



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

and

An Application by BC Gas Utility Ltd.
for Approval to Dispose of Utility Assets

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) December 23, 1999
B.L. Clemenhagen, Commissioner)

O R D E R

WHEREAS:

- A. On December 15, 1999, BC Gas Utility Ltd. ("BC Gas") applied to the Commission for approval to sell its natural gas for vehicles ("NGV") utility assets to 4Pro Systems Inc. ("4Pro"), a wholly-owned, non-regulated subsidiary of BC Gas Inc., pursuant to Section 52 of the Utilities Commission Act ("the Act"). The City of Surrey has agreed to purchase the NGV assets associated with its fleet operations for \$122,000; and
- B. BC Gas' NGV utility assets are comprised of compression and dispensing equipment located at 19 sites throughout the province amounting to a net book value of \$4.1 million. BC Gas has continued to record losses from its NGV compression and dispensing service, which has been supported by other utility customer classes. On this sale of NGV assets, BC Gas will recognize a loss upon disposal of utility assets amounting to approximately \$2.13 million (the difference between the purchase price paid by 4Pro and the City of Surrey, and the net book value at the time of the transfer). Amortization of the loss will be spread over 10 years and reviewed after 5 years; and
- C. If the NGV business exceeds current expectations, revenue will be shared between 4Pro and BC Gas; and
- D. The agreement to sell the NGV assets for \$2.0 million to 4Pro will take effect January 1, 2000; and
- E. BC Gas will eliminate its NGV department by the end of the 2000 budget year; and
- F. 4Pro will provide NGV marketing services to BC Gas for 2001 through 2003, and BC Gas will pay 4Pro for these services as follows: \$360,000 in 2001, \$300,000 in 2002 and \$120,000 in 2003; and

G. The Commission has reviewed the BC Gas agreement to dispose of its NGV utility assets and finds that approval is required.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for BC Gas the sale and disposition of the NGV compression and dispensing equipment to 4Pro Systems Inc. and the City of Surrey and the transfer to 4Pro Systems Inc. of BC Gas' interest in the NGV Service Agreements with respect to the business of NGV compression and dispensing service, effective January 1, 2000, pursuant to Section 52 of the Act.
2. BC Gas is directed to file amendments, as required, to the BC Transit, City of Surrey and other Rate Schedule 6 Tariff Supplements and to identify the Rate Schedule 6 Tariff Supplements that are no longer in effect.
3. BC Gas is directed to file amendments to Rate Schedule 6 and the Rate Schedule 6 proforma service agreement to indicate that the utility does not provide NGV compression and dispensing service.
4. BC Gas is to inform all of its direct NGV customers of the sale of its utility assets to 4Pro Systems Inc., a related company, effective January 1, 2000.

DATED at the City of Vancouver, in the Province of British Columbia, this 6th day of January 2000.

BY ORDER

Original signed by:

Peter Ostergaard
Chair