

Electronic Notification

April 4, 2007

AltaGas Utilities Inc.
5509 45 Street
Leduc, AB T9E 6T6

Attention: Mr. Arnold Mantei, Compliance Officer

Re: Exemption Application # 1506413

The Alberta Energy and Utilities Board (EUB or the Board) is in receipt of your application # 1506413 (the Application) dated, March 12, 2007, in which you request an exemption from the audit requirements of Part 4, Division 2 of the Gas Utilities Act Code of Conduct Regulation (the Code), for the 2006 audit year.

The Application notes an audit was conducted under the Code based on the 2005 audit year. The 2005 audit results (filed with the Board in application # 1472939) found AUI to be in compliance with the Code and the AUI Gas Utilities Act Code of Conduct Regulation Compliance Plan (the Plan). In the Application AUI highlights that all required compliance filings under the Code and the Plan have been submitted to the Board, with no instances of non-compliance identified by AUI. It was also noted in the Application that, in addition to continuing the use of the controls and mechanisms in place for the 2005 audit, AUI has made additional enhancements based on the audit process. As such AUI requested under Section 41(1) an exemption from the audit requirements for the 2006 audit year. Under Section 41(1) of the code “*A gas distributor or default supply provider or its affiliated retailer may apply to the Board (a) for an exemption from all or any provision of this regulation*”.

The EUB’s Audit and Compliance Group has reviewed the Application and is satisfied that AUI met the spirit and intent of the Code and Plan for 2005. Also, with the additional enhancements implemented in 2006 and the reporting requirements having been met and approved by the Board for 2006, the Board is confident that AUI continues to meet the spirit and intend of the code and plan.

Under the provisions of Section 18 of the *Alberta Energy and Utilities Board Act*, the Board has delegated to me, as the Head of the Audit and Compliance Group, Utilities Branch, the authorization to exercise certain powers conferred upon it by the Code, including those powers referred to in Section 41(3).

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Accordingly, under the authority of the delegation noted above, I approve the requested exemption from the Audit requirements of Part 4, Division 2 of the Code for the 2006 audit year. It should be noted that the Board reserves the right to revisit the Code audit for 2006 should a matter of non-compliance be brought to the Board's attention through a future compliance report or audit.

AUI should continue to comply with the reporting requirements of the Code and Plan. A copy of the letter authorizing this approval should be posted on AUI's website.

If you have any questions about these approvals, or wish to discuss them further, please contact Karen McCambly, Compliance Analyst, Utilities Branch at (403) 297-5363.

Yours truly,

(Original signed by)

Darcy Mazurkewich
Head, Audit and Compliance Group, Utilities Branch

cc Douglas Wilson, Legal Counsel
Market Surveillance Administrator