


MADE at the City of Calgary, in the Province of Alberta, on 9th day of May 2008.	 ALBERTA UTILITIES COMMISSION
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ATCO Gas Disposition of Brooks Agency Office	Application No. 1571404
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The Alberta Utilities Commission (the Commission or AUC) received a letter dated April 15, 2008, wherein ATCO Gas described a potential disposition of the Brooks Agency office (Brooks Facility). ATCO Gas submitted the Brooks Facility was no longer required for utility service and that the replacement of the Brooks Facility had been approved by the Alberta Energy and Utilities Board (EUB or Board) in Decision [2006-004](#).¹ ATCO Gas advised the AUC that it now intended to proceed with the sale of the Brooks Facility and requested that the AUC confirm whether or not the sale should be treated as outside the ordinary course of business.

In Decision 2006-004, the Board referred to testimony by ATCO Gas representatives which reflected an expectation that the disposition of the Brooks Agency Office would fall outside the ordinary course of business. Consequently, the Board directed ATCO Gas to file an application for approval of the sale of the Brooks Facility as required for sales of utility assets outside the ordinary course of ATCO Gas' business pursuant to Section 26(2)(d) of the *Gas Utilities Act* and Section 101(2)(d) of the *Public Utilities Act*.

In the intervening time period, the Commission notes that the circumstances related to this transaction have materially changed. Chief among these circumstances is a substantially reduced expectation with respect to sale proceeds. ATCO Gas now estimates total net proceeds after disposition costs of under \$400,000 for assets with December 31, 2007 book values of \$115,700 and \$159,395 for the land and structures, respectively.

The criteria with respect to when an asset disposition is outside of the ordinary course of a utility's business have been considered by the Commission and its predecessors on several occasions. In Order [U2001-196](#),² the Board considered the frequency and type of transaction under review, as well as the quantum and materiality of the proceeds in relation to rate base and net book value, to be relevant factors. The Commission considers that the criteria identified by the Board in Order U2001-196 to be applicable to the present application.

The revised expectation with respect to disposition proceeds when considered in light of the above criteria leads the Commission to the conclusion that anticipated quantum is not material.

¹ EUB Decision 2006-004 (January 27, 2006) ATCO Gas 2005-2007 GRA-Phase I, page 22-23

² EUB Order U2001-196,² *In The Matter of the Sale of the Athabasca Maintenance Facility*, dated August 3, 2001

Accordingly, the transaction should be considered to be within the ordinary course of business of ATCO Gas and Commission approval of the disposition transaction is not required.

Although the Commission has concluded that the transaction is within the ordinary course of business of ATCO Gas, the Commission is not approving or expressing a view with respect to the appropriate accounting or regulatory treatment of proceeds resulting from future ordinary course transactions. The Commission notes that regulatory accounting issues relating to the disposition of utility assets are presently before the Commission in Utility Asset Disposition Rate Review Proceeding, Application No. 1566373.³

If you have any questions or comments regarding this matter please contact Wade Vienneau – Executive Director – Utilities by email at wade.vienneau@auc.ab.ca or by telephone at (403) 592-4470.

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³ AUC Application No. 1566373 Utility Asset Disposition Rate Review Proceeding (Review of rate related implications of utility asset dispositions following the Supreme Court's Stores Block Decision)