

THE PROVINCE OF ALBERTA
GAS UTILITIES ACT
ALBERTA ENERGY AND UTILITIES BOARD

IN THE MATTER of a Sale of
the Hanna Gas Well for AltaGas
Utilities Inc.

ORDER U2000-138

Application No. 2000092
File No. 6401-7

AltaGas Utilities Inc. (AltaGas) applied to the Alberta Energy and Utilities Board (EUB) by application dated March 9, 2000 (the Application) for approval of the sale of a gas well and petroleum and natural gas rights located near the Town of Hanna (AltaGas Assets) by AltaGas to Draig Energy Ltd.

A summary of pertinent information about the sale is contained in Attachment 1. The net proceeds after tax from the sale exceed the net book value of the assets by \$622,398, as per Attachment 2.

AltaGas further requested approval to defer the disposition of the proceeds from the sale through the use of a deferral account. AltaGas proposed to assign all of the after-tax gain of \$622,398 to its customers in its next General Rate Application.

The Board considers that the applied for disposition of proceeds is consistent with the methodology adopted for previous sales of production and gathering assets by AltaGas under its former corporate name (Centra Gas Alberta Inc. or CentraGas). In previous Orders, the Board has directed AltaGas (CentraGas) to defer the net proceeds in excess of book value to be disposed of in a future proceeding.

AltaGas undertook to negotiate an agreement with its customers for the purpose of reaching a general consensus on the sale of the Hanna gas well. As a result, AltaGas reached a consensus agreement with its stakeholders in terms of acceptance of the sale of the gas well. Copies of the letters of concurrence provided by each of the intervener groups were enclosed in the Application.

The Board notes that from information provided in the Application, AltaGas indicated that the \$622,398 after-tax gain compares favorably to an after-tax benefit of \$348,369 for retaining the well. As a result, the Board considers that approval of the Application appears to be in the public interest.

Therefore the Alberta Energy and Utilities Board pursuant to Section 25.1 of the Gas Utilities Act hereby orders that:

- (1) The sale of AltaGas Assets by AltaGas to Draig Energy Ltd. as described in the Application is hereby approved.
- (2) The net proceeds after tax of \$622,398 from the sale of AltaGas Assets shall be held in a deferral account pending disposition at a future AltaGas General Rate Application.

Dated in Calgary, Alberta on March 24, 2000.

ALBERTA ENERGY AND UTILITIES BOARD

Attachment 1

ALBERTA ENERGY AND UTILITIES BOARD

FOR THE PROVINCE OF ALBERTA

**IN THE MATTER OF the Gas Utilities Act, being
Chapter G-4 RSA 1980;**

**AND IN THE MATTER OF an Application by AltaGas
Utilities Inc. respecting the sale of certain property.**

APPLICATION

1. AltaGas Utilities Inc. ("AltaGas Utilities") hereby makes application to the Alberta Energy and Utilities Board pursuant to Section 25.1(2)(d) of the Gas Utilities Act for approval of the sale of a gas well and petroleum and natural gas rights, the particulars of which are as follows:
2. AltaGas Utilities has recently reached an agreement for the sale by AltaGas Utilities Inc. to Draig Energy Ltd. of the Property on the following included terms:
 - a) Purchase Price: \$1,750,000
 - b) Effective Date: January 1, 2000
 - c) Proposed Closing Date: March 31, 2000 *subject to EUB approval
 - d) Assets sold: Hanna gas well (03-09-31-14W4M)
 - e) Terms: All environmental liabilities relating to operation shall be the responsibility of Draig Energy Ltd.
3. AltaGas Utilities requests that the Alberta Energy and Utilities Board:
 - a) approve the sale transaction described herein pursuant to Section 25.1 of the Gas Utilities Act.
 - b) approve deferral of the disposition of the net proceeds of the sale transaction herein to a future AltaGas application.

DATED at the City of Leduc, in the Province of Alberta, this 9th day of March 2000.

ALTAGAS UTILITIES INC.



Arnold Mantei, CMA
Director, Controller

Attachment 2

AltaGas Utilities Inc. Hanna Gas Well Proceeds from Sale of Assets

Gross Proceeds		\$1,750,000
Less UCC:		
Class 41	\$24,100	
COGPE	\$4,400	
CCD	\$0	
Class 1 (Tangibles)	<u>\$350,000</u>	
Taxable Gain/Recapture	\$1,371,500	
Income Tax		<u>\$596,603</u>
Estimated Proceeds after Tax from Sale		\$1,153,398
Retire Plant		
Gas Well		\$481,000
Pipeline		\$0
New Pipeline & Other Disposition Costs		<u>\$50,000</u>
Net Proceeds to be Deferred For Future Disposition		\$622,398