
1 **9.0 CODE OF CONDUCT**

2 **9.1 Introduction and Background**

3 **Q1. What is the purpose of this evidence?**

4 A1. The purpose of this evidence is to introduce and explain the provisions of a new Code of
5 Conduct for NGTL (Code). A copy of the Code is provided as Appendix A to this
6 section.

7 NGTL seeks in this Application Board approval of the Code as filed.

8 **Q2. What is the purpose of the Code?**

9 A2. The general purpose of the Code is to establish the standards and conditions of conduct
10 that govern the interaction of NGTL, as one of TCPL’s wholly-owned regulated natural
11 gas pipeline businesses, with other affiliated TCPL regulated and non-regulated
12 companies. The Code establishes parameters for transactions, information sharing, and
13 the sharing of services and resources between NGTL and affiliated companies, while
14 permitting economies of scale and operating efficiencies.

15 **Q3. Will the Code replace an existing code of conduct?**

16 A3. Yes. NGTL presently operates under the relevant provisions of the NOVA Inter-Affiliate
17 Code of Conduct and the TransCanada Standards of Conduct for Relations between
18 Affiliates in the TransCanada group of companies (Existing Codes). NGTL has filed
19 copies of the Existing Codes with the Board in past proceedings.

20 The Code will replace the Existing Codes for NGTL, once it is approved by the Board.

1 **Q4. Why is NGTL replacing the Existing Codes?**

2 A4. The Existing Codes were developed prior to the 1998 merger of TCPL and NOVA
3 Corporation. NGTL's present corporate structure, the types of businesses in which it is
4 engaged and its relationships with affiliated TCPL companies have changed significantly
5 since the Existing Codes were instituted.

6 Since the merger, TCPL has divested several business units that were a concern to
7 industry, including midstream operations and gas marketing. TCPL has also avoided the
8 practice of routinely establishing "for-profit" affiliate businesses to provide services to its
9 regulated businesses.

10 Although NGTL believes that the Existing Codes adequately safeguard the interests of its
11 stakeholders and is not aware of any issues that necessitate the development of a new
12 Code, NGTL's stakeholders and the Board have requested NGTL review the Existing
13 Codes and either revise or replace them to reflect NGTL's present business structure and
14 operational practices, and to respond to changes in industry and regulatory expectations
15 about the conduct of affiliate relationships.

16 NGTL has affirmed with industry and the Board on several occasions its commitment to
17 develop a new code of conduct. Most recently, in Article 12 of the 2001/2002 Alberta
18 System Rate Settlement (ASRS), NGTL and the other signatories to it committed "... to
19 finalizing NGTL's Code of Conduct on terms and conditions acceptable to the Parties
20 and the EUB." The Board acknowledged this commitment in its approval of the ASRS in
21 Decision 2002-16.

22 In furtherance of its commitments, NGTL has worked with industry stakeholders on
23 various occasions and through various means in the past few years to try and develop an
24 industry consensus on a new code of conduct. Although NGTL was unable to gain
25 consensus on a new code through these processes, it prepared and had intended to file a
26 new code with the Board in early 2003 as a part of its 2003 Tariff Application. However,
27 the Board, in a letter dated January 13, 2003, directed NGTL to delay its filing, stating:

1 . . . the Board expects to release in the near future Part B of Decision
2 2002-069, regarding the ATCO Group Affiliate Transactions and Code of
3 Conduct proceeding (Application No. 2000233). The Board anticipates
4 that this Decision will provide the foundation and guidelines for the
5 development of future code of conduct and affiliate submissions by
6 applicants. As a result, the Board directs NGTL to file its code of conduct
7 within one month of the release of Part B of Decision 2002-069,
8 incorporating any relevant Board findings into its submission.

9 The Board issued Decision 2003-040, ATCO Group Affiliate Transactions and Code of
10 Conduct Proceeding, Part B: Code of Conduct, on May 22, 2003. The Board established
11 through that Decision a new Code of Conduct for the ATCO Group of businesses (ATCO
12 Code).

13 On June 8, 2003, NGTL requested that the Board extend the deadline for it to file its new
14 code of conduct to August 29, 2003. NGTL found that it required more than one month
15 following release of Decision 2003-040 to review and respond to the applicable Board
16 directions and policy statements in it. The Board subsequently directed NGTL, in
17 Decision 2003-051, 2003 Revenue Requirement and Tariff Settlement Applications,
18 issued on June 24, 2003, to include its new code of conduct as a component of this
19 Application.

20 **Q5. How did NGTL develop and determine the content of the Code?**

21 A5. In accordance with the Board's directions in its January 13, 2003 letter to NGTL, NGTL
22 used the ATCO Code as a template for the creation of its Code. NGTL modified specific
23 provisions of the ATCO Code to reflect and accommodate NGTL's specific business
24 structure, operational practices, and position in TransCanada's overall organizational
25 structure. NGTL discusses these amendments and its reasons for them later in this
26 section. However, aside from these modifications, NGTL retained the structure and
27 provisions of the ATCO Code.

28 **Q6. Has NGTL discussed the Code with industry representatives?**

29 A6. Yes. NGTL has presented the Code to some industry representatives and met with them
30 to discuss it. NGTL has, where possible, attempted to incorporate industry input.

1 **9.2 TCPL’s Organizational Structure**

2 **Q7. Please describe how NGTL fits within TCPL's organizational structure?**

3 A7. NGTL is a wholly-owned subsidiary of TCPL.

4 TCPL is an integrated energy company with operations in two principal business
5 segments: gas transmission and services, and power generation and marketing. The
6 business operations of TCPL are performed in functional areas that provide integrated
7 services to the various lines of business throughout the organization.

8 Under TCPL’s functional structure, NGTL does not have independent employees. Rather,
9 TCPL employees are assigned to provide the services required to operate NGTL. The
10 costs of providing these services are allocated to NGTL in accordance with the
11 TransCanada Operating Cost Allocation Policy, as discussed in sub-section 2.3 of the
12 Application.

13 Excluding field locations, most of TCPL’s employees are physically located in its
14 Calgary office.

15 Corporate organization charts for TCPL, its subsidiaries, and affiliates are provided in
16 Appendix B to this section. These charts show the corporate relationships between
17 TCPL’s wholly and partially-owned businesses.

18 **Q8. Why has TCPL structured many of its businesses, and particularly its regulated
19 pipeline businesses, as an integrated organization?**

20 A8. TCPL has organized its regulated pipeline businesses as an integrated organization
21 primarily to realize efficiencies and economies of scale. This centralized structure allows
22 TCPL to avoid duplicating common functional groups and facilities necessary to operate
23 these businesses. This results in fewer employees overall and lower costs for each line of
24 business.

1 TCPL has achieved significant savings through the integration of its regulated pipeline
2 businesses. These savings have benefited the customers on the Alberta System, the
3 Canadian Mainline, and the B.C. System through lower operating costs and ultimately
4 lower tolls. This integration and the resulting cost reductions that have been shared and
5 passed on to these customers were achieved through collaborative efforts with industry
6 through agreements such as the Merger Costs and Benefits Agreement and other
7 measures.

8 **Q9. Does the Code apply to TCPL's transmission businesses other than NGTL?**

9 A9. No. The Code applies only to NGTL and its interactions with affiliated companies.

10 Most of TCPL's other transmission businesses are subject to the oversight of regulatory
11 bodies other than the Board and are governed by different legislation than that applicable
12 to NGTL. Accordingly, TCPL does not propose to adopt the Code across all of its
13 transmission businesses.

14 TCPL's other businesses will continue to be governed by the applicable provisions of the
15 TransCanada Standards of Conduct for Relations between Affiliates in the TransCanada .

16 **9.3 Differences Between the NGTL Code and the ATCO Code**

17 **Q10. Please identify the changes that NGTL has made to the ATCO Code to adapt it to**
18 **NGTL's circumstances and explain why these changes are required?**

19 A10. For the convenience of the Board and interested parties, NGTL provides in Appendix C
20 to this section a black-lined copy of the NGTL Code showing the changes that were made
21 to the ATCO Code to create the NGTL Code.

22 As discussed earlier, NGTL amended the ATCO Code to reflect NGTL's specific
23 business and operational circumstances and the nature of TCPL's integrated organization.
24 Some of these changes were minor and essentially administrative in nature, such as name
25 and terminology changes. These changes are apparent in the black-lined copy of the Code

1 and the reasons for them are self-evident. Accordingly, NGTL does not review these
2 changes here.

3 NGTL identifies below the substantive changes it made to the ATCO Code and explains
4 its reasons for them. References to section numbers are those in the NGTL Code, not the
5 ATCO Code, unless stated otherwise.

6 **Definitions – Section 2**

7 NGTL deleted the definition of “Utility” and “Utility Service”. Unlike companies in the
8 ATCO Group, NGTL does not have any utility affiliates that provide services under rates
9 that are directly regulated by the Board. Consequently, these definitions were not relevant
10 to NGTL’s circumstances.

11 However, NGTL recognized that other sections of the ATCO Code distinguished
12 between Utilities and Non-Utilities for various transactions. To preserve the original
13 intent of these sections, NGTL inserted definitions for “Non-Regulated Affiliate” and
14 “Regulated Affiliate” which are analogous to the definitions of “Non-Utility” and
15 “Utility” in the ATCO Code. NGTL similarly amended the definition of “For Profit
16 Affiliate Service” to account for the deletion of the “Utility” and “Non-Utility”
17 definitions.

18 NGTL deleted the definition of “Major Transactions” and made corollary changes to the
19 definition of “Affiliate Party Transaction Summary.” NGTL believes that a separate
20 reporting of Major Transactions as a component of the annual Compliance Report would
21 be duplicative of the information that will otherwise be provided in the annual Affiliate
22 Party Transaction Summary Report. Accordingly, for simplicity, NGTL has embedded
23 the original requirement to report Major Transactions into the Affiliate Party Transaction
24 Summary Report. This change should not materially alter or reduce NGTL’s reporting
25 and disclosure obligations.

To Whom this Code Applies - Section 2.3

NGTL amended the ATCO Code to reflect that the Code applies only to NGTL, and not to Regulated Affiliates of NGTL. This amendment reflects the fact that NGTL does not have any Regulated Affiliates subject to the Board's regulatory oversight.

Coming Into Force – Section 2.4

NGTL will require some time after the Board approves the Code to institute internal mechanisms to ensure compliance with the Code provisions. Accordingly, under the provisions in Section 2.4 of the Code, NGTL proposes that the Code will come into force 90 days after Board approval. However, to the extent that there are existing agreements or arrangements in place between NGTL and affiliates that do not conform to the requirements of the Code, then NGTL will have 60 days after the Code comes into force to bring these agreements or arrangements into compliance.

NGTL believes that the timelines in section 2.4 are reasonable and will allow it to accomplish the required tasks. The timelines are also consistent with the Board's approach in establishing and instituting the ATCO Code.

Separate Operations – Section 3.1.1

As earlier discussed, TCPL manages various corporate and operational aspects of its businesses on an integrated basis. For example, TransCanada has centralized corporate services, such as human resources, that may provide services to TCPL's regulated and non-regulated businesses. Consequently, NGTL could not meet the requirement in section 3.1.1 of the ATCO Code that all of the business and affairs of NGTL be managed and conducted separately from non-regulated affiliates.

NGTL operational costs are significantly lower under the existing integrated organization model used by TCPL as a result of efficiencies and economies of scale. NGTL's customers benefit from NGTL's use of these shared resources through lower system costs.

1 NGTL has amended section 3.1.1 of the ATCO Code to require that only the commercial
2 business and affairs of NGTL be managed and conducted separately from the affairs of
3 Non-Regulated Affiliates. This amendment recognizes and allows for the functional
4 integration of operational services across TCPL’s businesses. NGTL believes that this
5 amendment preserves the original intent of section 3.1.1 by ensuring appropriate
6 separation of the commercial aspects of regulated and non-regulated businesses, while
7 allowing NGTL to capture the cost benefits of functional integration.

8 **Separate Management Exception – Section 3.1.4**

9 NGTL has amended section 3.1.4 of the ATCO Code to allow NGTL officers to be
10 officers of an Affiliate as may be required to perform corporate governance, policy and
11 strategic direction responsibilities of an affiliated group of businesses. This amendment
12 reflects the integrated nature of TCPL’s organization, where officers may be shared
13 horizontally across TCPL’s businesses. Existing NGTL officers are also officers of other
14 TCPL businesses that are not subsidiaries of NGTL or of which NGTL is a subsidiary.

15 NGTL believes that the sharing of NGTL officers with any Affiliate will not adversely
16 impact NGTL’s customers or unfairly advantage NGTL or Affiliates. The Guiding
17 Principles in section 3.1.5 place the onus on shared officers to act appropriately and
18 ensure this result.

19 **Guiding Principle – Section 3.1.5**

20 It is not clear in section 3.1.5(a) and (b) of the ATCO Code whether the determination of
21 the reasonableness of a shared person’s actions should be subjectively or objectively
22 determined. For clarity, NGTL amended section 3.1.5 to provide that the individual,
23 acting reasonably, shall make the determination whether acting in a dual capacity could
24 be detrimental to the interests of NGTL’s customers.

25 **Physical Separation – ATCO Code Section 3.2.2**

26 **Sharing of Employees - ATCO Code Section 3.3.1**

27 **Transferring of Employees – ATCO Code Section 3.3.2**

28 **Sharing of Employees - NGTL Code Section 3.3.4**

1 NGTL has deleted sections 3.2.2, 3.3.1, and 3.3.2 of the ATCO Code because the
2 provisions are not applicable to NGTL's organizational structure. NGTL has proposed
3 sections 3.3.4.1 and 3.3.4.2 in the NGTL Code, governing the sharing of employees, as
4 replacement sections.

5 As discussed previously, NGTL does not have employees. TCPL employees provide all
6 business and operational services for NGTL and the costs of the services are allocated in
7 accordance with the principles established in TransCanada's Cost Allocation Policy.
8 TransCanada similarly operates many of its non-utility businesses.

9 Most of TCPL's non-field employees are located in TCPL's main Calgary office. The
10 TCPL employees that work on NGTL matters have physical access to common areas of
11 TCPL offices for shared services.

12 NGTL's current corporate structure utilizing services of shared TCPL employees benefits
13 NGTL's customers through reduced operational costs. The consolidation of services
14 allows NGTL to realize significant cost savings through economies and efficiencies of
15 scope and scale.

16 NGTL would incur significant incremental costs if it was required to have independent
17 employees that were physically separated from the employees of affiliated TCPL
18 businesses. NGTL estimates its annual operating costs to achieve this type of independent
19 operation would increase by \$20 million to \$40 million.

20 NGTL proposes the provisions in sections 3.3.4.1 to allow it to continue its present
21 practices for sharing employee subject to appropriate controls. Specifically, employees
22 would be shared only where:

- 23 • the shared employees are able to carry out their responsibilities in a manner that
24 preserves the form, spirit, and intent of the Code; and
- 25 • it will not detrimentally affect the interests of NGTL's customers.

1 NGTL recognizes that, despite the controls in section 3.3.4.1, sharing of employees may
2 not be appropriate in some circumstances. Accordingly, NGTL proposes in section
3 3.3.4.2 a prohibition against sharing those employees with Non-Regulated Affiliates who
4 routinely:

- 5 • participate in decisions on NGTL services;
- 6 • have direct contact and dealings with NGTL customers; or
- 7 • are involved in the commercial management of NGTL's business.

8 NGTL believes the controls on sharing employees in section 3.3.4 will preclude the
9 potential for circumstances where the sharing of employees could harm either NGTL or
10 its customers. NGTL notes that other provisions of the Code, such as transfer pricing,
11 service agreements, and confidentiality, all still apply to employees that may be shared
12 under the provisions of sections 3.3.4.1 and 3.3.4.2. These other provisions afford
13 assurances that NGTL's customers' interests will be adequately protected and will ensure
14 that neither NGTL nor its Affiliates may unduly benefit from the sharing of employees.

15 **Separation of Information Services – Section 3.2.2**

16 NGTL deleted the requirement in the ATCO Code that the Utility confirm compliance
17 with access protocols “through a review that complies with the provisions of the
18 Canadian Institute of Chartered Accountants Handbook”. NGTL has internal provisions
19 that govern data access and management protocols which are consistent with the
20 Canadian Institute of Chartered Accountants Handbook. NGTL will follow its internal
21 protocols to ensure compliance with the requirements of section 3.2.2 of the Code.

22 **Sharing of Assets – Section 3.3.1**

23 Section 3.3.3 in the ATCO Code allowed only Utility Affiliates to share office space and
24 ownership of assets on a Cost Recovery Basis.

1 Under TCPL’s organizational structure, NGTL shares office space and various assets
2 with both Regulated and Non-Regulated Affiliates. These assets include items like
3 computers, furniture, and vehicles. This sharing of non-operational assets allows NGTL
4 to realize cost efficiencies and economies of scale through TCPL’s integrated structure.

To reflect NGTL’s current operating structure, it has amended this section to require that
Regulated Affiliate operational plant, assets and equipment is separated in ownership
from operational plant, assets and equipment of Non-Regulated Affiliates. NGTL
believes its proposed amendment preserves the original intent of this section.

5 **Transfers Between Utilities – ATCO Code Section 4.6**

6 This section in the ATCO Code allows asset transfers between Utilities on a Cost
7 Recovery Basis. All the Utilities are regulated by the Board, allowing the imposition of
8 symmetrical requirements.

9 However, NGTL’s Regulated Affiliates are subject to the jurisdiction of regulators other
10 than the Board. The legislative and regulatory requirements that govern the transfer of
11 assets from or to these Regulated Affiliates from other affiliates may differ from the
12 requirements that NGTL must follow. Accordingly, NGTL has removed this provision
13 from its Code.

14 The removal of this section from the Code will not lower the regulatory threshold for
15 asset transfers to or from NGTL and any Affiliates, regulated or not. NGTL must always
16 properly account for all such transactions on its books, and its actions are subject to the
17 Board’s oversight.

18 **No Undue Influence – Section 5.3**

19 NGTL replaced the word “employees” with “representatives” in this section. As
20 previously explained, NGTL does not have employees. This amendment does not change
21 the original intent of the section.

1 NGTL has similarly replaced “employees” with “representatives” in sections 7.2, 7.4,
2 7.5, 7.6, 7.8, 9.1, and 9.2.

3 **Name and Logo – ATCO Code Section 5.5**

4 NGTL deleted from its Code this section of the ATCO Code. NGTL does not meet the
5 requirements of this section. In any event, NGTL believes that the primary objective of
6 the section is not applicable to NGTL’s business.

7 NGTL is a separate legal entity from other TCPL businesses. NGTL offers its services
8 and conducts formal transactions, including tariff and service matters, in its own name.

9 However, NGTL shares corporate branding indicia with other TCPL businesses. The
11 shared indicia are a common name and logo, usually presented in the following form:



12 This name and logo may appear on a variety of NGTL-related documents and materials,
13 from correspondence to community service pamphlets. NGTL uses the name and logo as
14 part of a TCPL initiative to establish a consistent and recognizable corporate brand.

15 NGTL observes that the objective of the prohibition in section 5.5 of the ATCO Code
16 against common use of a name, logo or other distinguishing characteristics is to ensure
17 that consumers are not misled as to the distinction or lack of distinction between the
18 Utility and an Affiliate. NGTL infers that the Board, in choosing the word “consumers”,
19 intended to protect the general consuming public, which includes residential customers of
20 the ATCO Group distribution utilities who may have little knowledge of the energy
21 industry.

22 Most of NGTL’s customers are significant participants in the energy industry. NGTL’s
23 use of a name and logo common to other TCPL businesses should not mislead, confuse,
24 or otherwise adversely impact its customers or other parties that may deal with it or its

1 Affiliates. Consequently, NGTL believes there is no practical reason the prohibition in
2 section 5.5 of the ATCO Code should be included in NGTL's Code.

3 **No Release of Confidential Information – Section 6.3**
4 **Aggregated Confidential Information - Section 6.4**

5 NGTL amended Sections 6.3 and 6.4 to allow it to disclose Confidential Information to
6 Regulated Affiliates.

7 NGTL shares operational information, including aggregated confidential customer
8 information, with connecting, Regulated Affiliate pipelines, for system planning and
9 routine operational purposes. For example, NGTL will provide aggregate volumetric
10 information to TCPL about flows at the Empress border point of interconnection with the
11 TCPL Mainline system. The information is necessary to ensure appropriate operation of
12 the systems. However, NGTL does not make this information public prior to providing it
13 to TCPL.

14 **Consequences of Non-Compliance - Section 9.2**

15 NGTL removed the statement in the ATCO Code that makes a breach of the Code *prima*
16 *facie* evidence in a regulatory proceeding of inappropriate utility conduct, or an
17 inappropriate utility transaction, expense, or activity. This presumption of guilt until
18 innocence is proven may place an unfair evidentiary burden on a utility. It is analogous to
19 the Board accepting a complaint against a utility on the strength of the allegations alone.

20 The Board should determine the appropriateness of utility conduct and prudence of utility
21 costs based on a full and fair consideration of all relevant facts and circumstances. NGTL
22 expects that the Board would make thorough inquiries in any event to determine whether
23 there was a breach of the Code.

24 NGTL observes that the section independently provides that a breach of the Code
25 subjects the utility to the full range of the Board's powers and authorities. This
26 jurisdiction includes the ability to determine the appropriateness of utility conduct or
27 prudence of a utility transaction, expense, or activity. Consequently, the proposed

1 amendment to the ATCO Code will not materially alter the ultimate function of this
2 section.

3 **9.4 Compliance Plan and Future Review of the Code**

4 **Q11. When will NGTL file its initial Compliance Plan, as described in section 7.5 of the**
5 **Code?**

6 A11. NGTL is prepared to file its initial Compliance Plan with the Board within 120 days of
7 the Board's approval of the Code. NGTL believes that this timeline is necessary and
8 reasonable to allow it to prepare an appropriate Compliance Plan. The timeline is also
9 consistent with the Board's approach with the ATCO Group for the filing of its initial
10 compliance plans.

11 **Q12. Does NGTL foresee any future changes or revisions to the Code?**

12 A12. No. NGTL does not foresee any changes to the Code at this time. However, NGTL
13 considers the Code to be a living document and it may be revised in future to
14 appropriately reflect changes in NGTL's business and operations, or changes in industry
15 and regulatory expectations and requirements.

16 **Q13. Does that conclude NGTL's evidence in this section?**

17 A13. Yes.

APPENDIX A: CODE OF CONDUCT

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NOVA GAS TRANSMISSION LTD.

CODE OF CONDUCT

1 PURPOSE AND OBJECTIVES OF THE CODE

1.1 Purpose of the Code

The purpose of this Code is to establish standards and conditions for interaction between NGTL and its [Affiliates](#).

This Code sets parameters for transactions, information sharing and the sharing of services and resources, while permitting economies of scale and operating efficiencies. These parameters are intended to:

- i) prevent NGTL from cross-subsidizing [Affiliate](#) activities;
- ii) protect confidential customer information collected by NGTL in the course of providing NGTL services;
- iii) ensure Affiliates and their customers do not have preferential access to NGTL services; and
- iv) avoid uncompetitive practices between NGTL and its Affiliates, which may be detrimental to the interests of NGTL's customers.

1.2 Objectives of Code

While the overall purpose of the Code is to establish standards and parameters that prohibit inappropriate [Affiliate](#) conduct, preferences or advantages, which may adversely impact the customers of regulated businesses, this purpose reflects several important underlying objectives, including:

- i) creating a clearly defined set of rules designed to enhance transparency, fairness and senior management accountability with respect to interactions between NGTL and its Affiliates;
- ii) providing an environment in which inter-affiliate economies and efficiencies can legitimately occur for the mutual advantage of both NGTL's customers and its shareholders;
- iii) developing support and respect for the Code by the employees, officers and directors of the TransCanada group of companies, which will in turn promote ratepayer confidence in the application of the Code; and
- iv) the creation of regulatory processes and cost efficiencies through the consistent application of a clear set of standards and reporting requirements for transactions between NGTL and its Affiliates, enhanced by a practical, resolution driven, dispute process.

1.3 Respect for the Code

Standards and rules alone, however, will always be insufficient to achieve the objectives of this Code. These objectives can only be fully realized through a demonstrated respect for the spirit and intent behind the words by those individuals to whom the Code applies.

1.4 Application

This Code does not replace or modify in any manner, any statutory or regulatory requirements relating to NGTL.

2 General Provisions

2.1 Definitions

In this Code the following 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 NGTL:
 - i) an “affiliate” as defined in the ABCA;
 - ii) a unit or division within NGTL or any Body Corporate referred to in clause (b)(i) above;
 - iii) a partnership, joint venture, or Person in which NGTL or any Body Corporate referred to in clause (b)(i) above has a controlling interest or that is otherwise subject to the control of NGTL or such Body Corporate;
 - iv) any partnership, joint venture, or Person deemed by the EUB to be an affiliate of NGTL for the purposes of this Code; and
 - v) an agent or other Person acting on behalf of any Body Corporate, unit, 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, performed by an Affiliate for NGTL or by NGTL 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) **“Body Corporate”** means a “body corporate” as defined in the ABCA.
- e) **“Code”** means this NGTL Code of Conduct.
- f) **“Compliance Officer”** shall have the meaning ascribed thereto in [section 7.3](#) hereof.
- g) **“Compliance Plan”** shall mean the document to be prepared and updated by NGTL pursuant to [section 7.5](#) hereof.
- h) **“Compliance Report”** shall have the meaning ascribed thereto in [section 7.6](#) hereof.

- i) **“Confidential Information”** means any information relating to a specific customer or potential customer of NGTL, which information NGTL has obtained or compiled in the process of providing current or prospective NGTL Services and which is not otherwise available to the public.
- j) **“Cost Recovery Basis”** with respect to:
 - i) the use by NGTL of an Affiliate’s personnel, means the fully burdened costs of such personnel for the time period they are used by NGTL, including salary, benefits, vacation, materials, disbursements and all applicable overheads;
 - ii) the use by NGTL of an Affiliate’s equipment, means an allocated share of capital and operating costs appropriate for the time period the equipment is utilized by NGTL;
 - iii) the use by an Affiliate of NGTL’s equipment, means an allocated share of the capital and operating costs appropriate for the time period the equipment is utilized by the Affiliate;
 - iv) the use by NGTL of an Affiliate’s services, means the complete costs of providing the services, determined in a manner acceptable to NGTL, acting prudently; and
 - v) the use by an Affiliate of NGTL’s services, means the complete costs of providing the services, determined in a manner acceptable to NGTL, acting prudently.
- k) **“EUB”** means the Alberta Energy and Utilities Board.
- l) **“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.
- m) **“For Profit Affiliate Service”** means any service, provided by NGTL to an Affiliate, or by an Affiliate to NGTL on a for-profit basis:
- n) **“Information Services”** means any computer systems, computer services, databases, electronic storage services or electronic communication media utilized by NGTL relating to NGTL customers or NGTL operations.
- o) **“NGTL”** means NOVA Gas Transmission Ltd.
- p) **“NGTL Service”** means a service, the terms and conditions of which are regulated by the EUB.
- q) **“Non-Regulated Affiliate”** means an Affiliate that is not a [Regulated Affiliate](#).
- r) **“Occasional Services”** shall have the meaning ascribed thereto in [3.3.5](#) hereof.
- s) **“Person”** means a “person” as defined in the ABCA.
- t) **“Regulated Affiliate”** means an Affiliate whose tolls and tariffs are regulated by the EUB, the National Energy Board or the Federal Energy Regulatory Commission.

- u) **“Services Agreement”** means an agreement entered into between NGTL 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 NGTL and each Affiliate party to the agreement that the agreement complies with the Code.

- v) **“Shared Service”** means any service provided on a **Cost Recovery Basis** by NGTL to an Affiliate or by an Affiliate to NGTL.

- w) **“Subsidiary”** shall have the meaning ascribed thereto in section 2(4) of the ABCA.

2.2 Interpretation

Headings are for convenience only and shall not affect the interpretation of this Code. 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 Code Applies

NGTL is obligated to comply with this Code and all Affiliates of NGTL are obligated to comply with the Code to the extent they interact with NGTL.

2.4 Coming into Force

This Code comes into force 90 days after approval by the Board, provided however that, to the extent existing agreements or arrangements are in place between parties to whom this Code applies that do not conform with this Code, such agreements or arrangements must be brought into compliance with this Code within 60 days after this Code comes into force.

2.5 Amendments to this Code

This Code 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 Code applies or by any interested party.

2.6 Exemptions

NGTL may apply to the EUB for an exemption with respect to compliance with any provision of this Code. Any such application will specify if the requested exemption is in respect of a particular transaction, series of transactions, for a specified period of time, or is for a general exemption from a particular provision.

2.7 Authority of the EUB

This Code 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 NGTL and one or more Affiliates that may be done in compliance with this Code. Compliance with the Code does not eliminate the requirement for specific EUB approvals or filings where required by statute, regulation, or by EUB decisions, orders or directions.

3 GOVERNANCE AND SEPARATION OF NGTL BUSINESS

3.1 Governance

3.1.1 Separate Operations

The commercial business and affairs of NGTL should be managed and conducted separately from the commercial business and affairs of its [Non-Regulated Affiliates](#), except as required to fulfill corporate governance, policy, and strategic direction responsibilities of a corporate group of businesses as a whole.

3.1.2 Common Directors

NGTL may have common directors with its Affiliates.

3.1.3 Separate Management

Subject to section 3.1.4 hereof, NGTL must have a separate management team and separate officers from its [Non-Regulated Affiliates](#), but may share management team members or officers with other Regulated Affiliates.

3.1.4 Separate Management Exception

Officers of NGTL may also be officers of any Affiliate, as may be required to perform corporate governance, policy and strategic direction responsibilities of an affiliated group of businesses.

3.1.5 Guiding Principle

Notwithstanding sections 3.1.2, 3.1.3 and 3.1.4 hereof, an individual shall not act both as a director, officer or member of a management team of NGTL and as a director, officer or member of a management team of any other Affiliate (thereby acting in a dual capacity) unless the individual is able to carry out his/her responsibilities in a manner that preserves the form, and the spirit and intent, of this Code. In particular, an individual:

- (a) shall not agree to act in a dual capacity if the individual, acting reasonably, determines that acting in a dual capacity could be detrimental to the interests of customers of NGTL, and
- (b) if acting in a dual capacity, shall abstain from engaging in any activity that the individual, acting reasonably, determines could be detrimental to the interests of customers of NGTL.

3.2 Degree of Separation

3.2.1 Accounting Separation

NGTL shall ensure accounting separation from all [Affiliates](#) and shall maintain separate financial records and books of accounts.

3.2.2 Separation of Information Services

Where NGTL shares [Information Services](#) with a Non-Regulated Affiliate, all [Confidential Information](#) must be protected from unauthorized access by the Non-Regulated Affiliate. Access to NGTL's Information Services shall include appropriate computer data management and data access protocols as well as contractual provisions regarding the breach of any access protocols. Compliance with the access protocols shall be periodically confirmed by NGTL.

3.2.3 Financial Transactions with Affiliates

NGTL shall ensure that any loan, investment, or other financial support provided to a Non-Regulated Affiliate is provided on terms no more favorable than what that Non-Regulated Affiliate would be able to obtain as a stand-alone entity from the capital markets.

3.3 Resource Sharing

3.3.1 Sharing of Assets

The operational plant, assets and equipment of NGTL shall be separated in ownership from the operational plant, assets and equipment of other Non-Regulated Affiliates.

3.3.2 Shared Services Permitted

Where NGTL determines it is prudent in operating NGTL's business to do so, it may obtain [Shared Services](#) from, or provide Shared Services to, an Affiliate. NGTL shall periodically review the prudence of continuing Shared Services arrangements with a view to making any necessary adjustments to ensure that each of NGTL and its Affiliates bears its proportionate share of costs.

3.3.3 Services Agreement

NGTL shall enter into a [Services Agreement](#) with respect to any [Shared Services](#) it provides to, or acquires from, an Affiliate.

3.3.4 Sharing of Employees

3.3.4.1 NGTL and its Affiliates

Subject to section 3.3.4.2 hereof, NGTL may share employees on a Cost Recovery Basis, provided that the employees to be shared are able to carry out their responsibilities in a manner that preserves the form, spirit and intent of this Code. In particular, an employee:

- (a) shall not be shared if it could reasonably be considered detrimental to the interests of NGTL's customers, and
- (b) if being shared, shall abstain from engaging in any activity that could reasonably be considered detrimental to the interests of NGTL's customers.

3.3.4.2 Employees That May Not Be Shared

NGTL may not share employees with a Non-Regulated [Affiliate](#) that:

- (a) routinely participate in making decisions with respect to the provision of NGTL Services or how NGTL Services are delivered;
- (b) routinely deal with or have direct contact with customers of NGTL; and
- (c) are routinely involved in commercial management of the business of NGTL.

3.3.5 Occasional Services Permitted

Where NGTL has otherwise acted prudently, it may receive, or provide, one-off, infrequent or occasional services (“**Occasional Services**”) to, or from, an [Affiliate](#) on a [Cost Recovery Basis](#), documented by way of work order, purchase order or similar instrument. In the event that occasional services become material as to value, frequency or use of resources, NGTL shall enter into a [Services Agreement](#) with the [Affiliate](#) for [Shared Services](#).

3.3.6 Emergency Services Permitted

In the event of an emergency, NGTL may share services and resources with an [Affiliate](#) without a [Services Agreement](#) on a [Cost Recovery Basis](#).

4 TRANSFER PRICING

4.1 For Profit Affiliate Services

Where NGTL determines it is prudent in operating its business to do so, it may obtain [For Profit Affiliate Services](#) from an [Affiliate](#) or provide [For Profit Affiliate Services](#) to an [Affiliate](#).

If NGTL intends to outsource to an [Affiliate](#) a service it presently provides for itself, NGTL shall, in addition to any other analysis it may require to demonstrate the prudence of a [For Profit Affiliate Services](#) arrangement, undertake a net present value analysis appropriate to the life cycle or operating cycle of the services involved.

NGTL shall periodically review the prudence of continuing [For Profit Affiliate Services](#) arrangements.

4.2 Pricing For Profit Affiliate Services

4.2.1 NGTL Acquires For Profit Affiliate Service

When NGTL acquires [For Profit Affiliate Services](#) it shall pay no more than the [Fair Market Value](#) of such services. The onus is on NGTL to demonstrate that the [For Profit Affiliate Services](#) have been acquired at a price that is no more than the [Fair Market Value](#) of such services.

4.2.2 NGTL Provides For Profit Affiliate Service

When NGTL provides [For Profit Affiliate Services](#), it shall not charge less than the [Fair Market Value](#) of such services. The onus is on NGTL to demonstrate that the [For Profit Affiliate Services](#) have been charged at a price that is not less than the [Fair Market Value](#) of such services.

4.3 Services Agreement

NGTL shall enter into a [Services Agreement](#) with respect to any [For Profit Affiliate Services](#) it acquires or provides.

4.4 Asset Transfers

Assets transferred, mortgaged, leased or otherwise disposed of by NGTL to a Non-Regulated Affiliate shall be at [Fair Market Value](#).

4.5 Determination of Fair Market Value

In demonstrating that Fair Market Value was paid or received pursuant to a [For Profit Affiliate Service](#) arrangement or a transaction contemplated by sections 4.1, 4.2 and 4.4 hereof, NGTL, 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. NGTL 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.

5 EQUAL TREATMENT WITH RESPECT TO NGTL SERVICES

5.1 Impartial Application of Tariff

NGTL shall apply and enforce all tariff provisions relating to NGTL Services impartially, in the same timeframe, and without preference in relation to its Affiliates and all other customers or prospective customers.

5.2 Equal Access

NGTL shall not favor any Affiliate with respect to access to information concerning NGTL Services or with respect to the obtaining of, or the scheduling of, NGTL Services. Requests by an Affiliate or an Affiliate's customers for access to NGTL Services shall be processed and provided in the same manner as would be processed or provided for other customers or prospective customers of NGTL.

5.3 No Undue Influence

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

5.4 Affiliate Activities

NGTL shall take reasonable steps to ensure that an Affiliate does not imply in its marketing material or otherwise, favored treatment or preferential access to NGTL Services. If NGTL becomes aware of any such inappropriate activity by an Affiliate, it shall:

- (a) immediately take reasonable steps to notify affected customers of the violation;

- (b) take necessary steps to ensure the Affiliate is aware of the concern; and
- (c) inform the EUB in writing of such activity and the remedial measures that were undertaken by NGTL.

5.5 Access to Shared and Occasional Services

NGTL is not required to provide non-Affiliated parties with equal access to [Shared Services](#) or [Occasional Services](#).

6 CONFIDENTIALITY OF INFORMATION

6.1 NGTL Information

Subject to section 6.2 hereof, NGTL shall not provide Non-Regulated Affiliates with information relating to the planning, operations, finances or strategy of NGTL before such information is publicly available.

6.2 Management Exception

Officers of NGTL who are also officers of an Affiliate as permitted pursuant to [section 3.1.4](#) hereof may disclose, subject to the provisions of [section 3.1.5](#) hereof, NGTL 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.

6.3 No Release of Confidential Information

NGTL shall not release to a Non-Regulated 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 to a Non-Regulated Affiliate in connection with a disclosure required:

- (a) for the purpose of a court proceeding or a proceeding before a quasi-judicial body to which the customer is a party;
- (b) for the purpose of complying with a subpoena, warrant, or order issued or made by a court, person or body having jurisdiction to compel the production of information or with a rule of court that relates to the production of information;
- (c) to a municipal or provincial police service for the purpose of investigating an offence involving the customer, if the disclosure is not contrary to the express request of the customer;
- (d) by law or by an order of a government or agency having jurisdiction over NGTL; or
- (e) for the purpose of providing [Shared Services](#) or [For Profit Affiliate Services](#) to the Non-Regulated Affiliate or for the purpose of receiving Shared Services or For Profit Affiliate Services from the Non-Regulated Affiliate; provided appropriate measures are first put in place by the Non-Regulated Affiliate to protect the [Confidential Information](#) and the Confidential Information is used by the Non-Regulated Affiliate only for the purpose intended by NGTL.

6.4 Aggregated Confidential Information

NGTL 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.

7 COMPLIANCE MEASURES

7.1 Responsibility for Compliance

NGTL shall be responsible for ensuring compliance with this Code.

7.2 Communication of Code

NGTL shall:

- (a) communicate the contents of the Code, and any modifications to it from time to time, to each of its directors, officers, representatives, consultants, contractors, agents and Affiliates; and
- (b) make the Code available on NGTL's web site.

7.3 Compliance Officer

NGTL shall appoint a compliance officer (the "**Compliance Officer**"). NGTL shall ensure that the Compliance Officer is an officer of NGTL and has adequate resources to fulfill his or her responsibilities.

7.4 Responsibilities of the Compliance Officer

The responsibilities of the Compliance Officer shall include:

- (a) providing advice and information to NGTL for the purpose of ensuring compliance with this Code;
- (b) monitoring and documenting compliance with the Code by NGTL, its directors, officers, representatives, consultants, contractors and agents;
- (c) monitoring and documenting compliance with the Code by Affiliates of NGTL with respect to the interactions of the Affiliates with NGTL;
- (d) providing for the preparation and updating, of a Compliance Plan for NGTL pursuant to Section 7.5 hereof;
- (e) filing the Compliance Plan and any modifications or replacements with the EUB, posting the Compliance Plan on the NGTL's website, and advising interested parties promptly when the Compliance Plan, or any modifications or replacements, have been posted on the website;
- (f) performing an annual review of compliance with the Compliance Plan and preparing an annual compliance report ("**Compliance Report**") containing the information required in section 7.6 hereof. The Compliance Officer shall file the Compliance Report with the EUB within 120 days of the fiscal year end of NGTL with respect to the immediately

preceding fiscal year, post the Compliance Report on NGTL's website, and advise interested parties promptly when the Compliance Report has been posted on the website;

- (g) receiving and investigating internal and external disputes, complaints and inquiries with respect to the application of, and alleged non-compliance, with the Code in accordance with Section 8 hereof;
- (g) recommending to NGTL measures required to address events of non-compliance with the Code; and
- (i) maintaining adequate records with respect to all aspects of the Compliance Officer's responsibility.

7.5 The Compliance Plan

NGTL shall prepare a [Compliance Plan](#). The Compliance Plan shall detail the measures, policies, procedures and monitoring mechanisms that NGTL will employ to ensure its full compliance with the provisions of the Code by NGTL its directors, officers, representatives, consultants, contractors and agents, and by Affiliates of NGTL with respect to the interactions of the Affiliates with NGTL. NGTL shall review and update the Compliance Plan at least annually.

7.6 The Compliance Report

The Compliance Report shall include the following information prepared in respect to the period of time covered by the Compliance Report:

- (a) a copy of the Compliance Plan and any amendments thereto;
- (b) a corporate organization chart for NGTL and its Affiliates indicating relationships and ownership percentages;
- (c) a list of all Affiliates with whom NGTL transacted business, including business addresses, a list of the Affiliates' officers and directors, 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 NGTL, including compliance by the directors, officers, representatives, consultants, contractors and agents of NGTL and by Affiliates of NGTL with respect to the interactions of the Affiliates with NGTL;
- (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](#) hereof, a summary of disputes, complaints and inquiry activity during the year;
- (i) an [Affiliated Party Transactions Summary](#);
- (j) a summary list of any exemptions granted to this Code or exceptions utilized, including the exception for emergency services; and
- (k) two certificates, each in the form attached as [Schedule "A"](#) attached to this Code, 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 NGTL.

7.7 Documents to be Provided to the EUB upon Request

If required by the EUB, NGTL shall provide the EUB with a copy of any document referred to in a Compliance Report or other supporting records and material.

7.8 Compliance Records and Audit

The records required to be maintained by the Compliance Officer pursuant to section 7.4(i) hereof shall be retained for a period of at least six years. Compliance records shall be maintained in a manner sufficient to support a third party audit of the state of compliance with the Code by NGTL, its directors, officers, representatives, consultants, contractors and agents, and by Affiliates of NGTL with respect to the interactions of the Affiliates with NGTL. Subject to the confidentiality provisions of section 8.1 hereof, all such records shall be made available for inspection or audit as may be required by the EUB from time to time.

8 DISPUTES, COMPLAINTS AND INQUIRIES

8.1 Filing with the Compliance Officer

Disputes, complaints or inquiries from within NGTL or from external parties respecting the application of, or alleged non-compliance with, the Code shall be submitted in writing to the Compliance Officer and may be made confidentially. The identity of the party making the submission to the Compliance Officer shall be kept confidential by the Compliance Officer unless the party otherwise agrees.

8.2 Processing by NGTL

8.2.1 Compliance Officer Acknowledgment

The Compliance Officer shall acknowledge all disputes, complaints or inquiries in writing within five working days of receipt.

8.2.2 Disposition

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 NGTL to the issues identified in the submission. NGTL'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.

8.3 Referral to the EUB

In the event:

- (a) NGTL fails to abide by the process identified in section 8.2 hereof,
- (b) NGTL or a party is unsatisfied with the resolution of a dispute, complaint or inquiry following the conclusion of the section 8.2 process, or

- (c) of an urgent and significant matter, where there is a reasonable expectation that a party's position may be prejudiced by allowing the process contemplated by section 8.2 to operate,

NGTL (subject to the confidentiality provisions of section 8.1 hereof) or a party with a dispute, complaint or inquiry may refer the matter to the EUB for consideration. A referral to the EUB must be in writing and shall describe the dispute, complaint, or inquiry and must include the response, if any, of NGTL to the submission.

9 NON-COMPLIANCE WITH THE CODE

9.1 Non-Compliance

Any non-compliance with the Code by any director, officer, representative, consultant, contractor or agent of NGTL or by an Affiliate (or any director, officer, representative, consultant, contractor or agent of an Affiliate) with respect to the interactions of the Affiliate with NGTL will be considered to be non-compliance by NGTL.

9.2 Consequences for Non-Compliance with Code

Non-compliance with the Code by NGTL shall subject NGTL to the full range of powers and authorities of the EUB. Non-compliance with the Code by a director, officer, representative, consultant, contractor or agent of NGTL may subject such individual to disciplinary action by NGTL.

SCHEDULE A – OFFICERS CERTIFICATE

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 _____ (NGTL) and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

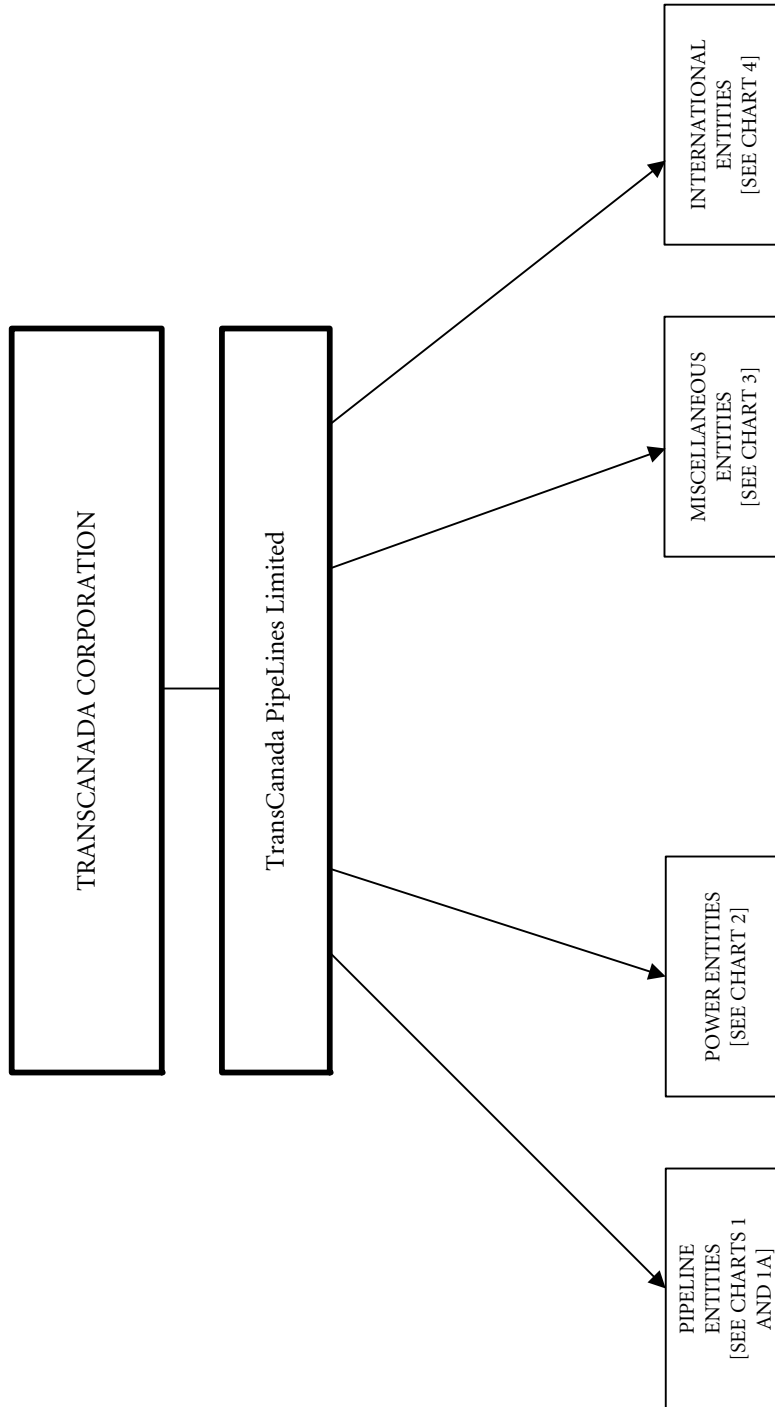
1. My position with NGTL is _____, and as such I have personal knowledge of, or have conducted due inquiry of individuals who have personal knowledge of, the facts and matters herein stated.
2. Capitalized terms used herein (which are not otherwise defined herein) shall have the meanings ascribed thereto in the NGTL Group Inter-Affiliate Code of Conduct (the Code).
3. I have read the Code, the Compliance Plan of NGTL dated _____ and the Compliance Report of NGTL 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 NGTL, or by any Affiliate of NGTL (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to the any interaction between an Affiliate and NGTL that is not fully and accurately described in the Compliance Report.

Name: _____

Title: _____

Date: _____

APPENDIX B: TRANSCANADA CORPORATION ORGANIZATION CHARTS



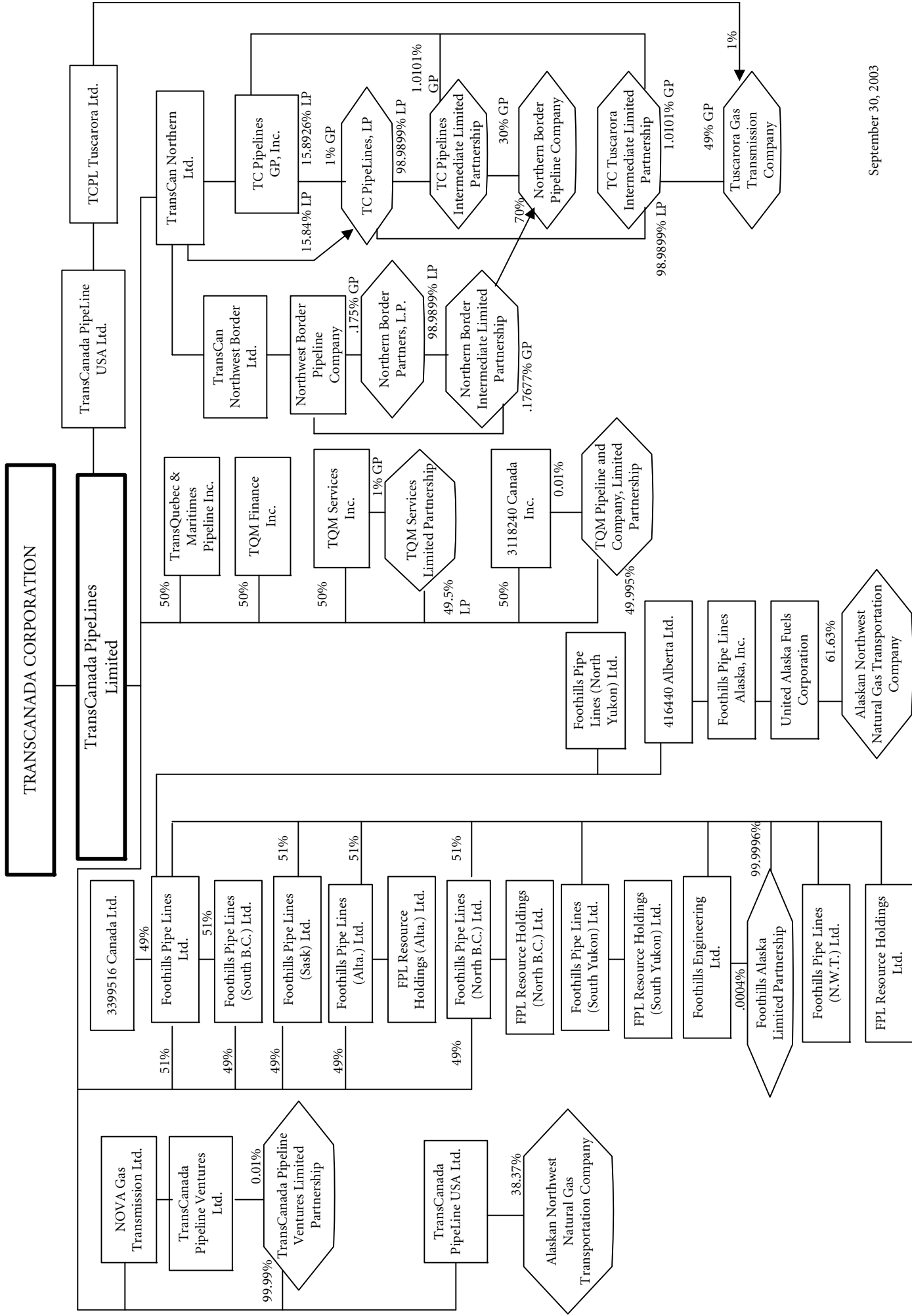
Organizational Chart of TransCanada Corporation and TransCanada PipeLines Limited

as it relates to Pipeline

Active Subsidiaries & Affiliates

100% owned unless otherwise indicated

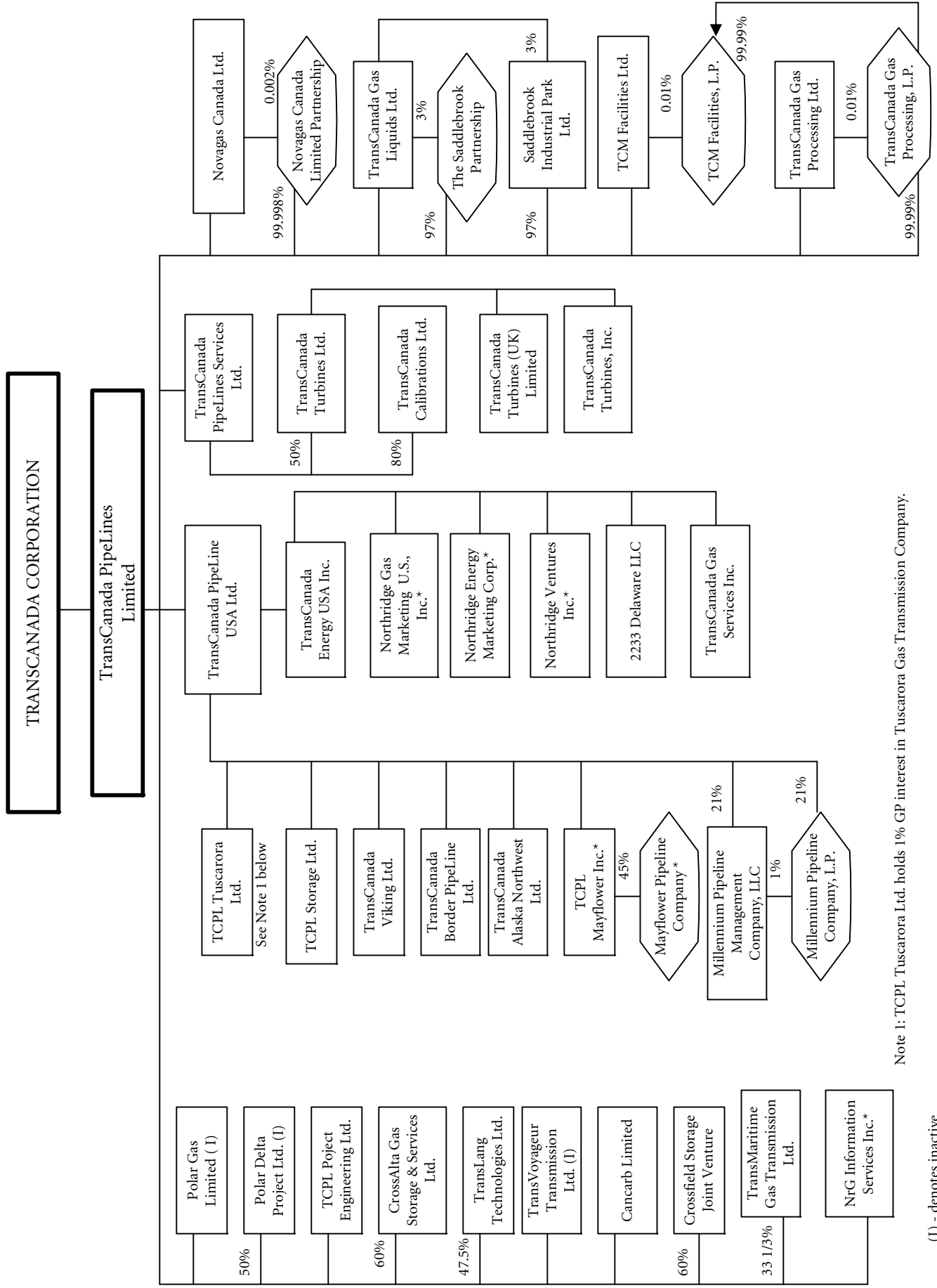
Chart 1
[See also Chart 1A]



Organizational Chart of TransCanada Corporation and TransCanada PipeLines Limited

Miscellaneous Subsidiaries and Affiliated Entities

Chart 3



Note 1: TCPL Tuscarora Ltd. holds 1% GP interest in Tuscarora Gas Transmission Company.

(I) - denotes inactive

* In the process of being dissolved.

September 30, 2003

APPENDIX C: CODE OF CONDUCT (Blackline-lined Copy)

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NOVA GAS TRANSMISSION LTD.

CODE OF CONDUCT

~~This ATCO Group Inter-Affiliate Code of Conduct forms Appendix 5 to Decision 2003-040 dated May 22, 2003, being the ATCO Affiliate Transactions and Code of Conduct Proceeding Part B: Code of Conduct.~~

1 PURPOSE AND OBJECTIVES OF THE CODE

~~1.1 Purpose and Objectives of the Code~~

~~At page 38 of Decision 2003-040, the EUB sets out the purpose and objectives of the Code established by the EUB for the ATCO Group of businesses and the need to respect the spirit and intent behind the Code in the following words:~~

1.1 Purpose of the Code

The purpose of this Code is to establish standards and conditions for interaction between ~~each~~ ATCO Utility NGTL and its ~~Utility and Non-Utility Affiliates~~. ~~This Code attempts to anticipate and adjust for the potential misalignment of interest between shareholders and Utility customers occasioned by Affiliate interactions through the establishment of Affiliates.~~

This Code sets parameters for transactions, information sharing and the sharing of services and resources, while permitting economies of scale and operating efficiencies. These parameters are intended to:

- i) ~~(a)~~ prevent ~~Utilities~~ NGTL from cross-subsidizing ~~Affiliate~~ activities;
- ii) ~~(b)~~ protect confidential customer information collected ~~by~~ NGTL in the course of providing ~~Utility~~ NGTL services;
- iii) ~~(c)~~ ensure Affiliates and their customers do not have preferential access to ~~Utility~~ NGTL services; and
- iv) ~~(d)~~ avoid uncompetitive practices between ~~Utilities~~ NGTL and ~~their~~ its Affiliates, which may be detrimental to the interests of ~~Utility~~ NGTL's customers.

1.2 Objectives of Code

While the overall purpose of the Code is to establish standards and parameters ~~which~~ that prohibit inappropriate ~~Affiliate~~ conduct, preferences or advantages, which may adversely impact the customers of regulated businesses, this purpose reflects several important underlying objectives, including:

- i) ~~(a)~~ creating a clearly defined set of rules designed to enhance ~~inter-affiliate~~ transparency, fairness and senior management accountability with respect to ~~inter-affiliate~~ interactions ~~impacting regulated businesses~~ between NGTL and its Affiliates;
- ii) ~~(b)~~ providing an environment in which inter-affiliate economies and efficiencies can legitimately occur for the mutual advantage of both ~~a~~ Utility NGTL's customers and its shareholders;

iii) ~~(e)~~ developing support and respect for the Code by the employees, officers and directors of the ~~ATCO~~TransCanada group of companies, which will in turn promote ratepayer confidence in the application of the Code; and

iv) ~~(e)~~ the creation of regulatory processes and cost efficiencies through the consistent application of a clear set of standards and reporting requirements ~~to Utility inter-affiliate~~for transactions between NGTL and its Affiliates, enhanced by a practical, resolution driven, dispute process.

1.3 **Respect for the Code**

Standards and rules alone, however, will always be insufficient to achieve the objectives of this Code. These objectives can only be fully realized through a demonstrated respect for the spirit and intent behind the words by those individuals to whom the Code applies.

1.4 ~~1.2~~ **Application**

This Code ~~is~~does not ~~meant to~~ replace or modify in any manner, any statutory or regulatory requirements relating to ~~Utilities~~NGTL.

2 General Provisions

2.1 Definitions

In this Code the following words and phrases shall have the following meanings:

- a) **“ABCA”** means the *Business Corporations Act*, R.S.A. ~~2000~~ 2000, c. B-9.
- b) **“Affiliate”** means with respect to ~~any Utility~~: NGTL:
 - i) an “affiliate” as defined in the ABCA;
 - ii) a unit or division within ~~the Utility~~NGTL or any Body Corporate referred to in clause (b)(i) above;
 - iii) a partnership, joint venture, or Person in which ~~the Utility~~NGTL or any Body Corporate referred to in clause (b)(i) above has a controlling interest or that is otherwise subject to the control of ~~the Utility~~NGTL or such Body Corporate;
 - iv) any partnership, joint venture, or Person deemed by the EUB to be an affiliate of ~~the Utility~~NGTL for the purposes of this Code; and
 - v) an agent or other Person acting on behalf of any Body Corporate, ~~operating unit~~, 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 ~~a Utility~~NGTL or by ~~a Utility~~NGTL 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 this Code applies pursuant to section 2.3 hereof.~~
- ~~d) f) **“Body Corporate”** means a “body corporate” as defined in the ABCA.~~
- ~~e) g) **“Code”** means this ~~ATCO Group Inter-Affiliate~~NGTL Code of Conduct.~~

- ~~f) h)~~ **“Compliance Officer”** shall have the meaning ascribed thereto in [section 7.3](#) hereof.
- ~~g) i)~~ **“Compliance Plan”** shall mean the document to be prepared and updated by ~~a~~ [Utility NGTL](#) pursuant to [section 7.5](#) hereof.
- ~~h) j)~~ **“Compliance Report”** shall have the meaning ascribed thereto in [section 7.6](#) hereof.
- ~~i) k)~~ **“Confidential Information”** means any information relating to a specific customer or potential customer of ~~a~~ [Utility NGTL](#), which information ~~the~~ [Utility NGTL](#) has obtained or compiled in the process of providing current or prospective [Utility NGTL](#) Services and which is not otherwise available to the public.
- ~~j) l)~~ **“Cost Recovery Basis”** with respect to:
- ~~i)~~ the use by ~~one~~ [Affiliate NGTL](#) of ~~another~~ [an](#) Affiliate’s personnel, means the fully burdened costs of such personnel for the time period they are used by ~~the~~ [Affiliate NGTL](#), including salary, benefits, vacation, materials, disbursements and all applicable overheads;
 - ~~ii)~~ the use by ~~one~~ [Affiliate NGTL](#) of ~~another~~ [an](#) Affiliate’s equipment, means an allocated share of capital and operating costs appropriate for the time period [the equipment is utilized by the Affiliate NGTL](#);
 - ~~iii)~~ the use by ~~a~~ [Utility](#) of an Affiliate [of NGTL](#)’s ~~services~~ [equipment](#), means ~~the complete costs of providing the service, determined in a manner acceptable to the Utility, acting prudently; an allocated share of the capital and operating costs appropriate for the time period the equipment is utilized by the Affiliate;~~
 - ~~iv)~~ the use by [NGTL](#) of an Affiliate ~~of a Utility~~’s services, means the complete costs of providing the ~~services~~ [services](#), determined in a manner acceptable to ~~the~~ [Utility NGTL](#), 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.~~
 - ~~v) — the use by an Affiliate of NGTL’s services, means the complete costs of providing the services, determined in a manner acceptable to NGTL, acting prudently.~~
- ~~k) m)~~ **“EUB”** means the Alberta Energy and Utilities Board.
- ~~l) n)~~ **“Fair Market Value”** means the price reached in an open and unrestricted market between informed and prudent parties, acting at arms length and under no compulsion to act.
- ~~m) o)~~ **“For Profit Affiliate Service”** means any service, provided [by NGTL to an Affiliate, or by an Affiliate to NGTL](#) 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 Affiliate to a Utility.~~

- n) ~~p)~~ **“Information Services”** means any computer systems, computer services, databases, electronic storage services or electronic communication media utilized by ~~a Utility~~NGTL relating to UtilityNGTL customers or UtilityNGTL operations.
- o) **“NGTL”** means NOVA Gas Transmission Ltd.
- ~~q) **“Major Transaction”** means a transaction or series of related transactions within a calendar year between a Utility 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.~~
- p) **“NGTL Service”** means a service, the terms and conditions of which are regulated by the EUB.
- q) ~~r)~~ **“Non-Utility Regulated Affiliate”** means an Affiliate that is not a Utility Regulated Affiliate.
- r) ~~s)~~ **“Occasional Services”** shall have the meaning ascribed thereto in ~~section 3.3.6~~3.3.5 hereof.
- s) ~~t)~~ **“Person”** means a “person” as defined in the ABCA.
- t) **“Regulated Affiliate”** means an Affiliate whose tolls and tariffs are regulated by the EUB, the National Energy Board or the Federal Energy Regulatory Commission.
- u) **“Services Agreement”** means an agreement entered into between ~~a Utility~~NGTL 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 ~~the Utility~~NGTL and each Affiliate party to the agreement that the agreement complies with the Code.
- v) **“Shared Service”** means any service, ~~other than a Utility Service or a For Profit Affiliate Service,~~ provided on a Cost Recovery Basis by ~~a Utility~~NGTL to an Affiliate or by an Affiliate to ~~a Utility~~NGTL.
- w) **“Subsidiary”** shall have the meaning ascribed thereto in section 2(4) of the ABCA.
- ~~x) **“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.~~

y) ~~“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 Code. 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 Code Applies

~~All Utilities directly or indirectly owned, controlled or operated by ATCO are~~ NGTL is obligated to comply with this Code and all Affiliates of ~~these Utilities~~ NGTL are obligated to comply with the Code to the extent they interact with ~~the Utilities~~ NGTL.

2.4 Coming into Force

This Code comes into force ~~on September 1, 2003,~~ 90 days after approval by the Board, provided however that, to the extent existing agreements or arrangements are in place between parties to whom this Code applies that do not conform with this Code, such agreements or arrangements must be brought into compliance with this Code ~~on or before October 31, 2003,~~ within 60 days after this Code comes into force.

2.5 Amendments to this Code

This Code 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 Code applies or by any interested party.

2.6 Exemptions

~~A party to whom this Code applies~~ NGTL may apply to the EUB for an exemption with respect to compliance with any provision of this Code. Any such application will specify if the requested exemption is in respect of a particular transaction, series of transactions, for a specified period of time, or is for a general exemption from a particular provision.

2.7 Authority of the EUB

~~Although this Code has been approved by the EUB, such approval~~ This Code 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 ~~a Utility~~ NGTL and one or more Affiliates that may be done in compliance with this Code. Compliance with the Code does not eliminate the requirement for specific EUB approvals or filings where required by statute, regulation, or by EUB decisions, orders or directions.

3 GOVERNANCE AND SEPARATION OF ~~UTILITY BUSINESSES~~ NGTL BUSINESS

3.1 Governance

3.1.1 Separate Operations

The commercial business and affairs of ~~a Utility~~ NGTL should be managed and conducted separately from the commercial business and affairs of its Non-Utility Regulated Affiliates, except as required to fulfill corporate governance, policy, and strategic direction responsibilities of a corporate group of businesses as a whole.

3.1.2 Common Directors

~~A Utility~~ NGTL may have common directors with its Affiliates.

3.1.3 Separate Management

Subject to section 3.1.4 hereof, ~~a Utility~~ NGTL must have a separate management team and separate officers from its Non-Utility Regulated Affiliates, but may share management team members or officers with other ~~Affiliated Utilities~~ Regulated Affiliates.

3.1.4 Separate Management Exception

Officers of ~~a Utility~~ NGTL may also be officers of any Affiliate ~~of which the Utility is a Subsidiary or of any Affiliate that is a Subsidiary of the Utility~~, as may be required to perform corporate governance, policy and strategic direction responsibilities of an affiliated group of businesses.

3.1.5 Guiding Principle

Notwithstanding sections 3.1.2, 3.1.3 and 3.1.4 hereof, an individual shall not act both as a director, officer or member of a management team of ~~a Utility~~ NGTL and as a director, officer or member of a management team of any other Affiliate (thereby acting in a dual capacity) unless the individual is able to carry out his/her responsibilities in a manner that preserves the form, and the spirit and intent, of this Code. In particular, an individual:

- (a) shall not agree to act in a dual capacity if ~~it could~~ the individual, acting reasonably ~~be considered to, determines that acting in a dual capacity could~~ be detrimental to the interests of customers of ~~the Utility~~ NGTL, and
- (b) if acting in a dual capacity, shall abstain from engaging in any activity that ~~could~~ the individual, acting reasonably ~~be considered to, determines could~~ be detrimental to the interests of customers of ~~the Utility~~ NGTL.

3.2 Degree of Separation

3.2.1 Accounting Separation

~~A Utility~~ NGTL shall ensure accounting separation from all Affiliates and shall maintain separate financial records and books of accounts.

~~3.2.2~~ **Physical Separation**

~~A Utility shall be located in a separate building or shall otherwise be physically separated from all Non-Utility Affiliates through the use of appropriate security controlled access.~~

3.2.2 ~~3.2.3~~ **Separation of Information Services**

Where ~~a Utility~~ NGTL shares **Information Services** with ~~ana Non-Regulated~~ Non-Regulated Affiliate, all **Confidential Information** must be protected from unauthorized access by the Non-Regulated Affiliate. Access to ~~a Utility~~ NGTL's Information Services shall include appropriate computer data management and data access protocols as well as contractual provisions regarding the breach of any access protocols. Compliance with the access protocols shall be periodically confirmed by ~~the Utility, through a review that complies with the provisions of the Canadian Institute of Chartered Accountants Handbook and updates thereto~~ NGTL.

3.2.3 ~~3.2.4~~ **Financial Transactions with Affiliates**

~~A Utility~~ NGTL shall ensure that any loan, investment, or other financial support provided to a Non-Utility Regulated Affiliate is provided on terms no more favorable than what that Non-Utility Regulated Affiliate would be able to obtain as a stand-alone entity from the capital markets.

3.3 Resource Sharing

3.3.1 Sharing of Employees

~~A Utility may share employees on a Cost Recovery Basis with an Affiliate provided that the employees to be shared:~~

- ~~(a) do not have access to Confidential Information;~~
- ~~(b) do not routinely participate in making decisions with respect to the provision of Utility Services or how Utility Services are delivered;~~
- ~~(c) do not routinely deal with or have direct contact with customers of the Utility; and~~
- ~~(d) are not, subject to the provisions of section 3.1.4 hereof, routinely involved in operating, planning or managing the business of the Utility.~~

~~3.3.2~~ **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.~~

~~3.3.3~~ **Sharing of Assets**

The operational plant, assets and equipment of ~~a Utility~~ NGTL shall be separated in ownership ~~and separated physically~~ from the operational 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~~ Regulated Affiliates.

3.3.2 ~~3.3.4~~ **Shared Services Permitted**

Where ~~a Utility~~ NGTL determines it is prudent in operating ~~its Utility~~ NGTL's business to do so, it may obtain **Shared Services** from, or provide Shared Services to, an Affiliate. Utilities NGTL

shall periodically review the prudence of continuing Shared Services arrangements with a view to making any necessary adjustments to ensure that each of ~~the Utilities~~ NGTL and its Affiliates bears its proportionate share of costs.

3.3.3 ~~3.3.5~~ Services Agreement

~~A Utility~~ NGTL shall enter into a Services Agreement with respect to any Shared Services it provides to, or acquires from, an Affiliate.

3.3.4 Sharing of Employees

3.3.4.1 NGTL and its Affiliates

Subject to section 3.3.4.2 hereof, NGTL may share employees on a Cost Recovery Basis, provided that the employees to be shared are able to carry out their responsibilities in a manner that preserves the form, spirit and intent of this Code. In particular, an employee:

- (a) shall not be shared if it could reasonably be considered detrimental to the interests of NGTL's customers, and
- (b) if being shared, shall abstain from engaging in any activity that could reasonably be considered detrimental to the interests of NGTL's customers.

3.3.4.2 Employees That May Not Be Shared

NGTL may not share employees with a Non-Regulated Affiliate that:

- (a) routinely participate in making decisions with respect to the provision of NGTL Services or how NGTL Services are delivered;
- (b) routinely deal with or have direct contact with customers of NGTL; and
- (c) are routinely involved in commercial management of the business of NGTL.

3.3.5 ~~3.3.6~~ Occasional Services Permitted

Where ~~a Utility~~ NGTL has otherwise acted prudently, ~~a Utility~~ it may receive, or provide, one-off, infrequent or occasional services (“**Occasional Services**”) to, or from, an Affiliate on a Cost Recovery Basis, documented by way of work order, purchase order or similar instrument. In the event that occasional services become material as to value, frequency or use of resources, ~~the Utility~~ NGTL shall enter into a Services Agreement with the Affiliate for Shared Services.

3.3.6 ~~3.3.7~~ Emergency Services Permitted

In the event of an emergency, ~~a Utility~~ NGTL may share services and resources with an Affiliate without a Services Agreement on a Cost Recovery Basis.

4 TRANSFER PRICING

4.1 For Profit Affiliate Services

Where ~~a Utility~~NGTL determines it is prudent in operating its ~~Utility~~ business to do so, it may obtain **For Profit Affiliate Services** from an Affiliate or provide For Profit Affiliate Services to an Affiliate.

If ~~a Utility~~NGTL intends to outsource to an Affiliate a service it presently provides for itself, ~~the Utility~~NGTL shall, in addition to any other analysis it may require to demonstrate the prudence of a For Profit Affiliate Services arrangement, undertake a net present value analysis appropriate to the life cycle or operating cycle of the services involved.

~~Each Utility~~NGTL shall periodically review the prudence of continuing **For Profit Affiliate Services** arrangements.

4.2 Pricing For Profit Affiliate Services

4.2.1 ~~Utility~~NGTL Acquires For Profit Affiliate Service

When ~~a Utility~~NGTL acquires **For Profit Affiliate Services** it shall pay no more than the **Fair Market Value** of such services. The onus is on ~~the Utility~~NGTL to demonstrate that the For Profit Affiliate Services have been acquired at a price that is no more than the Fair Market Value of such services.

4.2.2 ~~Utility~~NGTL Provides For Profit Affiliate Service

When ~~a Utility~~NGTL provides **For Profit Affiliate Services**, it shall not charge less than the **Fair Market Value** of such services. The onus is on ~~the Utility~~NGTL to demonstrate that the For Profit Affiliate Services have been charged at a price that is not less than the Fair Market Value of such services.

4.3 Services Agreement

~~A Utility~~NGTL shall enter into a **Services Agreement** with respect to any **For Profit Affiliate Services** it acquires or provides.

4.4 Asset Transfers

~~Subject to section 4.6 hereof, assets~~Assets transferred, mortgaged, leased or otherwise disposed of by ~~a Utility to an~~NGTL to a Non-Regulated Affiliate ~~or by an Affiliate to a Utility~~ shall be at **Fair Market Value**.

4.5 Determination of Fair Market Value

In demonstrating that Fair Market Value was paid or received pursuant to a **For Profit Affiliate Service** arrangement or a transaction contemplated by sections 4.1, 4.2 and 4.4 hereof, ~~the Utility~~NGTL, 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. ~~The Utility~~NGTL 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.

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

~~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. All such transactions shall be properly accounted for on the books of the Utilities involved.~~

5 EQUAL TREATMENT WITH RESPECT TO ~~UTILITY~~NGTL SERVICES

5.1 Impartial Application of Tariff

~~A~~UtilityNGTL shall apply and enforce all tariff provisions relating to ~~Utility~~NGTL Services impartially, in the same timeframe, and without preference in relation to its Affiliates and all other customers or prospective customers.

5.2 Equal Access

~~A~~UtilityNGTL shall not favor any Affiliate with respect to access to information concerning ~~Utility~~NGTL Services or with respect to the obtaining of, or the scheduling of, ~~Utility~~NGTL Services. Requests by an Affiliate or an Affiliate's customers for access to ~~Utility~~NGTL Services shall be processed and provided in the same manner as would be processed or provided for other customers or prospective customers of ~~the~~UtilityNGTL.

5.3 No Undue Influence

~~A~~UtilityNGTL shall not condition or otherwise tie the receipt of ~~Utility~~NGTL Services to a requirement that a customer must also deal with an Affiliate. ~~Each~~UtilityNGTL shall ensure that its ~~employees~~representatives do not, explicitly or by implication, suggest that an advantage will accrue to a customer in dealing with ~~the~~UtilityNGTL if the customer also deals with an Affiliate of ~~the~~UtilityNGTL.

5.4 Affiliate Activities

~~A~~UtilityNGTL shall take reasonable steps to ensure that an Affiliate does not imply in its marketing material or otherwise, favored treatment or preferential access to ~~Utility~~NGTL Services. If ~~the~~UtilityNGTL becomes aware of any such inappropriate activity by an Affiliate, it shall:

- (a) immediately take reasonable steps to notify affected customers of the violation;
- (b) take necessary steps to ensure the Affiliate is aware of the concern; and
- (c) inform the EUB in writing of such activity and the remedial measures that were undertaken by ~~the~~UtilityNGTL.

~~5.5~~ **Name and Logo**

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

5.5 **5.6 Access to Shared and Occasional Services**

~~A Utility~~NGTL is not required to provide non-Affiliated parties with equal access to Shared Services or Occasional Services.

6 CONFIDENTIALITY OF INFORMATION

6.1 UtilityNGTL Information

Subject to section 6.2 hereof, ~~a Utility~~NGTL shall not provide Non-Utility Regulated Affiliates with information relating to the planning, operations, finances or strategy of ~~the Utility or of an Affiliated Utility~~NGTL before such information is publicly available.

6.2 Management Exception

Officers of ~~a Utility~~NGTL who are also officers of an Affiliate as permitted pursuant to section 3.1.4 hereof may disclose, subject to the provisions of section 3.1.5 hereof, UtilityNGTL 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.

6.3 No Release of Confidential Information

~~A Utility~~NGTL shall not release to ~~an~~a Non-Regulated 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 to ~~an~~a Non-Regulated Affiliate in connection with a disclosure required:

- (a) for the purpose of a court proceeding or a proceeding before a quasi-judicial body to which the customer is a party;
- (b) for the purpose of complying with a subpoena, warrant, or order issued or made by a court, person or body having jurisdiction to compel the production of information or with a rule of court that relates to the production of information;
- (c) to a municipal or provincial police service for the purpose of investigating an offence involving the customer, if the disclosure is not contrary to the express request of the customer;
- (d) by law or by an order of a government or agency having jurisdiction over ~~the~~ UtilityNGTL; or
- (e) for the purpose of providing Shared Services or For Profit Affiliate Services to the Non-Regulated Affiliate or for the purpose of receiving Shared Services or For Profit Affiliate Services from the Non-Regulated Affiliate; provided appropriate measures are first put in place by the Non-Regulated Affiliate to protect the Confidential Information and the

Confidential Information is used by the Non-Regulated Affiliate only for the purpose intended by ~~the Utility~~NGTL.

6.4 Aggregated Confidential Information

~~A Utility~~NGTL 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 the Utility shall not disclose such aggregated customer information to an Affiliate prior to making such information publicly available.~~

7 COMPLIANCE MEASURES

7.1 Responsibility for Compliance

~~Each Utility~~NGTL shall be responsible for ensuring compliance with this Code.

7.2 Communication of Code

~~Each Utility~~NGTL shall:

- (a) communicate the contents of the Code, and any modifications to it from time to time, to each of its directors, officers, ~~employees~~representatives, consultants, contractors, agents and Affiliates; and
- (b) make the Code available on ~~the Utility~~NGTL's web site.

7.3 Compliance Officer

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

7.4 Responsibilities of the Compliance Officer

The responsibilities of the Compliance Officer shall include:

- (a) providing advice and information to ~~the Utility~~NGTL for the purpose of ensuring compliance with this Code;
- (b) monitoring and documenting compliance with the Code by ~~the Utility~~NGTL, its directors, officers, ~~employees~~representatives, consultants, contractors and agents;
- (c) monitoring and documenting compliance with the Code by Affiliates of ~~the Utility~~NGTL with respect to the interactions of the Affiliates with ~~the Utility~~NGTL;
- (d) providing for the preparation and updating, of a Compliance Plan for ~~the Utility~~NGTL pursuant to Section 7.5 hereof;
- (e) filing the Compliance Plan and any modifications or replacements with the EUB, posting the Compliance Plan on the ~~Utility~~NGTL's website, and advising interested parties promptly when the Compliance Plan, or any modifications or replacements, have been posted on the website;

- (f) performing an annual review of compliance with the Compliance Plan and preparing an annual compliance report (“**Compliance Report**”) containing the information required in section 7.6 hereof. The Compliance Officer shall file the Compliance Report with the EUB within 120 days of the fiscal year end of ~~the Utility~~NGTL with respect to the immediately preceding fiscal year, post the Compliance Report on ~~the Utility~~NGTL’s website, and advise interested parties promptly when the Compliance Report has been posted on the website;
- (g) receiving and investigating internal and external disputes, complaints and inquiries with respect to the application of, and alleged non-compliance, with the Code in accordance with Section 8 hereof;
- (g) recommending to ~~the Utility~~NGTL measures required to address events of non-compliance with the Code; and
- (i) maintaining adequate records with respect to all aspects of the Compliance Officer’s responsibility.

7.5 The Compliance Plan

~~Each Utility~~NGTL shall prepare a **Compliance Plan**. The Compliance Plan shall detail the measures, policies, procedures and monitoring mechanisms that ~~the Utility~~NGTL will employ to ensure its full compliance with the provisions of the Code by ~~the Utility~~NGTL its directors, officers, ~~employees~~representatives, consultants, contractors and agents, and by Affiliates of ~~the Utility~~NGTL with respect to the interactions of the Affiliates with ~~the Utility~~NGTL. ~~The Utility~~NGTL shall review and update the Compliance Plan at least annually.

7.6 The Compliance Report

The Compliance Report shall include the following information prepared in respect to the period of time covered by the Compliance Report:

- (a) a copy of the Compliance Plan and any amendments thereto;
- (b) a corporate organization chart for ~~the Utility~~NGTL and its Affiliates indicating relationships and ownership percentages;
- (c) a list of all Affiliates with whom ~~the Utility~~NGTL transacted business, including business addresses, a list of the Affiliates’ officers and directors, 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~~NGTL, including compliance by the directors, officers, ~~employees~~representatives, consultants, contractors and agents of ~~the Utility~~NGTL and by Affiliates of ~~the Utility~~NGTL with respect to the interactions of the Affiliates with ~~the Utility~~NGTL;
- (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](#) hereof, 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~~ a summary list of any exemptions granted to this Code or exceptions utilized, including the exception for emergency services; and
- ~~(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, each in the form attached as Schedule “A” attached to this Code, 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~~ NGTL.

7.7 Documents to be Provided to the EUB upon Request

If required by the EUB, ~~a Utility~~ NGTL shall provide the EUB with a copy of any document referred to in a Compliance Report or other supporting records and material.

7.8 Compliance Records and Audit

The records required to be maintained by the Compliance Officer pursuant to section 7.4(i) hereof shall be retained for a period of at least six years. Compliance records shall be maintained in a manner sufficient to support a third party audit of the state of compliance with the Code by ~~the Utility~~ NGTL, its directors, officers, ~~employees~~ representatives, consultants, contractors and agents, and by Affiliates of ~~the Utility~~ NGTL with respect to the interactions of the Affiliates with ~~the Utility~~ NGTL. Subject to the confidentiality provisions of section 8.1 hereof, all such records shall be made available for inspection or audit as may be required by the EUB from time to time.

8 DISPUTES, COMPLAINTS AND INQUIRIES

8.1 Filing with the Compliance Officer

Disputes, complaints or inquiries from within ~~the Utility~~ NGTL or from external parties respecting the application of, or alleged non-compliance with, the Code shall be submitted in writing to the Compliance Officer and may be made confidentially. The identity of the party making the submission to the Compliance Officer shall be kept confidential by the Compliance Officer unless the party otherwise agrees.

8.2 Processing by ~~Utility~~ NGTL

8.2.1 Compliance Officer Acknowledgment

The Compliance Officer shall acknowledge all disputes, complaints or inquiries in writing within five working days of receipt.

8.2.2 Disposition

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 ~~the Utility~~NGTL to the issues identified in the submission. ~~The Utility~~NGTL'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.

8.3 Referral to the EUB

In the event:

- (a) ~~a Utility~~NGTL fails to abide by the process identified in section 8.2 hereof,
- (b) ~~the Utility~~NGTL or a party is unsatisfied with the resolution of a dispute, complaint or inquiry following the conclusion of the section 8.2 process, or
- (c) of an urgent and significant matter, where there is a reasonable expectation that a party's position may be prejudiced by allowing the process contemplated by section 8.2 to operate,

~~the Utility~~NGTL (subject to the confidentiality provisions of section 8.1 hereof) or a party with a dispute, complaint or inquiry may refer the matter to the EUB for consideration. A referral to the EUB must be in writing and shall describe the dispute, complaint, or inquiry and must include the response, if any, of ~~the Utility~~NGTL to the submission.

9 NON-COMPLIANCE WITH THE CODE

9.1 Non-Compliance

Any non-compliance with the Code by any director, officer, ~~employee~~representative, consultant, contractor or agent of ~~a Utility~~NGTL or by an Affiliate (or any director, officer, ~~employee~~representative, consultant, contractor or agent of an Affiliate) with respect to the interactions of the Affiliate with ~~the Utility~~NGTL will be considered to be non-compliance by ~~the Utility~~NGTL.

9.2 Consequences for Non-Compliance with Code

Non-compliance with ~~this Code could be considered as prima facie evidence in a regulatory proceeding of inappropriate conduct by a Utility or of an inappropriate transaction, expense or activity by the Utility. Non-compliance with the Code by a Utility~~the Code by NGTL shall subject ~~the Utility~~NGTL to the full range of powers and authorities of the EUB. Non-compliance with the Code by a director, officer, ~~employee~~representative, consultant, contractor or agent of ~~a Utility~~NGTL may subject such individual to disciplinary action by ~~the Utility~~NGTL.

SCHEDULE A – OFFICERS CERTIFICATE**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 _____ (~~the Utility~~ NGTL) and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. My position with ~~the Utility~~ NGTL 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~~ NGTL Group Inter-Affiliate Code of Conduct (the Code).
3. I have read the Code, the Compliance Plan of ~~the Utility~~ NGTL dated _____ and the Compliance Report of ~~the Utility~~ NGTL 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 ~~the Utility~~ NGTL, or by any Affiliate of ~~the Utility~~ NGTL (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to the any interaction between an Affiliate and ~~the Utility~~ NGTL that is not fully and accurately described in the Compliance Report.

Name: _____

Title: _____

Date: _____

Document comparison done by DeltaView on Friday, September 26, 2003 9:27:43 AM

Input:	
Document 1	file://S:/Regulatory_Law/Transmission-3120/CODE OF CONDUCT/ATCO Code of Conduct.doc
Document 2	file://S:/Regulatory_Law/Transmission-3120/CODE OF CONDUCT/NGTL Code of Conduct_PMK_Sept25rev.doc
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
<u>Moved from</u>	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Moved to	3
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Format changed	0
Total changes	669