 2013, the Commission issued information requests (IR), to which AUI responded on August 15, 2013 and September 6, 2013, respectively.

5. The Commission considers the record for this proceeding to have closed on September 6, 2013.

¹ Decision 2013-173: AltaGas Utilities Inc., Gas Utilities Act Code of Conduct Regulation, AR 183/2003 Audit Exemption, Application No. 1609335, Proceeding ID No. 2458, May 10, 2013.

² Decision 2013-174: AltaGas Ltd., Gas Utilities Act Code of Conduct Regulation, AR 183/2003, Audit Exemption, Application No. 1609387; ECNG Energy LP, Gas Utilities Act Code of Conduct Regulation, AR 183/2003, Audit Exemption, Application No. 1609388, Proceeding ID No. 2499, May 10, 2013.

³ By later dated of August 1, 2013, the Commission issued an errata to AUC-AUI-03.

2 Background

6. On February 25, 2013, AUI filed an application⁴ with the Commission seeking an exemption in accordance with Section 41(1) (a) of the *Gas Utilities Act Code of Conduct Regulation* from its 2012 audit requirements. On March 15, 2013, a similar application was filed by AltaGas,⁵ acting both on its own behalf and in its capacity as administrator of ECNG.

7. The Commission denied these exemption requests in Decision 2013-173 and Decision 2013-174 and directed AUI, AltaGas and ECNG (the companies) to file applications requesting the approval of their respective auditors and audit work plans as required under sections 37 and 38 of the *Gas Utilities Act Code of Conduct Regulation* by June 15, 2013.

8. The Commission also suggested that AUI, AltaGas and ECNG should explore the possibility of reducing costs by employing a joint audit process. In doing so, the Commission indicated that, if the employment of a joint audit process proved feasible, it would be prepared to consider waiving the applicants' compliance with Section 37, which requires that "a gas distributor or default supply provider and its affiliated retailer must each appoint an independent auditor."

9. Further to the Commission's recommendations in Decision 2013-173 and Decision 2013-174, the companies explored the opportunity to reduce their audit costs and advised the Commission that they believe cost savings will be achieved by each of the companies using Ernst & Young LLP for their 2012 audits.

3 Issues from previous proceedings

10. The Commission has reviewed the audit work plans submitted by the companies as well as the past decisions related to compliance with the audit requirements under the *Gas Utilities Act Code of Conduct Regulation*. The audit work plans that were initially submitted with the applications were very similar to the plans submitted in previous years. The Commission identified a number of issues in the audit work plans that were addressed through IRs. The Commission is generally satisfied with the modifications that have been made to the audit work plans subsequent to the information requests. However, the Commission finds that a limited number of audit or review procedures remain unclear or incomplete. The Commission's analysis of the submitted audit work plans follows.

3.1 Cross-subsidization of gas purchases

11. In Decision 2013-174, the Commission indicated that:

15. ... without formal or legal separation between retail and default gas supply functions there was a potential for cross-subsidization of retail customers by rate regulated customers. The failure to keep separate records and accounts and the possibility of cross-subsidization would be contrary to the intent of the *Gas Utilities Act Code of Conduct Regulation*.⁶

⁴ Application No. 1609335, Proceeding ID No. 2458.

⁵ Application Nos. 1609387 and 1609388, Proceeding ID No. 2499.

⁶ Decision 2013-174, paragraph 15.

12. In the same decision, the Commission stated that it expects the audit work plans to “clearly examine the issue of possible cross-subsidization” in the acquisition of gas.⁷

13. In an IR response,⁸ AUI explained that “all retailers are charged the same cost of gas and that this is supported through the gas settlement invoicing process for Retailers and Affiliated Retailers.” Accordingly, Ernst & Young LLP revised the audit work plan to “review the gas settlement invoicing process for all Retailers to verify the acquisition of gas does not favour the Affiliated Retailer or AUI as default supply provider.” Similar changes were made to AltaGas and ECNG audit work plans.

14. The Commission continues to have concerns as to whether the proposed revision will address purchases of gas made jointly on behalf of AUI as default supplier and its affiliated retailers, for which there is not a separation of records. The Commission expects that Ernst and Young LLP, being aware of the Commission’s concern, will, in the implementation of the audit work plans, undertake any additional procedures needed to achieve the required level of assurance that cross-subsidization in gas purchases has not occurred.

3.2 Detailed approach

15. In Decision 2011-296,⁹ the Commission indicated that it expected the 2010 audit work plans for AUI, AltaGas Energy Limited Partnership and ECNG to include:

9. ... a detailed approach to the execution of the engagement. The detailed approach to the execution of the engagement requires that the work plans describe the specific procedures to be undertaken to ensure that sufficient and appropriate audit evidence is obtained. For example, when words such as “test” and “ensure” are used in the work plan, the Commission requires that the specific procedures to accomplish these objectives also be provided.

16. The Commission repeated its concern regarding this issue in Decision 2011-348.¹⁰

17. In response to an information request regarding the use of the terms “ensure” and “test” in many occurrences, Ernst & Young LLP updated certain procedures in each of the AUI, AltaGas and ECNG audit work plans to provide further clarity. In some circumstances, Ernst & Young LLP have updated the procedures in the revised audit work plans, “using ‘verify’ to be more descriptive in relation to the specific procedures provided in the work plans.”¹¹

18. The Commission agrees with AUI that in certain cases where “ensure” or “test” are used, the audit work plans already include descriptions of the specific procedures to be employed by Ernst & Young LLP in assessing compliance. The Commission also finds the new information added to some of the procedures to be useful and clarifying.

⁷ Decision 2013-174, paragraph 19.

⁸ Exhibit 11.02, AUC-AUI-9.

⁹ Decision 2011-296: AltaGas Utilities Inc., AltaGas Energy Limited Partnership, and ECNG Energy L.P., *Gas Utilities Act Code of Conduct Regulation*, AR 183/2003, Approval of Auditors, Audit Plans and Waivers, Application Nos. 1607368, 1607369 and 1607370, Proceeding ID. No. 1260, July 7, 2011, paragraph 9.

¹⁰ Decision 2011-348: AltaGas Utilities Inc., AltaGas Energy Limited Partnership, and ECNG Energy L.P., *Gas Utilities Act Code of Conduct Regulation*, AR 183/2003, Approval of Revised Audit Work Plans, Application Nos. 1607517, 1607518 and 1607519, Proceeding ID. No. 1361, August 23, 2011, paragraphs 6 and 9.

¹¹ Exhibit 11.02, AUC-AUI-12.

19. The Commission does not find that replacing the verbs “ensure” or “test” with “verify” or another substantively equivalent term relieves the applicants of their general obligation to ensure that submitted audit work plans provide adequate details regarding the specific procedures used to determine compliance in particular instances. However, as the procedures for which the term “verify” has been substituted are subject to the requirements of Section 40(1)(b) of the *Gas Utilities Act Code of Conduct Regulation* which requires reporting pursuant to Section 8600 of the Canadian Institute of Chartered Accountants (CICA) Handbook “Reviews of Compliance with Agreements and Regulations” (review components), a lower level of assurance than an audit, the Commission does not require further revisions to the audit work plan.

20. The Commission is of the view that Ernst & Young LLP in the implementation of the audit work plans will undertake procedures to achieve the required level of assurance. As noted in previous decisions, however, the Commission expects that in future audit plans the specific procedures used to ensure, test or verify be provided in the audit work plans.

3.3 Sample size

21. In Decision 2011-348, the Commission expressed the view that “a sample of one generally does not provide sufficient and appropriate audit evidence to adequately assess whether compliance will be attained.”¹²

22. The audit work plans that were initially submitted with the applications included procedures where a sample of one communication or one invoice was used to assess compliance.¹³ In response to an information request, Ernst & Young LLP reviewed its sampling procedures for items of a non-financial nature and submitted revised audit work plans for AUI, AltaGas and ECNG with the following sampling method:

Ernst & Young LLP will obtain the 2012 population and select the following sample to test

- Population greater than 250 occurrences – sample size of 25 items
- Population ranges from 50 to 250 occurrences – sample size of 10% of the population
- Population ranges from 5 to 50 occurrences – sample size of 5 items
- Population is less than 5 occurrences - sample size of 100%¹⁴

23. The Commission is satisfied that the revised sampling method provides sufficient assurance for audit procedure on matters of a non-financial nature.

4 New issues

4.1 Change in circumstances

24. In June 2010, AUI became compliant with certain portions of AUC [Rule 028: Natural Gas System Settlement Code Rules](#) (Rule 028) and AUC [Rule 010: Rules on Standards for Requesting and Exchanging Site-Specific Historic Usage Information for Retail Electricity and Natural Gas Markets](#) (Rule 010). The Commission considers that changes in AUI’s processing

¹² Decision 2011-348, paragraph 8.

¹³ Exhibit 1, procedures E14 of AUI plan, E10 of AltaGas plan, and E10 of ECNG plan.

¹⁴ Exhibit 11.02, AUC-AUI-4.

of enrolments and processing of requests for historic usage information that resulted from compliance with those rules may necessitate the modification of AUI's compliance plan and its audit work plan to better reflect the new business environment in which the companies operate.

25. AUI indicated in an IR response¹⁵ that Ernst & Young LLP was made aware of previous non-compliance events through the audit reports from the 2010 audit and through AUC decisions 2011-296, 2011-348 and 2011-488¹⁶ from the 2010 audit process. AUI also indicated that there were no changes in circumstances to report to Ernst & Young LLP for the relevant period and that Ernst & Young LLP will determine whether the compliance plans were updated as required through a review of the AUC Decisions and discussions with AUI, AltaGas and ECNG.

26. While a review of recent audit reports and AUC decisions is a necessary and valuable step to inform the auditors of matters of concern, the Commission considers that the auditors' planning procedures may not identify changes such as the adoption of new rules or the change in systems or structures of the companies. The Commission expects that future audit work plans will include procedures to confirm that (1) the regulated entities have adequate means of determining when a "change in circumstance" within the meaning of the *Gas Utilities Act Code of Conduct Regulation*¹⁷ occurs and (2) how the occurrence of a change (and consequent alteration of the compliance plan and audit work plan) could be brought to the attention of the auditors.

27. For the current audit, the Commission understands that the procedures of an audit work plan may change during the audit as more complete information is obtained. The Commission expects that having been made aware of the Commission's concerns with respect to changes to systems and processes in becoming compliant with parts of AUC Rule 010 and AUC Rule 028, the auditors will revise the audit work plan during the engagement should they determine any revisions are necessary.

28. The Commission directs the companies to file with their audit reports any additional audit procedures devised and undertaken to address the changed circumstances.

4.2 Meeting with retailers

29. Section 8 of the *Gas Utilities Act Code of Conduct Regulation*, states:

A gas distributor and a default supply provider must make a reasonable effort to be equally available to all retailers for joint meetings with the retailer and the retailer's customers.

30. The procedure proposed by Ernst & Young LLP in relation to this audit requirement¹⁸ includes reviewing the meeting request log and the back-up documentation and communication with respect to a meeting request. The Commission is concerned that the proposed audit procedure does not refer to the actual meeting dates or the lag-times related to requests for meetings by different retailers or their customers. The Commission expects that future audit

¹⁵ Exhibit 11.02, AUC-AUI-1.

¹⁶ Decision 2011-488: AltaGas Ltd., as Administrator for AltaGas Energy Limited Partnership, and ECNG Energy L.P. and on behalf of AltaGas Utilities Inc., Gas Utilities Act Code of Conduct Regulation, AR 183/2003, Audit Reports, Application Nos. 1607646, 1607647 and 1607648, Proceeding ID No. 1431, December 13, 2011.

¹⁷ Section 32(1) of the *Gas Utilities Act Code of Conduct Regulation*.

¹⁸ Exhibit 11.05, AUI revised 2012 compliance audit plan – black-lined version, procedure E15.

work plans will include the specific procedures to be used to determine compliance with this requirement.

4.3 Intended change and notice to retailers

31. Section 16 of the *Gas Utilities Act Code of Conduct Regulation* states that a gas distributor must give equal notice to retailers of intended changes to its regulated service and terms and conditions :

16 If a gas distributor intends to make changes

- (a) in its regulated gas services, or
- (b) to the terms and conditions that apply to those regulated gas services,

it must inform all retailers of the intended changes at the same time and in the same manner.

32. The revised audit work plans include three procedures related to this section (E20, E21, E22 of AUI's plan). These procedures address the communication of changes to regulated services and terms and conditions to retailers. However, it appears that the procedures are designed to address *completed* changes only, and no mention is made of *intended* changes. The Commission further notes that AUI's compliance plan also refers to *completed* changes and does not mention *intended* changes

33. The Commission reminds AUI that its audit work plan must test the compliance of AUI with both its compliance plan and the *Gas Utilities Act Code of Conduct Regulation* requirements. The Commission expects that future audit work plans will include updated procedures that specifically address the equal notice given to retailers for intended changes to regulated services and terms and conditions.

4.4 Comparative transaction

34. In several instances, the companies' audit work plans indicate that a similar or comparable transaction will be used to assess the reasonability of the value of transactions between the gas distributor and retailers in order to verify compliance with the *Gas Utilities Act Code of Conduct Regulation* requirements.

35. In response to an information request,¹⁹ Ernst & Young LLP explained that a transaction of a similar good or service from the market or an external vendor is selected to use as the comparative transaction in these procedures.

36. As the procedure pertains to Sections of the *Gas Utilities Act Code of Conduct Regulation* that are subject to Section 5815 of the CICA Handbook, "Special Reports – Audit Reports on Compliance with Agreements, Statutes and Regulations" (audit components), the Commission determined that a more rigorous description of the selection of the comparative transaction was required. The Commission issued a second round information request to address this point. In response²⁰ AUI confirmed that "comparable" is used as defined by Ernst & Young

¹⁹ Exhibit 11.02, AUC-AUI-10.

²⁰ Exhibit 14.01, AUC-AUI-15.

LLP as the Comparable Uncontrolled Price, according to the Organization for Economic Co-operation and Development (OECD) transfer pricing guidelines:

CUP (Comparable Uncontrolled Price): A transfer pricing method that compares the price for property or services in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances.²¹

37. AUI indicated that “Ernst & Young will verify the transaction between AUI and its Affiliated Retailer was performed in accordance with the Arm’s Length Principle,” which has been adopted by the OECD. AUI proposed an updated wording for the related procedures of the revised audit work plans (E33 and E36 of AUI’s plan, and E28 of AltaGas’ and ECNG’s plans).

38. The Commission is satisfied with the confirmation that Ernst & Young LLP will use the OECD definition as defined above, and expects future audit work plans to include AUI’s proposed changes.

39. As noted previously the Commission is aware that the procedures of an audit work plan may change during the audit as more complete information is obtained. Based on the quality of the revised audit work plan and the responsiveness of the auditors in addressing the issues identified through the information requests process, with the exception of possible changes required due to the change in circumstances, the Commission is satisfied that the auditors will revise the audit work plans as the engagement progresses to address the points identified in this decision in relation to the new issues identified in Section 4. With respect to the change in circumstances, the Commission has directed that the companies file with their audit reports any additional audit procedures devised and undertaken to address the changed circumstances. The Commission directs that AltaGas Utilities Inc., AltaGas Ltd., and ECNG Energy L.P. file their audit reports for approval by the Commission no later than November 12, 2013.

5 Order

40. It is hereby ordered that:

- (1) Ernst & Young LLP is approved to perform a joint audit for AUI, AltaGas and ECNG.
- (2) The revised audit work plans for each of AUI, AltaGas and ECNG, including changes proposed in Exhibit 14.01, are approved.
- (3) The requirement of Section 37 of the *Gas Utilities Act Code of Conduct Regulation*, AR 183/2003 for each gas distributor or default service provider and its affiliated retailer to each appoint an independent auditor is waived.

²¹ <http://www.ey.com/GL/en/Services/Tax/International-Tax/Transfer-Pricing-and-Tax-Effective-Supply-Chain-Management/2011-Transfer-pricing-global-reference-guide---Transfer-pricing-glossary> - 2011 transfer pricing global reference guide, transfer pricing glossary of terms, visited on August 30, 2013.

- (4) In consideration of the timing of this decision, and the timeline requirements of Section 39(1) of the *Gas Utilities Act Code of Conduct Regulation*, AR 183/2003, the timelines with respect to when an audit must be conducted are waived; however, the audit must be completed no later than November 12, 2013.

Dated on September 13, 2013.

The Alberta Utilities Commission

(original signed by)

Kay Holgate
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
AltaGas Utilities Inc. (AUI) C. Martin
AltaGas Ltd. (AltaGas) D. Dawson
ECNG Energy L.P. (ECNG) D. Dawson T. Belsham

The Alberta Utilities Commission
Commission Panel K. Holgate, Commission Member
Commission Staff R. Finn (Commission counsel) L. Maruejols M. McJannet A. Glass

Appendix 2 – 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. The Commission directs the companies to file with their audit reports any additional audit procedures devised and undertaken to address the changed circumstances. .. Paragraph 28
2. As noted previously the Commission is aware that the procedures of an audit work plan may change during the audit as more complete information is obtained. Based on the quality of the revised audit work plan and the responsiveness of the auditors in addressing the issues identified through the information requests process, with the exception of possible changes required due to the change in circumstances, the Commission is satisfied that the auditors will revise the audit work plans as the engagement progresses to address the points identified in this decision in relation to the new issues identified in Section 4. With respect to the change in circumstances, the Commission has directed that the companies file with their audit reports any additional audit procedures devised and undertaken to address the changed circumstances. The Commission directs that AltaGas Utilities Inc., AltaGas Ltd., and ECNG Energy L.P. file their audit reports for approval by the Commission no later than November 12, 2013. Paragraph 39

Appendix 3 – AUI revised audit work plan



Appendix 3 - AUI
revised audit work plan

(consists of 9 pages)

Appendix 4 – AltaGas revised audit work plan



Appendix 4 - AltaGas
revised audit work plan

(consists of 8 pages)

Appendix 5 – ECNG revised audit work plan



Appendix 5 - ECNG
revised audit work plan

(consists of 8 pages)

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	Planning		
P1.	Understand the Alberta GCCR 183/2003 Gas Utilities Act – Code of Conduct Regulation (“GCCR”).		
P2.	Review the AUI Gas Code of Conduct Regulation Compliance Plan (“Compliance Plan”) prepared by AUI.		
P3.	Prepare a proposal, detailed work plan and detailed budget.		
P4.	Interview management and staff to understand and document the processes and procedures in place to comply with the GCCR.		
P5.	Interpretations of the GCCR need to be captured and documented.		
P6.	Document our appointment as auditor by AUC.		
P7.	Prepare an engagement letter.		
P8.	Prepare a client assistance package, a list of interviewees and a questionnaire for interview.		
P9.	After completion of our understanding of the systems and procedures, design and document our testing strategy. Before commencing testing, contact AUC for discussion of testing strategy.		
P10.	If in the work plan procedures reference is made to testing on a sample basis, the following sample method will be applied. EY will obtain the 2012 population and will select the following sample to test: <ul style="list-style-type: none"> • Population greater than 250 occurrences – sample size of 25 items • Population ranges from 50 to 250 occurrences – sample size of 10% of the population • Population ranges from 5 to 50 occurrences – sample size of 5 items • Population is less than 5 occurrences - sample size of 100% 		
	Executing		
	Behaviour of AUI GCCR Section 3 and 9 (CICA 8600)		
E1.	Understand and document how AUI verifies that only AUI personnel and AUI Agents and Contractors perform functions for or undertake tasks on behalf of AUI.		
E2.	Understand and document how AUI verifies an acceptable understanding of the requirements of the Compliance Plan by AUI personnel and AUI Agents and Contractors.		
E3.	Understand roles and responsibilities within AUI regarding the Compliance Plan.		
E4.	Verify that all new AUI personnel included on the AUI Personnel List executed an acknowledgement of understanding of personal obligations under the Compliance Plan upon the commencement of employment in 2012.		
E5.	Verify that all AUI personnel included on the AUI Personnel List and AUI Agent and Contractors on the AUI Contractor List, at December 31, 2012, executed a confirmation of compliance towards the Compliance Plan during 2012.		
E6.	Review AUI web-site to verify the Compliance Plan and GCCR are		

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	<p>posted for viewing and updated as necessary. Verify that the Compliance Officer maintains printed copies of related web pages and attachments, including the versions existing both before and after any amendments are made for any changes made in 2012.</p> <p>EY will determine the compliance plans were updated as required through a review of the AUC Decisions and discussions with AUI.</p>		
E7.	Inquire with AUI management whether any breach of the Compliance Plan occurred during 2012. If any, obtain and review the supporting documentation.		
E8.	Review and document how the Compliance Officer provided a copy of the Compliance Plan and any future amendments to all Affiliated Retailers as soon as it was approved by the Commission.		
E9.	Understand and document how AUI protects the confidentiality of Customer Information.		
	Tying Prohibited GCCR Sections 4 & 6 (CICA 8600)		
E10.	Inquire if any communications were distributed to the public or to customers, if any, verify that communications were reviewed and approved in writing by the Director, Regulatory Affairs or delegate, for compliance with the Regulation. If any, review and document the communications.		
E11.	Inquire if any AUI Call Centre communication directives were reviewed and approved in writing by the Director, Regulatory Affairs or delegate. If any, review and document the directives.		
E12.	Inquire with the Director, Regulatory Affairs or delegate, if semi-annual testing of information provided by the AUI Call Centre were performed. E&Y will review the semi-annual reports and confidential transcripts prepared by a third-party service provider to verify the semi-annual testing and the submission of a written report to the Compliance Plan Committee was completed in 2012.		
	Transfer of Customer GCCR Section 5 (CICA 8600)		
E13.	<p>Determine if any customers were transferred to the Retailer(s) and provided consent to the Retailer(s).</p> <p>Obtain and test a sample of the 2012 population (based on sample method as referred to in P10) of enrollment requests from retailers and validate the transfer occurred in accordance with AUC Rule 028.</p>		
	Advertising GCCR Section 7 (CICA 5815)		
E14.	<p>The name and logo of a gas distributor and its Affiliated Retailers must clearly indicate that they are separate entities. If not, the Affiliated Retailer must, in any internet text or written material published or sent that markets retail gas services, include a conspicuous statements to the following effects:</p> <ul style="list-style-type: none"> a) customers are not required to acquire gas or other goods or services from the Affiliated Retailer in order to receive regulated gas services from the gas distributor or default supply provider; b) the place where customers may obtain the current list of 		

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	<p>licensed Retailers maintained in accordance with the Fair Trading Act and the regulations under that Act.</p> <p>AUI does not maintain a logo within their Customer Information / billing system. The electronic files created by the system for printing invoices does not include a logo. Therefore, to test compliance with Section 7, assess the bill stock. Observe and note whether the name and logo clearly indicate that the gas distributor and Affiliated Retailers are separate entities. During the audit, observe the printing of any invoices for a selected date and verify that the invoicing data in the electronic files are indeed printed on the bill stock.</p> <p>For all other communications to customers, randomly select a sample from the total 2012 population (based on sample methodology as referred to in P10) and obtain a copy of the communication for the sample selected. Determine whether or not the name and logo clearly indicate that the gas distributor and the Affiliated Retailers are separate entities.</p>		
	Meetings with AUI Retailers and Customers GCCR Section 8 (CICA 8600)		
E15.	<p>Obtain and review the log and back-up documentation of any request made to AUI for attendance at any joint meeting with Retailer and Retailer’s Customers.</p> <p>E&Y will validate the log is accurate through discussions with the Compliance Officer</p>		
	Disclosure of Customer Information with Consent GCCR Sections 10 & 12 (CICA 8600)		
E16.	<p>Obtain and review AUI has a valid Representation and Warrant Agreement and Retailer Distribution Service Contract with all Retailers. Obtain and review a sample from the total 2012 population (based on sample method as referred to in P10) of AUI Consent for Collection, Use and Release of Customer Information form and back-up documentation to verify consent was received prior to the release of Customer Information.</p> <p>E&Y will validate the log is accurate through discussions with the Compliance Officer.</p>		
	Disclosure to two or more Retailers GCCR Section 11 (CICA 8600)		
E17.	<p>Obtain and review the log and back-up documentation of requests to disclose Customer Information to two or more Retailers at the same time.</p> <p>E&Y will validate the log is accurate through discussions with the Compliance Officer.</p>		
	Historical Gas Consumption Regulation GCCR		

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	Section 13 (CICA 8600)		
E18.	<p>Inquire with Compliance Officer or other staff, if any customers provided authorization for their historical gas consumption to be disclosed.</p> <p>Obtain and review if AUI provided the applicant historical information, within fifteen days. Obtain and review a sample from the 2012 population (based on sample method as referred to in P10) of historical consumption requests to confirm customer consent was provided.</p> <p>Confirm the Retailers have valid representation and warrant Agreements with AUI per Rule 010 to authorize disclosure of historical gas consumption.</p>		
	Aggregated Customer Information GCCR Section 14 (CICA 8600)		
E19.	Inquire with Compliance Officer or other staff, if any aggregated Customer Information was made available under the same terms and conditions to all Retailers. If any, review records of the aggregated Customer Information provided to all Retailers.		
	Equal Treatment GCCR Sections 15&16 (CICA 8600)		
E20.	<p>Obtain and review if Appendix B was executed by responsible managers indicating no preferential treatment was given to Affiliated Retailers of AUI or customers of Affiliated Retailers and no discrimination against any Retailers or against the customer of a Retailer.</p> <p>Review the AUI website and website changes to verify the terms and conditions were posted within 10 working days of receiving AUC approval to the AUI website.</p> <p>Review the terms and conditions to verify AUI’s terms and conditions, in accordance with section 15 of the GCCR, do not:</p> <ul style="list-style-type: none"> a) Give preferential treatment to its Affiliated Retailers or to customers of its Affiliated Retailers, or b) Discriminate against any Retailer or against customers of any Retailer. 		
E21.	Inquire and review if AUI terms and conditions were approved by the Commission and posted on the AUI website.		
E22.	Verify any changes by AUI to its regulated services or terms and conditions were communicated to Retailers.		
	Conditions of Access Written Communications with Retailers GCCR Section 17 (CICA 5815)		
E23.	AUI does not provide Retailers access to any of AUI’s communications. The Director, Regulatory Affairs or delegate approves all customer communications sent to verify this compliance is maintained. To test AUI’s compliance with Section 17, obtain a copy of all written communications distributed during the year. Read		

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	the communication and determine whether or not there is mention of any Retailers. Also, obtain the written approval to each communication and determine whether or not the communication had been approved by the Director, Regulatory Affairs or delegate.		
	Prohibitions GCCR Section 18 (CICA 8600)		
E24.	Inquire if any communications were distributed to the public or to Customers, if any, verify the communications were reviewed and approved in writing by the Director, Regulatory Affairs or delegate, for compliance with Regulation.		
E25.	Verify AUI does not provide on its website any links to web pages of Retailers.		
E26.	Inquire with the Director, Regulatory Affairs or delegate, if any direct link from the AUI website to any other website was approved. If any website was approved, obtain and review the documentation.		
	Efficiency without unfair competition GCCR Section 19 (CICA 8600)		
E27.	Inquire if any sharing costs between AUI and Affiliated Retailer is in place, including sharing of costs of gas purchases. If any, obtain and review a sample from the 2012 population (based on sample method as referred to in P10) the appropriate allocation and recording of the economic benefits or costs between AUI and the Affiliated Retailer are tracked in separate records and accounts maintained by AUI and the Affiliated Retailer.		
	Non-disclosure of Customer Information for marketing or sales purposes GCCR Section 20 (CICA 8600)		
E28.	Inquire if the Compliance Officer or other staff reviews an access/authorization list of all individuals permitted access to AUI’s customer information system to verify no unauthorized individuals are granted access to Customer Information on the customer information system. Inquire if the results of the review were reported to the Compliance Plan Committee meeting.		
E29.	Inquire if the Compliance Officer reviewed the list of visitors to AUI’s head office to verify no authorized personnel gained access to AUI’s premises.		
E30.	Ensure that contracts with AUI agents and contractors contain provisions related to the non-disclosure of the confidential information.		
E31.	Inquire if the acknowledgements were executed by AUI Agents and Contractors.		
	Joint acquisitions, research and dispositions Section 22 (CICA 5815)		
E32.	Inquire if any joint acquisitions of products and/or services between AUI and any Affiliated Retailer took place, if AUI and its Affiliated Retailer have shared costs or expenses associated with research and		

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	<p>development, or if AUI and its Affiliated Retailer separately or jointly leases or has disposed of jointly acquired property. Validate the responses to these inquiries by obtaining and reading the Compliance Committee meeting minutes and any other applicable AUI Board minutes. Obtain a list of capital additions and research expenses (which agrees to the accounting general ledger) to further validate the nature of these transactions. If any such transactions are noted, obtain the accounting records and supporting transaction documentation (invoices, purchase agreements, etc.) for each transaction to determine whether or not the accounting entries reflect an appropriate allocation and recording of the economic benefits or costs between AUI and the Affiliated Retailer in a manner consistent with the benefits or costs attributable to AUI and the Affiliated Retailer.</p> <p>To test the symmetry of recording and reporting of transactions by AUI and its Affiliated Retailers, EY will compare the transaction recorded in the General Ledger by AUI to that recorded in the General Ledger by the Affiliated Retailer. EY will investigate if the amounts appear to be inappropriate or inconsistent.</p> <p>Review the gas settlement invoicing process for all Retailers to verify the acquisition of gas does not favour the Affiliated Retailer or AUI as default supply provider.</p>		
	Goods and Services transactions to be at fair market value GCCR Section 23 (CICA 5815)		
E33.	<p>Obtain a copy of the Compliance Plan Committee reports and meeting minutes. Read the minutes and identify any transactions occurring between AUI and Affiliated Retailers.</p> <p>For all those transactions identified (if any), obtain and review the accounting entries to verify the transaction was entered at Fair Market Value. Obtain the associated contracts, invoices, and banking statements to support the value of the transaction(s) and tie those supporting documents to the accounting records. Compare the transaction valuation with a similar transaction between AUI and a non-affiliated company to assess the reasonability of the value.</p> <p>Comparison of a single transaction of each type (“comparative transaction”) will be used to assess the Fair Market Value and compliance with the policies if the comparative transaction is similar in nature and representative to that between AUI and its Affiliated Retailers(s).</p> <p>To test the completeness of the goods and services transactions reported to the Compliance Plan Committee, document the process of reporting the goods and service transactions to the Compliance Plan Committee and test to verify the process is as documented (Review quarterly reports and compare to Inter-Affiliate Transactions).</p>		
	Financial Transactions GCCR Section 24 (CICA 5815)		

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
E34.	Inquire from the Vice President Controller if AUI provided any loans, guarantees, security or other financial support to an Affiliated Retailer. Validate the response to the inquiry by reviewing the sub ledger or other accounts receivable records for any loans receivable and identify the counterparties to those loans.		
	Records and Accounts GCCR Section 26 Written Financial Transactions GCCR Section 27 Transaction records GCCR Section 28 Maintaining records GCCR Section 29 (CICA 5815)		
E35.	Inquire from the Vice President Controller if the accounts and records of AUI and any Affiliated Retailer are kept separate from each other, and sufficient records and accounts are maintained to enable an audit and accounts comply with any guidelines or record keeping required by the Alberta Utilities Commission and GAAP. Validate the response to these inquiries by reviewing the documentation prepared as part of the year end consolidated financial statement audit of AUI.		
E36.	Obtain a listing of all transactions between AUI and its Affiliated Retailers. For all transactions between AUI and Affiliated Retailers individually and in aggregate greater than \$500,000 annually, obtain the supporting agreement and any supporting invoices. Tie the terms and values within those supporting documents to the accounting records/journal entries. Compare the transaction valuation with a similar transaction between AUI and a non-affiliated company to assess the reasonability of the value.		
E37.	Obtain a document retention listing or information to verify that the records, accounts, financial transactions, reports and plans of AUI are being properly maintained in accordance with section 29 of the GCCR.		
	Compliance Plans and Reports GCCR Sections 30 & 32 (CICA 8600)		
E38.	Inquire if any complaints of alleged contraventions of the Compliance Plan or GCCR were received. If any, complaints were received, verify that they were forwarded and addressed by the Compliance Officer. Document and review how the complaints were handled.		
E39.	Inquire how the Compliance Plan and GCCR are overseen and monitored. Document and review the monitoring process and quarterly reports.		
E40.	Obtain and review the Compliance Plan Committee Minutes.		
	Quarterly and Annual Compliance Reports GCCR Section 33 (CICA 8600)		
E41.	Verify that any alleged and actual contraventions of the Compliance Plan and GCCR have been communicated to the Board of Directors of AUI, on a quarterly basis.		
E42.	Review the annual compliance report submitted to the AUC for accuracy.		
E43.	Review AUI Board of Director minutes for discussions surrounding alleged and actual contraventions of the Compliance Plan.		

**AltaGas Utilities Inc. (“AUI”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	Public Notice of Complaints GCCR Section 34 (CICA 8600)		
E44.	Verify AUI provided notice to the public on how complaints about contraventions of the Regulation may be made to the Commission.		
	Appointment of Auditor GCCR Section 37 (CICA 8600)		
E45.	Verify the auditor appointment was approved by AUC.		
	Emergency Exceptions GCCR Section 42 (CICA 8600)		
E46.	Inquire if there has been any emergency action taken by AUI, AUI personnel, AUI Agents or AUI Agent’s personnel in response to an emergency that threatens the safety of AUI personnel, Agents and Agent personnel or any other Person. If any, verify it was reported in writing to the Compliance Officer, reported to the Commission within ten working days and reported to the Compliance Plan Committee at the next meeting.		
	Reporting		
R1.	<p>Prepare two reports:</p> <p>Report in accordance with section 5815 of the CICA Handbook with respect to the following sections:</p> <ul style="list-style-type: none"> • 7 • 17 • 22 to 24 • 26 to 29 <p>Report in accordance with section 8600 of the CICA Handbook with respect to all other sections of this GCCR that require compliance with the GCCR by AUI. These reports will include an appendix on management’s interpretation of the Code of Conduct GCCR.</p>		
R2.	Auditor identifying contraventions of this GCCR or a compliance plan, must prepare a separate detailed report setting out the contravention and any action that has been taken by AUI to address the contravention and prevent further contraventions.		
R3.	Obtain management representation letter.		

Prepared by: _____

Date: _____

**AltaGas Utilities Inc. (“AUI”)
Compliance Audit – Code of Conduct GCCR
Audit Work Plan
December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

Reviewed by: _____ Date: _____

Attachments:

- A. Alberta GCCR 183/2003 Gas Utilities Act Code of Conduct Regulation
- B. Gas Code of Conduct Regulation Compliance Plan
- C. CICA Handbook – Section 5815 – Special reports – audit reports on compliance with agreements, statutes and Regulations
- D. CICA Handbook – Section 8600 – Reviews of compliance with agreements and Regulations

**AltaGas Ltd. (“AltaGas”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	Planning		
P1.	Understand the Alberta GCCR 183/2003 Gas Utilities Act – Code of Conduct Regulation (“GCCR”).		
P2.	Review the Gas Code of Conduct Regulation Compliance Plan (“Compliance Plan”) prepared by AltaGas.		
P3.	Prepare a proposal, detailed work plan and detailed budget.		
P4.	Interview management and staff to understand and document the processes and procedures in place to comply with the GCCR.		
P5.	Interpretations of the GCCR need to be captured and documented.		
P6.	Document our appointment as auditor by Alberta Utilities Commission.		
P7.	Prepare an engagement letter.		
P8.	Prepare a client assistance package, a list of interviewees and a questionnaire for interview.		
P9.	After completion of our understanding of the systems and procedures, design and document our testing strategy. Before commencing testing, contact Alberta Utilities Commission for discussion of testing strategy.		
P10.	If in the work plan procedures reference is made to testing on a sample basis, the following sample method will be applied. EY will obtain the 2012 population and will select the following sample to test: <ul style="list-style-type: none"> • Population greater than 250 occurrences – sample size of 25 items • Population ranges from 50 to 250 occurrences – sample size of 10% of the population • Population ranges from 5 to 50 occurrences – sample size of 5 items • Population is less than 5 occurrences, sample size of 100% 		
	Executing		
	Behaviour of AltaGas GCCR Section 3 (CICA 8600)		
E1.	Understand and document how AltaGas verifies that only AltaGas and AltaGas personnel perform functions for or undertake tasks on behalf of AltaGas.		
E2.	Understand and document how AltaGas verifies an acceptable understanding of the requirements of the Compliance Plan by AltaGas and AltaGas personnel.		
E3.	Understand roles and responsibilities within AltaGas regarding the Compliance Plan.		
E4.	Verify that all AltaGas personnel included on the AltaGas Personnel List executed an acknowledgement of understanding of personal obligations under the Compliance Plan, for new AltaGas personnel hires during 2012 ensure execution on acknowledgement occurred within 30 days of start of employment. For any subsequent amendments of the Compliance Plan, test to ensure that AltaGas personnel executed a supplementary acknowledgement of understanding of personal obligations under the Compliance Plan		

**AltaGas Ltd. (“AltaGas”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	within 60 days of amendment coming into force.		
E5.	Verify for all employees for the 2012 compliance year that within 30 days after the end of the calendar year, employees included on the AltaGas Personnel List on December 31, 2012 executed a confirmation of compliance towards the Compliance Plan during 2012.		
E6.	Review the AltaGas web-site to verify the Compliance Plan and GCCR are posted for viewing and updated as necessary. Verify that for 2012 there is a record of the website review by the Compliance Officer that ensures the Compliance Plan posted is current and accurate..EY will determine the compliance plans were updated as required through a review of the AUC Decisions and discussions with AltaGas.		
E7.	Inquire with management whether any breach of the Compliance Plan occurred during 2012. If any, obtain and review the supporting documentation.		
	Tying Prohibited GCCR Sections 4 & 6 (CICA 8600)		
E8.	Inquire of the Divisional Vice President if any communications were distributed to the public or to customers, if any, verify that communications were reviewed at least quarterly for compliance towards the Compliance Plan by the Compliance Officer. For communications distributed, review and document the communications.		
E9.	On a sample basis (reference is made to P10) test the occurrence and accuracy of the Compliance Officer’s monthly review of AltaGas’s billing envelope, its contents, and bill distributed to AltaGas customers to ensure that they do not contain language that requires or induce AltaGas customers to purchase any goods or services from an affiliated retailer.		
	Advertising GCCR Section 7 (CICA 5815)		
E10.	The name and logo of a gas distributor and its Affiliated Retailers must clearly indicate that they are separate entities. If not, the Affiliated Retailer must, in any internet text or written material published or sent that markets retail gas services, include a conspicuous statements to the following effects: (a) customers are not required to acquire gas or other goods or services from the Affiliated Retailer in order to receive regulated gas services from the gas distributor or default supply provider; (b) the place where customers may obtain the current list of licensed retailers maintained in accordance with the Fair Trading Act and the regulations under that Act. Invoices are issued by AltaGas monthly and a standard invoice template is used for each month. Select a sample from the total 2012 population (based on sample methodology as referred to P10) Review the invoice and note whether the logo and name presented for the gas distributor and affiliated retailer were clearly presented as different		

**AltaGas Ltd. (“AltaGas”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	<p>entities. If this is not the case, check the invoice to ensure the above statements required by Section 7 are clearly presented on the invoice.</p> <p>Access the AltaGas website and review the material on the website to ensure that it is clear to customers they are not required to acquire gas from the affiliated retailer (AltaGas) in order to receive service from the gas distributor (AUI) and a location where alternative retailers can be located is provided.</p>		
	Disclosure of Customer Information with Consent GCCR Sections 9 to 12 & 20 to 21 (CICA 8600)		
E11.	Understand and document how AltaGas protects the confidentiality of customer information.		
E12.	Understand and document how AltaGas verifies that only AltaGas and AltaGas personnel perform functions for or undertake tasks on behalf of AltaGas .		
E13.	Regarding electronic data maintained and stored within the AltaGas Electronic Customer Information Repository, understand and document what access controls, including remote access, exist and how they are monitored.		
E14	Review and document the processes documented within the Director Information Technology of AltaGas quarterly reports that allow for confirmation that each Electronic Customer Information Repository maintained by AltaGas that contains AltaGas customer information that only AltaGas personnel had electronic access. Review conclusions within such reports, investigate any exceptions if noted and review the Compliance Officer’s prepared Compliance Plan Contravention Report.		
E15.	Review, document and investigate (where required) of Compliance Officer’s quarterly approval of access rights of accessibility fields in each Electronic Customer Information Repository is consistent with the access granted under terms of the Compliance Plan.		
E16.	Interview Compliance Officer to gain understanding of what security features exist for off-site storage of AltaGas customer information.		
E17.	Discuss with Compliance Officer and understand how it is verified that AltaGas personnel that are granted access to AUI customer information use such information only in relation to the provision of Gas Management Services.		
E18.	Discuss with Compliance Officer, and review quarterly internal communication from the Compliance Officer to AltaGas personnel, to ensure that AltaGas personnel whom have direct interaction with AUI customers do not have access to Electronic Customer Information Repository containing AUI customer information while performing services to AltaGas.		
E19.	Inquire of the Divisional Vice President Gas Services and Energy Marketing, if any customers provided AltaGas with written consents for release of customer information during 2012, in addition if any customer information was released without obtaining customer		

**AltaGas Ltd. (“AltaGas”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	consent. Obtain and review copies of each customer’s consent, ensuring that only AltaGas authorized the release of information, the content of the form of customer consent for release was in accordance with the GCCR and that all release of customer information was logged within a separate database with the content of provisions for release of customer information as outlined in the GCCR adhered.		
E20.	Discussion with Compliance Officer to understand process undertaken during quarterly reviews to ensure separate work premises from AUI is maintained.		
E21.	Verify on a sample basis (reference is made to P10) that contracts with AltaGas personnel and contractors contain provisions related to the non-disclosure of the confidential information (including terms subsequent to employment termination).		
E22a	Review with the Compliance Officer if there were any instances of AltaGas Customer Information was improperly sought by a non-AltaGas personnel, and if those incidents were properly reported.		
E22b	Review procedure of informing terminating personnel of their obligation to continue to protect the confidentiality of Customer Information.		
	Conditions of Access Written Communications with Retailers GCCR Section 17 (CICA 5815)		
	This section relates to distributors only and has no impact on AltaGas as they serve only as a retailer; therefore no audit procedures are required.		
	Efficiency without unfair competition GCCR Section 19 (CICA 8600)		
E23.	Inquire if any sharing costs between AltaGas and AUI is in place, including sharing of costs of gas purchases. If any, verify on a sample basis (reference is made to P10) that appropriate allocation and recording of the economic benefits or costs between AltaGas and AUI retailer are tracked in separate records and accounts maintained by AltaGas and AUI. Discuss with Senior Vice President Finance as to the nature of justification of costs and ensure approvals obtained in accordance with authority levels contained within Compliance Plan.		
	Joint acquisitions, research and dispositions Section 22 (CICA 5815)		
E24.	Inquire if any joint acquisitions of products and/or services between AUI and any AltaGas took place, if there are shared costs or expenses associated with research and development, or if AUI and A AltaGas separately or jointly leases or has disposed of jointly acquired property. Validate the responses to these inquiries by obtaining and reading the Compliance Committee meeting minutes and any other applicable Board minutes. Obtain a list of capital additions and research expenses (which agrees to the accounting general ledger) to further validate the nature of these transactions. If any such transactions are noted, obtain the supporting transaction documentation (invoices, purchase agreements, etc) for each transaction to determine whether or not the accounting entries reflect		

AltaGas Ltd. (“AltaGas”)
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December 31, 2012

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	<p>an appropriate allocation and recording of the economic benefits or costs between AUI and AltaGas in a manner consistent with the benefits or costs attributable to AUI and AltaGas.</p> <p>To test the symmetry of recording and reporting of transactions by AUI and its Affiliated Retailers, EY will compare the transaction recorded in the General Ledger by AUI to that recorded in the General Ledger by the Affiliated Retailer. EY will investigate if the amounts appear to be inappropriate or inconsistent.</p> <p>To assess whether there has been any cross-subsidization related to gas purchases, E&Y will review the monthly imbalance settlement invoice to assess whether the acquisition of gas favours the affiliated retailers.</p>		
	Goods and Services transactions to be at fair market value GCCR Section 23 (CICA 5815)		
E25.	<p>Obtain a copy of the Compliance Plan Committee reports and meeting minutes. Read the minutes and identify any transactions occurring between AUI and AltaGas.</p> <p>For all those transactions identified (if any), obtain and review the accounting entries to verify the transaction(s) was entered at fair market value. Obtain the associated contracts, invoices, and banking statements to support the value of the transaction(s) and tie those supporting documents to the accounting records. Compare the transaction valuation with a similar transaction between AltaGas and a non-affiliated company to assess the reasonability of the value.</p> <p>Comparison of a single transaction of each type (“comparative transaction”) will be used to assess the fair market value and compliance with the policies if the comparative transaction is similar in nature and representative to that between AUI and its Affiliated Retailers(s).</p> <p>To test the completeness of the goods and services transactions reported to the Compliance Plan Committee, document the process of reporting the goods and service transactions to the Compliance Plan Committee and test to verify the process is as documented (Review quarterly reports and compare to Inter-Affiliate Transactions).</p>		
	Financial Transactions GCCR Section 24 (CICA 5815)		
E26	This section does not have any requirements which impact AltaGas as a retailer.		
	Records and Accounts GCCR Section 26 Written Financial Transactions GCCR Section 27 Transaction records GCCR Section 28 Maintaining records GCCR Section 29 (CICA 5815)		
E27.	Inquire from the Vice President Controller if the accounts and records of AUI and AltaGas are kept separate from each other, and sufficient		

**AltaGas Ltd. (“AltaGas”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	records and accounts are maintained to enable an audit and accounts comply with any guidelines or record keeping required by the Alberta Utilities Commission and GAAP. Validate the response to these inquiries by reviewing the documentation prepared as part of the year end consolidated financial statement audit of AltaGas Ltd.		
E28.	Obtain a listing of all transactions between AUI and AltaGas. For all transactions between AUI and AltaGas individually and in aggregate greater than \$500,000 annually, obtain the supporting agreement and any supporting invoices. Tie the terms and values within those supporting documents to the accounting records/journal entries. Compare the transaction valuation with a similar transaction between AltaGas and a non-affiliated company to assess the reasonability of the value.		
E29.	Obtain a document retention listing or information to verify that the records, accounts, financial transactions, reports and plans of AltaGas Ltd. are being properly maintained in accordance with section 29 of the Gas Utilities Act Code of Conduct Regulation.		
	Compliance Plans and Reports GCCR Sections 30 & 32 (CICA 8600)		
E30.	Inquire if any complaints of alleged contraventions of the Compliance Plan or GCCR were received. If any, complaints were received, verify that they were forwarded and addressed by the Compliance Officer. Document and review how the complaints were handled.		
E31.	Inquire how the Compliance Plan and GCCR are overseen and monitored. Document and review the monitoring process and quarterly reports.		
E32.	Obtain and review the Compliance Plan Committee Minutes.		
E33.	Review the plan to ensure all requirements outlined within the GCCR are addressed within.		
	Quarterly and Annual Compliance Reports GCCR Section 33 (CICA 8600)		
E34.	Ensure that any alleged and actual contraventions of the Compliance Plan and GCCR have been communicated to the Board of Directors of AltaGas, on a quarterly basis.		
E35.	Review the annual compliance report submitted to the Alberta Utilities Commission for accuracy.		
E36.	Review Board of Director minutes for discussions surrounding alleged and actual contraventions of the Compliance Plan.		
	Public Notice of Complaints GCCR Section 34 (CICA 8600)		
E37.	Ensure AltaGas included on customer bills a text message that complaints about contraventions to the Gas Code of Conduct Regulation be made to the Alberta Utilities Commission in accordance with the AltaGas compliance plan.		
	Appointment of Auditor GCCR Section 37 (CICA 8600)		

**AltaGas Ltd. (“AltaGas”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
E38.	Ensure the auditor appointment was approved by Alberta Utilities Commission		
	Emergency Exceptions GCCR Section 42 (CICA 8600)		
E39.	Inquire if there has been any emergency threatening the safety of AltaGas or AltaGas personnel and contractors, or any other person. If any, verify that it was reported in writing to the Compliance Plan Committee.		
	Reporting		
R1.	<p>Prepare two reports:</p> <p>Report in accordance with section 5815 of the CICA Handbook with respect to the following sections:</p> <ul style="list-style-type: none"> • 7 • 17 • 22 to 24 • 26 to 29 <p>Report in accordance with section 8600 of the CICA Handbook with respect to all other sections of this GCCR that require compliance with the GCCR by AltaGas. These reports will include an appendix on management’s interpretation of the Code of Conduct GCCR.</p>		
R2.	Auditor identifying contraventions of this GCCR or a compliance plan, must prepare a separate detailed report setting out the contravention and any action that has been taken by AltaGas to address the contravention and prevent further contraventions.		
R3.	Obtain management representation letter.		

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

Attachments:

**AltaGas Ltd. (“AltaGas”)
Compliance Audit – Code of Conduct GCCR
Audit Work Plan
December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

- A. Alberta GCCR 183/2003 Gas Utilities Act Code of Conduct Regulation
- B. Gas Code of Conduct Regulation Compliance Plan
- C. CICA Handbook – Section 5815 – Special reports – audit reports on compliance with agreements, statutes and Regulations
- D. CICA Handbook – Section 8600 – Reviews of compliance with agreements and Regulations

**ECNG Energy Limited Partnership (“ECNG”)
Compliance Audit – Code of Conduct GCCR
Audit Work Plan
December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
	Planning		
P1.	Understand the Alberta GCCR 183/2003 Gas Utilities Act – Code of Conduct Regulation (“GCCR”).		
P2.	Review the Gas Code of Conduct Regulation Compliance Plan (“Compliance Plan”) prepared by ECNG.		
P3.	Prepare a proposal, detailed work plan and detailed budget.		
P4.	Interview management and staff to understand and document the processes and procedures in place to comply with the GCCR.		
P5.	Interpretations of the GCCR need to be captured and documented.		
P6.	Document our appointment as auditor by AUC.		
P7.	Prepare an engagement letter.		
P8.	Prepare a client assistance package, a list of interviewees and a questionnaire for interview.		
P9.	After completion of our understanding of the systems and procedures, design and document our testing strategy. Before commencing testing, contact AUC for discussion of testing strategy.		
P10.	If in the work plan procedures reference is made to testing on a sample basis, the following sample method will be applied. EY will obtain the 2012 population and will select the following sample to test: <ul style="list-style-type: none"> • Population greater than 250 occurrences – sample size of 25 items • Population ranges from 50 to 250 occurrences – sample size of 10% of the population • Population ranges from 5 to 50 occurrences – sample size of 5 items • Population is less than 5 occurrences, sample size of 100% 		
	Executing		
	Behaviour of ECNG GCCR Section 3 (CICA 8600)		
E1.	Understand and document how ECNG verifies that only ECNG and ECNG personnel perform functions for or undertake tasks on behalf of ECNG.		
E2.	Understand and document how ECNG verifies an acceptable understanding of the requirements of the Compliance Plan by ECNG and ECNG personnel.		
E3.	Understand roles and responsibilities within ECNG regarding the Compliance Plan.		
E4.	Verify that all ECNG personnel included on the ECNG Personnel List executed an acknowledgement of understanding of personal obligations under the Compliance Plan, for new ECNG personnel hires during 2012 ensure execution on acknowledgement occurred within 30 days of start of employment. For any subsequent amendments of the Compliance Plan, test to ensure that ECNG personnel executed a supplementary acknowledgement of understanding of personal obligations under the Compliance Plan within 60 days of amendment coming into force.		

**ECNG Energy Limited Partnership (“ECNG”)
 Compliance Audit – Code of Conduct GCCR
 Audit Work Plan
 December 31, 2012**

The procedures of this detailed work plan may be subject to changes during the audit.

		Done by	W/P Ref
E5.	Verify for all employees for the 2012 compliance year that within 30 days after the end of the calendar year, employees included on the ECNG Personnel List on December 31, 2012 executed a confirmation of compliance towards the Compliance Plan during 2012.		
E6.	Review the ECNG web-site to verify the Compliance Plan and GCCR are posted for viewing and updated as necessary. Verify that for 2012 there is a record of website review by the Compliance Officer that ensures the Compliance Plan posted is current and accurate. .EY will determine the compliance plans were updated as required through a review of the AUC Decisions and discussions with ECNG..		
E7.	Inquire with management whether any breach of the Compliance Plan occurred during 2012. If any, obtain and review the supporting documentation.		
	Tying Prohibited GCCR Sections 4 & 6 (CICA 8600)		
E8.	Inquire of the Divisional Vice President if any communications were distributed to the public or to customers, if any, verify that communications were reviewed at least quarterly for compliance towards the Compliance Plan by the Compliance Officer. For communications distributed, review and document the communications.		
E9.	On a sample basis (reference is made to P10) test the occurrence and accuracy of the Compliance Officer’s monthly review of ECNG’s billing envelope, its contents, and bill distributed to ECNG customers to ensure that they do not contain language that requires or induce ECNG customers to purchase any goods or services from an affiliated retailer.		
	Advertising GCCR Section 7 (CICA 5815)		
E10.	<p>The name and logo of a gas distributor and its affiliated retailers must clearly indicate that they are separate entities. If not, the affiliated retailer must, in any internet text or written material published or sent that markets retail gas services, include a conspicuous statements to the following effects:</p> <ul style="list-style-type: none"> (a) that customers are not required to acquire gas or other goods or services from the Affiliated Retailer in order to receive regulated gas services from the gas distributor or default supply provider; (b) the place where customers may obtain the current list of licensed retailers maintained in accordance with the Fair Trading Act and the regulations under that Act. <p>Invoices are issued by ECNG monthly and a standard invoice template is used for each month. Select a sample from the total 2012 population (based on sample methodology as referred to P10) Review the invoice and note whether the logo and name presented for the gas distributor and affiliated retailer were clearly presented as different entities. If this is not the case, check the invoice to ensure the above statements required by Section 7 are clearly presented on the invoice.</p> <p>Access the ECNG website and review the material on the website to</p>		

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	ensure that it is clear to customers they are not required to acquire gas from the affiliated retailer (ECNG) in order to receive service from the gas distributor (AUI) and a location where alternative retailers can be located is provided.		
	Disclosure of Customer Information with Consent GCCR Sections 9 to 12 & 20 to 21 (CICA 8600)		
E11.	Understand and document how ECNG protects the confidentiality of customer information.		
E12.	Understand and document how ECNG verifies that only ECNG and ECNG personnel perform functions for or undertake tasks on behalf of ECNG.		
E13.	Regarding electronic data maintained and stored within the ECNG Electronic Customer Information Repository, understand and document what access controls, including remote access, exist and how they are monitored.		
E14.	Review and document the processes documented within the Director Information Technology of AltaGas quarterly reports that allow for confirmation that each Electronic Customer Information Repository maintained by ECNG that contains ECNG customer information that only ECNG personnel had electronic access. Review conclusions within such reports, investigate any exceptions if noted and review the Compliance Officer’s prepared Compliance Plan Contravention Report.		
E15.	Review, document and investigate (where required) of Compliance Officer’s quarterly approval of access rights of accessibility fields in each Electronic Customer Information Repository is consistent with the access granted under terms of the Compliance Plan.		
E16.	Interview Compliance Officer to gain understanding of what security features exist for off-site storage of ECNG customer information.		
E17.	Discuss with Compliance Officer and understand how it is verified that ECNG personnel that are granted access to AUI customer information use such information only in relation to the provision of Gas Management Services.		
E18.	Discuss with Compliance Officer, and review quarterly internal communication from the Compliance Officer to ECNG personnel, to ensure that ECNG personnel whom have direct interaction with AUI customers do not have access to Electronic Customer Information Repository containing AUI customer information while performing services to ECNG.		
E19.	Inquire of the Divisional Vice President Gas Services and Energy Marketing, if any customers provided ECNG with written consents for release of customer information during 2010, in addition if any customer information was released without obtaining customer consent. Obtain and review copies of each customer’s consent, ensuring that only ECNG authorized the release of information, the content of the form of customer consent for release was in accordance with the GCCR and that all release of customer information was logged within a separate database with the content of provisions for		

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	release of customer information as outlined in the GCCR adhered.		
E20.	Discussion with Compliance Officer to understand process undertaken during quarterly reviews to ensure separate work premises from AUI is maintained.		
E21.	Verify on a sample basis (reference is made to P10) that contracts with ECNG personnel and contractors contain provisions related to the non-disclosure of the confidential information (including terms subsequent to employment termination).		
E22a	Review with the Compliance Officer if there were any instances of ECNG Customer Information was improperly sought by a non-ECNG personnel, and if those incidents were properly reported.		
E22b	Review procedure of informing terminating personnel of their obligation to continue to protect the confidentiality of Customer Information.		
	Conditions of Access Written Communications with Retailers GCCR Section 17 (CICA 5815)		
	This section relates to distributors only and has no impact on ECNG as they serve only as a retailer; therefore no audit procedures are required.		
	Efficiency without unfair competition GCCR Section 19 (CICA 8600)		
E23.	Inquire if any sharing costs between ECNG and AUI is in place, including sharing of costs of gas purchases. If any, verify on a sample basis (reference is made to P10) that appropriate allocation and recording of the economic benefits or costs between ECNG and AUI retailer are tracked in separate records and accounts maintained by ECNG and AUI. Discuss with Senior Vice President Finance as to the nature of justification of costs and ensure approvals obtained in accordance with authority levels contained within Compliance Plan.		
	Joint acquisitions, research and dispositions Section 22 (CICA 5815)		
E24.	Inquire if any joint acquisitions of products and/or services between AUI and ECNG took place, if there are shared costs or expenses associated with research and development, or if AUI and ECNG separately or jointly leases or has disposed of jointly acquired property. Validate the responses to these inquiries by obtaining and reading the Compliance Committee meeting minutes and any other applicable Board minutes. Obtain a list of capital additions and research expenses (which agrees to the accounting general ledger) to further validate the nature of these transactions. If any such transactions are noted, obtain the supporting transaction documentation (invoices, purchase agreements, etc) for each transaction to determine whether or not the accounting entries reflect an appropriate allocation and recording of the economic benefits or costs between AUI and ECNG in a manner consistent with the benefits or costs attributable to AUI and ECNG. To test the symmetry of recording and reporting of transactions by		

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	<p>AUI and its Affiliated Retailers, EY will compare the transaction recorded in the General Ledger by AUI to that recorded in the General Ledger by the Affiliated Retailer. EY will investigate if the amounts appear to be inappropriate or inconsistent.</p> <p>To assess whether there has been any cross-subsidization related to gas purchases, E&Y will review the monthly imbalance settlement invoice to assess whether the acquisition of gas favours the affiliated retailers.</p>		
	Goods and Services transactions to be at fair market value GCCR Section 23 (CICA 5815)		
E25.	<p>Obtain a copy of the Compliance Plan Committee reports and meeting minutes. Read the minutes and identify any transactions occurring between AUI and ECNG.</p> <p>For all those transactions identified (if any), obtain and review the accounting entries to verify the transaction(s) was entered at fair market value. Obtain the associated contracts, invoices, and banking statements to support the value of the transaction(s) and tie those supporting documents to the accounting records. Compare the transaction valuation with a similar transaction between ECNG and a non-affiliated company to assess the reasonability of the value.</p> <p>Comparison of a single transaction of each type (“comparative transaction”) will be used to assess the fair market value and compliance with the policies if the comparative transaction is similar in nature and representative to that between AUI and its Affiliated Retailers(s).</p> <p>To test the completeness of the goods and services transactions reported to the Compliance Plan Committee, document the process of reporting the goods and service transactions to the Compliance Plan Committee and test to verify the process is as documented (Review quarterly reports and compare to Inter-Affiliate Transactions).</p>		
	Financial Transactions GCCR Section 24 (CICA 5815)		
E26	This section does not have any requirements which impact ECNG as a retailer.		
	Records and Accounts GCCR Section 26 Written Financial Transactions GCCR Section 27 Transaction records GCCR Section 28 Maintaining records GCCR Section 29 (CICA 5815)		
E27.	Inquire from the Vice President Controller if the accounts and records of AUI and ECNG are kept separate from each other, and sufficient records and accounts are maintained to enable an audit and accounts comply with any guidelines or record keeping required by the Alberta Utilities Commission and GAAP. Validate the response to these inquiries by reviewing the documentation prepared as part of the year end consolidated financial statement audit of AltaGas Ltd.		

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E28.	Obtain a listing of all transactions between AUI and ECNG. For all transactions between AUI and ECNG individually and in aggregate greater than \$500,000 annually, obtain the supporting agreement and any supporting invoices. Tie the terms and values within those supporting documents to the accounting records/journal entries. Compare the transaction valuation with a similar transaction between ECNG and a non-affiliated company to assess the reasonability of the value.		
E29.	Obtain a document retention listing or information to verify that the records, accounts, financial transactions, reports and plans of ECNG are being properly maintained in accordance with section 29 of the Gas Utilities Act Code of Conduct Regulation.		
	Compliance Plans and Reports GCCR Sections 30 & 32 (CICA 8600)		
E30.	Inquire if any complaints of alleged contraventions of the Compliance Plan or GCCR were received. If any, complaints were received, verify that they were forwarded and addressed by the Compliance Officer. Document and review how the complaints were handled.		
E31.	Inquire how the Compliance Plan and GCCR are overseen and monitored. Document and review the monitoring process and quarterly reports.		
E32.	Obtain and review the Compliance Plan Committee Minutes.		
E33.	Review the plan to ensure all requirements outlined within the GCCR are addressed within.		
	Quarterly and Annual Compliance Reports GCCR Section 33 (CICA 8600)		
E34.	Ensure that any alleged and actual contraventions of the Compliance Plan and GCCR have been communicated to the Board of Directors of ECNG, on a quarterly basis.		
E35.	Review the annual compliance report submitted to the AUC for accuracy.		
E36.	Review Board of Director minutes for discussions surrounding alleged and actual contraventions of the Compliance Plan.		
	Public Notice of Complaints GCCR Section 34 (CICA 8600)		
E37.	Ensure ECNG included on customer bills a text message that complaints about contraventions to the Gas Code of Conduct Regulation be made to the AUC in accordance to mechanism 1 of section X© of the ECNG compliance plan.		
	Appointment of Auditor GCCR Section 37 (CICA 8600)		
E38.	Ensure the auditor appointment was approved by AUC.		
	Emergency Exceptions GCCR Section 42 (CICA 8600)		
E39.	Inquire if there has been any emergency threatening the safety of ECNG or ECNG personnel and contractors, or any other person. If any, verify that it was reported in writing to the Compliance Plan		

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	Committee.		
	Reporting		
R1.	Prepare two reports: Report in accordance with section 5815 of the CICA Handbook with respect to the following sections: <ul style="list-style-type: none"> • 7 • 17 • 22 to 24 • 26 to 29 Report in accordance with section 8600 of the CICA Handbook with respect to all other sections of this GCCR that require compliance with the GCCR by ECNG. These reports will include an appendix on management’s interpretation of the Code of Conduct GCCR.		
R2.	Auditor identifying contraventions of this GCCR or a compliance plan, must prepare a separate detailed report setting out the contravention and any action that has been taken by ECNG to address the contravention and prevent further contraventions.		
R3.	Obtain management representation letter.		

Prepared by: _____ Date: _____

Reviewed by: _____ Date: _____

Attachments:

- A. Alberta GCCR 183/2003 Gas Utilities Act Code of Conduct Regulation
- B. Gas Code of Conduct Regulation Compliance Plan
- C. CICA Handbook – Section 5815 – Special reports – audit reports on compliance with agreements, statutes and Regulations

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- D. CICA Handbook – Section 8600 – Reviews of compliance with agreements and Regulations