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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-32-98

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Centra Gas Port Alice Inc.
for Approval to Transfer the Shares of the
Port Alice Propane Grid Distribution System

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) April 1, 1998
K.L. Hall, Commissioner)

O R D E R

WHEREAS:

- A. On November 27, 1997, Centra Gas Port Alice Inc. ("Centra Gas") applied to the Commission, pursuant to Section 54(5) of the Utilities Commission Act ("the Act"), to transfer the shares in the capital of Centra Gas to Link Petroleum Services Ltd. ("Link Petroleum"), or its nominee Haywood Energy Corp. ("Haywood Energy") effective October 31, 1997; and
- B. The application also requested Commission approval of:
- the repurchase of common plant assets, in the amount of \$8,600, of Centra Gas by Centra Gas British Columbia Inc.;
 - the balances in the approved deferral accounts for short-term interest rate differentials, propane gas costs, municipal taxes, and mains and service line replacements;
 - the application in 1997 of \$19,763 of annual amortization included in rates to the gas cost deferral account; and
- C. Link Petroleum and Centra Gas have agreed to the transaction that will see Haywood Energy pay Centra Gas British Columbia Inc. the book value of the existing shareholder's equity of Centra Gas and will refinance the \$304,467 of existing debt at the bank prime rate plus 2 percent to be amortized over 120 months. Link Petroleum/Haywood Energy will maintain a 35 percent equity component in its capital structure and is expected to file a rate application effective July 1, 1998 that will seek a return on equity of bank prime plus 6 percent; and

- D. A public meeting on the sale of the utility occurred in Port Alice on March 10, 1998, and was attended by Centra Gas, Haywood Energy and the administrator for the Village of Port Alice. An information package was issued which described the application and possible rate increases and requested additional comments from the public to be received at the Commission by March 24, 1998. None were received; and
- E. The Commission has reviewed the document and finds that approval of the transfer of shares in Centra Gas to Link Petroleum/Haywood Energy is appropriate and in the public interest.

NOW THEREFORE, pursuant to Section 54 of the Act, the Commission orders as follows:

1. The acquisition by Link Petroleum and/or its nominee Haywood Energy, of all the issued and outstanding shares of Centra Gas from Centra Gas Inc. is approved effective October 31, 1997.
2. The other specific requests identified in the application covering the repurchase of common plant assets, the balances in approved deferral accounts, the annual amortization and the refinancing of Centra Gas debt is approved.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of April 1998.

BY ORDER

Original signed by:

Peter Ostergaard
Chair