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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-192-11**

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

and

An Application by AltaGas Utility Holdings (Pacific) Inc.
for Approval of the Acquisition of the Issued and Outstanding Shares of Pacific Northern Gas Ltd.

BEFORE: A.W.K. Anderson, Panel Chair/Commissioner
D.M Morton, Commissioner November 23, 2011
R.D. Revel, Commissioner

O R D E R

WHEREAS:

- A. On October 31, 2011, AltaGas Utility Holdings (Pacific) Inc. (AltaGas) applied pursuant to section 54 of the *Utilities Commission Act* (the Act) for an Order approving the acquisition of the issued and outstanding common shares of Pacific Northern Gas Ltd. (PNG) which would also cause AltaGas to have indirect control of PNG's wholly owned subsidiary Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] (the Application);
- B. On October 31, 2011, PNG applied pursuant to section 54(5) of the Act for approval to register a transfer of its common shares to AltaGas (the PNG Application);
- C. PNG and PNG(N.E.) are public utilities regulated by the British Columbia Utilities Commission (the Commission) under the Act;
- D. AltaGas is a direct wholly owned subsidiary of AltaGas Ltd.;
- E. Section 54(9) of the Act states:

"The commission may give its approval under this section subject to conditions and requirements it considers necessary or desirable in the public interest, but the commission must not give its approval under this section unless it considers that the public utility and the users of the service of the public utility will not be detrimentally affected"

- F. AltaGas and PNG have jointly undertaken communication and consultation with key stakeholders of PNG and PNG(N.E.) and on November 14, 2011, submitted a summary of comments as part of the materials filed in support of the Application;

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- G. By Order G-183-11, the British Columbia Utilities Commission (the Commission) established an Integrated Review Process (IRP) and a Timetable to review the Application and the PNG Application;
- H. On November 15, 2011, the Commission issued a letter establishing the process for the IRP scheduled for November 22, 2011;
- I. On November 18, 2011, PNG and AltaGas responded to Information Requests from the Commission;
- J. On November 21, 2011, PNG and AltaGas responded to the remaining outstanding Information Requests from the Commission and the Registered Interveners including Access Gas Services Inc., Just Energy (B.C.) LP and the British Columbia Old Age Pensioners Organization *et al.*;
- K. On November 22, 2011, the Commission held an IRP to review the Application and PNG Application. The Commission, PNG, AltaGas, as well as Registered Interveners participated in the IRP;
- L. During the IRP, PNG and AltaGas acknowledged that the Commission would continue to regulate both PNG and PNG (N.E.) subsequent to the proposed transaction and that these entities would remain subject to Act;
- M. In its written response to Information Requests, and during the IRP, PNG and AltaGas proposed reporting on five key service quality metrics during the PNG and PNG (N.E.) annual revenue requirements application process. These five key service quality metrics consist of:
- (i) Emergency call statistics;
 - (ii) Number of underground leaks;
 - (iii) Reportable environmental Incidents;
 - (iv) Annual lost time Injury frequency rate; and
 - (v) Customer complaints to the Utilities Commission.
- (collectively, the Identified Service Quality Metrics)
- N. PNG and AltaGas also agreed to provide the Commission with any changes to the Finalized Acquisition Agreement should it vary from the proposed Acquisition Agreement contained in the Application;
- O. There were no submissions opposing the proposed acquisition of PNG by AltaGas; and
- P. The Commission has reviewed the Application and submissions received and has determined that PNG and PNG(N.E.) and the users of the services of PNG and PNG(N.E.) will not be detrimentally affected and that approval is warranted subject to the conditions contained in this Order.

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NOW THEREFORE the Commission orders that the Application by AltaGas to acquire the issued and outstanding common shares of PNG is hereby approved pursuant to section 54 of the Act, subject to the following conditions:

- (1) The books and records of PNG and its subsidiary shall remain in British Columbia unless otherwise approved by the Commission.
- (2) PNG and its subsidiary shall report on the Identified Service Quality Metrics for the last two preceding years in each annual revenue requirement application filed with the Commission until the Commission indicates otherwise. In the 2012 revenue requirements application process, PNG and its subsidiary shall also report the results of these Identified Service Quality Metrics for a third prior year.
- (3) On December 12, 2011, PNG and AltaGas shall report to the Commission the results of the shareholder vote to take place at the Special Meeting of Common Shareholders of PNG.

If the Acquisition Agreement included in this Application is in any way different from the Final Acquisition Agreement which is ultimately approved by the common shareholders of PNG on December 12, 2011, PNG and AltaGas shall file with the Commission, on December 12, 2011, the following items:

- (i) A summary of any changes made to the Final Acquisition Agreement filed within this Application;
- (ii) A black-line version of the Final Acquisition Agreement indicating changes from the Acquisition Agreement filed with this Application; and
- (iii) A clean copy of the Final Acquisition Agreement.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of November 2011.

BY ORDER

Original signed by:

A.W. K. Anderson
Panel Chair/Commissioner