

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards (NI 52-107)*, s. 5.1 – the Filer requests relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises to permit the Filer to prepare its financial statements in accordance with U.S. GAAP.

Applicable Legislative Provisions

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, s. 5.1

Citation: Re AltaGas Utility Holdings (Pacific) Inc., 2018 ABASC 145 Date: 20180829

In the Matter of
the Securities Legislation of
Alberta and Ontario (the **Jurisdictions**)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
AltaGas Utility Holdings (Pacific) Inc. (the **Filer**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application (the **Application**) from the Filer for a decision under the securities legislation (the **Legislation**) of the Jurisdictions exempting the Filer from the requirements under section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards (NI 52-107)* that financial statements (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report (the **Exemption Sought**).

The Decision Makers have also received a request from the Filer for a decision that the Application and this decision (together, the **Confidential Material**) be held in confidence and not be made public until the earliest of: (i) the date on which the Filer and/or AltaGas Ltd. (**AltaGas**) publicly discloses the information in the Confidential Material; (ii) the date on which the Filer obtains a receipt for the preliminary prospectus in respect of the Filer's initial public offering (**IPO**); (iii) the date on which the Filer advises the Decision Makers that there is no

longer any need for the Confidential Material to remain confidential; and (iv) the date that is 90 days after the date of this decision (the **Confidentiality Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut; and
- (c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

In this decision:

- (a) unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 52-107 have the meaning ascribed to them therein; and
- (b) "activities subject to rate regulation" has the meaning ascribed to it in the Handbook.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation incorporated under the laws of Canada on October 27, 2011. The head office of the Filer is in Calgary, Alberta.
2. The Filer is currently a direct wholly-owned subsidiary of AltaGas and its financial information is consolidated into the financial statements of AltaGas. By order cited as *Re AltaGas Ltd.*, 2018 ABASC 14, on January 26, 2018, the Decision Maker granted AltaGas exemptive relief substantially similar to the Exemption Sought and AltaGas continues to prepare its financial statements in accordance with accounting principles generally accepted in the United States (**U.S. GAAP**).
3. In connection with an internal corporate reorganization of AltaGas, the Filer, through its subsidiaries, which operate natural gas transmission and distribution utilities in northern British Columbia, will acquire certain entities holding Canadian rate-regulated utility and power generation assets from AltaGas and certain of its subsidiaries (the **Acquired Business**).
4. The Filer will complete an IPO and the funds raised from the IPO will be used to pay for a portion of the Acquired Business.

5. Upon completion of the IPO, the Filer will be subject to rate regulation by the Alberta Utilities Commission, the British Columbia Utilities Commission, the Nova Scotia Utility and Review Board and the Northwest Territories Public Utilities Board.
6. Following the IPO, the Filer's financial information will no longer be consolidated into the financial statements of AltaGas.
7. The Filer is not a reporting issuer in any jurisdiction of Canada and is not in default of securities legislation in any jurisdiction of Canada.
8. The Filer and the Acquired Business have "activities subject to rate regulation".
9. The Filer is not an SEC Issuer. Were the Filer an SEC Issuer, it would be permitted by section 3.7 of NI 52-107 to file financial statements prepared in accordance with U.S. GAAP.
10. The International Accounting Standards Board (**IASB**) continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that:

- (a) the Exemption Sought is granted to the Filer in respect of the Filer's and the Acquired Business' financial statements required to be filed on or after the date of this decision, provided that the Filer prepares those financial statements in accordance with U.S. GAAP; and
- (b) the Exemption Sought will terminate in respect of the Filer on the earliest of the following:
 - (i) January 1, 2024;
 - (ii) if the Filer ceases to have activities subject to rate regulation, the first day of the Filer's financial year that commences after the Filer ceases to have activities subject to rate regulation; and
 - (iii) the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.

The further decision of the Decision Makers is that the Confidentiality Relief is granted.

For the Commission:

“original signed by”

Tom Cotter
Vice-Chair

“original signed by”

Kari Horn
Vice-Chair