

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-88-02

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

and

An Application by Sher-Dan Holdings Ltd.
to Acquire a Reviewable Interest in the Shares of
Sun Rivers Services Corp.

BEFORE: P. Ostergaard, Chair)
K.L. Hall, Commissioner) December 10, 2002
)

O R D E R

WHEREAS:

- A. On October 22, 2002, Sher-Dan Holdings Ltd. doing business as BCG Services (referred to herein as “BCG Services”), filed an application for approval to acquire a reviewable interest in the shares of Sun Rivers Services Corp. (“Services Corp”) according to a Share Purchase Agreement dated November 18, 2002(the “Application”), pursuant to Section 54(7) of the Utilities Commission Act (the “Act”). BCG Services intends to acquire 100 percent of the common shares of Services Corp; and
- B. As part of the transaction, BCG Services will acquire the inter-company debt of Services Corp; and
- C. Services Corp is a wholly owned subsidiary of Sun Rivers Limited Partnership (“SRLP”); and
- D. Through Sun Rivers Development Corp., which is another wholly owned subsidiary of SLRP, SLRP is developing a residential and commercial development (the “Sun Rivers Community”) on lands that are part of the Kamloops Indian Reserve No. 1 in Kamloops, B.C.; and
- E. Services Corp owns and operates facilities that provide electricity distribution, natural gas distribution, sanitary sewer, potable water, storm and groundwater drainage, geothermal loops, telephone, fire hydrants and fire water supply, and irrigation water services to the Sun Rivers Community; and
- F. Services Corp is subject to regulation as a public utility by the British Columbia Utilities Commission (the “Commission”) with respect to electricity distribution in accordance with the provision of a Certificate of Public Convenience and Necessity (“CPCN”) granted by Order No. C-5-99 dated March 26, 1999, and with respect to natural gas distribution by a CPCN granted by Order No. C-18-99 dated December 1, 1999; and
- G. BCG Services is an Alberta corporation that is extra-provincially registered in British Columbia and which is 100% owned directly by BC Gas Inc. BC Gas Inc. is a publicly held holding company that also owns all of the common shares of BC Gas Utility Ltd., and has total assets in excess of \$3.5 billion; and

- H. BCG Services has experience providing design, construction, operation and maintenance services to a number of utility companies in small communities in B.C., including Services Corp. BCG Services had total assets of \$6.6 million at September 30, 2002 and has forecast revenues of approximately \$10 million for fiscal year 2002; and
- I. On November 13 and 14, 2002, respectively, Services Corp and BCG Services responded to requests from Commission staff for more information on the proposed share purchase; and
- J. Services Corp advised its customers of the proposed sale on November 25, 2002, and held a community meeting on December 1, 2002, in the Sun Rivers Community. Customers were invited to provide written comments to be made to the Commission by December 9, 2002; and
- K. In addition to the representations made in the Share Purchase Agreement dated October 18, 2002 and the Application BCG Services, by letter dated November 28, 2002, confirmed its intention to operate the electricity and natural gas distribution services consistent with the existing level of service provided by Services Corp and, unless unexpected and unusual circumstances arise, to maintain rates for the next seven years that are consistent with the rates charged by BC Gas Utility Ltd. and British Columbia Hydro and Power Authority for the same classes of customers; and
- L. The Commission has received no comments regarding the share purchase; and
- M. The transaction will not change the jurisdiction of the Commission over the electricity and natural gas distribution services of Services Corp; and
- N. Approvals from Her Majesty the Queen in Right of Canada and the Kamloops Indian Band are also required for the share purchase to proceed; and
- O. The Commission has considered the Application and supporting material and has determined that the users of the electricity and gas distribution services of Services Corp will not be detrimentally affected.

NOW THEREFORE the Commission approves, pursuant to Section 54(7) of the Act, the acquisition by Sher-Dan Holdings Ltd. doing business as BCG Services, of a reviewable interest in the shares of Sun Rivers Services Corp, provided that the timely consent of the share purchase is received from Her Majesty the Queen in Right of Canada and the Kamloops Indian Band.

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of December 2002.

BY ORDER

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3

Original signed by:

Peter Ostergaard
Chair