



CU Water Limited

Inter-Affiliate Code of Conduct Compliance Plan

April 26, 2005

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2005-038: CU Water Limited
Inter-Affiliate Code of Conduct Compliance Plan
Application No. 1319532

April 26, 2005

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

CU WATER LIMITED INTER-AFFILIATE CODE OF CONDUCT COMPLIANCE PLAN

**Decision 2005-038
Application No. 1319532**

1 INTRODUCTION

In the Directions contained in Decision 2003-040, the Alberta Energy and Utilities Board (Board) ordered that each ATCO Utility shall file its initial Compliance Plan with the Board on or before October 31, 2003.

In a letter dated October 31, 2003, CU Water Limited (CU) filed its initial Compliance Plan for approval by the Board.

2 BACKGROUND

In Decision 2003-040, the Board developed a specific ATCO Group Inter-Affiliate Code of Conduct (Code), based on the record from the Affiliate Proceeding. The Board considered that a Code based on clear, equitable and sustainable standards and rules, complete with adequate compliance, audit, and dispute resolution provisions is in the interest of the utility and all of its stakeholders. The Board noted that standards alone are not sufficient to achieve the objectives of the Code. The objectives can only be fully realized through a demonstrated respect for the spirit and intent behind the words by those individuals to whom the Code applies.

The Board ordered each ATCO Utility to prepare a Compliance Plan. The Board required Compliance Plans to detail the measures, policies, procedures and monitoring mechanisms that the Utility will employ to ensure its full compliance with the provisions of the Code by the Utility, its directors, officers, employees, consultants, contractors and agents, and by Affiliates of the Utility with respect to the interactions of the Affiliates with the Utility.

In this application, CU is seeking Board approval of its Compliance Plan.

The Board considered the Compliance Plan in a collaborative manner by way of an iterative, consultative process. CU provided staff of the Utilities Branch Audit and Compliance Group (Board staff) with an initial draft of the Compliance Plan. Following review of the initial draft, comments were provided to CU to improve the contents of the Plan and bring it into line with the requirements of the Code. This process was continued with CU providing revised drafts of the Compliance Plan and Board staff providing comments until Board staff considered that the Plan met the requirements of the Code.

CU provided the final version of the Compliance Plan to the Board on April 12, 2005, which was then reviewed by the Board. A copy of the final version of the CU Compliance Plan is reproduced in Appendix 1 to this Decision. For purposes of this Decision, the Board considers that the proceeding closed on April 12, 2005.

3 ISSUES

3.1 Use of the Code as Template

The Board notes that CU modeled the Compliance Plan on the requirements of the Code. The policies outlined in the Plan mirror the requirements laid out in the Code. These policies are supplemented by compliance measures designed to ensure that the policies are actually followed in practice. The Board is satisfied that the Compliance Plan addresses each of the requirements of the Code.

3.2 Public Disclosure

The Board notes that CU intends to publish the approved Compliance Plan on its website and that it has included instructions on how to direct questions or comments regarding the plan.

The Board considers that this will provide interested parties with an adequate opportunity to fully understand the Plan once it has been approved, and to provide comment on it while it is in operation. In addition, there will be an independent audit process following the first full year of operation of the Compliance Plan. These activities will, in the Board's view, provide all interested parties with the opportunity to assess the effectiveness of the Plan and recommend any necessary changes.

4 ORDER

IT IS HEREBY ORDERED THAT:

For the reasons set out in this Decision, the Board approves the CU Water Limited Compliance Plan, as attached to this Decision as [Appendix 1](#).

Dated in Calgary, Alberta on April 26, 2005.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

B. T. McManus, Q.C.
Presiding Member

(original signed by)

T. McGee
Member

(original signed by)

M. J. Bruni, Q.C.
Acting Board Member

APPENDIX 1 – CU WATER LIMITED INTER-AFFILIATE COMPLIANCE PLAN



Appendix 1 CU
Water Compliance Pla

(Consists of 27 pages)

[\(Click here to return to Order\)](#)

CU WATER
INTER-AFFILIATE CODE OF CONDUCT
COMPLIANCE PLAN
April 26, 2005

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1 PURPOSE AND OBJECTIVES OF THE COMPLIANCE PLAN

The purpose of this plan is to detail the measures, policies, procedures and monitoring mechanisms that CU Water will employ to ensure its full compliance with the provisions of the [Code](#) by CU Water, its directors, officers, employees, consultants, contractors and agents, and by [Affiliates](#) of CU Water with respect to the interactions of the [Affiliates](#) with CU Water.

This [Compliance Plan](#) describes certain obligations and responsibilities of specified CU Water management personnel. Notwithstanding this, and without otherwise reducing or eliminating the obligation and responsibility of the specified CU Water management personnel to ensure any specific requirements of this Compliance Plan are satisfied, it is understood that all or a portion of the tasks described in this [Compliance Plan](#) may be delegated by the specified CU Water management personnel to other CU Water personnel.

Questions or comments concerning the [Compliance Plan](#) should be directed to the CU Water [Compliance Officer](#):

W. James Beckett
Phone: (780) 420-7618
Fax: (780) 420-5098
Email: jim.beckett@atcogas.com

Copies of the Code and this Compliance Plan are available at http://www.canadian-utilities.com/companies/cu_water_affiliate.htm. The numbering used in this Compliance Plan is consistent with the numbering used in the Code.

2 GENERAL PROVISIONS

2.1 Definitions

In this [Compliance Plan](#), the following capitalized words and phrases shall have the following meanings:

- (a) “**ABCA**” means the *Business Corporations Act*, R.S.A.2000 c. B-9.
- (b) “**Affiliate**” means with respect to CU Water:
 - (i) an “affiliate” as defined in the [ABCA](#);
 - (ii) a unit or division within CU Water or any [Body Corporate](#) referred to in clause (b) (i) above;
 - (iii) a partnership, joint venture, or [Person](#) in which CU Water or any [Body Corporate](#) referred to in clause (b) (i) above has a controlling interest or that is otherwise subject to the control of CU Water or such [Body Corporate](#);
 - (iv) any partnership, joint venture, or [Person](#) deemed by the [EUB](#) to be an Affiliate of CU Water for the purposes of the [Code](#); and

- (v) an agent or other **Person** acting on behalf of any **Body Corporate**, operating division, partnership, joint venture or **Person** referred to in clauses (b) (i) to (iv) above.
- (c) **“Affiliated Party Transactions Summary”** unless otherwise directed by the **EUB**, means in respect of any period of time, a summary overview of each type of business transaction or service, other than **Major Transactions** or **Utility Services**, performed by an **Affiliate** for CU Water or by CU Water for an **Affiliate**, which summary shall contain a general description of the transactions and services, the parties involved and the approximate aggregate value of each type of transaction or service during the said period.
- (d) **“ATCO”** means ATCO Ltd.
- (e) **“ATCO Affiliates”** means any entity to which the **Code** applies pursuant to **Section 2.3** of the Code.
- (f) **“Body Corporate”** means a “body corporate” as defined in the **ABCA**.
- (g) **“Code”** means the ATCO Group Inter-Affiliate Code of Conduct.
- (h) **“Compliance Officer”** shall have the meaning ascribed thereto in **Section 7.3** of the Code.
- (i) **“Compliance Plan”** shall mean the document to be prepared and updated by CU Water pursuant to **Section 7.5** of the Code.
- (i.1) **“Compliance Plan Committee”** shall mean a committee which shall meet at least quarterly, comprised of at least the following:
- President, CU Water
 - Senior Vice President, Controller, ATCO Utilities
 - Controller, CU Water
 - Manager, Regulatory
 - General Manager, CU Water
 - **Compliance Officer**, CU Water.
- (j) **“Compliance Report”** shall have the meaning ascribed thereto in **Section 7.6** of the Code. Quarterly, CU Water will provide an exception report or a more detailed report, if there is a matter that ought to be brought to the attention of the Board.
- (j.1) **“Compliance Training Material”** means the material developed by the Compliance Officer prior to the end of each calendar year which will be used to ensure that all directors, officers, employees, consultants, contractors and agents of CU Water are familiar with the provisions of the Code, and this Plan. At a minimum, the material will include instructions on:
- impartial application of the CU Water tariff
 - equal access to Utility Services
 - avoiding undue influence of customers with respect to Affiliates
 - ensuring Affiliate compliance with the Code

- appropriate use of the CU Water name, logo, or other distinguishing characteristics
 - confidentiality of Utility information
 - treatment of Confidential Information related to customers
 - process for forwarding disputes, complaints or inquiries to the Compliance Officer
- (k) **“Confidential Information”** means any information relating to a specific customer or potential customer of CU Water, which information CU Water has obtained or compiled in the process of providing current or prospective **Utility Services** and which is not otherwise available to the public.
- (k.1) **“Corporate Governance Group”** means those Directors, Officers, and Employees who have responsibility for corporate governance, policy, and strategic direction for both **Utility** and Non-Utility businesses within the ATCO Group of Companies.
- (l) **“Cost Recovery Basis”** with respect to:
- (i) the use by one **Affiliate** of another **Affiliate’s** personnel, means the fully burdened costs of such personnel for the time period they are used by the **Affiliate**, including salary, benefits, vacation, materials, disbursements and all applicable overheads;
 - (ii) the use by one **Affiliate** of another **Affiliate’s** equipment, means an allocated share of capital and operating costs appropriate for the time period utilized by the **Affiliate**;
 - (iii) the use by CU Water of an **Affiliate’s** services, means the complete costs of providing the service, determined in a manner acceptable to CU Water, acting prudently;
 - (iv) the use by an **Affiliate** of CU Water’s services, means the complete costs of providing the service, determined in a manner acceptable to CU Water, acting prudently; and
 - (v) the transfer of equipment, plant inventory, spare parts or similar assets between Utilities, means the net book value of the transferred assets.
- (m) **“EUB”** means the Alberta Energy and Utilities Board.
- (n) **“Fair Market Value”** means the price reached in an open and unrestricted market between informed and prudent parties, acting at arms length and under no compulsion to act.
- (o) **“For Profit Affiliate Service”** means any service, provided on a for-profit basis:
- (i) by CU Water to a **Non-Utility Affiliate**, other than a **Utility Service**; or
 - (ii) by a **Non-Utility Affiliate** to CU Water.
- (p) **“Information Services”** means any computer systems, computer services, databases, electronic storage services or electronic communication media utilized by CU Water relating to CU Water customers or CU Water operations.
- (q) **“Major Transaction”** means a transaction or series of related transactions within a calendar year between CU Water and an **Affiliate** relating to the sale or purchase of an asset(s) or to

the provision of a service or a similar group of services, other than **Utility Services**, which has an aggregate value within that calendar year of \$500,000 or more.

- (r) **“Non-Utility Affiliate”** means an **Affiliate** that is not a **Utility**.
- (s) **“Occasional Services”** shall have the meaning ascribed thereto in **Section 3.3.6** of the Code.
- (t) **“Operational Efficiencies”** means the use of common facilities (such as shared warehousing or field offices), combined purchasing power or the use of other cost saving procedures, individual assets or groups of assets used in **Utility** operations (such as equipment, plant inventory, spare parts or similar assets).
- (u) **“Person”** means a “person” as defined in the **ABCA**.
- (v) **“Services Agreement”** means an agreement entered into between CU Water and one or more **Affiliates** for the provision of **Shared Services** or **For Profit Affiliate Services** and shall provide for the following matters as appropriate in the circumstances:
- (i) the type, quantity and quality of service;
 - (ii) pricing, allocation or cost recovery provisions;
 - (iii) confidentiality arrangements;
 - (iv) the apportionment of risk;
 - (v) dispute resolution provisions; and
 - (vi) a representation by CU Water and each **Affiliate** party to the agreement that the agreement complies with the **Code**.
- (w) **“Shared Service”** means any service, other than a **Utility Service** or a **For Profit Affiliate Services**, provided on a **Cost Recovery Basis** by CU Water to an **Affiliate** or by an **Affiliate** to CU Water.
- (x) **“Subsidiary”** shall have the meaning ascribed thereto in Section 2 (4) of the **ABCA**.
- (y) **“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; or
 - (iii) “public utility” under the *Public Utilities Board Act*, R.S.A. 2000, c. P-45.
- (z) **“Utility Service”** means a service, the terms and conditions of which are regulated by the **EUB**, and includes services for which an individual rate, joint rate, toll, fare, charge or schedule of them, have been approved by the **EUB**.

2.2 Interpretation

Headings are for convenience only and shall not affect the interpretation of this Plan. Words importing the singular include the plural and vice versa. A reference to a statute, document or a provision of a document includes an amendment or supplement to, or a replacement of, that statute, document or that provision of that document.

2.3 To Whom this Plan Applies

All directors, officers, employees, consultants, contractors and agents of CU Water are obligated to comply with this Plan and all directors, officers, employees, consultants, contractors and agents of [Affiliates](#) of CU Water are obligated to comply with this Plan to the extent they interact with CU Water.

2.4 Coming into Force

This Plan comes into force on approval by the EUB.

2.5 Amendments to this Plan

This Plan may be reviewed and amended from time to time by the [EUB](#) on its own initiative, or pursuant to a request by any party to whom this Plan applies or by an interested party.

2.6 Retained for Numbering Consistency

2.7 Authority of the [EUB](#)

Upon approval of this Plan by the [EUB](#), such approval does not detract from, reduce or modify in any way, the powers of the [EUB](#) to deny, vary, approve with conditions, or overturn, the terms of any transaction or arrangement between CU Water and one or more [Affiliates](#) that may be done in compliance with this Plan. Compliance with this Plan does not eliminate the requirement for specific [EUB](#) approvals or filings where required by statute or by [EUB](#) decisions, orders or directions.

3 GOVERNANCE AND SEPARATION OF [UTILITY](#) BUSINESSES

3.1 Governance

3.1.1 Separate Operations

Policy: CU Water business and affairs will be managed separately from the business and affairs of its [Non-Utility Affiliates](#), except as required to fulfill corporate governance, policy, and strategic direction responsibilities of Canadian Utilities and [ATCO](#).

Compliance Measures

1. The CU Water **Compliance Officer** will maintain an up-to-date list of the **Corporate Governance Group**.
2. On an annual basis, the Compliance Officer will provide a formal education session to the Corporate Governance Group. Within 30 days of the end of the previous calendar year, the Corporate Secretary of the ATCO Group will seek and obtain written acknowledgement from all individuals identified as the **Corporate Governance Group** that they have received the Compliance Training Material, that they are familiar with the requirements of the **Code** and the Plan, and that their role in managing the business and affairs of CU Water have been limited to providing corporate governance, policy, and strategic direction. This acknowledgement will also confirm that the individuals identified as the **Corporate Governance Group** are familiar with the provisions of the **Code** (including **Section 3.1.5**) and the Plan, and have acted in a manner which preserves the form, and the spirit and intent of the **Code**, and this Plan.
3. The **Compliance Plan Committee** will review the above acknowledgement within 60 days of the end of the previous calendar year. The minutes of the meeting at which the acknowledgement is reviewed will reflect the results of the review.
4. If any instances of non-compliance with this policy are identified by the Compliance Plan Committee, they will be treated as an inquiry under the Code (see Section 8).

3.1.2 Retained for Numbering Consistency

3.1.3 Separate Management

Policy: CU Water will have a separate management team and separate officers from its **Non-Utility Affiliates, but may share management team members or officers with other **Affiliated Utilities**.**

Compliance Measures

1. Prior to amending the make-up of the CU Water management team, or changing the CU Water officers, the President of CU Water will provide a notice in writing to the CU Water **Compliance Officer**. If the **Compliance Officer** does not identify a concern with adherence to this policy within five working days of receiving the notice, the President may proceed with the change. If the **Compliance Officer** does identify a potential concern with adherence to this policy, he will advise the President within five working days, and initiate an inquiry under the **Code** (**Section 8**).
2. The CU Water **Compliance Officer** will maintain an up-to-date list of CU Water management team members and officers.

3. At each meeting of the **Compliance Plan Committee**, the list of CU Water management team members and officers will be compared to the current management team members and officers of CU Water's **Non-Utility Affiliates**, and the minutes of the meeting will reflect the outcome of this comparison.

4. Any conflicts with this policy identified as a result of this review will be treated as an inquiry under the **Code** (see **Section 8**).

3.1.4 Retained for Numbering Consistency

3.1.5 Guiding Principle

Policy: No individual shall act both as a director, officer, or member of a management team of CU Water and as a director, officer or member of a management team of an Affiliate of CU Water unless the individual is able to carry out his/her responsibilities in a manner that preserves the form, and the spirit and intent, of the Code and this Plan.

Compliance Measures

1. The **Compliance Officer** will maintain an up-to-date listing of directors, officers, or members of the management team of CU Water who act as directors, officers, or members of the management team of an **Affiliate** of CU Water.

2. All such directors, officers, or members of the management team of CU Water who also act as directors, officers, or members of the management team of an **Affiliate** of CU Water will, on commencement of such dual responsibilities, provide a signed certificate to the **Compliance Officer** that stipulates that he/she is aware of the provisions of **Section 3.1.5** of the **Code**, and that he/she will carry out his/her responsibilities in a manner which will preserve the form, and the spirit and intent of the **Code**.

3. Within 30 days of the end of each calendar year, all such directors, officers, or members of the management team of CU Water who also act as directors, officers, or members of the management team of an **Affiliate** of CU Water will provide a signed certificate to the **Compliance Officer** that stipulates that he/she carried his/her responsibilities in a manner which preserved the form, and the spirit and intent of the **Code**.

4. The **Compliance Officer** will maintain a record of the above certificates. Any failure to provide a certificate, or the provision of a certificate which does not demonstrate adherence to the **Code** will be treated as an inquiry under the **Code** (see **Section 8**).

3.2 Degree of Separation

3.2.1 Accounting Separation

Policy: CU Water shall have separate financial records and books of accounts from all Affiliates.

Compliance Measures

1. The Controller, CU Water will ensure the accounts and records of CU Water are kept separate from the accounts and records of all [Affiliates](#).
2. The Controller, CU Water will provide a signed certificate in the form attached as Schedule “B” to this Plan attesting to the accounting separation from all [Affiliates](#) and the maintenance of separate financial records and books of accounts, to the Compliance Officer within 30 days of the end of the previous calendar year.
3. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate, or the provision of a certificate which does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

3.2.2 Physical Separation

Policy: CU Water shall be located in separate buildings, or shall otherwise be physically separated from all [Non-Utility Affiliates](#) through the use of appropriate security-controlled access.

Compliance Measures

1. In situations where CU Water is located in the same building as a [Non-Utility Affiliate](#), CU Water will institute appropriate security controlled access, through the use of receptionists, keyed locks, or card-key access.
2. The Compliance Officer, CU Water will provide a signed certificate in the form attached as Schedule “B” to this Plan attesting to the physical separation of CU Water from all Non-Utility Affiliates within 30 days of the end of each calendar year.
3. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate, or the provision of a certificate which does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

3.2.3 Separation of [Information Services](#)

Policy: Where CU Water shares [Information Services](#) with an [Affiliate](#) all [Confidential Information](#) will be protected from unauthorized access by the [Affiliate](#).

Compliance Measures

1. Approval to share [Information Services](#) with an [Affiliate](#) of CU Water may only be provided in writing by the Senior Vice President, Controller, ATCO Utilities. A copy

of each approval so issued will be provided to the Compliance Officer who will maintain a record of the above approvals.

2. The Senior Vice President, Controller, ATCO Utilities will ensure that appropriate data management and data access protocols as well as contractual provisions regarding the breach of any access protocols are in place before approving the sharing of [Information Services](#) with an [Affiliate](#) of CU Water.

3. The Senior Vice President, Controller, ATCO Utilities will provide a signed certificate in the form attached as Schedule “B” to this plan attesting to the protection from unauthorized access by [Affiliates](#) to shared Information Services, to the Compliance Officer within 30 days of the end of the previous calendar year.

4. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate as described in paragraph 3 above, or the provision of a certificate which does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

5. The Compliance Officer will review the access control lists for all Information Services shared with an Affiliate of CU Water and will provide a signed certificate in the form attached as Schedule “B” to this plan attesting that he has reviewed all Information Services shared with an Affiliate of CU Water and that all access by Affiliates of CU Water to Information Services is in accordance with section 3.2.3 of the Code.

6. Any failure to provide a certificate as described in paragraph 5 above, or the provision of a certificate which does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

3.2.4 Financial Transactions with [Affiliates](#)

Policy: Any loan, investment, or other financial support provided by CU Water to a [Non-Utility Affiliate](#) is to be provided on terms no more favorable than what that [Non-Utility Affiliate](#) would be able to obtain as a stand-alone entity from the capital markets.

Compliance Measures

1. The Controller, CU Water will review all loans, investments, or other financial support provided to a [Non-Utility Affiliate](#) to ensure compliance with section 3.2.4 of the [Code](#) and Plan.

2. The Controller, CU Water will provide a signed certificate in the form attached to this Plan as Schedule “B” attesting that any loans, investments, or other financial support provided to a [Non-Utility Affiliate](#) have been provided on terms no more favourable than what the [Non-Utility Affiliate](#) would be able to obtain as a stand-alone entity. The certificate will be provided to the Compliance Officer within 30 days of the end of the previous calendar year.

3. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate, or the provision of a certificate which does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

3.3 Resource Sharing

3.3.1 Sharing of Employees

Policy: CU Water will share employees with Affiliates on a Cost Recovery Basis if the conditions described in Section 3.3.1 of the Code are met.

Compliance Measures

1. CU Water employees may not be shared with an [Affiliate](#) without the written permission of the General Manager, CU Water, who will provide the signed permission to the ATCO Gas Human Resources Manager.

2. The ATCO Gas Human Resources Manager will retain the written permission on file, and provide a quarterly report to the Compliance Officer on all instances of sharing CU Water employees with [Affiliates](#) which have occurred, or continued during the reporting period. The report will identify if the required approval was in place before the sharing took place.

3. The [Compliance Plan Committee](#) will review the report on sharing CU Water employees on a quarterly basis. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the [Compliance Plan Committee](#) for changes to the manner in which employees are shared with [Affiliates](#).

4. Any recommendations by the [Compliance Plan Committee](#) for changes to the manner in which employees are shared with [Affiliates](#) will be treated as an inquiry under the [Code](#) (see [Section 8](#)). Any instances of employees being shared with [Affiliates](#) without the signed permission of management will be treated as an inquiry under the [Code](#) (see [Section 8](#)).

3.3.2 Transferring of Employees

Policy: Where an employee is being transferred from CU Water to an [Affiliate](#), the General Manager, CU Water will identify whether or not the employee had access to [Confidential Information](#), and if it is determined that the employee did have such access, the General Manager, CU Water will obtain the necessary confidentiality agreement prior to the transfer of the employee.

Compliance Measures

1. The General Manager, CU Water will review all transfers of employees from his/her responsibility to an [Affiliate](#), and identify if the employee had access to

Confidential Information while employed with CU Water. If the employee did have access to **Confidential Information**, management will obtain the necessary signed confidentiality agreement prior to the transfer of the employee, and will provide the signed agreement to the ATCO Gas Human Resources Manager.

2. The ATCO Gas Human Resources Manager will retain the confidentiality agreement on file, and provide a quarterly report to the Compliance Officer on all instances of CU Water employees transferring to **Affiliates** which have occurred during the reporting period, indicating whether the required signed confidentiality agreement was in place before the transfer took place.

3. The **Compliance Plan Committee** will review the report on transferring CU Water employees on a quarterly basis. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the **Compliance Plan Committee** for changes to the manner in which employees are transferred to **Affiliates**.

4. Any recommendations by the **Compliance Plan Committee** for changes to the manner in which employees transfer to **Affiliates** will be treated as an inquiry under the **Code** (see **Section 8**). Any instances of employees with access to Confidential Information being transferred to an Affiliate in the absence of a signed confidentiality agreement will be treated as an inquiry under the Code (see Section 8).

3.3.3 Sharing of Assets

Policy: Plant, assets and equipment of CU Water shall be separated in ownership and separated physically from the plant, assets and equipment of Non-Utility Affiliates. Where CU Water shares plant, assets, equipment, office space, rights of way and other assets with a Utility Affiliate, such sharing will be done on a Cost Recovery Basis.

Compliance Measures

1. The Controller, CU Water will maintain an inventory of all plant, assets and equipment shared with **Affiliates**.

2. The Controller, CU Water will ensure that no plant, assets and equipment are shared with **Non-Utility Affiliates**.

3. Within the first 30 days of the end of each calendar year, the Controller, CU Water will provide an annual report to the Compliance Officer of all plant, assets and equipment shared with **Utility Affiliates**, identifying that methods used to ensure that such sharing is done on a **Cost Recovery Basis**, the percentage of costs borne by each party and that these percentages were appropriate.

4. The **Compliance Plan Committee** will review the above report within 60 days of the end of the previous calendar year. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the

[Compliance Plan Committee](#) for changes to the methods used to ensure that plant, assets and equipment are shared with [Utility Affiliates](#) on a [Cost Recovery Basis](#).

5. Any recommendations by the [Compliance Plan Committee](#) for changes to the methods used to ensure that plant, assets and equipment are shared with [Utility Affiliates](#) on a [Cost Recovery Basis](#) will be treated as an inquiry under the [Code](#) (see [Section 8](#)).

3.3.4 Shared Services Permitted

Policy: CU Water may obtain [Shared Services](#) from, or provide [Shared Services](#) to, an [Affiliate](#) where it is prudent to do so, provided that each of CU Water and the Affiliates bear its proportionate share of costs.

Compliance Measures

1. The Compliance Officer will maintain an inventory of all [Shared Services](#) obtained from, or provided to an [Affiliate](#).

2. All new or revised [Shared Services](#) will be documented by a [Services Agreement](#).

3. Prior to receiving a [Shared Service](#), the [Services Agreement](#), and a business case identifying that it is prudent to obtain the [Shared Services](#) will be prepared by the appropriate CU Water employee and presented to the [Compliance Plan Committee](#) for review and approval.

4. Prior to providing a [Shared Service](#), the [Services Agreement](#) will be prepared by the appropriate CU Water employee and presented to the [Compliance Plan Committee](#) for review and approval.

5. At the first meeting of the [Compliance Plan Committee](#) following the anniversary date of each [Shared Service Services Agreement](#) between CU Water and an [Affiliate](#), the [Shared Service](#) will be reviewed. The results of the review will be reflected in the minutes of the meeting. Any [Shared Service Services Agreements](#) which no longer meet the test of continued prudence will be revised or terminated in accordance with the terms of the [Services Agreement](#).

3.3.5 Retained for Numbering Consistency

3.3.6 Occasional Services Permitted

Policy: CU Water may receive, or provide, one-off, infrequent, or [Occasional Services](#) to, or from, an [Affiliate](#) on a [Cost Recovery Basis](#), documented by way of a work order, purchase order, or similar instrument, where the [Occasional Services](#) are not material as to value, frequency, or use of resources.

Compliance Measures

1. The Compliance Officer will ensure that all **Occasional Services** provided to, or received by an **Affiliate** are provided on a **Cost Recovery Basis**, and are documented by way of an approved work order, purchase order, or similar instrument.
2. Within 30 days of the end of the previous calendar year, the Compliance Officer will provide the necessary report of **Occasional Services** provided by CU Water to an Affiliate and vice versa, indicating whether the services have been provided on a cost recovery basis, have been properly documented, and remain non-material, required by Section (k) of the **Compliance Report**, to the Compliance Plan Committee.
3. The Compliance Plan Committee will review the above report within 60 days of the end of the previous calendar year. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Occasional Services.
4. Any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Occasional Services, will be treated as an inquiry under the Code (see Section 8).

3.3.7 Emergency Services Permitted

Policy: In the event of an emergency, CU Water may receive, or provide, services and resources to, or from, an **Affiliate on a **Cost Recovery Basis**.**

Compliance Measures

1. The Compliance Officer will ensure that all emergency services and resources provided to, or received by an **Affiliate** in the event of an emergency are provided on a **Cost Recovery Basis**, and are documented by way of an approved work order, purchase order or similar instrument.
2. Within 30 days of the end of the previous calendar year, the Compliance Officer will provide the necessary report of Emergency Services provided by CU Water to an Affiliate and vice versa, indicating whether the services have been provided on a cost recovery basis, have been properly documented, and remain non-material, required by Section (l) of the **Compliance Report**, to the Compliance Plan Committee.
3. The Compliance Plan Committee will review the above report within 60 days of the end of the previous calendar year. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Emergency Services.
4. Any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Emergency Services, will be treated as an inquiry under the Code (see Section 8).

4 TRANSFER PRICING

4.1 For Profit Affiliate Services

Policy: CU Water may, when it determines it is prudent to do so in operating its **Utility** business, obtain or provide **For Profit Affiliate Services** to an **Affiliate**, subject to the provisions of Sections 4.2 and 4.3 of the Code.

Compliance Measures

1. The Compliance Officer will maintain an inventory of all **For Profit Affiliate Services** obtained from, or provided to an **Affiliate**. On a quarterly basis, the Compliance Officer will prepare a report describing all For Profit Affiliate Services obtained from, or provided to an Affiliate and will maintain a record of the above reports.
2. All existing, new or revised **For Profit Affiliate Services** will be documented by a **Services Agreement**, duly executed by CU Water employees with the appropriate signing authority.
3. Prior to implementing a new or revised For Profit Affiliate Service to receive services from an Affiliate the **Services Agreement**, and a business case identifying that it is prudent to obtain the **For Profit Affiliate Service** will be reviewed and approved by the **Compliance Plan Committee**. The business case must contain adequate evidence (on a net present value basis appropriate to the life cycle or operating cycle of the services involved) to conclude that the decision to out-source is the lowest cost option for customers, and that the **For Profit Affiliate Services** have been acquired at a price which is no more than **Fair Market Value**. Fair Market Value will be determined in a manner consistent with Section 4.5 of the Code.
4. Prior to implementing a new or revised For Profit Affiliate Service to provide services to an Affiliate, the **Services Agreement**, and a description of the process used to determine that the For Profit Affiliate Service is to be provided at a price which is no less than Fair Market Value will be reviewed and approved by the Compliance Plan Committee. Fair Market Value will be determined in a manner consistent with Section 4.5 of the Code.
5. At the first meeting of the **Compliance Plan Committee** following the anniversary date of each **For Profit Affiliate Service Services Agreement** between CU Water and an **Affiliate**, the **For Profit Affiliate Service** will be reviewed. The results of the review will be reflected in the minutes of the meeting. Any **For Profit Affiliate Service** which no longer meets the test of continued prudence will be revised or terminated in accordance with the terms of the Service Agreement.
6. Failure to provide a report described in item 1 above will be treated as an inquiry under the Code (see Section 8).

4.2 Pricing For Profit Affiliate Services

4.2.1 Retained for Numbering Consistency

4.2.2 Retained for Numbering Consistency

4.3 Retained for Numbering Consistency

4.4 Asset Transfers

Policy: Assets transferred, mortgaged, leased or otherwise disposed of by CU Water to an **Affiliate** or by an **Affiliate** to CU Water will be at **Fair Market Value**, subject to the provisions of Section 4.6 of the Code.

Compliance Measures

1. The Controller, CU Water will approve any asset transfers, mortgages, leases, or other dispositions by CU Water to an **Affiliate**, or by an **Affiliate** to CU Water, and will ensure that such asset transfers are at **Fair Market Value**, subject to the provisions of Section 4.6 of the Code.
2. Within 30 days of the end of the previous calendar year, the Controller, CU Water will provide a report to the Compliance Officer detailing any asset transfers between CU Water and **Affiliates**. The report will describe the manner in which the asset transfers were determined to be at **Fair Market Value**, subject to the provisions of Section 4.6 of the Code.
3. Within 60 days of the end of the previous calendar year, the **Compliance Plan Committee** will review the above report. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the **Compliance Plan Committee** for changes to the methods used to ensure that asset transfers are at **Fair Market Value**, subject to the provisions of Section 4.6 of the Code.
4. Any recommendations by the **Compliance Plan Committee** for changes to the methods used to ensure that asset transfers between CU Water and **Affiliates** are priced at **Fair Market Value**, subject to the provisions of Section 4.6 of the Code, will be treated as an inquiry under the **Code** (see **Section 8**).

4.5 Retained for Numbering Consistency

4.6 Asset Transfers Between Utilities for **Operational Efficiencies**

Policy: CU Water may obtain **Operational Efficiencies** through the use of common facilities, combined purchasing power or other cost saving procedures by transferring individual assets or groups of assets used in **Utility** operations between CU Water and **Utility Affiliates** on a **Cost Recovery Basis**.

Compliance Measures

1. The General Manager, CU Water will approve asset transfers for operational efficiencies. The Controller, CU Water will ensure that the transfer of individual assets or groups of assets used in Utility operations between CU Water and Utility Affiliates, will be done on a Cost Recovery Basis.
2. Within 30 days of the end of the previous calendar year, the Controller, CU Water will provide a report to the Compliance Officer detailing any arrangements for obtaining Operational Efficiencies between CU Water and **Utility** Affiliates. The report will describe the manner in which the asset transfers were determined to be on a cost Recovery Basis.
3. Within 60 days of the end of the previous calendar year, the **Compliance Plan Committee** will review the above report. The minutes of the meeting at which the report is reviewed and approved will reflect the results of the review, including any recommendations by the **Compliance Plan Committee** for changes to the methods used to ensure that asset transfers are on a Cost Recovery Basis.
4. Any recommendations by the **Compliance Plan Committee** for changes to the methods used to ensure that asset transfers between CU Water and **Affiliates** are valued on a Cost Recovery Basis, or failure to approve the above report will be treated as an inquiry under the **Code** (see **Section 8**).

5 EQUAL TREATMENT WITH RESPECT TO **Utility Services**

5.1 Impartial Application of Tariff

Policy: CU Water shall apply and enforce all tariff provisions related to Utility Services impartially, in the same timeframe, and without preference in relation to its Affiliate and all other customers or prospective customers.

See the Compliance Measures in Section 7.2 of this Plan.

5.2 Equal Access

Policy: CU Water shall not favour any Affiliate with respect to access to information concerning Utility Services or with respect to the obtaining of, or the scheduling of, Utility Services. Requests by an Affiliate or an Affiliate's customers for access to Utility Services shall be processed and provided in the same manner as would be processed or provided for other customers of CU Water.

See the Compliance Measures in Section 7.2 of this Plan.

5.3 No Undue Influence

Policy: CU Water shall not condition or otherwise tie the receipt of Utility Services to a requirement that a customer must also deal with an Affiliate. CU Water shall ensure that its employees do not explicitly or by implication, suggest that an advantage will accrue to a customer in dealing with CU Water if the customer also deals with an Affiliate of CU Water.

See the Compliance Measures in Section 7.2 of this Plan.

5.4 **Affiliate** Activities

Policy: CU Water shall take reasonable steps to ensure that an Affiliate does not imply in its marketing material or otherwise, favoured treatment or preferential access to Utility Services.

See the Compliance Measures in Section 7.2 of this Plan.

5.5 Name and Logo

Policy: CU Water shall take reasonable steps to ensure that an Affiliate does not use CU Water's name, logo or other distinguishing characteristics in a manner which would mislead consumers as to the distinction or lack of distinction between CU Water and the Affiliate.

See the Compliance Measures in Section 7.2 of this Plan.

5.6 Retained for Numbering Consistency

6 CONFIDENTIALITY OF INFORMATION

6.1 Utility Information

Policy: Subject to Section 6.2 of the Code, CU Water shall not provide Non-Utility Affiliates with information relating to the planning, operations, finances or strategy of CU Water or an Affiliated Utility before such information is publicly available.

See the Compliance Measures in Section 7.2 of this Plan.

6.2 Management Exception

Policy: Officers of CU Water who are also officers of an Affiliate as permitted pursuant to Section 3.1.4 of the Code may disclose, subject to the provisions of Section 3.1.5 of the Code, CU Water 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.

See the Compliance Measures in Section 3.1 of this Plan.

6.3 No Release of Confidential Information

Policy: CU Water shall not release to an Affiliate Confidential Information relating to a customer or prospective customer, without receiving the prior written consent of the customer or prospective customer, unless such Confidential Information may be disclosed in connection with an inquiry described in Section 6.3 of the Code. Confidential Information to be disclosed in connection with an inquiry described in Section 6.3 of the Code must be approved by the Compliance Officer prior to being released.

Compliance Measures

1. Approval will be obtained from a customer, or prospective customer, in writing, indicating their consent to share Confidential Information relating to the customer or prospective customer with an Affiliate of CU Water before the information is shared, unless such confidential information may be disclosed to an Affiliate in connection with a disclosure required under Section 6.3 of the Code.
2. Written consent received from a customer or prospective customer will be provided by management to the Compliance Officer, who will verify that the information has not yet been shared and will maintain the consent documentation on file as a record of the approval. Management can then release the information.
3. If confidential information is to be disclosed to an Affiliate in connection with a disclosure required under Section 6.3 of the Code, the Compliance Officer will verify the circumstances and, if appropriate, will provide an authorization in writing prior to the information being released.
4. Management of CU Water will provide a signed certificate in the form attached as Schedule "B" to this plan attesting that they have not released Confidential Information related to a customer or prospective customer without receiving the prior written consent of the customer or prospective customer, to the Compliance Officer within 30 days of the end of the previous calendar year.
5. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate as described in paragraph 4 above, or the provision of a certificate which does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

6.4 Aggregated Confidential Information

Policy: CU Water may disclose Confidential Information when aggregated with the Confidential Information of other customers in such a manner that an individual customer's Confidential Information can not be identified, provided that CU Water shall not disclose such aggregated customer information to an Affiliate prior to making such information publicly available.

Compliance Measures

1. If management of CU Water proposes to disclose aggregated Confidential Information to an Affiliate, the Compliance Officer will verify the aggregated information and, if appropriate, will provide an authorization in writing prior to the information being released. Management can then release the information.
2. The Compliance Officer will verify that the information has not been released to an Affiliate before being released to the public and will maintain a record of the approval on file.
3. Management of CU Water will provide a signed certificate in the form attached as Schedule "B" to this plan attesting that they have not released aggregated Confidential Information to an Affiliate prior to making such information publicly available, to the Compliance Officer within 30 days of the end of the previous calendar year.
4. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate as described in paragraph 3 above, or the provision of a certificate which does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

7 COMPLIANCE MEASURES

7.1 Responsibility for Compliance

Policy: CU Water shall be responsible for ensuring compliance with the Code on the part of its directors, employees, consultants, contractors and agents, and by Affiliates of CU Water.

See the Compliance Measures in Section 7.2 of this Plan.

7.2 Communication of Code and Compliance Plan

Policy: CU Water will communicate the contents of the Code and the Compliance Plan, and any modifications to them from time to time to each of its directors, officers, employees, consultants, contractors, agents and Affiliates, and make the Code and the Compliance Plan available on the CU Water web site.

Compliance Measures

1. Each director, officer, employee, consultant, contractor, agent and Affiliate of CU Water will receive a copy of the [Code](#) on commencement of their relationship with CU Water.
2. See the Compliance Measures in Section 3.1.1 for the record keeping which will exist for the [Corporate Governance Group](#).
3. For CU Water employees (not included in the [Corporate Governance Group](#)), a signed acknowledgement that the employee has received, and is familiar with, the [Code](#) and this Compliance Plan will be obtained on the commencement of employment with CU Water. The acknowledgement will be kept in the Human Resources personnel file.
4. For CU Water consultants, contractors, and agents, a responsible employee of CU Water will review the work assignment of the consultant, contractor, or agent to determine if the work assignment may be affected by the existence of the [Code](#). If the responsible employee determines that the work assignment of the consultant, contractor, or agent may be affected by the [Code](#), the responsible employee will provide a copy of the [Code](#) to the affected party, and will require a written acknowledgement from the consultant, contractor, or agent that they have received a copy of the [Code](#), are familiar with its contents, and will abide by its requirements. The written acknowledgement will be forwarded to the [Compliance Officer](#) for record-keeping.
5. The [Compliance Officer](#) will provide copies of the [Code](#) and this Compliance Plan to all [Affiliates](#) of CU Water on an annual basis, addressed to a senior officer of the [Affiliate](#).
6. On an annual basis, and within 60 days of the end of the previous calendar year, each CU Water employee will confirm (through written acknowledgement) that they have received the current Compliance Training Material, a current copy of the [Code](#) and this Compliance Plan, and are aware of their contents, and agree to abide by their requirements, and have abided by the [Code](#) in the previous year. The written acknowledgements will be maintained in the Human Resources personnel file for each employee.
7. Within 90 days of the end of the previous calendar year, the ATCO Gas Human Resources Manager will provide the [Compliance Plan Committee](#) a written report, identifying which if any CU Water employees have not acknowledged receipt of a current copy of the [Code](#), awareness of its contents, and agreement to abide by its requirements.
8. The [Compliance Officer](#) will post the [Code](#) and the Compliance Plan on the CU Water web site.

7.3 Retained for Numbering Consistency

7.4 Responsibilities of the Compliance Officer

Policy: The CU Water Compliance Officer will discharge the responsibilities detailed in Section 7.4 of the Code.

Compliance Measures

1. The responsibilities of the Compliance Officer are described in Section 7.4 of the Code as amended from time to time.
2. Within 60 days of the end of the previous calendar year, the Compliance Officer will prepare a report to the Compliance Plan Committee detailing the manner in which he/she has discharged the above responsibilities. The report will be prepared in a manner consistent with Section 7.4 of the Code. The records required to be maintained by the Compliance Officer pursuant to Section 7.4 of the Code will be retained for a period of six years in a manner sufficient to support a third party audit of the state of compliance with the Code.
3. At its next meeting following receipt of the above report, the Compliance Plan Committee will review the report. The results of the review, and any recommendations by the Compliance Plan Committee for improvements to the manner in which the Compliance Officer discharges the above responsibilities will be detailed in the minutes of the meeting.
4. Any recommendations by the Compliance Plan Committee for changes to the manner in which the Compliance Officer discharges the above responsibilities will be treated as an inquiry under the Code (see Section 8).

7.5 The Compliance Plan

Policy: CU Water will prepare a Compliance Plan, review it at least annually, and update it as necessary.

Compliance Measures

1. A copy of the current CU Water Compliance Plan, indicating the date of its last review will be filed with the EUB as Section (a) of the annual Compliance Report.

7.6 The Compliance Report

Policy: CU Water will prepare a Compliance Report in accordance with Section 7.6 of the Code, and file it with the EUB within 120 days of the fiscal year end of CU Water. The Compliance Report will be posted on CU Water's website, and interested parties will be advised promptly when the Compliance Report has been posted on the website.

Compliance Measures

1. The **Compliance Report** will meet the requirements of section 7.6 of the Code as amended from time to time.

7.7 Retained for Numbering Consistency

7.8 Retained for Numbering Consistency

8 DISPUTES, COMPLAINTS AND INQUIRIES

8.1 Filing with the **Compliance Officer**

Policy: The **Compliance Officer** will keep a record of all written (or e-mailed) disputes, complaints or inquiries from within CU Water or from external parties respecting the application of, or alleged non-compliance with, the **Code**. The identity of the party making the dispute, complaint, or inquiry will be kept confidential.

Compliance Measures

1. The Compliance Officer will keep the necessary records of disputes, complaints, or inquiries.
2. The Compliance Officer will ensure that appropriate instructions for sending disputes, complaints, or inquiries to the Compliance Officer are posted on the CU Water website.
3. The Compliance Officer will ensure that a description of how the Compliance Officer will investigate disputes, complaints or inquiries (in a manner consistent with the Code) is posted on the CU Water website.

8.2 Processing by Utility

8.2.1 **Compliance Officer** Acknowledgment

Policy: The **Compliance Officer** shall acknowledge all disputes, complaints or inquiries in writing (which includes e-mail) within five working days of receipt.

Compliance Measures

See Section 8.1.

8.2.2 Disposition

Policy: The **Compliance Officer** shall respond to the dispute, complaint or inquiry within 21 working days of its receipt. The response shall include a

description of the dispute, complaint or inquiry and the initial response of CU Water to the issues identified in the submission. CU Water's final disposition of the dispute, complaint or inquiry shall be completed as expeditiously as possible in the circumstances, and in any event within 60 days of receipt of the dispute, complaint or inquiry, except where the party making the submission otherwise agrees.

Compliance Measures

See Section 8.1.

8.3 Retained for Numbering Consistency

Policy: The Compliance Officer shall ensure that instructions on how to refer disputes to the EUB are contained on the CU Water website.

Compliance Measures

1. Instructions for referring disputes to the EUB will be posted on the CU Water website.

9 RETAINED FOR NUMBERING CONSISTENCY

9.1 Retained for Numbering Consistency

9.2 Retained for Numbering Consistency

10 EFFECTIVE DATE OF THE COMPLIANCE PLAN

This plan comes into effect on April 26, 2005.

11 SCHEDULE A – OFFICER’S CERTIFICATE

To: The Alberta Energy and Utilities Board

I, _____ of the City of _____, in the Province of Alberta, acting in my position as an officer of CU Water and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. My position with CU Water is _____, and as such I have personal knowledge of, or have conducted due inquiry of individuals who have personal knowledge of, the facts and matters herein stated.
2. Capitalized terms used herein (which are not otherwise defined herein) shall have the meanings ascribed thereto in the ATCO Group Inter-Affiliate Code of Conduct (the Code).
3. I have read the Code, the Compliance Plan of CU Water dated _____ and the Compliance Report of CU Water dated _____.
4. The form and contents of the Compliance Report comply with the requirements of the Code and the matters reported therein are fully and accurately described.
5. I am not aware of any material non-compliance with the provisions of the Code by any director, officer, employee, consultant, contractor or agent of CU Water, or by any Affiliate of CU Water (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to any interaction between an Affiliate and CU Water that is not fully and accurately described in the Compliance Report.

Name: _____

Title: _____

Date: _____

12 SCHEDULE B – COMPLIANCE REPORT

To: The CU Water Compliance Officer and CU Water Compliance Committee

I, _____ of the City of _____, in the Province of Alberta, acting in my position as an officer of CU Water and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. Section _____ of the CU Water Compliance Plan requires me to provide this Compliance Certificate on or before _____.
2. My position with CU Water is _____, and as such I have personal knowledge of, or have conducted due inquiry of individuals who have personal knowledge of, the facts and matters herein stated.
3. For the period of _____ to _____, CU Water has been in compliance with the requirements of Section _____ of the Code, with the exception (if any) of the items described on the attached sheet.

Name: _____

Title: _____

Date: _____