

ROBERT J. PELLATT
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PROVINCE OF BRITISH COLUMBIA

ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 631, Approved and Ordered MAY 27 1999

Executive Council Chambers, Victoria

In the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, order that

- (a) Approval is given to Pacific Northern Gas Ltd., for the corporate amalgamation of “Pacific Northern Gas (N.E.) Ltd.”, “Centra Gas Fort St. John Inc.” and “Peace River Transmission Company Ltd.”; and
- (b) The amalgamated entity shall be called “Pacific Northern Gas (N.E.) Ltd.”.

I hereby certify that the following is a true copy of a Minute of the Honourable the Executive Council of the Province of British Columbia approved by His Honour the Lieutenant-Governor.

Deputy Order-in-Council Custodian

Minister of Employment and Investment

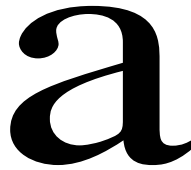
Presiding Member of the Executive Council

Authority under which Order is made:

ct and section:- Utilities Commission Act, R.S.B.C. 1996, c. 473, section 53(1)(a)(ii)

April 26, 1999

ROBERT J. PELLATT
COMMISSION SECRETARY
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BRITISH COLUMBIA UTILITIES COMMISSION
VIA FACSIMILE
(250) 356-5587

April 9, 1999

The Honourable Michael Farnworth
Minister
Ministry of Employment and Investment
P.O. Box 9046
Room 124 Parliament Buildings
Victoria, B.C. V8W 9E2

Dear Minister Farnworth:

Re: Corporate Amalgamation of
Pacific Northern Gas (N.E.) Ltd. ["PNG(N.E.)"],
Centra Gas Fort St. John Inc. ("Centra FSJ") and
Peace River Transmission Company Ltd. ("PRT") into PNG (N.E.)

On November 26, 1998, Pacific Northern Gas Ltd. ("PNG") submitted a request that the Commission report to the Lieutenant Governor in Council ("LGIC") in support of the amalgamation of PNG (N.E.), Centra FSJ and PRT, into PNG (N.E.), (collectively referred to herein as the "Companies") pursuant to Sections 53(1) and 53(3) of the Utilities Commission Act (the "Act"). The Commission supports the amalgamation, for the reasons discussed below, and recommends that the LGIC, by Order, consent to the requested amalgamation by PNG, pursuant to Section 53(1)(a)(ii) of the Act.

PNG (N.E.) currently serves, through two separate divisions, the communities of Tumbler Ridge and Dawson Creek. Centra FSJ currently serves the communities of Fort St. John and Taylor. Centra FSJ was purchased by PNG (effective January 1, 1997) from Centra Gas British Columbia Inc. and the purchase was approved by Commission Order No. G-127-96. PRT, which was acquired by PNG (N.E.) in 1997, operates gas transmission facilities that transport gas to the distribution system serving Dawson Creek. All of the Companies are owned and operated by PNG and are all public utilities as defined under Section 1 of the Act.

The employees of Centra FSJ, who are currently represented by the Teamsters Union, and of PNG (N.E.), who are currently represented by the IBEW, have been advised by PNG of its intention to amalgamate Centra

FSJ and PNG (N.E.). PNG has stated that it had advised both unions some time ago of PNG's intention to seek approval of the Labour Relations Board to have one union represent the employees of the amalgamated entity, and has recently indicated to Commission staff that it expects to make an application to the Labour Relations Board in late April.

Page 2

Under Section 53(4) of the Act, the Commission has inquired into PNG's application to amalgamate through a process of Staff Information Requests and an Alternative Dispute Resolution ("ADR") process. The ADR process was established under Commission Orders No. G-8-99 and G-17-99 and examined the amalgamation request and a Cost of Service Allocation/Rate Design Study for Centra FSJ and the Dawson Creek division of PNG (N.E.).

The effect of the amalgamation will be to consolidate PNG's gas transmission and distribution systems serving the communities of Fort St. John, Taylor, Tumbler Ridge and Dawson Creek. Based on PNG's responses to Commission staff information requests, the Commission anticipates that the proposed amalgamation will result in some operational and administrative efficiencies. For instance, PNG anticipates that there will be a reduction in the administrative workload in the Vancouver head office in the areas of corporate reporting and document handling. More efficient operation and administration of the merged Fort St. John and Dawson Creek distribution systems is also anticipated to result in more cost-efficient operations. Both of these aspects are expected by the Commission to benefit customers by keeping rates slightly lower than they would be under the current corporate structure.

The Commission also anticipates a slight increase in administrative efficiency in dealing with one amalgamated entity rather than two. There may also be a similar slight administrative benefit to the local governments of Fort St. John, Taylor, Dawson Creek and the Peace River Regional District. However, PNG advises that the day-to-day interactions of gas company employees with their municipal counterparts will not change, nor will the natural gas Franchise Agreements. PNG also anticipates benefits in the area of public safety and emergency response in the merged Fort St. John and Dawson Creek areas as a result of a more flexible allocation of service crews.

The ADR process took place in Dawson Creek on March 8 and 9, 1999 to negotiate a settlement regarding the Centra FSJ/Dawson Creek Cost of Service Allocation/Rate Design Study and to review the proposed corporate amalgamation of the Companies.

A final settlement document has not been prepared by PNG regarding the rates. However, parties involved in the ADR were asked by PNG to acknowledge their agreement to the amalgamation in advance of a final determination on rates. Parties to the ADR – the Peace River Regional District, the City of Dawson Creek and the Consumers Association of Canada et al. – have all agreed with the corporate amalgamation of the Companies into PNG (N.E.). A final determination on rates will be made subsequently by the Commission based on the facts before it, including whether or not parties to the ADR process have reached a final settlement.

Consequently, the Commission sees several reasons why the amalgamation of the Companies proposed by PNG is beneficial and in the public interest.

- All of the Companies are currently owned by PNG and this will not change as a result of the amalgamation.
- The amalgamation is anticipated to result in increased administrative and operational efficiencies over time, leading to rates that are slightly lower than they would be under the current corporate structure.
- The amalgamation may result in some slight administrative benefits to the Commission and to the affected local governments.
- The Franchise Agreements between the Companies and the communities they serve will not change.
- The amalgamation should result in a more flexible allocation of service crews in Fort St. John and Dawson Creek leading to enhanced emergency response capability.
- The parties involved in the ADR processes to consider the Fort St. John/Dawson Creek Cost of Service Allocation/Rate Design Study and the proposed amalgamation agree with the amalgamation.

For the above reasons the Commission has concluded that the proposed amalgamation of the Companies into a single corporate entity, PNG (N.E.) is beneficial and in the public interest.

Enclosed for your information and review are the following documents:

- PNG's November 26, 1998 request that the Commission seek the approval of the LGIC for the proposed amalgamation.
- BCUC Staff Information Request dated November 27, 1998 and PNG's February 1, 1999 response.
- Draft Minute No. 32-3 from the BCUC Meeting of March 31, 1999 approving PNG's request.
- Letters from the Peace River Regional District, the British Columbia Public Interest Advocacy Centre and the City of Dawson Creek agreeing to the PNG amalgamation.

Yours truly,

Robert J. Pellatt

JF/cms
Attachments

cc: Mr. C.P. Donohue
Director, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.

Mr. Jack Ebbels
Deputy Minister
Ministry of Energy and Mines

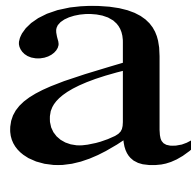
Mr. Charles Kang
Deputy Minister

Mr. Dan Green
Senior Policy Advisor

Ministry of Employment and Investment

Mineral Oils & Gas Branch
Ministry of Energy & Mines

WILLIAM J. GRANT
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PACIFIC NORTHERN GAS LTD.

FAX COVERSHEET

Suite 1400
1185 West Georgia Street
Vancouver, British Columbia

TO: Rob Pellatt FAX NO.: (604) 660-1102

FROM: Craig P. Donohue TEL NO.: (604) 691-5882 FAX NO.: (604) 691-5863

DATE: November 26, 1998 NUMBER OF PAGES: 3

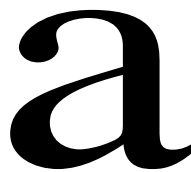
MESSAGE:

Attached is PNG's letter to the Commission respecting the amalgamation of Pacific Northern Gas (N.E.) Ltd. ("PNG (N.E.)"); Centra Gas Fort St. John Inc. ("Centra FST"); and Peace River Transmission Company Limited ("PRT"). It would be greatly appreciated if this letter could be reviewed or discussed at the Commission's meeting this morning. This is a straight forward proposal. The management and ownership of the utilities in Fort St. John, Dawson Creek and Tumbler Ridge will be the same after the amalgamation is completed. This is just a corporate reorganization to have the Fort St. John, Dawson Creek and Tumbler Ridge divisions under one corporate entity instead of three.

This amalgamation will not affect the rates payable by the customers as it will not preclude the Commission from maintaining the Fort St. John system as a separate division for rate making purposes. This is currently the case with the Dawson Creek and Tumbler Ridge Divisions operated through PNG (N.E.). The Fort St. John system could be operated as a third division of PNG (N.E.) with its current rate structure kept in place. The merits of rate integration will be dealt with through the review of the 1998 Fort St. John/Dawson Creek Cost of Service Allocation/Rate Design Study that was filed earlier this month.

Please call me if you have any questions respecting the foregoing or the attached

WILLIAM J. GRANT
EXECUTIVE DIRECTOR,
REGULATORY AFFAIRS & PLANNING
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PACIFIC NORTHERN GAS LTD.

Suite 1400
1185 West Georgia Street
Vancouver, British Columbia

Craig P. Donohue
Director, Regulatory Affairs & Gas Supply

November 26, 1998
B.C. Utilities Commission
6th Floor - 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: R.J. Pellatt
Commission Secretary

Dear Sir:

Re: Amalgamation of:

- 1. Pacific Northern Gas (N.E.) Ltd. ("PNG (N.E.)");**
- 2. Centra Gas Fort St. John Inc. ("Centra FSJ"); and**
- 3. Peace River Transmission Company Limited ("PRT")**

PNG (N.E.), Centra FSJ and PRT (the "Companies") hereby request the B.C. Utilities Commission ("BCUC"), pursuant to section 53(3) of the Utilities Commission Act (the "Act"), to submit a report to the Lieutenant Governor in Council pursuant to subsection 53(1)(a)(i) of the Act confirming the BCUC's opinion that the above referenced amalgamation would be beneficial and in the public interest. In support of this request the Companies submit the following:

1. The Companies are public utilities as defined under section 1 of the Act.
2. A public utility may not amalgamate with another person unless the Lieutenant Governor in Council has first consented to the amalgamation pursuant to subsection 53(1)(a)(ii) of the Act.
3. Pacific Northern Gas Ltd. owns 100 percent of the shares of the Companies.

4. The amalgamation will be beneficial and in the public interest because:
- One amalgamated company (i.e. PNG(N.E.)) will serve natural gas customers in the Fort St. John, Dawson Creek and Tumbler Ridge areas, thereby consolidating the operation of gas transmission and distribution systems that are physically located close to one another under one corporate entity. This will result in operational and administrative synergies;

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- PNG (N.E.) will be able to more efficiently comply with administrative requirements under the Act; and
- The BCUC should experience some operating efficiencies by reducing the number of companies it regulates.

The Companies kindly request the Commission to expedite its consideration of this application to facilitate the completion of the amalgamation by December 31, 1998.

Please direct any questions regarding this letter to my attention.

Yours truly,

C.P. Donohue

WILLIAM J. GRANT
EXECUTIVE DIRECTOR,
REGULATORY AFFAIRS & PLANNING
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web site: <http://www.bcuc.com>

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BRITISH COLUMBIA UTILITIES COMMISSION

VIA FACSIMILE

November 27, 1998

Mr. C.P. Donohue
Director, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.
1400 - 1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Dear Mr. Donohue:

Re: Amalgamation of —

1. Pacific Northern Gas (N.E.) Ltd. ["PNG(N.E.)"];
2. Centra Gas For St. John Inc. ("Centra FSJ"); and
3. Peace River Transmission Company Limited ("PRT")

Further to your letter dated November 26, 1998 in which you request that the Commission submit a report to the Lieutenant Governor in Council pursuant to subsection 53(1)(a)(i) of the *Utilities Commission Act* ("the Act"), confirming that in the BCUC's opinion the above-referenced amalgamation would be beneficial and in the public interest, please note that this request was discussed at the Commission meeting which was held Thursday, November 26, 1998. During that discussion, the Commission indicated that it had several concerns regarding this request. Accordingly, Commission staff are making the following Information Requests.

1. Section 53(1) states, in part, that before the Lieutenant Governor in Council will consent to an amalgamation, it must receive a report from the Commission indicating that the Commission holds the opinion that the amalgamation would be beneficial and in the public interest. In your letter, you make reference to the benefits which are expected to arise as a result of the amalgamation. These include operational and administrative synergies, more efficient compliance with the administrative requirements of the Act and a reduced regulatory burden for the Commission.

Please describe and quantify the specific operational and administrative synergies which are expected. Please describe and quantify how these synergies will benefit the utility and how these

synergies will benefit the customers of each of the current utilities.

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Please describe how the amalgamation will allow for more efficient compliance with the administrative requirements of the Act. Please quantify these benefits and explain how these benefits will affect customers.

Please explain how the amalgamation will result in a reduced regulatory burden for the Commission, particularly if the current companies continue to be operated as separate operating divisions of the larger company.

2. Please describe the process which PNG has undertaken to make affected parties aware of its desire to amalgamate these companies.

In particular, please describe the actions PNG has undertaken to inform the municipalities in which the various companies have service areas. Has PNG undertaken any actions to identify the impacts amalgamation may have on each of the local service areas? If so, please provide the results.

In addition, please describe the actions PNG has undertaken to inform the unions of each the companies of its plans to amalgamate. What has been the response to the proposal?

3. Section 53(4) of the Act states that the Commission must inquire into the application and may for that purpose hold a hearing.

Please provide PNG's views as to the form the inquiry should take.

Commission staff recognize that you wish to proceed with this matter as quickly as possible. Therefore, your timely response to these questions would be appreciated.

Yours truly,

D.W. Emes
for: W.J. Grant

WJG/ssc

Pacific Northern Gas Ltd.
Suite 1400
1185 West George Street
Vancouver, British Columbia
V6E 4E6

Craig P. Donohue
Director, Regulatory Affairs & Gas Supply

February 1, 1999

B.C. Utilities Commission
6th Floor - 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: R.J. Pellatt Commission Secretary

Dear Sir:

Re: Amalgamation of PNG (N.E.). Centra FSJ and PRT

Enclosed are 15 copies of PNG's response to Commission Staff's information request dated November 27, 1998. In PNG's original letter to the Commission dated November 26, 1998 requesting the Commission to submit a report to the Lieutenant Governor in Council confirming the amalgamation would be in the public interest we advised that we were attempting to complete the amalgamation by December 31, 1998. This date has now been changed to June 30, 1999. In order to complete the merger application before the Courts, we will need to have the LGIC consent by no later than May 31, 1999. In this regard, we would appreciate the Commission reviewing the enclosed in conjunction with our November 26, 1999 letter having regard to these time lines.

Please contact me if any further information is required.

Yours truly,

C.P. Donohue

CPD/ekv
encl:

BCUC IR No. 1

Dated Nov. 27/98

re: PNG(N.E.) /FSJ/PRT Amalgamation

Page 1

January 31/99

Pacific Northern Gas Ltd.

Amalgamation of:

- 1. Pacific Northern Gas (N.E.) Ltd. ("PNG(N.E.)");**
- 2. Centra Gas Fort St. John Inc. ("Centra FSJ"); and**
- 3. Peace River Transmission Company Limited ("PRT") Response to**

BCUC Staff Information Request #1

Dated November 27, 1998

1.0 Section 53(1) states, in part, that before the Lieutenant Governor in Council will consent to an amalgamation, it must receive a report from the Commission indicating that the Commission holds the opinion that the amalgamation would be beneficial and in the public interest. In your letter, you make reference to the benefits which are expected to arise as a result of the amalgamation. These include operational and administrative synergies, more efficient compliance with the administrative requirements of the Act and a reduced regulatory burden for the Commission.

Please describe and quantify the specific operational and administrative synergies which are expected. Please describe and quantify how these synergies will benefit the utility and how these synergies will benefit the customers of each of the current utilities.

Response:

The Fort St. John and Dawson Creek gas distribution systems are currently operated by staff located in Fort St. John and Dawson Creek with administrative support from the Vancouver head office. The two systems will continue to be operated with current staff complement. However, the corporate reorganization is expected to result in some operational and administrative synergies.

Administrative workload in Vancouver is expected to be lessened in the areas of corporate reporting and document handling as there will be consistency of documentation and record keeping. Similarly it is expected there will be increased consistency of service to

customers. Specifically operating practices both in the field and in the office will become

BCUC IR No. 1**Dated Nov. 27/98****re: PNG(N.E.) /FSJ/PRT Amalgamation****Page 2****January 31/99**

common where appropriate. Also an increased level of comfort around emergency response will be created for customers as potential responders will be more widely distributed (i.e. throughout the Fort St. John/Dawson Creek ("FSJ/DC") service area) rather than restricted to current boundaries.

The anticipated synergies will benefit mainly the customers through more efficient operation and administration of the merged FSJ/DC service area. The resulting decreases in cost of service will help to maintain natural gas rates at competitive levels. Keeping natural gas rates competitive compared to alternative energy sources will benefit PNG (N.E.) by helping to retain and grow its merged customer base.

Please describe how the amalgamation will allow for more efficient compliance with the administrative requirements of the Act Please quantify these benefits and explain how these benefits will affect customers.

Response:

Merging FSJ, DC and PRT into one entity for regulatory purposes will eliminate duplication of effort in the following areas:

1. Revenue requirement and rate design applications. Only one application will need to be reviewed by the Commission.
2. Gas tariffs. PNG (N.E.) and Centra FSJ have two separate gas tariffs which are very similar to one another. The merged utility would develop one gas tariff for application to the FSJ/DC service area. Only one gas tariff would need to be maintained by the Commission and PNG (N.E.).
3. Annual Reports to the Commission. Only one report will need to be filed with the Commission. This would reduce Commission staff review time accordingly.

Customers will benefit from the fact only one tariff will apply in the FSJ/DC merged service area. This will enable customers to know their rates will be the same whether they live in Fort St. John or Dawson Creek. A marginal benefit results from enabling a customer to move from Fort St. John to Dawson Creek knowing that natural gas rates will not change as a result of the move.

BCUC IR No. 1

Dated Nov. 27/98

re: PNG(N.E.) /FSJ/PRT Amalgamation

Page 3

January 31/99

The cost of regulation will be reduced as two proceedings will be replaced with one proceeding for rate making purposes. Groups of customers may be able to obtain synergies with respect to intervening into only one proceeding instead of two. Customers of similar interests in each community may be able to band together to share costs more effectively.

Please explain how the amalgamation will result in a reduced regulatory burden for the Commission, particularly if the current companies continue to be operated as separate operating divisions of the larger company.

Response:

The previous response addressed how the Commission staff time will be reduced as a result of having to deal with only one of a variety of applications and submissions where there is presently two submissions. If the Commission did not approve of common rates being applied in each of the Fort St. John and Dawson Creek areas, it would still be necessary to administer two separate operating areas for regulatory accounting purposes. This is currently how PNG (N.E.) administers its Dawson Creek and Tumbler Ridge operating divisions. There is only company (i.e. PNG (N.E.)), that operates the two separate divisions. If the Fort St. John and Dawson Creek service areas were to continue to be separate operating divisions, then the regulatory efficiencies described above would not occur.

It would still be better to have only one company operating three divisions (i.e. the Fort St. John, Dawson Creek and Tumbler Ridge divisions). There would be cost savings associated with having standard company stationary. Corporate filings could be made under one company. Therefore, even if the operating areas were separate for regulatory accounting purposes, it would still be beneficial for the all the areas to be owned and operated under the superintendence of one corporate entity.

BCUC IR No. 1

Dated Nov. 27/98

re: PNG(N.E.) /FSJ/PRT Amalgamation

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January 31/99

2.0 Please describe the process which PNG has undertaken to make affected parties aware of its desire to amalgamate these companies.

In particular, please describe the actions PNG has undertaken to inform the municipalities in which the various companies have service areas. Has PNG undertaken any actions to identify the impacts amalgamation may have on each of the local service areas? If so, please provide the results.

In addition, please describe the actions PNG has undertaken to inform the unions of each of the companies of its plans to amalgamate. What has been the response to the proposal?

Response:

The only parties that will be directly affected by the amalgamation of the companies are the employees of Centra FSJ and PNG (N.E.). PNG advised the employees of its intention to amalgamate Centra FSJ and PNG (N.E.) after Centra FSJ was acquired in 1997. At present the Teamsters represent the employees of Centra FSJ and the IBEW represents the employees of PNG (N.E.). The IBEW was advised several months ago of PNG's intention to seek approval of the Labour Relations Board, after the completion of the amalgamation, to have one union represent the employees of the merged company. The Teamsters were advised of this intention late last year. The unions have not indicated their position to PNG concerning this issue. Similarly, PNG has not indicated what union it will be recommending should be the bargaining agent for the employees. The respective positions will be made before the Labour Relations Board when the common employer/union application is filed by PNG subsequent to the completion of the amalgamation in June, 1999.

PNG will be arranging meetings with the Mayors of Fort St. John and Dawson Creek to advise that the amalgamation will not affect the current relationship between the gas company and the municipalities. In particular, the Franchise Agreements will not change and the day to day interaction of the gas company employees with their municipal counterparts will not change. They will be advised that the legal corporate structure will not in itself bring about significant changes to how the pipeline systems are operated. PNG as the sole owner of the systems was striving for operational efficiencies and improved service regardless of the corporate ownership structure.

BCUC IR No. 1
Dated Nov. 27/98
re: PNG(N.E.) /FSJ/PRT Amalgamation
Page 5
January 31/99

3. Section 53(4) of the Act states that the Commission must inquire into the application and may for that purpose hold a hearing.

Please provide PNG's views as to the form the inquiry should take.

Response:

There is no need for a hearing, oral or written, into PNG's application to amalgamate three corporate entities into one corporate entity. The amalgamation is simply a change in the corporate structure of PNG. The application is not seeking any changes to how the rates are determined in each of the operating areas. Therefore, the amalgamation can take place without affecting any customers. Hence, it is not necessary for the Commission to conduct a hearing process into the corporate amalgamation of Centra FSJ, PNG (N.E.) and PRT.

The issue of the integration of the FSJ and DC rates is the subject of another current separate application. The Commission is dealing with this application in the ordinary course. PNG does not consider the amalgamation will affect rates in other than a positive way by reducing costs because only one legal corporate entity will need to be maintained. These corporate cost reductions will be minor and it is not necessary to review this type of synergy through a formal proceeding. PNG submits the Commission can make a decision concerning the merits of the amalgamation of the corporate entities on the basis of the information already provided by PNG. As noted above the more contentious issues concerning rate integration can be dealt with separately from the amalgamation application.

32-3 PACIFIC NORTHERN GAS (N.E.) LTD.

DRAFT

Corporate Amalgamation of Pacific Northern Gas (N.E.) Ltd.
Centra Gas Fort St. John Inc. and Peace River Transmission Company Ltd.

PNG's application for the corporate amalgamation of the above noted companies was reviewed through an Alternative Dispute Resolution ("ADR") process established by Orders No. G-8-99 and G-17-99. Although a final settlement document has not yet been prepared by PNG, participants to the ADR process have agreed that the consolidation could take place in advance of a final determination in rates. Mr. Fraser distributed a draft letter addressed to the Lieutenant Governor in Council ("LGIC") requesting approval for the proposed amalgamation for review. General discussion took place and minor amendments were made to the letter.

It was moved by Ms. Barr and seconded by Mr. Ostergaard that the letter to the LGIC requesting approval for the proposed PNG amalgamation be issued.

Carried unanimously.

Subject to formal adoption at the next Commission Meeting

Pacific Northern Gas Ltd.

Suite 1400
1185 West George Street
Vancouver, British Columbia
V6E 4E6

Craig P. Donohue
Director, Regulatory Affairs & Gas Supply

March 25, 1999

Peace River Regional District
1981 Alaska Avenue
Dawson Creek, B.C.
V1G 4H8

Attention: Mr. Phil Cove

Dear Sir

Re: Consent to Corporate Amalgamation of;
• Pacific Northern Gas (N.E.) Ltd.
• Centra Gas Port St John Inc.
• Peace River Transmission Company Limited

At the meetings in Dawson Creek on March 8 and 9, 1999 respecting the negotiation of a settlement of the FSJ/DC Cost of Service Allocation/Rate Design Application a draft settlement document was distributed for comment by the parties attending the meeting. One section of the settlement document related to the above referenced corporate amalgamation. It stated the following:

Corporate Amalgamation

Commission Staff will recommend that the Commission seek the consent of the Lieutenant Governor in Council of the corporate amalgamation of Centra Gas Fort St John Inc, Pacific Northern Gas (N.E.) Ltd. and Peace River Transmission Company Limited into one corporate entity.

At the end of the meeting I undertook to distribute a final version of the settlement document to the parties for approval together with the financial documents showing the impact on rates of the settlement terms. Disc to other work commitments and a one week vacation the financial schedules have yet to be prepared. It will probably be another week or two before the financial schedules will be finalised.

- 2 -

The corporate amalgamation will not have any impact on the determination of the rates that will apply in Fort St. John and Dawson Creek. We are committed to completing the amalgamation by mid year. To achieve this result will require us to obtain the consent of the Lieutenant Governor in Council as soon as reasonably possible. It is our understanding that it could take two to three months for the consent to be issued after the request for the consent is made by the B.C. Utilities Commission.

In this regard, we hereby request you to acknowledge your agreement with the corporate amalgamation part of the PSI/DC Cost of Service Allocation/Rate Design Application settlement as set forth above by signing a copy of this letter where indicated and returning it by fax to my attention. A copy of your acknowledgement will be provided to the Commission in support of our request to them to seek the LGIC consent to the amalgamation.

Please direct any questions regarding the foregoing to my attention.

Yours truly,

C.P. Donohue

The Peace River Regional District hereby agrees with the corporate amalgamation of Pacific Northern Gas (N.E.) Ltd, Centra Gas Fort St. John Inc. and Peace River Transmission Company Limited into one corporate entity

Signature

Phil Cove, Deputy Administrator

Pacific Northern Gas Ltd.

Suite 1400
 1185 West George Street
 Vancouver, British Columbia
 V6E 4E6

Craig P. Donohue
 Director, Regulatory Affairs & Gas Supply

March 25, 1999

B.C. Public Interest Advocacy Centre
 #815 — 815 W. Hastings Street
 Vancouver, B.C.
 V6C 1B4

Attention: Mr. Richard Gathercole

Dear Sir

Re: Consent to Corporate Amalgamation of;

- **Pacific Northern Gas (N.E.) Ltd.**
- **Centra Gas Port St John Inc.**
- **Peace River Transmission Company Limited**

At the meetings in Dawson Creek on March 8 and 9, 1999 respecting the negotiation of a settlement of the FSJ/DC Cost of Service Allocation/Rate Design Application a draft settlement document was distributed for comment by the parties attending the meeting. One section of the settlement document related to the above referenced corporate amalgamation. It stated the following:

Corporate Amalgamation

Commission Staff will recommend that the Commission seek the consent of the Lieutenant Governor in Council of the corporate amalgamation of Centra Gas Fort St John Inc., Pacific Northern Gas (N.E.) Ltd. and Peace River Transmission Company Limited into one corporate entity.

At the end of the meeting I undertook to distribute a final version of the settlement document to the parties for approval together with the financial documents showing the impact on rates of the settlement terms. Due to other work commitments and a one week vacation the financial schedules have yet to be prepared. It will probably be another week or two before the financial schedules will be finalised.

-2-

The corporate amalgamation will not have any impact on the determination of the rates that will apply in Fort St. John and Dawson Creek. We are committed to completing the amalgamation by mid year. To achieve this result will require us to obtain the consent of the Lieutenant Governor in Council as soon as reasonably possible. It is our understanding that it could take two to three months for the consent to be issued after the request for the consent is made by the B.C. Utilities Commission,

In this regard, we hereby request you to acknowledge your agreement with the corporate amalgamation part of the FSJ/DC Cost of Service Allocation/Rate Design Application settlement as set forth above by signing a copy of this letter where indicated and returning it by fax to my attention. A copy of your acknowledgement will be provide⁴ to the Commission in support of our request to them to seek the LGIC consent to the amalgamation.

Please direct any questions regarding the foregoing to my attention,

Yours truly,

CR Donohue

The B.C. Public Interest Advocacy Centre, on behalf of CAC(B.C.) et al. hereby agrees with the corporate amalgamation of Pacific Northern Gas (N.E.) Ltd., Centra Gas Fort St John Inc. and Peace River Transmission Company Limited into one corporate entity.

Signature

Dated: March 26, 1999

Pacific Northern Gas Ltd.
 Suite 1400
 1185 West George Street
 Vancouver, British Columbia
 V6E 4E6

Craig P. Donohue
 Director, Regulatory Affairs & Gas Supply

March 25, 1999

The City of Dawson Creek
 P.O. Box 150
 Dawson Creek, B.C.
 V1G4G4
 File No. 4.9.1

Attention: Mayor Blair Lekstrom

Dear Mayor Lekstrom:

Re: Consent to Corporate Amalgamation of;
 • **Pacific Northern Gas (N.E.) Ltd.**
 • **Centra Gas Port St John Inc.**
 • **Peace River Transmission Company Limited**

At the meetings in Dawson Creek on March 8 and 9, 1999 respecting the negotiation of a settlement of the FSJ/DC Cost of Service Allocation/Rate Design Application a draft settlement document was distributed for comment by the parties attending the meeting. One section of the settlement document related to the above referenced corporate amalgamation. It stated the following:

Corporate Amalgamation

Commission Staff will recommend that the Commission seek the consent of the Lieutenant Governor in Council of the corporate amalgamation of Centra Gas Fort St John Inc., Pacific Northern Gas (N.E.) Ltd. and Peace River Transmission Company Limited into one corporate entity.

At the end of the meeting I undertook to distribute a final version of the settlement document to the parties for approval together with the financial documents showing the impact on rates of the settlement terms. Due to other work commitments and a one week vacation the financial schedules have yet to be prepared. It will probably be another week or two before the financial schedules will be finalised.

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In this regard, we hereby request you to acknowledge your agreement with the corporate amalgamation part of the FSJ/DC Cost of Service Allocation/Rate Design Application settlement as set forth above by signing a copy of this letter where indicated and returning it by fax to my attention. A copy of your acknowledgement will be provide⁴ to the Commission in support of our request to them to seek the LGIC consent to the amalgamation.

Please direct any questions regarding the foregoing to my attention,

Yours truly,

CR Donohue

The City of Dawson Creek hereby agrees with the corporate amalgamation of Pacific Northern Gas (N.E.) Ltd., Centra Gas Fort St. John Inc. and Peace River Transmission Company Limited into one corporate entity.

Signature

Blair Lekstrom

Dated: March 30, 1999