

IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF an Application by
BC Gas Inc.

BEFORE: J.G. McIntyre,)
Chairman;)
J.D.V. Newlands,) November 15, 1991
Deputy Chairman; and)
N. Martin,)
Commissioner)

ORDER

WHEREAS:

- A. On September 30, 1988 BC Gas Inc. ("Gasco") issued to British Columbia Hydro and Power Authority ("B.C. Hydro") a \$300 million debenture (the "Original Hydro Debenture") with an interest rate of 10.75 percent per annum payable semi-annually, and repayable in four equal annual payments of \$75 million each commencing September 30, 1990 which Original Hydro Debenture created a first fixed mortgage and charge on the assets as set forth therein; and
- B. The issue of the Original Hydro Debenture was approved by the Lieutenant Governor in Council ("LGIC") on September 28, 1988 under Order in Council ("OIC") No. 1826; and
- C. On September 30, 1988 Gasco issued to the Bank of Montreal as agent for various lenders a debenture (the "Bank Debenture"), in the principal amount of \$300 million creating a fixed mortgage and charge on the assets as set forth therein; and
- D. The issue of the Bank Debenture was approved by the LGIC on September 30, 1988 under OIC No. 1828; and
- E. On July 1, 1989 Inland Natural Gas Co. Ltd., Gasco and others amalgamated to form BC Gas Inc. ("BC Gas"); and
- F. As of September 28, 1990 BC Gas and B.C. Hydro amended the Original Hydro Debenture into a Series A Debenture in the principal amount of \$75 million maturing September 30, 1990 (the "Series A Debenture") and a second debenture in the principal amount of \$225 million maturing in equal amounts of \$75 million on each of September 30, 1991, 1992 and 1993 (the "Remaining Hydro Debenture"); and
- G. On July 25, 1991 BC Gas and B.C. Hydro amended the Remaining Hydro Debenture by subdividing the Remaining Hydro Debenture into a Series B Debenture in the principal amount of \$75 million maturing September 30, 1991 (the "Series B Debenture"), a Series C Debenture in the principal amount of \$75 million maturing September 30, 1992 (the "Series C Debenture") and a Series D Debenture in the principal amount of \$75 million maturing September 30, 1993 (the "Series D Debenture"); and
- H. On July 25, 1991 Inland Energy Corp. purchased the Series B Debenture, the Series C Debenture and the Series D Debenture from B.C. Hydro; and

- I. On July 25, 1991 Inland Energy Corp. and BC Gas amended the Series B Debenture to extend the maturity date to September 30, 2036 or such earlier date as may be agreed to, and increased the interest rate payable thereon from 10.75 percent to a market rate of interest pursuant to be an amendment to the Series B Debenture dated July 25, 1991 (the "Amendment of the Series B Debenture"); and
- J. On July 24, 1991 the British Columbia Utilities Commission ("the Commission") approved the amendment to the Series B Debenture and issued Order No. G-74-91; and
- K. On October 31, 1991 Inland Energy Corp. purchased the Bank Debenture from the Bank of Montreal for \$125 million being the principal amount payable thereon; and
- L. On October 31, 1991 Inland Energy Corp. and BC Gas amended the terms of the Bank Debenture to change the maturity date to September 30, 2036 or such earlier date as may be agreed to, and the interest rate to a market rate of interest pursuant to an amendment to the Bank Debenture dated October 31, 1991 (the "Amendment to the Bank Debenture"); and
- M. Inland Energy Corp. and BC Gas will amend the Series B Debenture and the Bank Debenture to permit the Series B Debenture and the Bank Debenture to be subdivided into Series B Purchase Money Mortgages in multiples of \$1,000 and to enter into a supplemental indenture dated as of November 15, 1991, supplemental to a trust indenture dated as of December 3, 1990 setting forth the Terms and Conditions of the 10.30 percent Series B Purchase Money Mortgages which will be those terms as substantially set forth in the Prospectus of BC Gas dated November 8, 1991 (the "Final Prospectus").

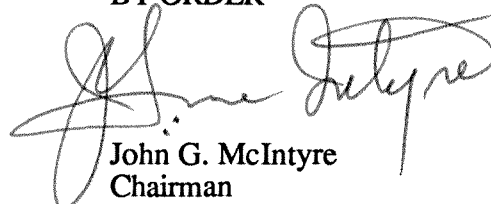
NOW THEREFORE pursuant to Section 57(3) of the Utilities Commission Act, the Commission hereby approves for BC Gas as follows:

- 1. The amendment on October 31, 1991 to the Bank Debenture pursuant to the Amendment to the Bank Debenture; and
- 2. The amendment of the Series B Debenture and the Bank Debenture by the subdivision thereof into 10.30 percent Series B Purchase Money Mortgages having the terms and conditions and characteristics as set forth in the Final Prospectus.

NOW THEREFORE pursuant to Section 59 of the Utilities Commission Act, the Commission hereby approves for BC Gas the dispositions and encumbrances as contemplated by the supplemental indenture referred to in paragraph M above.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of November, 1991.

BY ORDER


John G. McIntyre
Chairman

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