

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-116-07

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

and

An Application by Terasen Gas Inc.
for Approval of the Sale of Land at 3700 2nd Avenue, Burnaby, B.C.

BEFORE: R.H. Hobbs, Chair September 21, 2007
A.W.K. Anderson, Commissioner

O R D E R

WHEREAS:

- A. On July 27, 2007, Terasen Gas Inc. ("Terasen Gas") filed an application (the "Application") pursuant to Section 52 of the Utilities Commission Act (the "Act") requesting approval to dispose of 7.67 acres of vacant land at 3700 2nd Avenue, Burnaby, B.C. ("Lochburn"); and
- B. The Commission by Order No. G-86-07, established a written comment process for the review of the Application. The Regulatory Timetable included dates for registration of Intervenor and Interested Parties, information requests, responses, and comments; and
- C. Concurrent with the submission of the Application to the Commission, Terasen Gas provided a copy of the Application to all stakeholders and registered Intervenor to the Terasen Gas Multi Year PBR (2004-2007 extended to 2008-2009) as well as the 2006 Annual Review and Mid-Term Assessment Review; and
- D. The Application states that the land at Lochburn is part of what was purchased by Terasen Gas (formerly B.C. Gas Inc.) from British Columbia Hydro and Power Authority. Order in Council No. 1830/1988 ("OIC 1830") titled B.C. Gas Inc. Order, established, for the setting of rates and all other purposes under the Act, the appraised value of the plant in service ("rate base") of B.C. Gas Inc. as of July 16, 1988 to be \$582,699,000, and allocated the plant in service as set out in Schedule 1 of OIC 1830. Schedule 1 of OIC 1830, which is an allocation of rate base to asset accounts, allocated \$24,781,000 to "Land and land rights"; and
- E. In the Application Terasen Gas calculates and submits that 79.93 percent of the original cost of the land was included in rate base and 20.07 percent of the cost of the land was treated as a non-regulated asset; and
- F. The 7.67 acres of vacant land is 39.21 percent of the entire parcel of land at Lochburn; and
- G. The calculation of the net gain on sale has the effect of the shareholder absorbing the remediation costs out of the proceeds; and

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- H. The Application sets out that the vacant land is no longer required, nor will be required in future, for the provision of natural gas distribution service; and
- I. On August 31, 2007 Terasen Gas filed its response to Commission Information Request (“IR”) No. 1. Terasen Gas also filed a confidential response to Commission IR No. 1 Question 1.1. Subsequently, on September 10, 2007 Terasen Gas filed a clarification for a response to an information request; and
- J. There is no registered Intervenor in this proceeding thus no written Intervenor comments were filed. On September 14, 2007 Terasen Gas filed its Written Submission; and
- K. Terasen Gas’ Written Submissions state that it is also requesting approval to remove from rate base, following the sale of the vacant land, the amount of \$1,136,155, being the rate base value of the 7.67 acres. In the Application Terasen Gas has states that it is prepared, on a without prejudice basis, to provide \$2.5 million of the gain on sale of the vacant land to its customers through a rider in addition to the \$1.1 million of the proceeds of the sale that will go to reduce rate base; and
- L. The Commission has reviewed the Application along with the supporting material and finds that approval is warranted.

NOW THEREFORE the Commission orders as follows:

1. Pursuant to Section 52 of the Act, the disposition of the vacant land at Lochburn, consisting of 7.67 acres of the entire parcel of land is approved.
2. Terasen Gas is to file a report with the Commission following the date of completion of the sale that includes a summary of the actual proceeds and costs.
3. Removal of the amount of \$1,136,155 from the rate base of Terasen Gas following the sale is approved.
4. A refund of \$2.5 million to ratepayers over one year by a rate rider to be filed with the first quarterly gas review following the date of completion of the sale is approved.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of September 2007.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair