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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-66-14

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

and

**Central Heat Distribution Limited  
Application for Approval of the Sale of Land at 720 Beatty Street, Vancouver, B.C.**

**BEFORE:** L.F. Kelsey, Commissioner  
H.G. Harowitz, Commissioner  
N.E. MacMurchy, Commissioner  
I.F. MacPhail, Commissioner  
B.A. Magnan, Commissioner  
D.M. Morton, Commissioner  
R.D. Revel, Commissioner  
C. van Wermeskerken, Commissioner

May 22, 2014

**O R D E R**

**WHEREAS:**

- A. On March 27, 2014, Central Heat Distribution Limited (CHDL) filed an application pursuant to section 52 of the *Utilities Commission Act* (the Act) requesting approval to dispose of 12,511 square feet of vacant land (Subject Land), which is a portion of land located at 720 Beatty Street, Vancouver, B.C. (the Application);
- B. By Order G-52-14, the British Columbia Utilities Commission (the Commission) established a written comment process for review of the Application;
- C. The Application states the Commission previously determined that the Subject Land has not been used and useful and has been excluded from CHDL's rate base for approximately 30 years;
- D. CHDL proposes a multi-step transaction such that the vacant land can be transferred, with no income tax consequences to CHDL, and will transfer the deferred income tax consequences to the Purchaser. Certain steps to effect the transaction also require Commission approval under sections 50(1), 50(2), and 50(3) of the Act;
- E. The first step requires the exchange of all issued and outstanding shares of CHDL for new common and preferred shares of CHDL. Additional steps require the creation of a limited partnership and the subsequent disposal of the partnership units by CHDL. At the end of the transaction, Creative Energy Canada Platforms

Corp. (Creative Energy) will continue to hold all the issued and outstanding shares of CHDL as per Order G-190-13, and the Subject Land will have been transferred to the Purchaser. With the exception of a change to the shares of CHDL, both authorized and issued shares to be held by Creative Energy, CHDL confirms that none of the intermediary steps will have any effect on CHDL beyond the closing date of the transfer of the Subject Land. CHDL submits that the transaction will be accomplished and concluded by the exchange of closing documents required to transfer the Subject Land;

- F. Concurrent with the submission of the Application, CHDL provided a copy of the Application to stakeholders and all registered interveners who participated in the CHDL 2014 Revenue Requirements Application as well as the Creative Energy Application for the acquisition of CHDL proceeding; and
- G. The Commission reviewed the Application along with the supporting material and confirmed that the Subject Land is not part of rate base and finds that the Application should be approved.

**NOW THEREFORE** the British Columbia Utilities Commission (Commission) orders as follows:

1. Pursuant to section 52 of the *Utilities Commission Act* (the Act), the disposition of 12,511 square feet of vacant land (Subject Land), as defined by Schedule 1 of the Application, is approved in exchange for partnership units in New LP as contemplated in Schedules 6 and 7 of the Application. Central Heat Distribution Limited (CHDL) may encumber the remaining portion of the land defined in the Application as the Rectangular Lot, provided that such encumbrances are limited to agreements required by the City of Vancouver as necessary to give effect to the disposition of the Subject Land.
2. Pursuant to section 52 of the Act, the disposition of all partnership units held by CHDL in a limited partnership established to purchase from CHDL the Subject Land, as defined by Schedule 1 of the Application, is approved.
3. Pursuant to section 50(3) of the Act, the redemption of the following issued and outstanding shares is approved: 1,000 Class A preferred shares (share issue to be approved by item 4(b) below).
4. Pursuant to section 50(2) of the Act, the Application to issue the following security, as per Schedule 7 of the Application, is approved:
  - a) 1,000 Class B common voting shares of CHDL participating pari-passu with the Class A common shares to be held by Creative Energy;
  - b) 1,000 Class A preferred non-voting shares of CHDL to be held by Creative Energy; and
  - c) a Security Exchange Agreement between CHDL and Creative Energy, such agreement will provide for the exchange of 53,385 Class A common shares for 1,000 Class B common shares and 1,000 Class A preferred shares both referred to in Directives 4(a) and 4(b) above.

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5. The Commission confirms the transfer of the Subject Land may proceed as contemplated by the multi-step transaction process as described in Schedules 6 and 7 of the Application. In the event that at any time the transfer of the Subject Land, either directly or indirectly, results in any costs, including costs related to or comprising of any tax liability or the transfer of the Subject Land, then such costs are to be borne by CHDL's shareholders, and CHDL will not be permitted to recover any such costs including any taxes liability from its ratepayers.
6. CHDL must report to the Commission, no later than June 31, 2014, confirming the completion of, or providing a status update on, the proposed transaction.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 22<sup>nd</sup> day of May 2014.

BY ORDER

*Original signed by:*

D.M. Morton  
Commissioner