

AC010

FINANCIAL REPORTING

10.08

NORTH AND SOUTH SHARED SERVICES

PURPOSE

To provide procedures for the allocation of Operation & Maintenance (O&M) expense for services shared between the North and South service regions within ATCO Pipelines.

To ensure the application of Cost is consistent between the regions over time.

POLICY

This policy governs the determination of the allocation of ATCO Pipelines O&M expenditures on a North and South basis.

PROCEDURE

- Each year management will review the allocation methods for their area to ascertain the most appropriate cost allocation method(s).
- Actual Cost should be tracked and charged on a North/South basis whenever it is feasible and cost effective to do so.
- A copy of the allocation methods used for the current year will be filed with the Report of Finance and Operations for each reporting entity.
- Table 10.08(a) provides a list of available allocation methods, with definitions. Table 10.08(b) provides the allocation percentages to be used for each allocation method. Table 10.08(c) lists the allocation method to be used for the various responsibilities of ATCO Pipelines.

ALLOCATION METHODS

An allocation method is determined for each level of responsibility in ATCO Pipelines. An allocation method for specific accounts within responsibilities may also be specified if the account is unique to the remainder of the responsibility. The Financial Services department of ATCO Pipelines will have responsibility for ensuring that allocation methods have been reviewed annually by management, and for execution of the methods chosen.

Table 10.08(a) is a list of allocation methods available. In the event that additional allocation methods are desired, this policy will be updated to reflect those methods.

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METHOD NAME	CALCULATION BASIS
Area of Responsibility	Cost will be allocated on the Area of Responsibility percentage as determined by the Shared Services Policy.
Customer Services	Cost will be allocated 67% to the North and 33% to the South for the reporting entity.
Equal Allocation	Cost will be shared equally between the North and South regions for the reporting entity.
General Services	Cost will be allocated 60% to the North and 40% to the South for the reporting entity.
Labour Cost	Cost will be allocated on the percentage of North and South labour charges to Operations & Maintenance for the reporting entity.
Surface Leases	Cost will be allocated on the percentage of North and South total Surface Leases for the reporting entity.

Table 10.08(a) Allocation Methods & Calculation Basis

METHOD NAME	PERCENTAGE ALLOCATIONS		
	North	South	Total
Area of Responsibility 30300	66.68%	33.32%	100.00%
Area of Responsibility 30340	69.44%	30.56%	100.00%
Area of Responsibility 30350	69.44%	30.56%	100.00%
Customer Services	67.00%	33.00%	100.00%
Equal Allocation	50.00%	50.00%	100.00%
General Services	60.00%	40.00%	100.00%
Labour Cost	65.33%	34.67%	100.00%
Surface Leases	65.00%	35.00%	100.00%

Table 10.08(b) North/South Allocation Percentages

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RESPONSIBILITY NUMBER			ALLOCATION METHOD	RESPONSIBILITY TITLE
Combined	North	South		
30100			General Services	President
30200			General Services	Vice President, Regulatory & Controller
30210			General Services	Human Resources
30212			General Services	Corporate Communications
30220			General Services	Financial Services
30260			Customer Services	Customer Services
30262			Actual Cost	Transportation by Others
30262			Actual Cost	NGTL Tolls
30280			General Services	ATCO Pipelines Corporate
	30280		Actual Cost	Salt Caverns – Payroll Accrual
30280			Labour Cost	Payroll Accruals
30280			Labour Cost	Fringe Benefits
30280			Labour Cost	PRB
30280			Labour Cost	Supplemental Pension
30280			Actual Cost	Pension Asset Amortization
30280			Actual Cost	Reserve for Injuries and Damage
30280			Actual Cost	Rate Case
30280			Actual Cost	FAS 71 Adjustments
30280			Actual Cost	Costs Recovered
30280			Actual Cost	AUC Assessment
30280			Actual Cost	Non-Utility
30300			Area of Responsibility	Vice President, Operations
30310			General Services	Safety

Table 10.08(c) Assigned Allocation Method of Responsibility

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RESPONSIBILITY NUMBER			ALLOCATION METHOD	RESPONSIBILITY TITLE
Combined	North	South		
30320			General Services	Engineering
30321			General Services	Graphics
30322			General Services	Process Control Engineering
30323			General Services	Measurement
30324			General Services	Land Acquisition
30324			Surface Leases	Surface Leases
	30325		Actual Cost	Compressor & Salt Cavern
30326			General Services	Pipelines
30327			General Services	Pipeline Integrity
30330			General Services	Projects
30340			Area of Responsibility	Operations
	30340		Actual Cost	Salt Cavern
	30340		Actual Cost	ESOB Operations Cost
		30340	Actual Cost	COB Operations Cost
	30341		Actual Cost	East Operations
	30342		Actual Cost	West Operations
		30343	Actual Cost	South Operations
	30344		Actual Cost	Process Control Operations – North
		30345	Actual Cost	Process Control Operations – South
30346			General Services	Construction
30347			Equal Allocation	Environment, Standards & Quality Assurance
30350			Area of Responsibility	Technical Services
	30350		Actual Cost	ESOB Operations Cost
	30360		Actual Cost	ATCO Gas – Engineering Services - North

Table 10.08(c) Assigned Allocation Method of Responsibility . . . continued

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RESPONSIBILITY NUMBER			ALLOCATION METHOD	RESPONSIBILITY TITLE
Combined	North	South		
		30361	Actual Cost	ATCO Gas – Engineering Services – South
	30363		Actual Cost	ATCO Gas – Operations Services – North
		30364	Actual Cost	ATCO Gas – Operations Services – South
	30365		Actual Cost	ATCO Gas – Pipeline System Control – North
		30366	Actual Cost	ATCO Gas – Pipeline System Control – South
30370			General Services	Measurement Integrity
30400			Customer Services	Pipeline System Control
30411			Customer Services	Gas Control
30420			General Services	Business Development
30430			Customer Services	Transportation Marketing
30440			General Services	Planning
30500			General Services	Regulatory
30600			General Services	ATCO Gas – Financial Services
30610			General Services	Third Party Services
	30610		Actual Cost	Wabamum/Sundance Transmission
30640			General Services	ATCO I-TECK Services
30643			Actual Cost	ATCO Corporate Office Services
30643			General Services	Aircraft
30643			Equal Allocation	Corporate Signature Rights

Table 10.08(c) Assigned Allocation Method of Responsibility

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