



**2016 Compliance Report for FortisAlberta Inc. pursuant to
Section 7.6 of the FortisAlberta Inter-Affiliate Code of Conduct (EUB
Decision 2005-002) (the “Code”) and the FortisAlberta Inter-Affiliate Code of
Conduct Compliance Plan (AUC Decision 2009-133) (the “Compliance Plan”)**

1.0 INTRODUCTION

The Code requires the Compliance Officer for FortisAlberta Inc. (“FortisAlberta” or the “Company”) to perform an annual review of the Company’s compliance with the Compliance Plan and to prepare an annual Compliance Report (the “Report”). The Report is to be filed with the Alberta Utilities Commission (“AUC”) within 120 days of the fiscal year end of FortisAlberta for the immediately preceding fiscal year. This Report is for the FortisAlberta fiscal year from January 1, 2016 to December 31, 2016 (the “Reporting Period”).

Unless otherwise defined herein, capitalized terms shall have the meaning attributed to such terms in the Compliance Plan.

This Report includes the following information for the Reporting Period:

- (a) a copy of the Compliance Plan and any amendments thereto;
- (b) a corporate organization chart for Fortis Inc., of which corporation FortisAlberta is a wholly-owned subsidiary, and its Affiliates indicating relationships and ownership percentages;
- (c) a list of Affiliates with whom FortisAlberta 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 FortisAlberta’s compliance with the Code, including compliance by the directors, officers, employees, consultants, contractors and agents of FortisAlberta and by Affiliates of FortisAlberta with respect to the interactions of the Affiliates with FortisAlberta;
- (f) an assessment of the effectiveness of the Compliance Plan and any recommendations for modifications thereto;

- (g) in the event of any material non-compliance with the Code, a comprehensive description thereof and an explanation of all steps taken to correct such non-compliance;
- (h) subject to the confidentiality provisions of Section 8.1 of the Code, a summary of disputes, complaints and inquiry activity;
- (i) a list and detailed description of all Major Transactions between FortisAlberta 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 FortisAlberta to an Affiliate and by Affiliates to FortisAlberta;
- (l) a summary list of any exemptions to the Code granted or exceptions utilized, including the exception for emergency services;
- (m) a list of all FortisAlberta employees transferred, temporarily assigned or seconded to an Affiliate, detailing specifics as to purpose, dates and duration of such employee movements; and
- (n) two officer's certificates attesting to the completeness of the 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 FortisAlberta.

2.0 FORTISALBERTA COMPLIANCE REPORT

(a) The FortisAlberta Compliance Plan

In Decision 2009-133, dated September 15, 2009, the AUC approved the revised Compliance Plan detailing the measures, policies, procedures and monitoring mechanisms that FortisAlberta will employ to ensure full compliance with the provisions of the Code by FortisAlberta, its directors, officers, employees, consultants, contractors, and agents, and by Affiliates of FortisAlberta with respect to the interactions of the Affiliates with FortisAlberta.

The Compliance Plan is included in this Report as **Appendix 1**.

(b) Corporate Organization Chart

A corporate organization chart is attached as **Appendix 2**. This organization chart reflects the corporate ownership structure of FortisAlberta which existed as of the date of this Report.

(c) List of Affiliates

A list of all Affiliates with whom FortisAlberta transacted business in the Reporting Period is attached as **Appendix 3** to this Report. Appendix 3 includes the business address, list of officers and directors and a description of the Affiliates' business activities.

(d) List of Service Agreements

Appendix 4 to this Report contains a list of all service agreements between FortisAlberta and its Affiliates which were in effect during the Reporting Period.

(e) Overall Assessment of Compliance with the Code

FortisAlberta is operating in compliance with the provisions of the Code and Compliance Plan and is acting in accordance with the spirit and intent of the Code.

In accordance with the Compliance Plan, all members of the Corporate Governance Group acknowledged that either: (i) as an officer or a member of the FortisAlberta management team, they did not manage the business and affairs of a FortisAlberta Affiliate, except as required to fulfill corporate governance, policy, and strategic direction responsibilities of the Fortis Inc. group of businesses; or (ii) as a director of FortisAlberta, they did not manage the business and affairs of FortisAlberta, except as required in their capacity as a director of FortisAlberta to fulfill the corporate governance, policy and strategic direction responsibilities of FortisAlberta.

Since 2006, FortisAlberta has been exempt from the AUC requirement that all employees receive training on inter-affiliate compliance. In place of that requirement, the AUC requires FortisAlberta to train only those employees with "meaningful involvement" in affiliate transactions on the condition that the total dollar value of all Affiliate transactions remains less than an approved threshold. This approved threshold has been increased from time to time by the AUC in response to applications made by FortisAlberta.

Since 2015, the exemption threshold has been \$5.0 million. For 2016, because the total value of Affiliate transactions was \$4.8 million, FortisAlberta maintained the benefit of its training exemption for the year. According to the latest estimate received from Fortis Inc., the total dollar value of Fortis Inc. corporate charges for 2017 is anticipated to be approximately \$4.2 million, a slight decrease from 2016's value of \$4.4 million. The Compliance Officer will continue to monitor closely the value of Affiliate transactions over the course of 2017 to ensure that any deviations from the estimated values are quickly identified and appropriately considered.

The on-line training program for members of the Corporate Governance Group that FortisAlberta introduced in 2016 has proven to be an effective method of ensuring the Company's ongoing compliance with the requirements in the Code and the Compliance Plan. This program now has been utilized twice and has enabled FortisAlberta to reduce the administrative burden of managing the acknowledgement process.

(f) Assessment of Compliance Plan Effectiveness

The Compliance Plan has been effective in achieving the purposes of the Code, namely to:

- prevent FortisAlberta from cross-subsidizing Affiliate activities;
- protect confidential customer information collected in the course of providing utility services;
- ensure Affiliates and their customers do not have preferential access to utility services; and
- avoid uncompetitive practices between FortisAlberta and its Affiliates, which may be detrimental to the interests of FortisAlberta customers.

The Compliance Plan describes the measures FortisAlberta will take with regard to the communication, education and review of Code requirements to achieve this purpose. These measures have been supported in the Compliance Plan through specific actions and procedures designed to ensure that FortisAlberta's Affiliate business transactions comply with all aspects of the Code. FortisAlberta has implemented these measures and has not received any complaints, inquiries or disputes with respect to the Code from internal or external parties regarding the application of or compliance with Code provisions, other than as described herein.

FortisAlberta is preparing to submit an application to the AUC which, if approved, will update the Compliance Plan to reflect required administrative changes. The application will be submitted in the second quarter of 2017.

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

FortisAlberta has materially complied with the Code requirements and confirms that there have been no incidents of what FortisAlberta believes to be material non-compliance with the Code during the Reporting Period, other than as described herein.

(h) Summary of Disputes, Complaints and Inquiry Activity

FortisAlberta has not received any internal or external disputes, complaints or inquiries with respect to the application of, and alleged non-compliance with, the Code or the Compliance Plan during the Reporting Period, other than as described herein.

(i) List of all Major Transactions between FortisAlberta and Affiliates

A list of all of FortisAlberta's Major Transactions with Affiliates during the Reporting Period is attached in **Appendix 5**.

(j) Affiliate Party Transaction Summary

A summary overview of the types of transactions between FortisAlberta and its Affiliates, containing a general description of the transactions, the parties involved and the approximate aggregate values, is attached as **Appendix 6**.

(k) Summary Description for Occasional Services provided by FortisAlberta to/from an Affiliate

Descriptions of the Occasional Services provided by or to FortisAlberta to or from its Affiliates are contained in **Appendix 7** attached to this Report.

(l) Summary List of any Exemptions to the Code

A list of exemptions to the Code is contained in **Appendix 8** attached to this Report.

(m) List of FortisAlberta Employees transferred, temporarily assigned or seconded to an Affiliate

A list of all FortisAlberta employees who were permanently transferred, temporarily assigned or seconded to an Affiliate in 2016 is attached as **Appendix 9**.

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

Two Officer's Certificates, one signed by the Compliance Officer and one signed by the President and Chief Executive Officer of FortisAlberta, attesting to the completeness of the Report and compliance with the Code, are attached as **Appendix 10**.

3.0 CONCLUSION

FortisAlberta continues to operate its business separately and independently from its Affiliates within the Fortis Inc. group of businesses. FortisAlberta's business model reflects the principles of the Inter-Affiliate Code of Conduct and is consistent with the Code's spirit and intent.

FortisAlberta believes that it has materially complied with and operated within the provisions, spirit and intent of the Code and the Compliance Plan.

This Report will be posted on the FortisAlberta website.

APPENDIX 1

See attached Compliance Plan



**FORTISALBERTA INC.
INTER-AFFILIATE CODE OF CONDUCT
COMPLIANCE PLAN
August, 2009**

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1 PURPOSE AND OBJECTIVES OF THE COMPLIANCE PLAN

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

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

Questions or comments concerning the Compliance Plan should be directed to the FortisAlberta Compliance Officer:

Bob Fink
Phone: (403) 514-4083
Fax: (403) 514-5083
Email: bob.fink@fortisalberta.com

These or other questions or comments may also be directed to the AUC:

AUC, Audit and Compliance Group
Phone: (403) 592-8845
Email: UtilitiesConcerns@auc.ab.ca

Copies of the Code and this Compliance Plan are available at www.fortisalberta.com. The numbering used in this Compliance Plan is consistent with the numbering used in the Code.

2 GENERAL PROVISIONS

2.1 Definitions

In this Compliance Plan the following 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 FortisAlberta:
 - 1) an “affiliate” as defined in the ABCA;

- 2) a unit or division within FortisAlberta or any Body Corporate referred to in clause (b)(1) above;
 - 3) a partnership, joint venture, or Person in which FortisAlberta or any Body Corporate referred to in clause (b)(1) above has a controlling interest or that is otherwise subject to the control of FortisAlberta or such Body Corporate;
 - 4) any partnership, joint venture, or Person deemed by the AUC to be an affiliate of FortisAlberta for the purposes of the Code; and
 - 5) an agent or other Person acting on behalf of any Body Corporate, operating division, partnership, joint venture or Person referred to in clauses (b)(i) to (iv) above.
- c) **“Affiliated Party Transactions Summary”** unless otherwise directed by the AUC, 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 FortisAlberta or by FortisAlberta 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) **“AUC”** means the Alberta Utilities Commission.
- e) **“Body Corporate”** means a “body corporate” as defined in the ABCA.
- f) **“Code”** means the FortisAlberta Inter-Affiliate Code of Conduct.
- g) **“Compliance Officer”** shall have the meaning ascribed thereto in Section 7.3 of the Code.
- h) **“Compliance Plan”** shall mean the document to be prepared and updated by FortisAlberta pursuant to Section 7.5 of the Code.
- i) **“Compliance Plan Committee”** shall mean a committee which shall meet at least quarterly, comprised of at least the following:
- President & CEO
 - Vice President, Regulatory & Legal
 - Controller & Treasurer
 - Director Human Resources
 - Director, Regulatory Affairs
 - Compliance Officer
- j) **“Compliance Report”** shall have the meaning ascribed thereto in Section 7.6 of the Code. Quarterly, FortisAlberta will provide an exception report or a more detailed report, if there is a matter that ought to be brought to the attention of the AUC.

- k) **“Compliance Training Material”** means the material developed by the Compliance Officer prior to the end of each calendar year which will be used to ensure that all directors, officers, employees, consultants, contractors and agents of FortisAlberta are familiar with the provisions of the Code, and this Plan. At a minimum, the material will include instructions on:
- impartial application of the FortisAlberta tariff
 - equal access to Utility Services
 - avoiding undue influence of customers with respect to Affiliates
 - ensuring Affiliate compliance with the Code
 - appropriate use of the FortisAlberta name, logo, or other distinguishing characteristics
 - confidentiality of Utility information
 - treatment of Confidential Information related to customers
 - process for forwarding disputes, complaints or inquiries to the Compliance Officer
- l) **“Confidential Information”** means any information relating to a specific customer or potential customer of FortisAlberta, which information FortisAlberta has obtained or compiled in the process of providing current or prospective Utility Services and which is not otherwise available to the public.
- m) **“Corporate Governance Group”** means those directors, officers, and employees who have responsibility for corporate governance, policy, and strategic direction for both Utility and Non-Utility businesses within FortisAlberta.
- n) **“Cost Recovery Basis”** with respect to:
- 1) the use by one Affiliate of another Affiliate’s personnel, means the fully burdened costs of such personnel for the time period they are used by the Affiliate, including salary, benefits, vacation, materials, disbursements and all applicable overheads;
 - 2) the use by one Affiliate of another Affiliate’s equipment, means an allocated share of capital and operating costs appropriate for the time period utilized by the Affiliate;
 - 3) the use by FortisAlberta of an Affiliate’s services, means the complete costs of providing the service, determined in a manner acceptable to FortisAlberta, acting prudently;
 - 4) the use by an Affiliate of FortisAlberta’s services, means the complete costs of providing the service, determined in a manner acceptable to FortisAlberta, acting prudently; and
 - 5) the transfer of equipment, plant inventory, spare parts or similar assets between Utilities, means the net book value of the transferred assets.

- o) **“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.
- p) **“For Profit Affiliate Service”** means any service, provided on a for-profit basis:
 - 1) by FortisAlberta to a Non-Utility Affiliate, other than a Utility Service; or
 - 2) by a Non-Utility Affiliate to FortisAlberta.
- q) **“FortisAlberta”** means FortisAlberta Inc.
- r) **“FortisAlberta Affiliates”** means any entity to which the Code applies pursuant to Section 2.3 of the Code.
- s) **“Information Services”** means any computer systems, computer services, databases, electronic storage services or electronic communication media utilized by FortisAlberta relating to FortisAlberta customers or FortisAlberta operations.
- t) **“Major Transaction”** means a transaction or series of related transactions within a calendar year between FortisAlberta 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.
- u) **“Non-Utility Affiliate”** means an Affiliate that is not a Utility.
- v) **“Occasional Services”** shall have the meaning ascribed thereto in Section 3.3.6 of the code.
- w) **“Operational Efficiencies”** means the use of common facilities (such as shared warehousing or field offices), combined purchasing power or the use of other cost saving procedures, individual assets or groups of assets used in Utility operations (such as equipment, plant inventory, spare parts or similar assets).
- x) **“Person”** means a “person” as defined in the ABCA.
- y) **“Services Agreement”** means an agreement entered into between FortisAlberta 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:
 - 1) the type, quantity and quality of service;
 - 2) pricing, allocation or cost recovery provisions;
 - 3) confidentiality arrangements;
 - 4) the apportionment of risk;

- 5) dispute resolution provisions; and
- 6) a representation by FortisAlberta and each Affiliate party to the agreement that the agreement complies with the Code.
- z) **“Shared Service”** means any service, other than a Utility Service or a For Profit Affiliate Service, provided on a Cost Recovery Basis by FortisAlberta to an Affiliate or by an Affiliate to FortisAlberta.
- aa) **“Subsidiary”** shall have the meaning ascribed thereto in Section 2(4) of the ABCA.
- bb) **“Utility”** means any Body Corporate or any unit or division thereof, that provides a Utility Service and falls within the definition of:
 - 1) “electric utility” under the *Electric Utilities Act*, S.A. 2003, c. E-5.1;
 - 2) “gas utility” under the *Gas Utilities Act*, R.S.A. 2000, c. G-5; or
 - 3) “public utility” under the *Public Utilities Board Act*, R.S.A. 2000, c. P-45.
- cc) **“Utility Service”** means a service, the terms and conditions of which are regulated by the AUC, and includes services for which an individual rate, joint rate, toll, fare, charge or schedule of them, have been approved by the AUC.

2.2 Interpretation

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

2.3 To Whom this Plan Applies

All directors, officers, employees, consultants, contractors and agents of FortisAlberta are obligated to comply with this Plan and all directors, officers, employees, consultants, contractors and agents of Affiliates of FortisAlberta are obligated to comply with this Plan to the extent that they interact with FortisAlberta.

2.4 Coming into Force

This Plan comes into force on approval by the AUC.

2.5 Amendments to this Plan

This Plan may be reviewed and amended from time to time by the AUC on its own initiative, or pursuant to a request by any party to whom this Plan applies or by any interested party.

2.6 Retained for Numbering Consistency

2.7 Authority of the AUC

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

3 GOVERNANCE AND SEPARATION OF UTILITY BUSINESSES

3.1 Governance

3.1.1 Separate Operations

Policy: FortisAlberta business and affairs will be managed separately from the business and affairs of its Non-Utility Affiliates, except as required to fulfill corporate governance, policy, and strategic direction responsibilities of a corporate group of businesses as a whole.

Compliance Measures

1. The FortisAlberta Compliance Officer will maintain an up-to-date list of the Corporate Governance Group.
2. On an annual basis, the Compliance Officer will provide a formal education session to the Corporate Governance Group. Within 90 days of the end of the previous calendar year, the Corporate Secretary of FortisAlberta will seek and obtain written acknowledgement from all individuals identified as the Corporate Governance Group that they have received the Compliance Training Material, that they are familiar with the requirements of the Code and the Plan, and that (i) as an officer or a member of the FortisAlberta management team, they do not manage the business and affairs of any Non-Utility Affiliate of FortisAlberta, except as required to fulfill corporate governance, policy, and strategic direction responsibilities of the Fortis Inc. group of businesses, or (ii) as a director of FortisAlberta, they do not they do not manage the business and affairs of FortisAlberta except as required in their capacity as a director of FortisAlberta to fulfill corporate governance, policy, and strategic direction responsibilities of FortisAlberta. This acknowledgement will also confirm that the individuals identified as the Corporate Governance Group are familiar with the provisions of the Code (including Section 3.1.5) and the Plan, and have acted in a manner that preserves the form, and the spirit and intent of the Code, and this Plan.

3. The Compliance Plan Committee will review the above acknowledgement within 120 days of the end of the previous calendar year. The minutes of the meeting at which the acknowledgement is reviewed will reflect the results of the review.
4. If any instances of non-compliance with this policy are identified by the Compliance Plan Committee, they will be treated as an inquiry under the Code (see Section 8).

3.1.2 Retained for Numbering Consistency

3.1.3 Separate Management

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

Compliance Measures

1. Prior to amending the make-up of the FortisAlberta management team, or changing the FortisAlberta officers, the President & CEO of FortisAlberta will provide a notice in writing to the FortisAlberta Compliance Officer. If the Compliance Officer does not identify a concern with adherence to this policy within five working days of receiving the notice, the CEO may proceed with the change. If the Compliance Officer does identify a potential concern with adherence to this policy, he will advise the CEO within five working days, and initiate an inquiry under the Code (Section 8).
2. The FortisAlberta Compliance Officer will maintain an up-to-date list of FortisAlberta management team members and officers.
3. At each meeting of the Compliance Plan Committee, the list of FortisAlberta management team members and officers will be compared to the current management team members and officers of FortisAlberta's Non-Utility Affiliates, and the minutes of the meeting will reflect the outcome of this comparison.
4. Any conflicts with this policy identified as a result of this review will be treated as an inquiry under the Code (Section 8).

3.1.4 Retained for Numbering Consistency

3.1.5 Guiding Principle

Policy: No individual shall act as a director, officer, or member of a management team of FortisAlberta and as a director, officer or member of a management team of an Affiliate of FortisAlberta unless the

individual is able to carry out his/her responsibilities in a manner that preserves the form, spirit and intent, of the Code and this Plan.

Compliance Measures

1. The Compliance Officer will maintain an up-to-date list of directors, officers, or members of the management team of FortisAlberta who act as directors, officers, or members of the management team of an Affiliate of FortisAlberta.
2. All such directors, officers, or members of the management team of FortisAlberta who also act as directors, officers, or members of the management team of an Affiliate of FortisAlberta will, on commencement of such dual responsibilities, provide a signed certificate to the Compliance Officer that stipulates that he/she is aware of the provisions of the Section 3.1.5 of the Code, and that he/she will carry out his/her responsibilities in manner which will preserve the form, and the spirit and intent of the Code.
3. Within 90 days of the end of each calendar year, all such directors, officers, or members of the management team of FortisAlberta who also act as directors, officers, or members of the management team of an Affiliate of FortisAlberta will provide a signed certificate to the Compliance Officer that stipulates that he/she carried his/her responsibilities in a manner that preserved the form, and the spirit and the intent of the Code.
4. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate, or the provision of a certificate that does not demonstrate adherence to the Code will be treated as an inquiry under the Code (see Section 8).

3.2 Degree of Separation

3.2.1 Accounting Separation

Policy: FortisAlberta shall maintain separate financial records and books of accounts from all Affiliates.

Compliance Measures

1. The Controller will ensure the accounts and records of FortisAlberta are kept separate from the accounts and records of all Affiliates.
2. The Controller will provide a signed certificate in the form attached as Schedule “B” to this Plan attesting to the accounting separation from all Affiliates and the maintenance of separate financial records and books of accounts, to the Compliance Officer within 30 days of the end of the previous calendar year.

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

3.2.2 Physical Separation

Policy: FortisAlberta shall be located in separate buildings, or shall otherwise be physically separated from all Non-Utility Affiliates through the use of appropriate security-controlled access.

Compliance Measures

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

3.2.3 Separation of Information Services

Policy: Where FortisAlberta shares Information Services with an Affiliate all Confidential Information will be protected from unauthorized access by the Affiliate.

Compliance Measures

1. Approval to share Information Services with an Affiliate of FortisAlberta may only be provided in writing by the Vice President, Information Technology and Chief Information Officer of, FortisAlberta. A copy of each approval so issued will be provided to the Compliance Officer who will maintain a record of the above approvals.
2. The Vice President, Information Technology and Chief Information Officer of FortisAlberta will ensure that appropriate data management and data access protocols as well as contractual provisions regarding the breach of any access protocols are in place before approving the sharing of Information Services with an Affiliate of FortisAlberta.

3. The Vice President, Information Technology and Chief Information Officer of FortisAlberta will provide a signed certificate in the form attached as Schedule “B” to this plan attesting to the protection from unauthorized access by Affiliates to shared Information Services, to the Compliance Officer within 30 days of the end of the previous calendar year.
4. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate as described in paragraph 3 above, or the provision of a certificate, which does not demonstrate adherence to the Code, will be treated as an inquiry under the Code (see Section 8).
5. The Compliance Officer will review the access control lists for all Information Services shared with an Affiliate of FortisAlberta and will provide a signed certificate in the form attached as Schedule “B” to this Plan attesting that he has reviewed all Information Services shared with an Affiliate of FortisAlberta and that all access by Affiliates of FortisAlberta to Information Services is in accordance with Section 3.2.3 of the Code.
6. Any failure to provide a certificate as described in paragraph 5 above, or the provision of a certificate which does not demonstrate adherence to the Code, will be treated as an inquiry under the Code (see Section 8).

3.2.4 Financial Transactions with Affiliates

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

Compliance Measures

1. The Controller of FortisAlberta will review all loans, investments, or other financial support provided to a Non-Utility Affiliate to ensure compliance with Section 3.2.4 of the Code and Plan.
2. The Controller will provide a signed certificate in the form attached to this Plan as Schedule “B” attesting that any loans, investments, or other financial support provided to a Non-Utility Affiliate have been provided on terms no more favourable than what the Non-Utility Affiliate would be able to obtain as a stand-alone entity. The certificate will be provided to the Compliance Officer within 90 days of the end of the previous calendar year.
3. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate, or the provision of a certificate, which does not demonstrate adherence to the Code, will be treated as an inquiry under the Code (see Section 8).

3.3 Resource Sharing

3.3.1 Sharing of Employees

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

Compliance Measures

1. FortisAlberta employees may not be shared with an Affiliate without the written permission of the appropriate Vice President of FortisAlberta, who will provide the signed permission to the FortisAlberta Director Human Resources.
2. The FortisAlberta Director Human Resources will retain the written permission on file, and provide a quarterly report to the Compliance Officer on all instances of sharing FortisAlberta employees with Affiliates which have occurred, or continued during the reporting period. The report will identify if the required Vice President approval was in place before the sharing took place.
3. The Compliance Plan Committee will review the report on sharing FortisAlberta employees on a quarterly basis. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the manner in which employees are shared with Affiliates.
4. Any recommendations by the Compliance Plan Committee for changes to the manner in which employees are shared with Affiliates will be treated as an inquiry under the Code (see Section 8). Any instances of employees being shared with Affiliates without the signed permission of the appropriate Vice President will be treated as an inquiry under the Code (see Section 8).

3.3.2 Transferring of Employees

Policy: Where an employee is being transferred from FortisAlberta to an Affiliate, the appropriate Vice President will identify whether or not the employee had access to Confidential Information, and if it is determined that the employee did have such access, the Vice President will obtain the necessary confidentiality agreement prior to the transfer of employee.

Compliance Measures

1. The appropriate FortisAlberta Vice President will review all transfers of employees from his/her responsibility to an Affiliate, and identify if the employee had access to Confidential Information while employed with FortisAlberta. If the employee did have access to Confidential Information, the Vice President will

obtain the necessary signed confidentiality agreement prior to the transfer of the employee, and will provide the signed agreement to the FortisAlberta Director Human Resources.

2. The FortisAlberta Director Human Resources will retain the confidentiality agreement on file, and provide a quarterly report to the Compliance Officer on all instances of FortisAlberta employees transferring to Affiliates which have occurred during the reporting period, indicating whether the required signed confidentiality agreement was in place before the transfer took place.
3. The Compliance Plan Committee will review the report on transferring FortisAlberta employees on a quarterly basis. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the manner in which employees are transferred to Affiliates.
4. Any recommendations by the Compliance Plan Committee for changes to the manner in which employees transfer to Affiliates will be treated as an inquiry under the Code (see Section 8). Any instances of employees with access to Confidential Information being transferred to an Affiliate in the absence of a signed confidentiality agreement will be treated as an inquiry under the Code (see Section 8).

3.3.3 Sharing of Assets

Policy: The plant, assets and equipment of FortisAlberta shall be separated in ownership and separated physically from the plant, assets and equipment of other Non-Utility Affiliates. Utility Affiliates may share ownership and may physically share office space, equipment, rights-of-way and other assets on a Cost Recovery Basis.

Compliance Measures

1. The Controller of FortisAlberta will maintain an inventory of all plant, assets and equipment shared with Affiliates.
2. The Controller will ensure that no plant, assets and equipment are shared with Non-Utility Affiliates.
3. Within the first 90 days of the end of each calendar year, the Controller will provide an annual report to the Compliance Officer of all plant, assets and equipment shared with Utility Affiliates, identifying that methods used to ensure that such sharing is done on a Cost Recovery Basis, the percentage of costs borne by each party and that these percentages were appropriate.
4. The Compliance Plan Committee will review the above report within 120 days of the end of the previous calendar year. The minutes of the meeting at which the

report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the methods used to ensure that plant, assets and equipment are shared with Utility Affiliates on a Cost Recovery Basis.

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

3.3.4 Shared Services Permitted

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

Compliance Measures

1. The Compliance Officer will maintain an inventory of all Shared Services obtained from, or provided to an Affiliate.
2. A Services Agreement will document all new or revised Shared Services.
3. Prior to receiving a Shared Service, the Services Agreement, and a business case identifying that it is prudent to obtain the Shared Services will be prepared by the appropriate FortisAlberta employee and presented to the Compliance Plan Committee for review and approval.
4. Prior to providing a Shared Service, the Services Agreement will be prepared by the appropriate FortisAlberta employee and presented to the Compliance Plan Committee for review and approval.
5. At the first meeting of the Compliance Plan Committee following the anniversary date of each Shared Service Services Agreement between FortisAlberta and an Affiliate, the Shared Service will be reviewed. The results of the review will be reflected in the minutes of the meeting. Any Shared Service Services Agreements which no longer meet the test of continued prudence, will be revised or terminated in accordance with the terms of the Services Agreement.

3.3.5 Retained for Numbering Consistency

3.3.6 Occasional Services Permitted

Policy: FortisAlberta may receive, or provide, one-off, infrequent, or Occasional Services to, or from, an Affiliate on a Cost Recovery Basis, documented by way of a work order, purchase order, or similar

instrument, where the Occasional Services are not material as to value, frequency, or use of resources.

Compliance Measures

1. The Compliance Officer will ensure that all Occasional Services provided to, or received by an Affiliate are provided on a Cost Recovery Basis, and are documented by way of an approved work order, purchase order, or similar instrument.
2. Within 90 days of the end of the previous calendar year, the Compliance Officer will provide the necessary report of Occasional Services provided by FortisAlberta to an Affiliate and vice versa, indicating whether the services have been provided on a Cost Recovery Basis, have been properly documented, and remain non-material, required by Section (k) of the Compliance Report, to the Compliance Plan Committee.
3. The Compliance Plan Committee will review the above report within 120 days of the end of the previous calendar year. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Occasional Services.
4. Any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Occasional Services, will be treated as an inquiry under the Code (see Section 8).

3.3.7 Emergency Services Permitted

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

Compliance Measures

1. The Compliance Officer will ensure that all emergency services and resources provided to, or received by an Affiliate in the event of an emergency are provided on a Cost Recovery Basis, and are documented by way of an approved work order, purchase order or similar instrument.
2. Within 90 days of the end of the previous calendar year, the Compliance Officer will provide the necessary report of Emergency Services provided by FortisAlberta to an Affiliate and vice versa, indicating whether the services have been provided on a cost recovery basis, have been properly documented, and remain non-material, required by Section (l) of the Compliance Report, to the Compliance Plan Committee.

3. The Compliance Plan Committee will review the above report within 120 days of the end of the previous calendar year. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Emergency Services.
4. Any recommendations by the Compliance Plan Committee for changes to the provision, receipt and documentation of Emergency Services, will be treated as an inquiry under the Code (see Section 8).

4 TRANSFER PRICING

4.1 For Profit Affiliate Services

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

Compliance Measures

1. The Compliance Officer will maintain an inventory of all For Profit Affiliate Services obtained from, or provided to an Affiliate. On a quarterly basis, the Compliance Officer will prepare a report describing all For Profit Affiliate Services obtained from, or provided to an Affiliate and will maintain a record of the above reports.
2. A Services Agreement, duly executed by FortisAlberta employees with the appropriate signing authority, will document all existing, new or revised For Profit Affiliate Services.
3. Prior to implementing a new or revised For Profit Affiliate Service to receive services from an Affiliate, the Services Agreement, and a business case identifying that it is prudent to obtain the For Profit Affiliate Service, will be reviewed and approved by the Compliance Plan Committee. The business case must contain adequate evidence (on a net present value basis appropriate to the life cycle or operating cycle of the services involved) to conclude that the decision to out-source is the lowest cost option for customers, and that the For Profit Affiliate Services have been acquired at a price which is no more than Fair Market Value. Fair Market Value will be determined in a manner consistent with Section 4.5 of the Code.
4. Prior to implementing a new or revised For Profit Affiliate Service to provide services to an Affiliate, the Services Agreement, and a description of the process used to determine that the For Profit Affiliate Service is to be provided at a price which is no less than Fair Market Value, will be reviewed and approved by the

Compliance Plan Committee. Fair Market Value will be determined in a manner consistent with Section 4.5 of the Code.

5. At the first meeting of the Compliance Plan Committee following the anniversary date of each For Profit Affiliate Service Services Agreement between FortisAlberta and an Affiliate, the For Profit Affiliate Service will be reviewed. The results of the review will be reflected in the minutes of the meeting. Any For Profit Affiliate Service which no longer meets the test of continued prudence will be revised or terminated in accordance with the terms of the Service Agreement.
6. Failure to provide a report described in item 1 above will be treated as an inquiry under the Code (see Section 8).

4.2 Pricing For Profit Affiliate Services

4.2.1 Retained for Numbering Consistency

4.2.2 Retained for Numbering Consistency

4.3 Retained for Numbering Consistency

4.4 Asset Transfers

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

Compliance Measures

1. The Controller of FortisAlberta will approve any asset transfers, mortgages, leases, or other dispositions by FortisAlberta to an Affiliate, or by an Affiliate to FortisAlberta, and will ensure that such asset transfers are at Fair Market Value, subject to the provisions of Section 4.6 of the Code.
2. Within 90 days of the end of the previous calendar year, the Controller will provide a report to the Compliance Officer detailing any asset transfers between FortisAlberta and Affiliates. The report will describe the manner in which the asset transfers were determined to be at Fair Market Value, subject to the provisions of Section 4.6 of the Code.
3. Within 120 days of the end of the calendar year, the Compliance Plan Committee will review the above report. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the methods used to ensure that asset transfers are at Fair Market Value, subject to the provisions of Section 4.6 of the Code.

4. Any recommendations by the Compliance Plan Committee for changes to the methods used to ensure that asset transfers between FortisAlberta and Affiliates are priced at Fair Market Value, subject to the provisions of Section 4.6 of the Code, will be treated as an inquiry under the Code (see Section 8).

4.5 Retained for Numbering Consistency

4.6 Asset Transfers Between Utilities for Operational Efficiencies

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

Compliance Measures

1. The appropriate Vice President will approve asset transfers for Operational Efficiencies. The Controller will ensure that the transfer of individual assets or groups of assets used in Utility operations between FortisAlberta and Utility Affiliates will be done on a Cost Recovery Basis.
2. Within 90 days of the end of the previous calendar year, the Controller will provide a report to the Compliance Officer detailing any arrangements for obtaining Operational Efficiencies between FortisAlberta and Utility Affiliates. The report will describe the manner in which the asset transfers were determined to be on a Cost Recovery Basis.
3. Within 120 days of the end of the calendar year, the Compliance Plan Committee will review the above report. The minutes of the meeting at which the report is reviewed will reflect the results of the review, including any recommendations by the Compliance Plan Committee for changes to the methods used to ensure that asset transfers are on a Cost Recovery Basis.
4. Any recommendations by the Compliance Plan Committee for changes to the methods used to ensure that asset transfers between FortisAlberta and Affiliates are valued on a Cost Recovery Basis, or failure to approve the above report will be treated as an inquiry under the Code (see Section 8).

5 EQUAL TREATMENT WITH RESPECT TO UTILITY SERVICES

5.1 Impartial Application of Tariff

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

See the Compliance Measures in Section 7.2 of this Plan.

5.2 Equal Access

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

See the Compliance Measures in Section 7.2 of this Plan.

5.3 No Undue Influence

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

See the Compliance Measures in Section 7.2 of this Plan.

5.4 Affiliate Activities

Policy: FortisAlberta 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 Services.

See the Compliance Measures in Section 7.2 of this Plan.

5.5 Name and Logo

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

See the Compliance Measures in Section 7.2 of this Plan.

5.6 Retained for Numbering Consistency

6 CONFIDENTIALITY OF INFORMATION

6.1 Utility Information

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

See the Compliance Measures in Section 7.2 of this Plan.

6.2 Management Exception

Policy: Officers of FortisAlberta who are also officers of an Affiliate as permitted pursuant to Section 3.1.3 of the Code may disclose, subject to the provisions of Section 3.1.5 of the Code, FortisAlberta planning, operational, financial and strategic information to the Affiliate to fulfill their responsibilities with respect to corporate governance, policy and strategic direction of an affiliated group of businesses, but only to the extent necessary and not for any other purpose.

See the Compliance Measures in Section 3.1 of this Plan.

6.3 No Release of Confidential Information

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

Compliance Measures

1. Approval will be obtained from a customer, or prospective customer, in writing, indicating their consent to share Confidential Information relating to the customer or prospective customer with an Affiliate of FortisAlberta before the information is shared, unless such Confidential Information may be disclosed to an Affiliate in connection with a disclosure required under Section 6.3 of the Code.
2. Written consent received from a customer or prospective customer will be provided by management to the Compliance Officer, who will verify that the

information has not yet been shared and will maintain the consent documentation on file as a record of the approval. Management can then release the information.

3. If Confidential Information is to be disclosed to an Affiliate in connection with a disclosure required under Section 6.3 of the Code, the Compliance Officer will verify the circumstances and, if appropriate, will provide an authorization in writing prior to the information being released.
4. Management of FortisAlberta will provide a signed certificate in the form attached as Schedule “B” to this plan attesting that they have not released Confidential Information related to a customer or prospective customer without receiving the prior written consent of the customer or prospective customer, to the Compliance Officer within 30 days of the end of the previous calendar year.
5. The Compliance Officer will maintain a record of the above certificates. Any failure to provide a certificate as described in paragraph 4 above, or the provision of a certificate, which does not demonstrate adherence to the Code, will be treated as an inquiry under the Code (see Section 8).

6.4 Aggregated Confidential Information

Policy: FortisAlberta 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 FortisAlberta shall not disclose such aggregated customer information to an Affiliate prior to making such information publicly available.

Compliance Measures

1. If management of FortisAlberta proposes to disclose aggregated Confidential Information to an Affiliate, the Compliance Officer will verify the aggregated information and, if appropriate, will provide an authorization in writing prior to the information being released. Management can then release the information.
2. The Compliance Officer will verify that the information has not been released to an Affiliate before being released to the public and will maintain a record of the approval on file.
3. Management of FortisAlberta will provide a signed certificate in the form attached as Schedule “B” to this plan attesting that they have not released aggregated Confidential Information to an Affiliate prior to making such information publicly available, to the Compliance Officer within 30 days of the end of the previous calendar year.

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

7 COMPLIANCE MEASURES

7.1 Responsibility for Compliance

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

See the Compliance Measures in Section 7.2 of this Plan.

7.2 Communication of Code and Compliance Plan

Policy: FortisAlberta will communicate the contents of the Code and the Compliance Plan, and any modifications to it from time to time, to each of its directors, officers, employees, consultants, contractors, agents and Affiliates, and make the Code and the Compliance Plan available on FortisAlberta's website.

Compliance Measures

1. Each director, officer, employee, consultant, contractor, agent and Affiliate of FortisAlberta will receive a copy of the Code on commencement of their relationship with FortisAlberta.
2. See the Compliance measures in Section 3.1.1 for the record keeping which will exist for the Corporate Governance Group.
3. For FortisAlberta employees (not included in the Corporate Governance Group), a signed acknowledgement that the employee has received, and is familiar with, the Code and this Compliance Plan will be obtained on the commencement of employment with FortisAlberta. The acknowledgement will be kept in the Human resources personnel file.
4. For FortisAlberta consultants, contractors, and agents, a responsible employee of FortisAlberta will review the work assignment of the consultant, contractor, or agent to determine if the work assignment may be affected by the existence of the Code. If the responsible employee determines that the work assignment of the consultant, contractor, or agent may be affected by the Code, the responsible employee will provide a copy of the Code to the affected party, and will require a written acknowledgement from the consultant, contractor, or agent that they have received a copy of the Code, are familiar with its contents, and will abide by its

requirements. The written acknowledgement will be forwarded to the Compliance Officer for record keeping.

5. The Compliance Officer will provide copies of the Code and this Compliance Plan to all Affiliates of FortisAlberta on an annual basis, addressed to a senior officer of the Affiliate.
6. On an annual basis, within 90 days of the end of the previous calendar year, each FortisAlberta employee will confirm (through written acknowledgement) that they have received the current Compliance Training Material, a current copy of the Code and this Compliance Plan, and are aware of their contents, and agree to abide by their requirements, and have abided by the Code in the pervious year. The written acknowledgements will be maintained in the Human Resources personnel file for each employee.
7. Within 120 days of the end of the previous calendar year, the FortisAlberta Director Human Resources will provide the Compliance Plan Committee a written report, identifying which if any FortisAlberta employees have not acknowledged receipt of a current copy of the Code, awareness of its contents, and agreement to abide by its requirements.
8. The Compliance Officer will post the Code and the Compliance Plan on the FortisAlberta website.

7.3 Retained for Numbering Consistency

7.4 Responsibilities of the Compliance Officer

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

Compliance Measures

1. The responsibilities of the Compliance Officer are described in Section 7.4 of the Code as amended from time to time.
2. Within 90 days of the end of the previous calendar year, the Compliance Officer will prepare a report to the Compliance Plan Committee detailing the manner in which he/she has discharged the above responsibilities. The report will be prepared in a manner consistent with Section 7.4 of the Code. The records required to be maintained by the Compliance Officer pursuant to Section 7.4 of the Code will be retained for a period of six years in a manner sufficient to support a third party audit of the state of compliance with the Code.
3. At its next meeting following receipt of the above report, the Compliance Plan Committee will review the report. The results of the review, and any

recommendations by the Compliance Plan Committee for improvements to the manner in which the Compliance Officer discharges the above responsibilities will be detailed in the minutes of the meeting.

4. Any recommendations by the Compliance Plan Committee for changes to the manner in which the Compliance Officer discharges the above responsibilities will be treated as an inquiry under the Code (see Section 8).

7.5 The Compliance Plan

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

Compliance Measures

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

7.6 The Compliance Report

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

Compliance Measures

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

7.7 Retained for Numbering Consistency

7.8 Retained for Numbering Consistency

8 DISPUTES, COMPLAINTS AND INQUIRIES

8.1 Filing with the Compliance Officer

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

Compliance Measures

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

8.2 Processing by Utility

8.2.1 Compliance Officer Acknowledgment

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

Compliance Measures

See Section 8.1.

8.2.2 Disposition

Policy: The Compliance Officer shall respond to the dispute, complaint or inquiry within 21 working days of its receipt. The response shall include a description of the dispute, complaint or inquiry and the initial response of FortisAlberta to the issues identified in the submission. FortisAlberta's final disposition of the dispute, complaint or inquiry shall be completed as expeditiously as possible in the circumstances, and in any event within 60 days of receipt of the dispute, complaint or inquiry, except where the party making the submission otherwise agrees.

Compliance Measures

See Section 8.1.

8.3 Referral to the AUC

Policy: The Compliance Officer shall ensure that instructions on how to refer disputes to the AUC are contained on the FortisAlberta website.

Compliance Measures

1. Instructions for referring disputes to the AUC will be posted on the FortisAlberta website.

9 Retained for Numbering Consistency

9.1 Retained for Numbering Consistency

9.2 Retained for Numbering Consistency

10 EFFECTIVE DATE OF THE COMPLIANCE PLAN

This Plan comes into effect upon final approval by the AUC.



11 SCHEDULE A – OFFICERS 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 FortisAlberta Inc. (FortisAlberta) and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

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

Name: _____

Title: _____

Date: _____



12 SCHEDULE B – COMPLIANCE REPORT

To: The FortisAlberta Compliance Officer and the FortisAlberta Compliance Committee

I, _____ of the City of _____, in the Province of Alberta, acting in my position as an officer of FortisAlberta Inc. (FortisAlberta) and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. Section _____ of the FortisAlberta Compliance Plan requires me to provide this Compliance Certificate on or before _____.

2. My position with FortisAlberta is _____, and as such I have personal knowledge of, or have conducted due inquiry of individuals who have personal knowledge of, the facts and matters herein stated.

3. For the period of _____ to _____, FortisAlberta has been in compliance with the requirements of Section _____ of the Code, with the exception (if any) of the items described on the attached sheet.

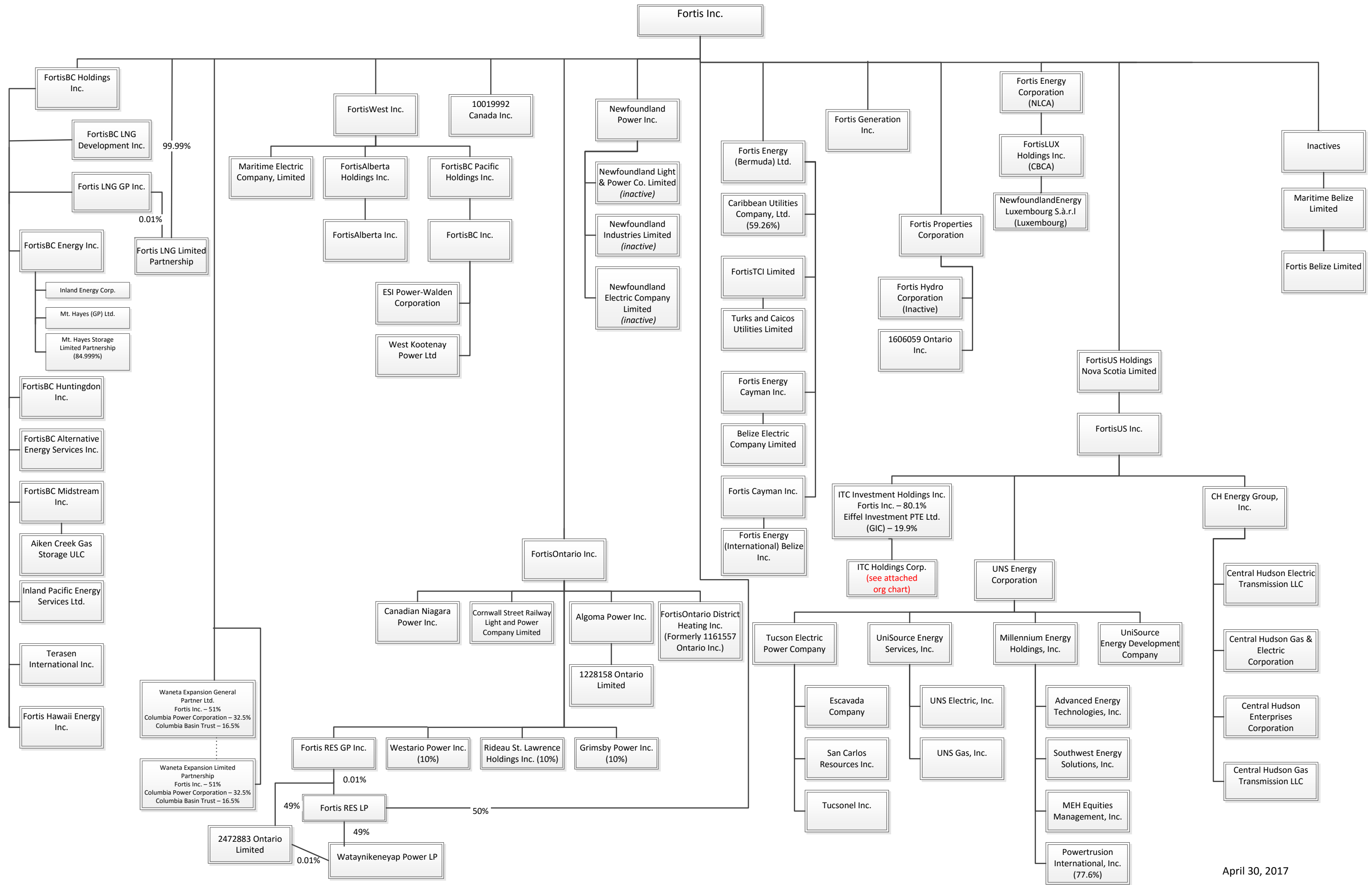
Name: _____

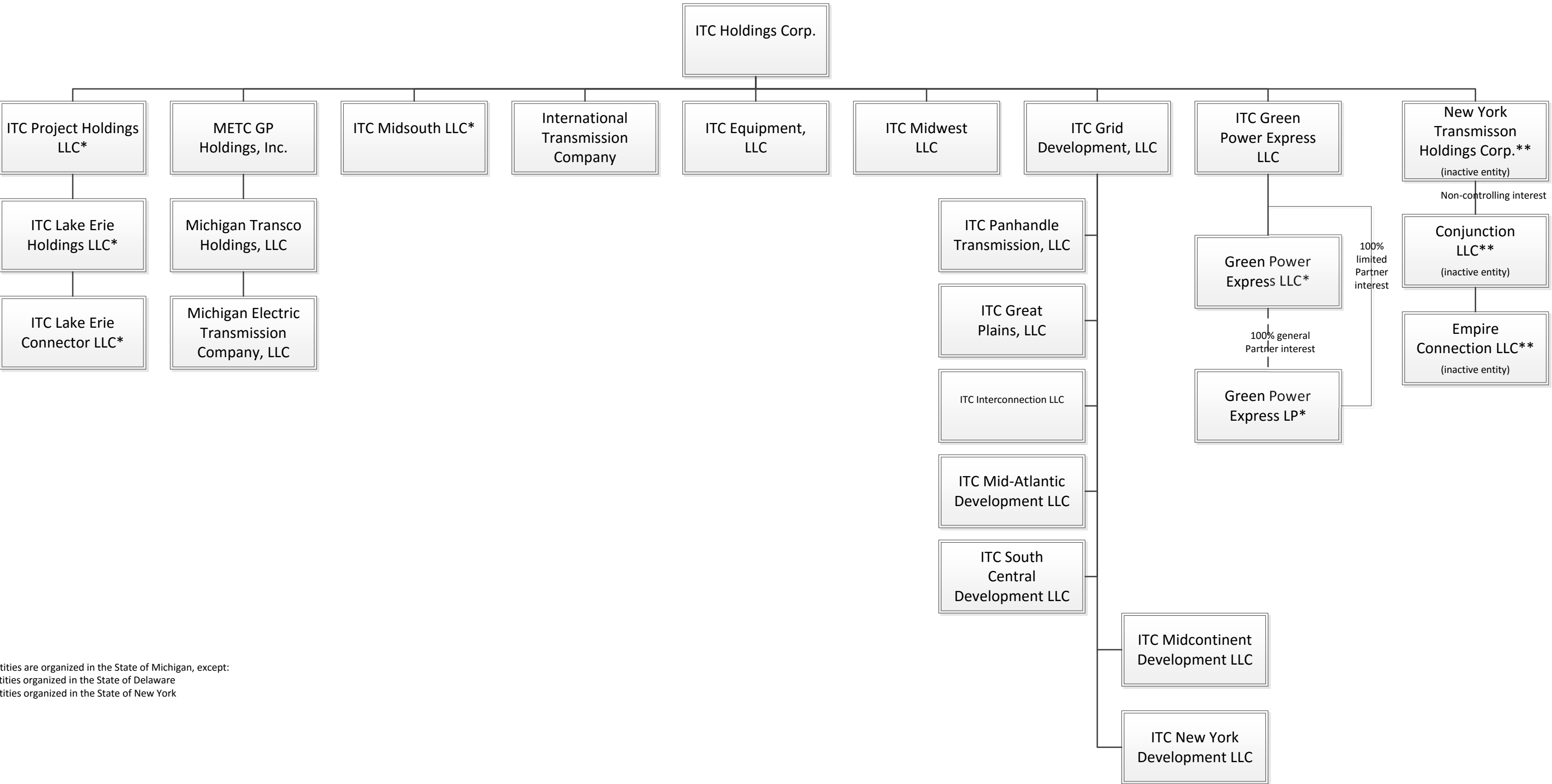
Title: _____

Date: _____

APPENDIX 2

See attached Organization Chart





All entities are organized in the State of Michigan, except:
 * Entities organized in the State of Delaware
 ** Entities organized in the State of New York

APPENDIX 3

List of Affiliates with Whom FortisAlberta Transacted Business

Description: A list of all Affiliates with whom FortisAlberta transacted business in the Reporting Period, including the business address, list of officers and directors and a description of the Affiliates' business activities, all as of April 30, 2017.

Fortis Inc.

Suite 1201, 139 Water Street
St. John's, NL
A1B 3T2

Directors:

Douglas J. Haughey (Chair)
Peter E. Case
Ida J. Goodreau
David G. Norris
R. Harry McWatters
Ronald D. Munkley
Tracey C. Ball
Barry V. Perry
Pierre J. Blouin
Maura J. Clark
Margarita K. Dilley
Jo Mark Zurel

Officers:¹

Barry V. Perry	– President & Chief Executive Officer
Karl W. Smith	– Executive Vice President, and Chief Financial Officer
Nora M. Duke	– Executive Vice President, Corporate Services & Chief Human Resource Officer
Earl A. Ludlow	– Executive Vice President, Eastern Canadian and Caribbean Operations
James P. Laurito	– Executive Vice President, Business Development
David Bennett	– Executive Vice President, Chief Legal Officer & Corporate Secretary
James D. Spinney	– Vice President, Treasurer
James D. Roberts	– Vice President, Controller
Regan O'Dea	– Assistant Corporate Secretary

¹ Note: Despite being named as Vice President, Planning and Forecasting, and Vice President, Investor Relations, respectively, neither Karen Gosse nor Janet Craig has been named as an "Officer" of Fortis Inc.

Description of Business: Fortis Inc. is a diversified, international utility holding company with investments primarily in regulated gas and electric transmission and distribution utilities in Canada, the United States and the Caribbean region. Fortis Inc. also owns and operates non-regulated generation assets.

FortisBC Inc.

#100 – 1975 Springfield Road
Kelowna, BC
V1Y 7V7

Directors:

Ida J. Goodreau (Chair)
Peter Blake
Phonse Delaney
Brenda Eaton
David G. Hutchens
K.M. Tracy Medve
Barry V. Perry
Michael A. Mulcahy
Christopher F. Scott
Janet P. Woodruff
Karl W. Smith

Officers:

Michael A. Mulcahy – President & Chief Executive Officer
Ian Lorimer – Vice President, Finance & Chief Financial Officer
Roger Dall'Antonia – Executive Vice President, Customer Service & Technology
Diane E. Roy – Vice President, Regulatory Affairs
Doyle O. Sam – Executive Vice President, Operations & Engineering
Cynthia Des Brisay – Vice President, Midstream Services & Resource Development
Douglas L. Stout – Vice President, Market Development & External Relations
Jody D. Drope – Vice President, Human Resources and Environment, Health & Safety
Dennis A. Swanson – Vice President, Energy Supply
Monic Pratch – Corporate Secretary
Debra G. Nelson – Assistant Corporate Secretary

Description of Business: FortisBC is an integrated, regulated electric utility operating in British Columbia, serving approximately 170,000 customers directly and indirectly. FortisBC's regulated business includes four hydroelectric generating plants with an aggregate capacity of 225 megawatts (MW), and approximately 7,200 kilometers of transmission and distribution power lines.

FortisBC Holdings Inc.

#100 – 1975 Springfield Road
Kelowna, BC
V1Y 7V7

Directors:

Barry V. Perry
Karl W. Smith
Michael A. Mulcahy

Officers:

Michael A. Mulcahy – President & Chief Executive Officer
Roger Dall'Antonia – Executive Vice President
Ian Lorimer – Chief Financial Officer and Treasurer
Monic Pratch – Corporate Secretary
Debra G. Nelson – Assistant Corporate Secretary

Description of Business: FortisBC Holdings is a regulated gas utility in British Columbia that owns and operates approximately 48,200 kilometres of natural gas transmission and distribution pipelines that deliver natural gas and propane to almost 1 million customers in 135 B.C. communities.

Newfoundland Power Inc.

55 Kenmount Road
St. John's NL
A1B 3P6

Directors:

Michelle Melendy
Susan Hollett
Fred Cahill
John Gaudet
Earl Ludlow
Glenn Mifflin
Edward Murphy
Anne Whelan (Chair)
Mike Mosher
Gary Smith
Ken Bennett

Officers:

Gary Smith – President & Chief Executive Officer
Jocelyn H. Perry – Chief Operating Officer
Gary Murray – Vice President, Engineering & Operations
Peter S. Alteen – Vice President, Regulation & Planning
Paige London – Vice President, Finance and Chief Financial Officer
Diane Whalen – Assistant Secretary

Description of Business: Newfoundland Power Inc. operates an integrated generation, transmission and distribution system throughout the island portion of Newfoundland and Labrador.

FortisTCI (Turks and Caicos)

1030 Leeward Highway
Providenciales
Turks and Caicos Islands, BWI

Directors:

Gary Smith (Chair)
Eddinton Powell
Lynn R. Young
J.F. Richard Hew

Officers:

Eddinton Powell – President and Chief Executive Officer
Ruth Gardiner-Forbes – Senior Vice President, Corporate Services, Chief Financial Officer, and Corporate Secretary
Devan Cox – Senior Vice President, Operations and Assistant Corporate Secretary Transmission and Distribution
Nigel Hosein – Vice President, Production & Project Management
Allan Robinson – Vice President, Grand Turk and Sister Islands Operations
Rachell Roulett – Vice President, Strategic Planning, Innovation and Technology

Description of Business: FortisTCI generates, transmits and distributes electricity to over 14,000 customers on the islands within Turks and Caicos. FortisTCI has a combined diesel-fired generating capacity of 82 megawatts and met a combined peak demand of approximately 38 MW in 2016. The company owns 635 circuit kilometers of transmission and distribution lines across the islands.

APPENDIX 4

List of Services Agreements

A list of all Services Agreements in effect during the Reporting Period:

- Services Agreement between FortisAlberta Inc. and Fortis TCI Ltd. (formerly Provo Power Company Ltd.) dated January 1, 2011;
- Services Agreement between FortisAlberta Inc. and Newfoundland Power Inc. dated January 1, 2011;
- Shared Services Agreement between FortisAlberta Inc. and FortisBC Pacific Holdings Inc. dated January 1, 2011;
- Occasional Services Agreement between FortisAlberta Inc. and Fortis Inc. dated January 1, 2011;
- Occasional Services Agreement between FortisAlberta Inc. and FortisBC Holdings Inc. (formerly Terasen Inc.) dated January 1, 2009;
- Services Agreement between FortisAlberta Inc. and FortisBC Inc. dated January 1, 2009;
- Occasional Services Agreement between FortisAlberta Inc. and FortisOntario Inc. dated January 1, 2008;
- Occasional Services Agreement between FortisAlberta Inc. and Maritime Electric Company, Limited dated January 1, 2008; and
- Emergency Services Agreement between FortisAlberta Inc. and Caribbean Utilities Company, Ltd. dated April 15, 2008.

APPENDIX 5

Description of Major Transactions

The following is a list of all Major Transactions between FortisAlberta and an Affiliate:

1. Services provided by Fortis Inc. to FortisAlberta for administrative and other corporate governance activities are allocated on a shared cost basis with other subsidiaries of Fortis Inc. The aggregate value of these services for FortisAlberta in 2016 was \$4,387,000.

APPENDIX 6

Affiliate Party Transactions Summary

Description: A summary overview of the types of transactions, other than Major Transactions or Utility Services, provided during the Reporting Period between FortisAlberta and its Affiliates containing a general description of the transactions and services, the parties involved and the approximate aggregate value.

Note: FortisAlberta's payments to Affiliates for services or goods received are provided in brackets below, and the respective total values of all transactions for each Affiliate are the combined absolute value of payments made and received by FortisAlberta, rather than a net value of such payments.

1. Transactions with **FortisBC Inc.**

Transaction Type	Approximate Aggregate Value
Metering Services (including related IT Services)	\$10,800
Engineering services	\$18,100
Technical Training Services	\$12,900
Payment of travel expenses related to corporate governance	(\$1,200)
TOTAL Estimated Dollar Value of All Transactions	\$43,000

2. Transactions with **FortisTCI (Turks and Caicos)**

Transaction Type	Approximate Aggregate Value
Recovery of Expenses Relating to Engineer Seconded to FortisAlberta and certain of its Affiliates	\$11,200
TOTAL Estimated Dollar Value of All Transactions	\$11,200

3. Transactions with **FortisBC Holdings Inc.**

Transaction Type	Approximate Aggregate Value
Payment of previously-accrued compensation to former FortisAlberta Officer who had transferred to FortisBC Holdings Inc.	(\$84,200)
Payment for Insurance and Risk Management Consulting Services and Associated Expense Reimbursements	(\$400)
Recovery of travel expenses related to attendance at FortisBC Board meetings by Director employed by FortisAlberta	\$1,200
TOTAL Estimated Dollar Value of All Transactions	\$85,800

4. Transactions with **Newfoundland Power Inc.**

Transaction Type	Approximate Aggregate Value
Recovery of travel expenses related to attendance at Newfoundland Power Board meetings by Director employed by FortisAlberta	\$7,100
Payment of corporate share of industry-related subscription fee	(\$4,500)
TOTAL Estimated Dollar Value of All Transactions	\$11,600

5. Transactions with **Fortis Inc.**

Transaction Type	Approximate Aggregate Value
Recovery of relocation expenses related to 2015 transfer of FortisAlberta Officer to Fortis Inc.	\$16,200
Payment of interest expense related to \$15 million demand loan granted by Fortis Inc. to FortisAlberta (interest rate set at Canadian Dollar Offered Rate plus the stamping fee, less 0.45%)	\$138,300
Payment of expenses related to corporate governance	(\$18,200)
Payment of subscription fees incurred by Fortis Inc. on behalf of FortisAlberta	(\$300)
Payment of membership fees incurred by Fortis Inc. on behalf of FortisAlberta	(\$10,300)
Payment of travel expenses related to attendance at FortisAlberta Board meetings by Director employed by Fortis Inc.	(\$4,800)
Human resources and recruitment services	(\$8,300)
TOTAL Estimated Dollar Value of All Transactions	\$196,400

APPENDIX 7

Summary Description of Occasional Services provided to/from an Affiliate

Occasional Services Provided to Affiliates

To FortisBC

1. Meter Services were provided to FortisBC. The aggregated value of the services for 2016 was **\$10,750.68**.
2. Technical Training Services were provided to FortisBC. The aggregated value of the services for 2016 was **\$12,887.76**.
3. Engineering Services were provided to FortisBC. The aggregated value of the services for 2016 was **\$18,139.91**.

Occasional Services Obtained from Affiliates

From Fortis Inc.

1. Human Resources Consulting and Recruitment Services were received from Fortis Inc. The aggregated value of the services for 2016 was **\$8,341.66**.

From FortisBC Holdings Inc.

1. Insurance/Treasury Services were received from FortisBC Holdings Inc. The aggregated value of the services for 2016 was **\$362.12**.

APPENDIX 8

List of Exemptions to the Code

In its Decision 20263-D01-2015, dated May 26, 2015, the AUC approved FortisAlberta's application for an adjustment to FortisAlberta's existing conditional exemption related to Section 7.2 of the Compliance Plan. The exemption was originally granted to FortisAlberta by the Alberta Energy and Utilities Board in Decision 2006-012. The exemption relieves FortisAlberta of the requirement to provide compliance plan training to all employees on the condition that the total dollar amount of inter-affiliate transactions does not exceed a specified threshold. As a result of Decision 20263-D01-2015, the exemption threshold related to the value of inter-affiliated transactions was increased from \$4.0 million to \$5.0 million. The dollar value threshold will remain in effect until any further order, code or rule of the AUC specifies a change in the threshold level. This exemption is also conditional upon the following:

1. The executive in charge of each area that deals with inter-affiliate transactions must provide an annual, written, signed certification to the compliance officer, indicating each of the employees in their area that handles such transactions.
2. These certifications must be updated quarterly if related employees or their duties change during the quarter.
3. These certifications must be kept on file by the compliance officer for six years.

APPENDIX 9

Employee Transfers, Temporary Assignments and Secondments Between FortisAlberta and its Affiliates

FortisAlberta had one employee permanently transfer to an Affiliate during the Reporting Period.

Position	Affiliate	Date of Transfer
Power Line Technician	Caribbean Utilities Company, Ltd.	February 23, 2016

The employee did not have access to confidential information while employed with FortisAlberta, and therefore no confidentiality agreement was signed prior to the transfer taking place.

FortisAlberta had one temporary employee who was shared with two Affiliates during the Reporting Period. In order to supplement his professional training, an engineer with FortisTCI performed engineering services in Canada for FortisAlberta, FortisBC, and Newfoundland Power for portions of 2015 and 2016. FortisAlberta received these services pursuant to its Services Agreement with FortisTCI. During the employee's time in Canada, FortisTCI paid all salary, benefits and transportation to and from Canada. FortisAlberta was responsible for the employee's fleet vehicle, cell phone, living expenses, additional insurance coverage, and payroll taxes during his time with the Company, which occurred prior to the Reporting Period. Upon leaving FortisAlberta, from January to March 2016, the employee was with FortisBC and FortisBC reimbursed FortisAlberta for all related expenses incurred by FortisAlberta on behalf of the employee during such three-month period. From April to June 2016, the employee was moved to Newfoundland Power and FortisTCI was responsible for reimbursements to FortisAlberta for all related expenses incurred by FortisAlberta on behalf of the employee during this second three-month period. Those payments are described in more detail in Appendix 6 – Affiliate Party Transactions Summary.

APPENDIX 10

OFFICER'S CERTIFICATE

To: The Alberta Utilities Commission

I, **Phonse Delaney**, of the City of Calgary, in the Province of Alberta, acting in my position as an officer of FortisAlberta Inc. ("FortisAlberta") and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. My position with FortisAlberta is President and Chief Executive Officer, 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 FortisAlberta Inter-Affiliate Code of Conduct (the Code).
3. I have read the Code, the Compliance Plan of FortisAlberta and the Compliance Report of FortisAlberta dated April 30, 2017.
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 FortisAlberta, or by any Affiliate of FortisAlberta (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to any interaction between an Affiliate and FortisAlberta that is not fully and accurately described in the Compliance Report.

By: /s/ "Phonse Delaney"

Title: President and Chief Executive Officer

Date: April 30, 2017

OFFICER'S CERTIFICATE

To: The Alberta Utilities Commission

I, **Tamara Day**, of the City of Calgary, in the Province of Alberta, acting in my position as Compliance Officer of FortisAlberta Inc. ("FortisAlberta") and not in my personal capacity, to the best of my knowledge do hereby certify as follows:

1. My positions with FortisAlberta are Director, Legal Services, and Assistant Corporate Secretary. I am also the Compliance Officer, 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 FortisAlberta Inter-Affiliate Code of Conduct (the Code).
3. I have read the Code, the Compliance Plan of FortisAlberta and the Compliance Report of FortisAlberta dated April 30, 2017.
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 FortisAlberta, or by any Affiliate of FortisAlberta (including any director, officer, employee, consultant, contractor or agent of the Affiliate) with respect to any interaction between an Affiliate and FortisAlberta that is not fully and accurately described in the Compliance Report.

By: /s/ "Tamara Day"

Title: Compliance Officer

Date: April 30, 2017