



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

and

An Application by Centra Gas British Columbia Inc.
for Approval to Enter into a Lease Agreement for
the Compressor Equipment at the Port Mellon Compressor Station

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair) December 9, 1999

O R D E R

WHEREAS:

- A. The Commission, by Order No. C-3-98, approved for Centra Gas British Columbia Inc. ("Centra Gas") a Certificate of Public Convenience and Necessity ("CPCN") to construct and operate a compressor station at Port Mellon, B.C. That 1998 application and CPCN approval was based on Centra Gas purchasing and owning the plant and compressor equipment that was forecasted to cost \$24.9 million inclusive of overheads; and
- B. In 1999 Centra Gas evaluated the financial options to either lease or own the compressor equipment and requested lease proposals from Westcoast Capital Corporation ("WCC"), an affiliated company, and five other companies; and
- C. On November 24, 1999, Centra Gas applied to the Commission, pursuant to Section 23 of the Utilities Commission Act ("the Act"), for approval to enter into an operating lease in respect of leasing compressor equipment for the Utility's Port Mellon compressor station, and to record the expense as Gas Plant Leased from Others in accordance with the Uniform System of Accounts Prescribed for Gas Utilities; and
- D. Centra Gas confirmed that the WCC lease option will result in a lower cost of service and revenue deficiency than if Centra Gas proceeded to purchase the compressor equipment in accordance with the existing approvals given by CPCN Order No. C-3-98; and
- E. The Commission has reviewed the application and finds that it should be approved.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves Centra Gas' November 24, 1999 application to enter into a ten-year lease with Westcoast Capital Corporation for the Port Mellon compressor equipment with terms as specified in the Application.
2. The Commission directs Centra Gas to file a report, within six months of the end of the ten-year lease period, which justifies the decision at that time to either purchase the compressor, renew the lease, purchase or lease a different compressor, or have the leased compressor removed.
3. The Commission directs Centra Gas to file a copy of the executed Westcoast Capital Corporation Compressor Lease Agreement with the Commission.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of December 1999.

BY ORDER

Original signed by:

Peter Ostergaard
Chair