

Business Expense and Travel Policy

1. PURPOSE

The purpose of this Business Expense and Travel Policy (“the Policy”) is to provide a framework of accountability to guide the effective determination of business-related expenses along with parameters to be used for fair and reasonable practices.

2. SCOPE

The Policy applies to all individuals and companies that incur expenses on behalf of the AESO. The Policy should be read in conjunction with other AESO policies and practices.

The Policy addresses the following areas:

- Responsibilities
- Procedures
- Meals
- General Travel
- Transportation
- Accommodations
- Mobile Communication Devices
- General
- Exchange Rates and Taxes

3. RESPONSIBILITIES

3.1. Individuals and companies that incur expenses on behalf of the AESO are responsible for:

- Understanding the Policy.
- Ensuring only legitimate expenses incurred that relate to AESO business are approved and reimbursed.
- Ensuring business expenses are made in a reasonable, responsible and prudent manner. Consideration must be given to the AESO’s status as a not-for-profit, public interest organization.
- Completing and submitting an AESO expense report form or invoice for expense reimbursement in a timely manner, normally within 30 days.
- Providing the necessary supporting documentation, where applicable, and providing explanations for all expenses requiring reimbursement.
- Obtaining appropriate authorization.

3.2. Approvers of expenses are responsible for:

- Accepting accountability for their decisions that must be based on good judgment and informed knowledge and compliant with the requirements of the Policy.
- Approving expenses in accordance with the Policy.

3.3. The Accounting Department is responsible for:

- Ensuring that necessary supporting documentation and appropriate authorization has been obtained for all expenses.
- Reimbursing properly authorized expenses in an accurate and timely manner.

3.4. The President and Chief Executive Officer is responsible for:

- Approving the Policy.

**** IMPORTANT TO NOTE ****

In circumstances where the Policy does not address the treatment of a specific business expense, guidance on how to proceed must be requested from the Accounting Department. To ensure corporate consistency occurs when judgment is required and to maintain the intent of the Policy, situations that are not specifically mentioned in the Policy must be approved in advance by the Director, Accounting and Treasury; Vice President, Finance; or President and Chief Executive Officer.

4. PROCEDURES**4.1. General**

- A receipt is required for a business expense greater than \$15. In the absence of a receipt, the expense will not be reimbursed. A receipt is not required to claim an allowance.
- An expense report form or invoice must include the date, place, description, business purpose and amount of an expense claim.
- When claiming travel-related expenses, all expenses for a trip must be claimed on one expense report form or invoice. The following information must be provided:
 - Travel dates, location and description of purpose; and
 - A flight itinerary, where applicable.
- An expense must be appropriately itemized for accounting purposes. Where charges for accommodations, phone calls, meals, meeting rooms, etc. are included on one receipt, each item must be separately itemized.

4.2. Approvals

- An approver can only approve a business expense in a cost area that is under their direct accountability. Under certain circumstances additional authorization is required (e.g., office supplies, IT charges).
- An individual cannot approve their own expense report form, nor is any employee authorized to approve a peer's or a supervisor's expense report form.

5. MEALS

5.1. General

- a) When more than one employee or Member of the AESO Board is present to pay a charge on behalf of the AESO, the person with the most senior-level position is required to pay and submit the expense for reimbursement.
 - o When a contractor fills a managerial role, the most senior-level AESO employee is required to pay and submit the expense for reimbursement.

5.2. Meals in Calgary

- a) The actual cost of a meal within Calgary, when not traveling, must be submitted for reimbursement; a meal allowance does not apply.
 - o For an individual who resides in another city (i.e., for certain contractors) and is in Calgary, a meal allowance applies when the meal is not provided by the AESO or another party.
- b) When submitting a claim for a meal cost reimbursement, the following information must be included:
 - o Clear identification of the business purpose or business event;
 - o Names of all attendees; and
 - o Itemized or detailed meal receipt, as well as final payment receipt (i.e., credit card receipt showing gratuity/tip and final balance paid, if applicable).
- c) A meal allowance does not apply when working in a different AESO office location.
- d) An individual must ensure a meal cost is reasonable and appropriate in all circumstances. The meal allowance rates should be followed as a guideline.
- e) Alcohol cannot be claimed as a business expense.
- f) A gratuity/tip is a reimbursable expense and should be associated with the level of service; it should not exceed 20%.

5.3. Travel Meal Allowance

- a) Receipts are not submitted when a meal allowance is claimed.
- b) A meal allowance applies when traveling with exceptions to claim actual costs for:
 - o Hosting a guest for a meal for business purposes while traveling; or
 - o Travel outside of North America.
- c) A meal allowance applies within Calgary when an individual resides in another city (i.e., for certain contractors) and the meal is not provided by the AESO or another party.
- d) A meal allowance cannot be claimed when the meal is provided by the AESO or another party.
- e) A meal that is included with the fee of a conference, accommodations or airfare cannot be claimed for reimbursement unless there is a demonstrated dietary restriction that requires an additional expense.

- f) The departure time from home or the office to begin a day of travel (regardless of the mode of transportation) and the arrival time home or the office to conclude a day of travel, will determine the applicable meal allowances.

The following tables provide guidance on the applicable meal allowances based on the actual travel times. Determine which timeframe applies by selecting one of the following options for each of the departure and arrival (return) travel days:

The departure time to begin a trip is between one of the following:	Applicable meal allowances for day of departure ¹
Midnight and 7:30 am	Breakfast, Lunch, Dinner
7:30 am and 1:00 pm	Lunch, Dinner
1:00 pm and 6:30 pm	Dinner
After 6:30 pm	n/a

The arrival time to conclude a trip is between one of the following:	Applicable meal allowances for day of arrival ¹
Midnight and 7:30 am	n/a
7:30 am and 1:00 pm	Breakfast
1:00 pm and 6:30 pm	Breakfast, Lunch
After 6:30 pm	Breakfast, Lunch, Dinner

- g) The meal allowance rates are:
- Breakfast \$13;
 - Lunch \$19;
 - Dinner \$36; and
 - Full day of travel \$68.
- h) The meal allowance is inclusive of all taxes and gratuity/tip.
- i) For travel in the United States, the same meal allowance rates apply and are claimed in US dollars on an expense report form.

5.4. Meal Allowance When Working Beyond Normal Work Hours

- a) A meal allowance rate applies when an employee is working beyond normal work hours at any of the AESO office locations.
- When working on a weekday for a minimum of 11 hours, the meal allowance rate is \$15.
 - When working on a weekend or AESO office holiday for a minimum of five hours, the meal allowance rate is \$15.
 - When working on a weekend or AESO office holiday for a minimum of 11 hours, the meal allowance rate is \$30.

¹ Unless provided by another party

6. GENERAL TRAVEL

6.1. Making Travel Arrangements

- a) Airfares, vehicle rentals, bus fares and hotel accommodations must be booked by an Administrative Assistant through the corporate travel agent.
 - o Vehicle rentals and hotel accommodations are to be paid by the individual at the time of travel and claimed for reimbursement.
 - o All travel plans should be booked at the same time to avoid additional service fees, if possible.
 - o Travel arrangements should be booked a minimum of seven days in advance or earlier when time permits.
 - o Multiple vehicle rentals to accommodate large groups of people must be coordinated to limit costs where appropriate.
- b) Changes to travel arrangements due to a business reason, including changes for a departure time due to a meeting or conference schedule change, are a business expense; changes due to a personal matter is a personal expense.
- c) If a trip cancellation occurs that impacts air travel, hotel accommodations or a vehicle rental, it is the responsibility of the individual to ensure that the cancellation is made in sufficient time such that financial penalties are avoided or limited. Cancellations must be communicated in a timely manner to an Administrative Assistant, corporate travel agent and the Accounting department.
- d) Refer to the Transportation - Use of a Private Vehicle section of the Policy for further information related to an out-of-city meeting or conference.
- e) With the advance approval of the AESO Board Chair, AESO Board Members may personally coordinate travel arrangements.

6.2. Other Travel Routes

- a) All travel arrangements that are not the most direct, practical and cost-effective route must have advance approval from the department director and the Director, Accounting and Treasury or Vice President, Finance prior to booking.
- b) If approved in a), the business expense is the lesser of:
 - i) The actual expense; and
 - ii) An amount equivalent to the expense of the most direct, practical and cost-effective route as evidenced by documentation obtained from the corporate travel agent at the time of booking the alternate route.

6.3. Personal Travel

- a) A vehicle can only be rented when the rental expense is less than taxi fares or other means of transportation. If a vehicle rental occurs which accommodates personal travel, the business-related cost of the rental expense is determined by prorating the associated business mileage (i.e., between airport-hotel and hotel-conference/meeting location) to the total kilometers driven. Refer to the Transportation - Use of a Private Vehicle and Travel Outside of Calgary sections of the Policy.
- b) Any additional travel costs incurred related to the personal portion of business travel are not reimbursable (e.g., meals, accommodations, vehicle rental).

- c) Other personal costs that are not reimbursable include:
 - o Alcoholic beverages;
 - o Personal entertainment (e.g., attending a sporting event or theatre show, hotel movies or pay-per-view TV, spa services, fitness facilities, shopping); and
 - o Purchases of newspapers, magazines, toiletries, clothing, over-the-counter medications and other incidentals.

6.4. Extended Travel

- a) Extended travel is considered to occur when business travel is in excess of seven consecutive days or when travel is required for multiple weeks.
- b) Return airfare to Calgary each weekend is a business expense. Refer to the General Travel - Other Travel Routes section of the Policy for further information related to alternate travel routes; Calgary must be the start and end for the business trip.
- c) Dry cleaning or laundry charges are reimbursable when the travel period extends beyond seven consecutive days, or is unexpectedly extended by two or more business days for business purposes.
- d) Cash advances to cover estimated travel expenses can be made with advance approval from the Director, Accounting and Treasury or Vice President, Finance.

6.5. Dependent Care Costs While Traveling

- a) Reasonable and market-based dependent care costs while an employee is away from Calgary overnight or on a weekend due to business reasons are reimbursable with advance approval from the Director, Accounting and Treasury or Vice President, Finance.
- b) This does not include costs incurred by the employee during the normal workday unless it can be demonstrated that such costs would normally not have been incurred.
- c) Receipts must be submitted. Amounts paid to family members or friends may not be claimed unless they represent direct costs incurred (i.e., travel costs) and are equal to or less than the costs that would be incurred if the services were provided by a third party.

6.6. Telephone and Internet

- a) Personal calls of reasonable frequency and duration while traveling on business are reimbursable.
- b) Reasonable internet access charges in a hotel, airplane or other public place are reimbursable where internet access is required for business purposes.

6.7. Miscellaneous Items

- a) Other company reimbursable costs while traveling may include:
 - o Passport, if required and when one is not already held;
 - o Travel immunizations, if required;
 - o Travel medical insurance for AESO Board Members, if required;
 - o Parking and porter/valet; and
 - o Gratuity/tip associated with the level of service received and is not to exceed 20%.

7. TRANSPORTATION

7.1. Use of a Private Vehicle

7.1.1. General

- a) A valid driver's license and appropriate insurance coverage is required to drive a private vehicle for business purposes.
- b) The use of a private vehicle while on AESO business is reimbursed at 50¢ per kilometer (inclusive of all taxes). This allowance represents fuel, maintenance, license and insurance costs.
- c) An individual that uses a private vehicle for business travel is personally responsible for the collision and general liability arising from the operations of that vehicle. An individual using a private vehicle for business purposes should ensure correct classification for insurance purposes.
- d) The kilometers driven and the origin and destination of the travel must be noted on the expense report form or invoice. A reputable Internet-based route map is required as mileage reference and provided as support for the kilometer reimbursement claimed.
- e) Costs incurred as a result of unlawful or reckless activity (e.g., fines for traffic violations, parking tickets) are not reimbursable.

7.1.2. Reimbursable Travel

- a) The use of a private vehicle should occur when it is more economical and efficient.
- b) Kilometers driven, and related parking costs if incurred, with a private vehicle for business purposes are eligible for reimbursement where travel is required:
 - between AESO office locations;
 - AESO office location to a business meeting or to a conference when presenting on behalf of the AESO
 - excluded is the transportation to attend a training event (course, seminar, conference) though parking is reimbursable;
 - to the airport or bus terminal for further business travel when the cost of the kilometers driven and airport parking is less than taxi fare.
- c) Kilometers driven between a personal residence and any one of the AESO office locations is considered personal travel and is not eligible for reimbursement. Exceptions occur when:
 - the physical safety of the individual is at risk;
 - the individual works at least three hours immediately following the normal hours of work; or
 - the individual is required to travel to one of the AESO office locations in response to an after-hours on-call request.

7.1.3. Travel between AESO Office Locations

- a) The standard kilometer distances for direct one-way trips between the following AESO office locations are to be used for reimbursement purposes.
 - Calgary Place to System Coordination Centre (SCC)23 kilometers
 - Calgary Place to Back Up Coordination Centre (BUCC).....33 kilometers
 - SCC to BUCC32 kilometers

7.1.4. Travel Outside of Calgary

- a) When an individual chooses to use a private vehicle for an out-of-Calgary meeting or conference, reimbursement will be limited to the cost of equivalent airfare for the most direct, practical and cost-effective route from a quote obtained from the corporate travel agent at the time the meeting or conference arrangements are made.
- b) If a vehicle rental occurs which accommodates personal travel, the business-related cost of the rental expense is determined by prorating the associated business mileage (i.e., between airport-hotel and hotel-conference/meeting location) to the total kilometers driven. Refer to the General Travel - Personal Travel section of the Policy.

7.2. Air Travel

- a) Economy class fare is the AESO's standard for all air travel. Any exception must be approved in advance by the AESO Board Chair.
- b) The lowest cost-option should be selected with consideration given to flight times, non-refundable fares and luggage requirements.
- c) Acceptable additional flight charges include:
 - Advance seat selection provided the fee is reasonable and no seat upgrade is included; and
 - Standard baggage charges. Any additional personal baggage is a personal expense (e.g., golf bag, ski bag).
- d) Refer to the General Travel - Other Travel Routes section of the Policy for further information related to alternate travel routes.

7.3. Rental Vehicles

7.3.1. General

- a) A vehicle should only be rented when the rental expense is less than a taxi fare or other means of transportation.
- b) Compact or midsize vehicles must be requested, unless the number of passengers, cargo or road conditions warrants a larger sized vehicle.
- c) A valid driver's license is required to drive a rental vehicle.
- d) Multiple vehicle rentals to accommodate large groups of people must be coordinated to limit costs where appropriate.

- e) If a vehicle rental occurs which accommodates personal travel, the business-related cost of the rental expense is determined by prorating the associated business mileage (i.e., between airport-hotel and hotel-conference/meeting location) to the total kilometers driven. Refer to the General Travel - Personal Travel and Transportation - Use of a Private Vehicle and Travel Outside of Calgary sections of the Policy.
- f) A mileage allowance is not claimed for a vehicle rental used exclusively for business travel.
- g) Costs incurred as a result of unlawful or reckless activity (e.g., fines for traffic violations, parking tickets) are not reimbursable.
- h) The AESO will not reimburse costs for car sharing services (i.e., Car2go). If an individual uses a car sharing service for business travel, they do so at their own risk and the cost reimbursement follows the Policy for Use of a Private Vehicle.

7.3.2. Rental Contracts

- a) When completing the rental contract, the name of the company must appear directly on the rental contract with the driver's name (i.e., "Mary Jones on behalf of the Alberta Electric System Operator").
- b) Accept all insurance coverage presented when renting a vehicle. Do not rely on personal credit card or other insurance coverage while traveling for business purposes.
- c) No additional drivers are permitted to drive the rental vehicle unless identified on the rental contract.
- d) Other service options offered by the rental agent that can be considered, when required for safe travel, are in-car navigation systems and roadside assistance. Expenses for all other convenience options are not reimbursable.

7.4. Taxi and Other Transportation

7.4.1. General Information

- a) An "Uber-type" car service is not considered a reimbursable taxi fare.
- b) The AESO will reimburse a taxi fare:
 - between AESO office locations;
 - AESO office location to a business meeting or to a conference when presenting on behalf of the AESO;
 - to the airport or bus terminal for further business travel when the cost of the taxi fare is less than kilometers driven and airport parking
 - to a secure location if personal safety is at risk;
 - to a personal residence when working at least three hours immediately following the normal hours of work;
 - to one of the AESO office locations in response to an after-hours on-call request;
 - a vehicle rental does not occur while traveling outside of Calgary and transportation is required between the airport-hotel, hotel-

conference/meeting or airport-conference/meeting. Refer to the Transportation - Vehicle Rentals section of the Policy for further information.

- c) The AESO will not reimburse a taxi fare:
 - between a personal residence and an AESO office location;
 - to attend a training event (course, seminar, conference);
 - between a personal residence or AESO office location to attend an AESO social event unless the AESO has arranged for transportation for after the event and no company-provided taxi chit is available.
- d) The origin and destination of a taxi fare must be documented.
- e) A gratuity/tip is not to exceed 20%.

8. ACCOMMODATIONS

8.1. General Information

- a) Reimbursement is limited to a standard single occupancy rate in a business class hotel.
 - Consideration must be given to the proximity of the hotel to the venue and the ability to avoid the expense of taxi fares and a vehicle rental.
 - A standard room must be requested. An upgraded room can only be requested when an alternative hotel is not an option and availability is an issue.
- b) If a reservation for accommodations must be cancelled, it is the responsibility of the individual to ensure that the cancellation is made in sufficient time, such that a financial penalty is avoided or limited. Cancellations must be communicated in a timely manner to an Administrative Assistant, corporate travel agent and the Accounting department.

8.2. Gratuitous Accommodations

- a) When gratuitous accommodation is provided by a relative or friend while traveling, a gift of appreciation other than cash to the host may be appropriate. The maximum value of such a gift should be based on \$50 per day of accommodation. A receipt for the gift must be included with an expense report form for reimbursement (including the name, address and relationship to individual).

9. MOBILE COMMUNICATION DEVICES

9.1. Allowance

- a) A mobile communication device reimbursement allowance is provided to AESO employees and Board Members related to the business use of their personal mobile communication device when the use of a mobile communication device is deemed necessary for the fulfillment of their assigned duties and responsibilities. Use of the mobile communication device is in accordance with the AESO's Mobile Communication Device Policy.
- b) The reimbursement allowance of \$21 or \$42 semi-monthly (\$42 or \$84 per month) is based on the reimbursement of anticipated business usage. The reimbursement allowance is inclusive of all taxes.

- c) The reimbursement allowance for employees is paid on a semi-monthly basis and on a monthly basis for AESO Board Members. The reimbursement allowance is included with regular payroll compensation and occurs after the allowance is earned.
- d) The reimbursement allowance is approved by a department director, executive or AESO Board Chair.
- e) No receipts for actual costs are required unless additional reimbursement is being requested when business usage results in excessive mobile communication device charges. Excess charges would be associated with a critical event requiring significant communication/coordination or out-of-country travel.
- f) An individual is responsible to temporarily change their personal mobile communication device plan in advance of out-of-country travel to reduce costs incurred for roaming charges and long distance while traveling.
- g) In such circumstances, when the assessed business usage costs exceed the aggregate of three monthly reimbursement allowance amounts, the additional costs are eligible for reimbursement. The additional costs must be approved by a department director, executive or AESO Board Chair and claimed on an expense report form with actual receipts for the three-month period.

9.2. AESO-Owned Mobile Communication Devices

- a) The AESO will pay for reasonable business-related mobile communication device costs. In certain circumstances, an employee with a company-provided device may be required to reimburse the AESO.

9.3. Mobile Communication Device Accessories

- a) Standard mobile device accessories are provided with a company-provided device, including replacements to cover for normal wear and tear. Non-standard or additional accessories (e.g., different cases, additional chargers, Bluetooth headphones/earbuds) are considered a personal expense.

10. GENERAL

10.1. Telework Arrangements

- a) Business-related costs under a telework arrangement are in accordance with the AESO's Telework Policy.
- b) AESO employees subject to telework arrangements that are required to travel to an AESO office location from time to time as part of their ongoing duties must do so at their own expense.
- c) Travel and related expenses (e.g., airfare, use of a private vehicle, accommodations, meals and incidentals) are not considered AESO business expenses, unless required for further business travel.

10.2. Learning Programs

10.2.1. Training (courses, seminars, conferences)

- a) Registration and exam fees and learning materials directly related to attending training are reimbursable expenses.
- b) For training within Calgary, parking costs are reimbursable expenses.
- c) For training outside of Calgary, transportation, meal allowances and accommodations are reimbursable expenses.

10.2.2. Educational Agreements (certificate programs, under-graduate or graduate degrees)

- a) Travel (airfare, use of a personal vehicle, parking), meals and accommodations may be considered as reimbursable expenses as approved by the Human Resources Department in accordance with the AESO's Learning and Development Policy prior to enrolment.

10.2.3. Payment to Non-Canadian Course Providers

- a) Payments to companies outside of Canada for a training course or conference that is hosted in Canada should not be paid for directly by an employee or AESO Board Member.

10.3. Moving and Relocation

- a) The reimbursement of moving and relocation costs must be authorized by the Human Resources Department and are in accordance with the AESO's Talent Acquisition Policy.

10.4. Professional Membership and Accreditation and Membership Dues

- a) Professional accreditation and membership dues are a reimbursable expense in accordance with the AESO's Professional Accreditation and Membership Dues Policy.

10.5. Other Considerations

- a) Non-reimbursable expenses include:
 - o Annual fees and interest charges associated with a personal credit card; and
 - o Alcoholic beverages.
- b) A previously reimbursed business expense must be repaid to the extent the related expense is credited or refunded.

11. EXCHANGE RATES AND TAXES

11.1. Exchange Rates

- a) An expense report form must be submitted in Canadian dollars.
- b) The exchange rate calculations must be shown on the expense report form (not the attached receipts) and documentation to support an exchange rate should be included. The Accounting Department will review the exchange rate for reasonableness.
- c) Typical exchange rate documentation includes:
 - Printout of exchange rate on the transaction date from an online currency converter;
 - Credit card statement; and
 - Receipt from official exchange agent.

11.2. Taxes

- a) The payment of provincial and foreign taxes must be included in the expense amount.
- b) Goods and Services Tax does not apply outside of Canada.
- c) Gratuities are not Goods and Services Tax applicable.
- d) Meal costs must be reported separately from other travel expenses on an expense report form as these expenses are treated differently for tax purposes.
- e) Payments to companies outside of Canada for services that are provided within Canada require withholding taxes to be deducted by the AESO. These costs should not be paid for directly by an employee or AESO Board Member.

12. AMENDMENTS

Amendments to the Policy may be made from time to time.

13. ADMINISTRATION

All inquiries regarding the Policy and its administration should be directed to the Director, Accounting and Treasury.

14. APPROVED

The Policy amendment approved by the President and Chief Executive Officer on October 26, 2016 with an effective date of December 1, 2016.