

**ATCO GROUP INTER-AFFILIATE CODE OF CONDUCT
CU WATER COMPLIANCE REPORT
for the 2008 Reporting Period**

1.0 INTRODUCTION

The ATCO Group Inter-Affiliate Code of Conduct (the “Code”) requires the Compliance Officer for each Utility to conduct an annual review of compliance with the Compliance Plan (the “Plan”) and to prepare an annual Compliance Report (the “Report”). The Report will be filed with the Alberta Utilities Commission (the “AUC”), formerly the Alberta Energy and Utilities Board (the “EUB” or the “Board”), within 120 days of the fiscal year end of the Utility. The CU Water Compliance Report is for the fiscal year from January 1, 2008 to December 31, 2008.

The 2008 Compliance Report will include:

- (a) a copy of the Compliance Plan and any amendments thereto;
- (b) a corporate organization chart for the Utility and its Affiliates showing relationships and ownership percentages;
- (c) a list of all Affiliates with whom the Utility transacted business, including business addresses, a list of the Affiliates’ officers and directors as at December 31, 2008, and a description of the Affiliates’ business activities;
- (d) a list of all Services Agreements in effect at any time during such period;
- (e) an overall assessment of compliance with the Code by the Utility, including compliance by the directors, officers, employees, consultants, contractors and agents of the Utility and by Affiliates of the Utility with respect to the interactions of the Affiliates with the Utility;
- (f) an assessment of the effectiveness of the Compliance Plan and any recommendations for modifications thereto;
- (g) in the event of any material non-compliance with the Code, a comprehensive description thereof and an explanation of all steps taken to correct such non-compliance;
- (h) subject to the confidentiality provisions of Section 8.1 of the Code, a summary of disputes, complaints and inquiry activity during the year;
- (i) a list and detailed description of all Major Transactions between the Utility and its Affiliates;
- (j) an Affiliated Party Transactions Summary;
- (k) a summary description together with an estimated aggregate value for each Occasional Service provided by the Utility to an Affiliate and by Affiliates to the Utility;
- (l) a summary list of any exemptions granted to this Code or exceptions utilized, including the exception for emergency services;

CU Water 2008 Affiliate Compliance Report

- (m) a list of all employee transfers, temporary assignments and secondments between a Utility and its Affiliates, detailing specifics as to purpose, dates and duration of such employee movements; and
- (n) two certificates attesting to completeness of the Compliance Report and compliance with the Code, one certificate signed by the Compliance Officer and a second certificate signed by the highest ranking operating officer of the Utility.

The Report also contains information outlined in the direction found in Decision 2004-026¹:

“Therefore, the Board directs the ATCO Utilities to report in their annual Code compliance filings all consents granted pursuant to Section 13.3(a) including the basis for and amount of any charges associated with the consent.”

An additional direction was provided in Decision 2004-055².

“Therefore, the Board directs the ATCO Utilities to report in their annual Code of Conduct compliance filings all instances where the parties agreed through a Statement of Work, that IP ownership rights or privileges with respect to the product or output of the Statement of Work would reside in whole or in part with ATCO I-Tek.”

2.0 CU WATER COMPLIANCE REPORT

(a) Compliance Plan

The Compliance Plan in effect during the Reporting Period is provided in Appendix 1.

(b) Corporate Organization Chart

A corporate organization chart indicating ownership percentages and the relationships within the ATCO Group of Companies is provided in Appendix 2. The organization chart represents the corporate organization which existed at the end of the Reporting Period. CU Water and its Affiliates are highlighted on the chart.

(c) List of Affiliates

A list of all Affiliates with whom CU Water transacted business is provided in Appendix 3a. The information includes the business address, list of officers and directors as at December 31, 2008 for CU Water and its Affiliates and a description of the Affiliates’ business activities.

CU Water has reviewed its directors and officers in terms of CU Water’s Compliance requirements.

¹ Decision 2004-026, pp 13-14

² Decision 2004-055, pp 3-4

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The Common Directors for 2008 were:

- L.M. Charlton
- J.W. Simpson
- N.C. Southern
- R.D. Southern
- K.M. Watson

The Common Officers for 2008 were:

- C. Gear
- S.W. Kiefer
- N.C. Southern
- P. Spruin

CU Water has reviewed its directors and officers in terms of CU Water's Compliance Requirements. The detailed results of CU Water's review are provided in the following Appendices:

- Appendix 3b contains a list of the directors and officers for the ATCO Utilities and whether they are also directors or officers for the ATCO Utilities' affiliates.
- Appendix 3c contains a list of the directors and officers for the ATCO Utilities who have obligations to meet as defined in the requirements contained in the ATCO Utilities' Plans for Section 3.1 – Governance.

(d) List of Services Agreements

Appendix 4 contains a diagram of all transactions between CU Water and Affiliates that are documented in Services Agreements. Details on each of these transactions are contained in Appendix 5 (Major Transactions) and Appendix 6 (Transactions Summary).

(e) Overall Assessment of Compliance with the Code

CU Water is confident it has complied with the ATCO Group Inter-Affiliate Code of Conduct during 2008. CU Water continues to operate in compliance with all provisions of the Code and is committed to the spirit and intent of the Code.

During 2008 the Affiliate compliance procedures were improved and Services Agreements with Affiliates were reviewed and amended as necessary. The directors, officers, employees, consultants, contractors, agents and Affiliates of CU Water were informed of the Code's content and their associated responsibilities.

CU Water is committed to transparency about Affiliate transactions and compliance with the Code. All instances of non-compliance with the Code will continue to be reported in the quarterly Affiliate Exception Reports that are filed with the AUC.

The requirements for ensuring CU Water's compliance with the Code have been met during 2008. There were no items concerning Code compliance to report to the AUC for 2008 in quarterly Exception Reports.

(f) Assessment of Compliance Plan Effectiveness

The Compliance Plan contains compliance measures that describe specific actions and procedures the Utility will take to ensure its Affiliate business transactions are conducted in accordance with all aspects of the Code. CU Water is reporting all instances of non-compliance with the Plan in this section of the Report.

General

Since the revised Compliance Plan went into effect on December 17, 2007, CU Water has monitored its experience and identified areas of improvement. Process improvements will be provided to the AUC later this year.

The ATCO Utilities share functions in the interests of economy and efficiency. Agreements were documented governing the sharing of costs and benefits related to the common groups that contain the shared functions. There were no changes to the existing agreement between ATCO Gas and CU Water. For consistency in numbering, there is no Appendix 10 attached to this report.

CU Water's Accounting Policy 80.04 was revised effective January 1, 2008 to reflect a change in the overhead rate. A copy of the policy is provided in Appendix 11.

Specific Compliance Plan Measures

There are a few items concerning the Compliance Plan Measures that were reported to the AUC in the quarterly Exception Reports.

3.1.1 – Separate Operations

On an annual basis the Compliance Officer is to provide a formal education session to the Common Officers and Common Directors on the requirements of the Code and the Plan. The Common Officers and Common Directors received their annual training on March 5, 2008 at the Utilities Business Group Board of Directors meeting.

During 2008, the CU Water Board of Directors did not meet or pass the Affiliate Directors' Resolutions for 2007. CU Water's Board of Directors adopted the Affiliate Directors' Resolutions for 2007 by way of a written Resolution on March 13, 2009. Resolved.

3.2.2 – Physical Separation

Based on a preliminary review of the records for the card key access system, the Compliance Officer was unable to sign the 2007 annual certificates for Physical Separation for ATCO Electric and ATCO Gas.

Action: The annual certificate for Physical Separation for CU Water was completed on February 20, 2008. Resolved.

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3.3.1 – Sharing of Employees

CU Water has historically reported no occurrence of shared employees. In early 2007 it was determined that no reporting mechanism existed for identifying employees who work for both CU Water and an affiliate. In mid-2007 a process was implemented for Human Resources to obtain a signed Confidentiality Agreement from any employee who receives secondary employment approval from the President of CU Water. The CPC approved the course of action at its June 22, 2007 meeting.

In its October 5, 2007 letter the EUB provided its definition for the Sharing of Employees as all “employees who perform any work on behalf of an affiliate, whether through a service agreement or by way of an occasional service or emergency service”.

The AUC Regulatory Audit Report #2008-001 issued on March 12, 2008 contained a recommendation for the Utilities to consider the AUC’s definition for Sharing of Employees and take the appropriate action as outlined in their Compliance Plans.

CU Water filed a letter with the AUC on June 27, 2008 indicating an exemption request may be premature given the AUC is reviewing submissions by EPCOR, ENMAX and the ATCO Utilities in their respective 2007 Compliance Reports. On August 28, 2008 the AUC directed CU Water to take the AUC’s view of Sharing Employees into account when applying the mechanisms in the Plan and indicated an exemption may be filed with respect to compliance with any provision of the Code.

Action: CU Water will apply to the AUC for an exemption to Section 3.3.1 of the Code by the end of the second quarter of 2009.

3.3.4 – Shared Services Permitted and 4.1 – For Profit Affiliate Services

All new or revised Service Agreements are to be prepared and reviewed by the Compliance Plan Committee in advance of the Shared Services or For Profit Services being provided. In the first three quarters, a number of Services Agreements were approved after services commenced. In the fourth quarter all required documentation for significant and material transactions was received in advance of the services being provided to or received from Affiliates.

Processes were established to ensure that the documentation for all identified Services Agreements is approved by the Compliance Plan Committee before services are provided to or received from Affiliates. The Affiliate Code’s requirements for documentation and its timing were reinforced with the Managers. The messages were also incorporated into the annual employees' training material.

7.2 – Communication of Code and Compliance Plan

The Compliance Officer is required to post the Code and the Compliance Plan on CU Water’s web site. When the site was redesigned in late 2007 to meet corporate web site design standards, the affiliate information was inadvertently removed.

Action: The required information was re-posted to CU Water’s web site on February 13, 2008. Resolved.

(g) Comprehensive Description of any Material Non-Compliance with the Code

CU Water has complied with Code requirements and did not have any material non-compliance with the Code during the 2008 Reporting Period.

(h) Summary of Disputes, Complaints and Inquiry Activity

No disputes or complaints have been received by the Compliance Officer related to compliance with the Code.

On an ongoing basis internal verbal and written (electronic mail) inquiries are received and Code clarifications are provided. On behalf of the Compliance Officer, the Utilities Compliance Office maintains electronic and paper records for general inquiries and documents the investigation and resolution of more formal inquiries according to the requirements contained in Section 8.2.2 (Disposition) of the Compliance Plan. The Compliance Officer approves the resolution of all formal inquiries. No formal inquiries were investigated by CU Water during 2008.

(i) List of All Major Transactions between CU Water and Affiliates

No Major Transactions relating to the provision of services between CU Water and Affiliates (other than Utility services) with an aggregate value of \$500,000 or more occurred in 2008. For consistency in numbering, there is no Appendix 5 attached to this Report.

(j) Affiliated Party Transaction Summary

A summary overview of the transactions between CU Water and Affiliates is provided in Appendix 6. It contains a general description of the transactions and services, the parties involved and the approximate aggregate value of each transaction.

(k) Summary Description for Occasional Service provided by the Utility to/from an Affiliate

There were no Emergency Services provided or received by CU Water during the Reporting Period. For consistency in numbering, there is no Appendix 7 attached to this Report.

(l) Summary List of any Exemptions to the Code including Emergency Services

There were no Emergency Services provided or received by CU Water during the Reporting Period. For consistency in numbering, there is no Appendix 8 attached to this Report.

(m) List of all Employee Transfers, Temporary Transfers and Secondments between a Utility and Affiliates

There were no instances of transfers or secondments to or from CU Water in 2008. For consistency in numbering, there is no Appendix 9 attached to this Report.

(n) Certificates Attesting to Completeness of the Compliance Report and Compliance with the Code

Two officer's certificates are provided in Appendix 12. The certificates attest to the completeness of the 2008 Compliance Report and CU Water's compliance with the Code. The certificates are signed by the Compliance Officer and President of CU Water.

(Decision 2004-026) Consents Granted Pursuant to Section 13.3(a) of the MSA with ATCO I-Tek

No consents were granted.

(Decision 2004-055) Intellectual Property Ownership Rights

No instances occurred that Intellectual Property ownership rights or privileges, with respect to the product or output of the Statement of Work, would reside with ATCO I-Tek.

3.0 CONCLUSION

CU Water believes it has fully complied with and operated within the provisions, spirit and intent of the ATCO Group Inter-Affiliate Code of Conduct.

CU Water's 2008 Compliance Report will be posted on the CU Water website and interested parties will be advised.

CU WATER
INTER-AFFILIATE CODE OF CONDUCT
COMPLIANCE PLAN

April 26, 2005

Amended as of December 19, 2007

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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](#) or [CBCA](#);
 - (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

Inter-Affiliate Code of Conduct Compliance Plan

- (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** or **CBCA**.
- (g) **“CBCA”** means the *Canada Business Corporations Act*.
- (h) **“Code”** means the ATCO Group Inter-Affiliate Code of Conduct.
- (i) **“Common Director”** means a member of the Board of Directors of CU Water who is also a member of the Board of Directors of an Affiliate of CU Water.
- (j) **“Common Officer”** means an officer of CU Water who is also an officer of a Non-Utility Affiliate of CU Water.
- (k) **“Compliance Officer”** shall have the meaning ascribed thereto in **Section 7.3** of the Code.
- (l) **“Compliance Plan”** shall mean the document to be prepared and updated by CU Water pursuant to **Section 7.5** of the Code.
- (m) **“Compliance Plan Committee” (CPC)** shall mean a committee which shall meet at least quarterly, comprised of at least the following:
- President, CU Water
 - Director, IT Governance, ATCO Utilities Business Group
 - Controller, CU Water
 - Manager, Regulatory
 - General Manager, CU Water
 - **Compliance Officer**, CU Water.
- (n) **“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.
- (o) **“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

(p) **“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.

(q) **“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.

(r) **“EUB”** means the Alberta Energy and Utilities Board.

(s) **“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.

(t) **“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.

(u) **“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.

- (v) **“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.
- (w) **“Non-Utility Affiliate”** means an [Affiliate](#) that is not a [Utility](#).
- (x) **“Occasional Services”** shall have the meaning ascribed thereto in [Section 3.3.6](#) of the Code.
- (y) **“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).
- (z) **“Person”** means a “person” as defined in the [ABCA](#) or [CBCA](#).
- (aa) **“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](#).
- (bb) **“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.
- (cc) **“Subsidiary”** shall have the meaning ascribed thereto in Section 2 (4) of the [ABCA](#).
- (dd) **“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.
- (ee) **“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 Common Directors and Common Officers of CU Water, (the “List of Directors and Officers”).
2. On an annual basis, the Compliance Officer will provide a formal education session to the **Common Directors** and **Common Officers** of CU Water. Within 90 days of the end of each calendar year, the Compliance Officer will seek and obtain written acknowledgement from all individuals identified as the **Common Officers (excluding directors and officers who are involved in day to day management of CU Water and who sign the Officer’s Certificate under Section 3.1.5)** 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, (the “Common Officers’ Code Acknowledgement”). This acknowledgement will also confirm that the individuals identified as the **Common Officers** 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. On an annual basis the Board of Directors of CU Water will pass the Directors’ Resolution contained in Schedule C to this Plan at the first regularly scheduled meeting of the Board in each calendar year.
4. The **Compliance Plan Committee** will review the acknowledgements and resolutions prior to filing the annual Compliance Report. The minutes of the CPC’s meeting at which the acknowledgements and resolutions are reviewed will reflect the results of the review.
5. 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 with any person who may be perceived as having participated in the management of any Affiliate, the President of CU Water will provide a notice verbally or in writing to the CU Water **Compliance Officer**. The **Compliance Officer** will document verbal inquiries. 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, (the “CU Water Management Team List”).

3. At each meeting of the [Compliance Plan Committee](#), the “CU Water Management Team List” 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, (the “CU Water Management Team List”).

2. All such officers, or members of the management team of CU Water who also act as 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](#), (the “Dual Responsibilities Certificate”).

3. Within 60 days of the end of each calendar year, all such officers, or members of the management team of CU Water who also act as 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 out his/her responsibilities in a manner which preserved the form, and the spirit and intent of the [Code](#) (the “Officer’s Certificate”).

4. On an annual basis the Board of Directors of CU Water will pass the Directors' Resolution contained in Schedule C to this Plan at the first regularly scheduled meeting of the Board in each calendar year.
5. The **Compliance Officer** will maintain a record of the above certificates and resolutions. Any failure to provide a certificate or resolution, or the provision of a certificate or resolution 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, (the "Financial Records Certificate"), to the Compliance Officer within 60 days of the end of each calendar year.
3. The Compliance Officer will maintain a record of the above certificate. 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, (the "Physical Separation Certificate"), within 60 days of the end of each calendar year.

3. The Compliance Officer will maintain a record of the above certificate. 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. Prior to sharing Information Services with an Affiliate of CU Water, owners of computer systems containing Confidential Information must provide approval in writing. On an annual basis the Compliance Officer will receive a list of users with approved access to computer systems containing Confidential Information, (the “Shared Information Systems Access List”).
2. The Director, IT Governance, ATCO Utilities Business Group will annually review the Shared Information Systems Access List for all **Information Services** shared with any **Affiliate** of CU Water. The Director, IT Governance, ATCO Utilities Business Group will annually review with the owners of systems containing **Confidential Information**, the list of **Affiliates** that have access to their system.
3. The Director, IT Governance, ATCO Utilities Business Group will annually review the data management and data access protocols and contractual provisions regarding the breach of any access protocols to ensure they are appropriate.
4. The Director, IT Governance, ATCO Utilities Business Group will provide a signed certificate in the form attached as Schedule “B” to this Plan, (the “Shared Access Compliance Certificate”), within 60 days of the end of each calendar year. The certificate will attest 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.
5. The Compliance Officer will maintain a record of the list and certificate. Any failure to provide the list or certificate as described in paragraph 1 and 3 above, or the provision of the list or certificate which do 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 “Financial Arrangements Certificate”). The certificate will be provided to the Compliance Officer within 60 days of the end of each calendar year.
3. The Compliance Officer will maintain a record of the above certificate. 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, (the “Shared Employee Permission Record”), 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 “Shared Employees Report”). The report will identify if the required approval was in place before the sharing took place.
3. The [Compliance Plan Committee](#) will review the “Shared Employees Report” 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. All employees who transfer from CU Water to an Affiliate will sign a confidentiality agreement prior to the transfer. The employee's supervisor 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, (the "Transferred Employees 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 "Transferred Employees Report" 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 60 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](#), (the “Shared Assets Report”), 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 “Shared Assets Report” within 90 days of the end of each 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 new or revised [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. A business case identifying that it is prudent to obtain the [Shared Services](#) will be prepared if the annual value of the [Shared Services](#) is estimated to be greater than \$50,000. The business case will be 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. The [Shared Services](#) will be annually reviewed by CU Water’s representatives prior to year end and by the [Compliance Plan Committee](#) within 90 days of the end of each calendar year. The results of the review will be reflected in the minutes of the CPC’s meeting. Any [Shared Service](#) which no longer meets 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 Controller, CU Water 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 90 days of the end of each calendar year, the Controller will provide the necessary report of **Occasional Services** provided by CU Water to an Affiliate and vice versa, (the “Occasional Services Report”), 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 “Occasional Services Report” prior to filing the annual Compliance 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 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 Controller, CU Water 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 90 days of the end of each calendar year, the Controller will provide the necessary report of Emergency Services provided by CU Water to an Affiliate and vice versa, (the “Emergency Services Report”), indicating whether the services have been provided on a cost recovery basis, have been properly documented, and remain non-

material, required by Section (1) of the [Compliance Report](#), to the Compliance Plan Committee.

3. The Compliance Plan Committee will review the “Emergency Services Report” prior to filing the annual Compliance 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 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](#) will be reviewed and approved by the [Compliance Plan Committee](#). A business case identifying that it is prudent to obtain the For Profit Affiliate Service will be prepared if the annual value of the For Profit Affiliate Service is estimated to be greater than \$50,000. 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. The business case will be presented to the Compliance Plan Committee for review and approval.

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 The **For Profit Affiliate Services** between CU Water and an **Affiliate** will be annually reviewed by CU Water's representatives prior to year end and by the **Compliance Plan Committee** at its first meeting of the year. The results of the review will be reflected in the minutes of the CPC's 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 60 days of the end of each calendar year, the Controller, CU Water will provide a report to the Compliance Officer detailing any asset transfers between CU Water and **Affiliates**, (the "Asset Transfers Report"). 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 90 days of the end of each calendar year, the **Compliance Plan Committee** will review the "Asset Transfers 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 60 days of the end of each calendar year, the Controller, CU Water will provide a report to the Compliance Officer, (the “Asset Transfers Between Utilities Report”) 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 90 days of the end of each calendar year, the **Compliance Plan Committee** will review the “Asset Transfers Between Utilities 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, (the “Protection of Confidential Information Certificate”), to the Compliance Officer within 60 days of the end of each 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, (the “Aggregated Confidential Information Certificate”), to the Compliance Officer within 60 days of the end of each 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 (excluding the Common Directors and Common Officers of CU Water), a signed acknowledgement that the employee has received, and is familiar with, the Code and this Compliance Plan, (the “Code Acknowledgement Documentation”), will be obtained on the commencement of employment with CU Water. The acknowledgement will be kept in the Human Resources personnel file for each employee.
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 “Code Acknowledgement Documentation”). 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 each calendar year, each CU Water employee (excluding the Common Directors and Common Officers of CU Water) 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 “Code Acknowledgement Documentation”). The written acknowledgements will be maintained in the Human Resources personnel file for each employee.

7. Within 90 days of the end of each calendar year, the ATCO Gas Human Resources Manager will provide the **Compliance Plan Committee** with a written report (the “Employee Code Acknowledgements Report”), identifying which if any CU Water employees have not completed the “Code Acknowledgement Documentation”).

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 90 days of the end of each 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 “Compliance Officer’s Report”). 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. The **Compliance Plan Committee** will review the “Compliance Officer’s Report” prior to filing the annual Compliance 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 Amended Plan is effective as of December 19, 2007.

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: _____

13 SCHEDULE C – DIRECTORS’ RESOLUTION

[CU Water Limited] (the "Corporation")

WHEREAS the Corporation is subject to the oversight by the Alberta Energy and Utilities Board ("EUB"),

AND WHEREAS the EUB has imposed an Inter-Affiliate Code of Conduct on the Corporation, pursuant to Decision 2003-040 dated May 22, 2003 (the "Code of Conduct");

AND WHEREAS the EUB approved a [Compliance Plan](#) in respect of the Code of Conduct by Decision 2005-013, dated February 22, 2005 (the "Compliance Plan");

AND WHEREAS the [Compliance Plan](#) requires yearly confirmation on behalf of the Corporation that the [Compliance Plan](#) has been carried out by the Corporation and its Directors.

AND WHEREAS the Board of Directors of the Corporation has been advised by the management of the Corporation, including the [Compliance Officer](#), as to the measures taken in respect of compliance, as well as having reviewed incidents relating to possible non-compliance, if any,

AND WHEREAS the Board of Directors has been provided with certificates of compliance by the appropriate officers of the Corporation.

BE IT RESOLVED THAT

1. the Board of Directors hereby confirms that it is aware of the Code of Conduct and related [Compliance Plan](#) and that, subject to the obligations and duties imposed on Directors under applicable statutory and common laws, the Corporation and the Board of Directors have complied with Sections 3.1.1 and 3.1.5 of the Code of Conduct and the Compliance Plan in respect thereof,
2. and hereby authorize and direct the [Compliance Officer](#) to so certify on behalf of the Corporation, the Corporation's compliance with the Code of Conduct and to execute all such documents, certificates, instruments or notices as may be required to give effect to the foregoing, including a certified copy of this resolution (collectively, the "Documents") to be in such form as the [Compliance Officer](#), upon the advice of legal counsel to the Corporation, deems necessary or appropriate, such determination to be conclusively evidenced by the execution and filing or delivery of such Documents.

AFFILIATES OF CU WATER
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Canadian Utilities Limited	7
CU Inc.	8

CU Water Limited

20th Floor, 10035 – 105 Street
Edmonton, AB
T5J 2V6

Directors:

Lorraine M. Charlton
James W. Simpson
Nancy C. Southern
Ronald D. Southern
Karen M. Watson

Officers:

Nancy C. SouthernChairman of the Board & Chief Executive Officer
Siegfried W. KieferManaging Director, Utilities
Brian R. HahnPresident
Brian R. Bale.....Vice President, Controller
Patricia Spruin.....Secretary
Carol Gear.....Assistant Secretary

Description of Business:

Through its pipeline system, CU Water offers reliable delivery of safe, high-quality treated water to municipalities and businesses in east-central Alberta. CU Water also owns and operates municipal water distribution systems, including metering and billing, in one municipality.

ATCO Gas, a division of ATCO Gas and Pipelines Ltd.

20th Floor, 10035 – 105 Street
Edmonton, AB
T5J 2V6

Directors (ATCO Gas and Pipelines Ltd.):

Loraine M. Charlton
James W. Simpson
Nancy C. Southern
Ronald D. Southern
Karen M. Watson

Officers:

Nancy C. SouthernChairman of the Board & Chief Executive Officer
Siegfried W. KieferManaging Director, Utilities
Brian R. HahnPresident
W. James Beckett.....Executive Vice President & Chief Regulatory Officer
Robert V. BaerVice President, Government Affairs, Communications &
Corporate Initiatives
Brian R. Bale.....Vice President, Controller
Donald E. BelsheimVice President & Chief Engineer
Keith Carter.....Vice President, Parkland Division
Brendan G. DolanVice President, Prairie Peaks Division
Daryl S. KongVice President, Calgary Operations
Marnie J. O'BrienVice President, Corporate Services
William C. StephensVice President, Edmonton Operations
Patricia Spruin.....Secretary
Carol Gear.....Assistant Secretary

Description of Business:

ATCO Gas is a division of ATCO Gas and Pipelines Ltd. ATCO Gas is an Alberta-based, province wide natural gas distribution company, serving more than one million municipal, residential, industrial and commercial customers in nearly 300 communities.

ATCO I-Tek Business Services Ltd.

5th Floor, 10035 – 105 Street
Edmonton, AB
T5J 1C8

Directors:

James W. Simpson
Nancy C. Southern
Ronald D. Southern
Karen M. Watson
Charles W. Wilson

Officers:

Nancy C. SouthernChairman of the Board & Chief Executive Officer
Michael M. ShawManaging Director, Global Enterprises
Roberta L. Lambright.....President
Scott C. Roszell.....Vice President, Controller
Patricia Spruin.....Secretary
Carol Gear.....Assistant Secretary

Description of Business:

ATCO I-Tek Business Services provides billing and customer care services to a diverse client group.

ATCO I-Tek Inc.

5th Floor, 10035 – 105 Street
Edmonton, AB
T5J 1C8

Directors:

James W. Simpson
Nancy C. Southern
Ronald D. Southern
Karen M. Watson
Charles W. Wilson

Officers:

Nancy C. SouthernChairman of the Board & Chief Executive Officer
Michael M. ShawManaging Director, Global Enterprises
Roberta L. Lambright.....President
Vivian W. ChengVice President, Applications
Pam G. MoellmannVice President, Technologies
Scott C. Roszell.....Vice President, Controller
Patricia Spruin.....Secretary
Carol Gear.....Assistant Secretary

Description of Business:

ATCO I-Tek provides information technology integration and support and applications strategy development and implementation to a diverse client group.

ATCO Ltd.

1600, 909 – 11 Avenue SW
Calgary, AB
T2R 1N6

Directors:

Robert T. Booth
William L. Britton
Bertrand P. Collomb
Brian P. Drummond
Basil K. French
Rtn. Hon. Donald F. Mazankowski
Helmut M. Neldner
Nancy C. Southern
Ronald D. Southern
Lodewijk C. van Wachem
Charles W. Wilson

Officers:

Ronald D. Southern.....Chairman of the Board
Nancy C. Southern.....President & Chief Executive Officer
Siegfried W. Kiefer.....Managing Director, Utilities & Chief Information Officer
Michael M. ShawManaging Director, Global Enterprises & ATCO Ltd.
Corporate Development
Karen M. Watson.....Senior Vice President & Chief Financial Officer
Susan R. WerthSenior Vice President & Chief Administration Officer
Owen G. EdmondsonGroup Vice President, Business Development Finance
Erhard M. Kiefer.....Group Vice President, Human Resources & Corporate
Services
D. Terrence DavisVice President, Internal Audit & Risk Management
Paul G. WrightVice President, Finance & Controller
Carson J. Ackroyd.....Vice President, Marketing & Communications
Robert A. Cerkiewicz.....Vice President, Business Analysis
Ian D. Hargrave.....Vice President, Project Development
Kevin Hunt.....Vice President, Pension
Patricia Spruin.....Vice President, Corporate Secretary & Administration
Catherine M. WiddoesVice President, HR Services
Charles S. McConnell.....Treasurer
Carol Gear.....Assistant Corporate Secretary

Description of Business:

The Corporation is a holding company which operates in the Utilities, Power Generation and Global Enterprises business segments.

Canadian Utilities Limited

1600, 909 – 11 Avenue SW
Calgary, AB T2R 1N6

Directors:

Robert T. Booth
Lorraine M. Charlton
David A. Dodge
Denis M. Ellard
Linda A. Heathcott
Robert J. Normand
Michael R. P. Rayfield
Robert J. Routs
James W. Simpson
Nancy C. Southern
Ronald D. Southern
Roger J. Urwin
Charles W. Wilson

Officers:

Ronald D. Southern.....Chairman of the Board
Nancy C. Southern.....President & Chief Executive Officer
Siegfried W. Kiefer.....Managing Director, Utilities & Chief Information Officer
Michael M. Shaw.....Managing Director, Global Enterprises
Karen M. Watson.....Senior Vice President & Chief Financial Officer
Susan R. Werth.....Senior Vice President & Chief Administration Officer
Owen G. Edmondson.....Group Vice President, Business Development Finance
Erhard M. Kiefer.....Group Vice President, Human Resources & Corporate
Services
D. Terrence Davis.....Vice President, Internal Audit & Risk Management
Paul G. Wright.....Vice President, Finance & Controller
Carson J. Ackroyd.....Vice President, Marketing & Communications
Robert A. Cerkiewicz.....Vice President, Business Analysis
Ian D. Hargrave.....Vice President, Project Development
Kevin P. Hunt.....Vice President, Pension
Todd B. McLaren.....Vice President, Special Projects
Patricia Spruin.....Vice President, Corporate Secretary & Administration
Catherine M. Widdoes.....Vice President, HR Services
Charles S. McConnell.....Treasurer
Carol Gear.....Assistant Corporate Secretary

Description of Business:

The Corporation is a holding company which operates in the Utilities, Power Generation and Global Enterprises business segments.

CU Inc.

1600, 909 – 11 Avenue SW
Calgary, AB T2R 1N6

Directors:

Loraine M. Charlton
James W. Simpson
Nancy C. Southern
Roger J. Urwin
Karen M. Watson

Officers:

Nancy C. SouthernChairman, President & Chief Executive Officer
James W. SimpsonDeputy Chairman
Susan R. WerthSenior Vice President & Chief Administration Officer
Karen M. WatsonSenior Vice President & Chief Financial Officer
Paul G. WrightVice President, Finance & Controller
Charles S. McConnellTreasurer
Patricia Spruin.....Corporate Secretary
Carol Gear.....Assistant Corporate Secretary

Description of Business:

The Corporation is a holding company which operates in the Utilities and Power Generation business segments.

AFFILIATE COMPLIANCE PLAN
Directors and Officers for Affiliates
as of December 31, 2008

NAME	Common Director	Common Officer	ATCO Electric	ATCO Gas and Pipelines Ltd.	ATCO Gas Division	ATCO Pipelines Division	CU Water	Other Non-Utility Affiliates
Arndt, S.				O		O		No
Baer, R.V.			O	O	O	O		No
Bale, B.R.				O	O		O	No
Beckett , W.J.			O	O	O	O		No
Belsheim, D.E.				O	O			No
Boven, R.			O					No
Carroll, J.J.			O					No
Carter, K.D.				O	O			No
Charlton, L.M.	√		D	D			D	D
DeChamplain, D.A.		√	O					O-N60
Dixon, A.J.				O		O		No
Dolan, B.G.				O	O			No
Gear, C.		√	O	O	O	O	O	O
Goguen, P.G.			O					No
Hahn, B.R.				O	O		O	No
Jansen, E.L.				O		O		No
Jones, D.R.			O					No
Kiefer, S.W.		√	O (MD)	O (MD)	O (MD)	O (MD)	O (MD)	O (MD)
Kong, D.S.				O	O			No
Myles, R.J.		√		O		O		O
O'Brien, M.J.				O	O			No
Policicchio, S.F.		√	O					D and O-N60
Sakowsky, K.K.			O					No
Salters, A.J.				O		O		No
Simpson, J.W.	√		D	D			D	D and O
Southern, N.C.	√	√	D and O	D and O	O	O	D and O	D and O
Southern, R.D.	√		D	D			D	D and O
Spruin, P.		√	O	O	O	O	O	O
Stephens, W.P.				O	O			No
Teeuwsen, C.H.					M		M	No
Watson, K.M.	√		D	D			D	D and O

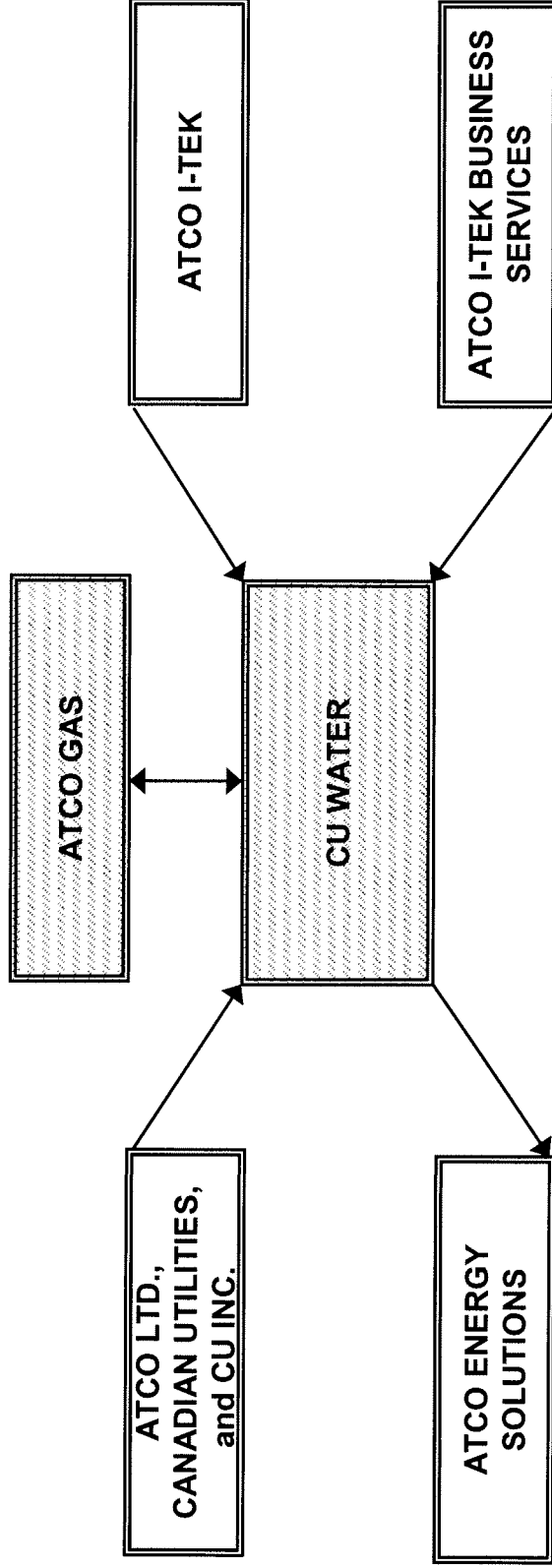
Legend

D – Director MD – Managing Director N60 – North of 60 Companies O – Officer

ATCO UTILITIES
ATCO ELECTRIC (AE), ATCO GAS (AG), ATCO PIPELINES (AP) AND CU WATER (CUW)
SECTION 3.1 GOVERNANCE
as of December 31, 2008

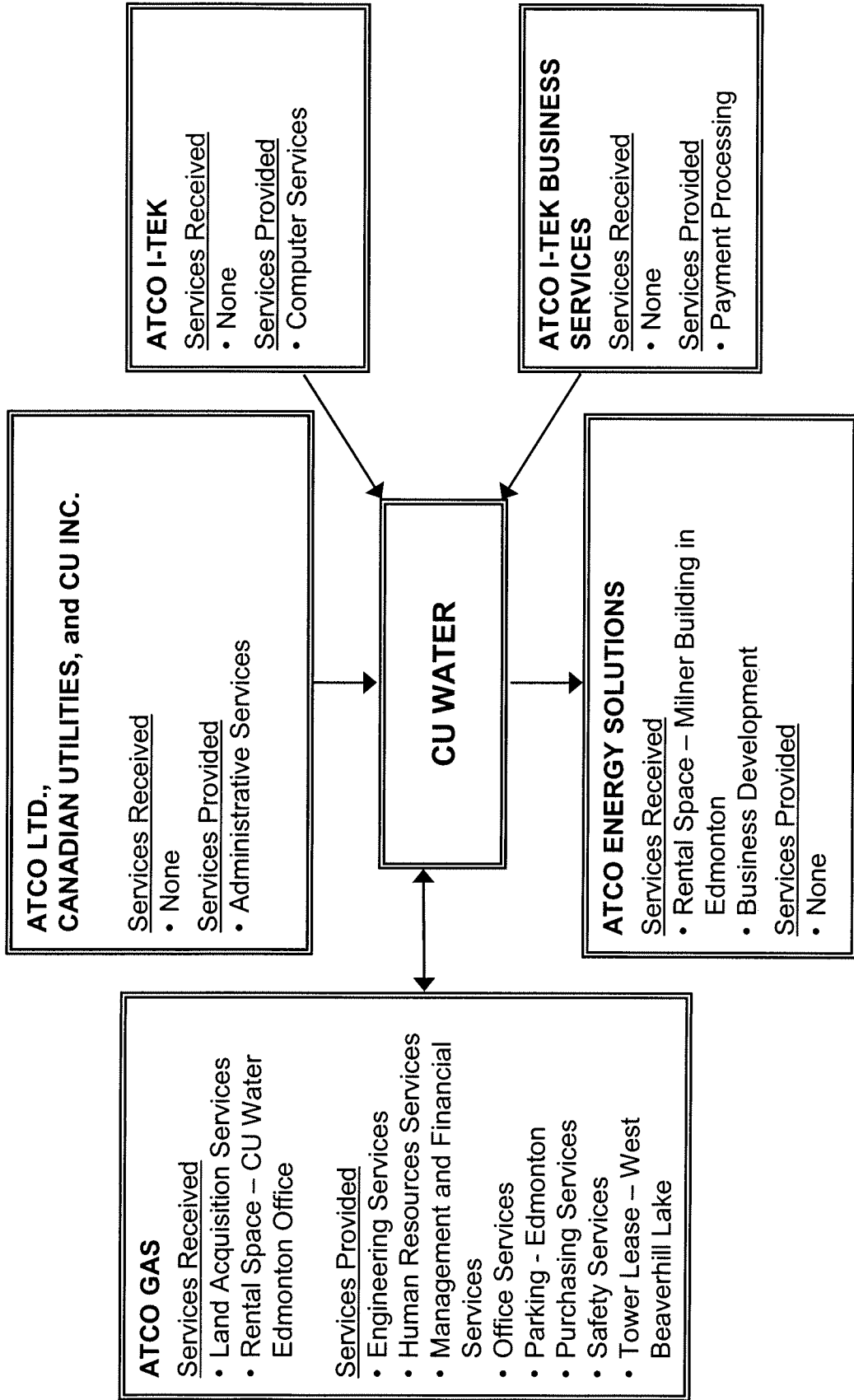
Name	UTILITIES					POSITION		CODE SUB-SECTION				
	AE	AG	AP	CUW	All	Common Director	Common Officer	Separate Operations 3.1.1	Common Directors 3.1.2	Separate Management 3.1.3	Separate Management Exception 3.1.4	Guiding Principle 3.1.5
Baer, R.V.	X	X	X							X		X
Bale, B.R.		X		X						X		X
Beckett, W.J.	X	X	X							X		X
Charlton, L.M.					X	X		X	X			X
DeChamplain, D.A.	X						X			X	X	X
Gear, C.					X		X	X		X		X
Hahn, B.R.		X		X						X		X
Kiefer, S.W.					X		X			X	X	X
Myles, R.J.			X				X			X		X
Policicchio, S.F.	X						X			X	X	X
Simpson, J.W.					X	X		X	X			X
Southern, N.C.					X	X	X	X	X	X		X
Southern, R.D.					X	X		X	X			X
Spruin, P.					X		X	X		X		X
Teeuwesen, C.H.		X		X						X		X
Watson, K.M.					X	X		X	X			X

CU WATER AFFILIATE TRANSACTIONS



AUC-REGULATED
NON-REGULATED

CU WATER AFFILIATE TRANSACTIONS



Appendix 5

CU Water Major Transactions

For consistency in numbering, there is no Appendix 5 attached to this Report

CU Water Limited
Summary of Affiliate Transactions - ATCO Gas
For the Year Ended December 31, 2008

Service	Description	2008 Actual \$000
REVENUE		
RENT		
Rental Space - CU Water Edmonton Office	Provision of office space in the CU Water Edmonton Office and administrative personnel	10
TOTAL RENT REVENUE		10
LAND ACQUISITION SERVICES		
Land Acquisition Services	Provision of personnel to complete land work such as negotiations to acquire land rights and the completion of specification sheets	24
TOTAL LAND ACQUISITION SERVICES REVENUE		24
EXPENSE/CAPITAL		
OFFICE SERVICES		
Office Services	Reprographics services	6
TOTAL OFFICE SERVICES EXPENSE/ CAPITAL		6
FINANCIAL SERVICES		
Management and Financial Services	Provision of accounting, financial reporting, financial planning, income tax preparation and filing, and payroll services	143
TOTAL FINANCIAL SERVICES EXPENSE		143
HUMAN RESOURCE SERVICES		
Human Resources Services	Provision of recruitment, training, salaries and benefits administration and Human Resources Information System (HRIS) services	19
TOTAL HUMAN RESOURCE SERVICES EXPENSE		19
SAFETY SERVICES		
Safety Services	Assistance in the development of CU Water's Occupational Health and Safety program, serious incident investigations, and providing notification and advice on Occupational Health and Safety legislation, policy or regulation changes	-
TOTAL SAFETY SERVICES EXPENSE		-
PURCHASING SERVICES		
Purchasing Services	Provision of advice and assistance in the development of contracts, contract issues, and contract tendering services	-
TOTAL PURCHASING SERVICES EXPENSE		-
ENGINEERING SERVICES		
Engineering Services	Provision of personnel and equipment services including operational, engineering, and business development support	54
TOTAL ENGINEERING SERVICES EXPENSE/ CAPITAL		54
TOWER LEASE		
Tower Lease - West Beaverhill Lake	Use of tower to install, operate and maintain antenna and related equipment	2
TOTAL TOWER LEASE EXPENSE		2
RENT		
Parking - Edmonton	Provision of two parking stalls in the Congregation of First Presbyterian Church, Edmonton Parking Lot	-
TOTAL RENT EXPENSE		-

CU Water Limited
Summary of Affiliate Transactions - ATCO Energy Solutions (formerly ATCO Utility Services)
For the Year Ended December 31, 2008

Service	Description	2008 Actual \$000
REVENUE		
<u>RENT</u>		
Rental Space - Milner Building in Edmonton	Provision of office space in the Milner Building in Edmonton	1
TOTAL RENT REVENUE		1
EXPENSE		
<u>BUSINESS DEVELOPMENT</u>		
Business Development	Provide operational support on business development projects	-
TOTAL BUSINESS DEVELOPMENT EXPENSE		-

CU Water Limited
Summary of Affiliate Transactions - ATCO I-Tek Business Services Ltd.
For the Year Ended December 31, 2008

Service	Description	2008 Actual \$000
EXPENSE		
PAYMENT PROCESSING		
Payment Processing	Processing of Customer Payments	20
TOTAL PAYMENT PROCESSING EXPENSE		20

CU Water Limited
Summary of Affiliate Transactions - ATCO Ltd./Canadian Utilities Limited/CU Inc.
For the Year Ended December 31, 2008

Service	Description	2008 Actual \$000
REVENUE		
<u>Interest Income</u>		
Interest Income	Interest on daily surplus funds	5
TOTAL INTEREST INCOME		5
EXPENSE		
<u>INTEREST ON LONG TERM DEBT</u>		
Debentures with CU Inc.	Interest paid on debentures with CU Inc.	496
TOTAL INTEREST ON LONG TERM DEBT EXPENSE		496
<u>ADMINISTRATIVE SERVICES</u>		
Administrative Services	Corporate governance, policy and strategic direction, corporate secretarial, financial, human resources, information technology support, insurance, internal audit, finance and treasury, corporate aircraft	76
TOTAL ADMINISTRATIVE SERVICES EXPENSE		76

CU Water Limited
Summary of Affiliate Transactions - ATCO I-Tek Inc.
For the Year Ended December 31, 2008

Service	Description	2008 Actual \$000
EXPENSE		
<u>INFORMATION TECHNOLOGY</u>		
Computer Services	IT applications, maintenance and enhancements, operations support of mainframe and distributed systems, operational technology support, customer support and data and voice telecommunication services. Preparation of scope documents and the development, testing, implementation, operation and maintenance of new systems and technologies	60
TOTAL INFORMATION TECHNOLOGY EXPENSE		60

Appendix 7

CU Water Occasional Services Report

For consistency in numbering, there is no Appendix 7 attached to this Report

Appendix 8

CU Water Emergency Services Report

For consistency in numbering, there is no Appendix 8 attached to this Report

Appendix 9


CU Water Employee Transfers, Temporary Assignments and Secondments with Affiliates

For consistency in numbering, there is no Appendix 9 attached to this Report

Appendix 10

CU Water Common Group Employees Agreements

For consistency in numbering, there is no Appendix 10 attached to this Report

 <p>CU WATER LIMITED An ATCO Company</p>	<h2><i>Accounting Policies and Procedures</i></h2>
<p>80 80.04</p>	<p>General Provision of Services to or from Affiliates</p>

PURPOSE

To provide guidelines for the charging of work performed for or received from affiliates within the ATCO Group.


POLICY

- All transactions with affiliates are governed by the ATCO Group Inter-Affiliate Code of Conduct.

For Profit Services

- Services provided to Affiliates on a For Profit Basis shall not be charged at less than the Fair Market Value for those services. Services received from Affiliates on a For Profit Basis shall not be paid for at more than Fair Market Value. Consultation with the Compliance Officer should occur prior to the determination of Fair Market Value for services to be provided or received on a For Profit Basis.
- A prudence review of these services may be required when deemed appropriate by management and/or the Compliance Officer. In demonstrating that Fair Market Value was paid or received pursuant to a For Profit Affiliate Service arrangement, the Utility, subject to any prior or contrary direction by the EUB, may utilize any method to determine Fair Market Value that it believes appropriate in the circumstances. These methods may include, without limitation: competitive tendering, competitive quotes, bench-marking studies, catalogue pricing, replacement cost comparisons or recent market transactions.

<p>Original Issue Date: January 1, 2007</p>	<p>Last Revision Date: January 1, 2008</p>	<p>Page 1 of 10</p>
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 <p>CU WATER LIMITED An ATCO Company</p>	<h2><i>Accounting Policies and Procedures</i></h2>
<p>80 80.04</p>	<p>General Provision of Services to or from Affiliates</p>

- The Utility shall bear the onus of demonstrating that the methodology or methodologies utilized in determining the Fair Market Value of the subject goods or services was appropriate in the circumstances.
- When providing Non-Utility services to Affiliates, Policy 80-05 Accounting for Non-Utility Services shall also apply.

Shared Services


- Shared Services provided to or received from Affiliates on a Cost Recovery Basis are permitted, unless an approved regulated rate exists for the services, in which case the regulated rate will be charged. In the event that the service provided represents a major on-going transaction, or a collection of related minor transactions that are significant in their totality, a review, involving the Compliance Officer, should be performed as to whether the service pricing is appropriate.
- Financial Transactions with Affiliates – A Utility shall ensure that any loan, investment, or other financial support provided to a Non-Utility Affiliate is 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.
- Sharing employees – A Utility may share employees on a Cost Recovery Basis with an Affiliate provided that the employees to be shared:
 - i) do not have access to Confidential Information;
 - ii) do not routinely participate in making decisions with respect to the provision of Utility Services or how Utility Services are delivered;

<p>Original Issue Date: January 1, 2007</p>	<p>Last Revision Date: January 1, 2008</p>	<p>Page 2 of 10</p>
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 <p>CU WATER LIMITED An ATCO Company</p>	<h2><i>Accounting Policies and Procedures</i></h2>
<p>80 80.04</p>	<p>General Provision of Services to or from Affiliates</p>

- iii) do not routinely deal with or have direct contact with customers of the Utility;
and
 - iv) are not routinely involved in operating, planning or managing the business of the Utility (subject to certain exceptions as per the Code).
- Transferring of Employees – A Utility may transfer employees to or from an Affiliate, provided any employee transferred by the Utility who had access to Confidential Information shall execute a confidentiality agreement with respect to such Confidential Information prior to the transfer.
 - Sharing of assets – The plant, assets and equipment of a Utility shall be separated in ownership and separated physically from the plant, assets and equipment of other Non-Utility Affiliates. Utility Affiliates may share ownership and may physically share office space, equipment, rights-of-way and other assets on a Cost Recovery Basis.
 - Where operational efficiencies between Utilities that are Affiliates can be obtained through the use of common facilities (such as shared warehousing or field offices), combined purchasing power or through 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) may be transferred in the ordinary course of business between Utilities on a Cost Recovery Basis.
 - Occasional Services – A Utility may receive or provide one-off, infrequent or occasional services to or from an Affiliate on a Cost Recovery Basis, without a service agreement. The service(s) must be documented by way of a work order, purchase order or similar instrument.

<p>Original Issue Date: January 1, 2007</p>	<p>Last Revision Date: January 1, 2008</p>	<p>Page 3 of 10</p>
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 <p>CU WATER LIMITED An ATCO Company</p>	<h2><i>Accounting Policies and Procedures</i></h2>
<p>80 80.04</p>	<p>General Provision of Services to or from Affiliates</p>

- Emergency Services – In the event of an emergency, a Utility may share services and resources with an Affiliate without a service agreement on a Cost Recovery Basis. The service(s) must be documented by way of a work order, purchase order or similar instrument.

Master Service Agreement or Contract

- A Master Services Agreement or Master Service Contract (both referred to as MSC for purposes of this policy) must be developed with each affiliate, governing all services with the affiliate, which are not charged on the basis of regulated rates. All services with the affiliate counter party that the MSC applies to can be brought under that MSC by way of a schedule to the MSC. A copy of all agreements with affiliates should be forwarded to the Compliance Officer for record keeping. Note that a service agreement is not required for occasional or emergency services. In the event that these services become material as to the value, frequency or use of resources (as determined by management or the Compliance Officer), a service agreement shall be entered into.

Recoveries


- Recoveries for work performed for affiliates will be recorded as revenue to CU Water, not as a reduction to operating expenses.

DEFINITIONS

Affiliate: Means with respect to any Utility:

- i) an affiliate as defined by the Business Corporations Act
- ii) a unit or division within the Utility or any body Corporate referred to in clause (i) above;

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- iii) a partnership, joint venture, or Person in which the Utility or any Body Corporate referred to in clause (i) above has a controlling interest or that is otherwise subject to the control of the Utility or such Body Corporate;
- iv) any partnership, joint venture, or Person deemed by the EUB to be an affiliate of the Utility for the purpose of the Code of Conduct; 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 (i) to (iv) above.

Cost Recovery Basis: Means 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 a Utility of an Affiliate's services, means the complete costs of providing the service, determined in a manner acceptable to the Utility, acting prudently;
- iv) the use by an Affiliate of a Utility's services, means the complete costs of providing the service, determined in a manner acceptable to the Utility, 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.

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Direct Labour Costs: The number of hours worked on the project times an employee's hourly wage or the portion of the annual salary attributable to the services provided.

Non Direct Labour Costs: Labour costs not directly attributable to the work performed but related. Examples of these costs are training and stand-by pay.

Direct Costs of Goods and Services: The actual amount paid to the vendor for supplies and services used in the provision of services to an affiliate.

Direct Cost of Vehicle and Equipment Charges: The charges for vehicles and equipment used in the provision of service to affiliates should be based on the hours used times the hourly charge out rate. The hourly charge out rate will include capital related costs.

Fair Market Value: The price reached in an open and unrestricted market between informed and prudent parties, acting at arms length and under no compulsion to act.


For Profit Services: Any service that relates to a core business, provided on a for-profit basis:

- i) by a Utility to a Non-Utility Affiliate, other than a Utility Service; or
- ii) by a Non-Utility to a Utility

Non-Preset Labour: Employees who are not preset and must submit a daily timesheet in order to distribute their salary to the appropriate accounts.

Preset Labour: Employees whose salaries are distributed on a preset basis to the same accounts.

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Payroll Burden: An incremental charge that is included in an employee's hourly charge out rate to cover payment for statutory holidays, vacation and sick pay.


Overhead: A general loading charge applied to all Labour Costs for the recovery of corporate costs.

PROCEDURE

A. Determination of Cost Recovery Basis


- Charges for services should be done on an actual cost basis providing it is cost effective and reasonable to track the cost of services provided. In the event cost tracking is not used, the cost allocation methodology used must fairly allocate costs based on reasonable and appropriate criteria. Whether cost tracking is used or not, the following amounts must be incorporated in the determination of fully burdened cost:
 1. Labour Charges – In addition to the Direct Labour Costs, the following amounts should be included:
 - Payroll Burden of 18% for permanent employees and 10.00% for probationary, casual and bi-weekly seasonal employees will be applied when an hourly wage is used, rather than an annual salary. The payroll burden rate is not to be applied when an annual salary is used in the determination of the Direct Labour Costs. A separate calculation of burden will be made for Preset and Non Preset Labour charged on an hourly basis.
 - Non Direct Labour Costs, if applicable, will be calculated on a monthly basis, with the exception of the cost of supervision. An estimate should be obtained from Financial Services when pricing services.

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- The labour cost of staff associated with the direct supervision of the Direct Labour should be included on a pro-rata basis, providing the costs of supervision are not already captured in the overhead rate. Confirmation of this can be obtained from Financial Services.
 - An Overhead rate of 116% will be applied to the sum of the above amounts.
 - Other charges as discussed below must be included as applicable.
2. Other Charges which may or may not apply, depending on the service performed include:
- Direct cost of Goods and Services
 - Direct Cost of Vehicle and Equipment Charges – Contact Financial Services for the current rates to be applied. The MSC should contain a provision that allows for this rate to be varied by CU Water as required.
 - Financing, operating costs and depreciation should be recovered if the provision of service to an Affiliate involves the use of CU Water’s utility assets. Contact Financial Services for assistance in determining these amounts.
 - Financing costs associated with a delay in compensation for a material portion of the agreement may be required. Contact Financial Services for assistance in determining these amounts.

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3. If the agreement involves the disposal of an asset, then fair market value will be exchanged for the asset. If the sale of an asset occurs between regulated affiliates, Fair Market Value will not be less than the Net Book Value of the assets. Statutory requirements for regulatory approval of sales of utility property, other than in the ordinary course of business, will be met.


B. Finalizing the Agreement

1. The standard MSC is to be used for all agreements with non-regulated affiliates. In the event that a modification to the format of the MSC is required, approval must be obtained from the Compliance Officer.

2. Where an MSC is required, a new MSC must be developed or the existing MSC amended to incorporate new services or changes to pre-existing services. The amendment can be incorporated through the revision to Schedules “A – D” of the MSC, with appropriate approvals from all parties to the agreement, as well as an approval date. The new or amended agreement must clearly indicate an effective date. Contact the Compliance Officer for assistance with respect to this.

3. Discussion with Financial Services should occur regarding how the revenue is to be collected, and any new account numbers required for the tracking of revenues and costs associated with the agreement. Generally affiliate revenues should be processed through debit notes which have a standard settlement date. Other collection methods may require a bill to be generated or different procedures to be put in place.

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C. Compliance Records

- Records shall be maintained in a manner sufficient to support a third party audit of the state of compliance with the Inter-Affiliate Code of Conduct and retained for a period of at least six years.

APPROVED BY

Original Signed By

Brian Bale
 Vice President, Controller
 CU Water Limited

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OFFICER'S CERTIFICATE

To: Alberta Utilities Commission

I, Brian R. Bale of the City of Edmonton, in the Province of Alberta, acting in my position as an officer of CU Water (the Utility) and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. My position is Vice President, Controller, 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 (the Utility) dated December 19, 2007 and the Compliance Report of the Utility dated April 30, 2009.
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 the Utility, or by any Affiliate of the Utility (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to any interaction between an Affiliate and the Utility that is not fully and accurately described in the Compliance Report.

Name: Brian R. Bale

Title: Vice President, Controller
(Compliance Officer, ATCO Gas and CU Water)

Signature: April 30, 2009

Date: Original Signed By

OFFICER'S CERTIFICATE

To: The Alberta Utilities Commission

I, Brian R. Hahn of the City of Edmonton, in the Province of Alberta, acting in my position as an officer of CU Water (the Utility) and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. My position with the Utility is President 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 the Utility dated December 19, 2007 and the Compliance Report of the Utility dated April 30, 2009.
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 the Utility, or by any Affiliate of the Utility (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to any interaction between an Affiliate and the Utility that is not fully and accurately described in the Compliance Report.

Name: Brian R. Hahn

Title: President

Signature: April 30, 2009

Date: Original Signed By