

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3
CANADA



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-32-96

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

An Application by Centra Gas British Columbia Inc.
for Approval to Fix the Cost of Floating Price Debt

BEFORE: L.R. Barr, Deputy Chairperson; and)
F.C. Leighton, Commissioner) April 10, 1996

O R D E R

WHEREAS:

- A. The Commission by Order No. G-105-95, approved for Centra Gas British Columbia Inc. ("Centra Gas") and Pacific Coast Energy Corporation the refinancing of the combined operations including the issuance of short-term debt totalling \$208 million with a floating interest rate; and
- B. The Commission, by Order No. G-28-96, approved in principle the March 8, 1996 Centra Gas application concerning a risk management strategy which intends to use interest rate swaps to fix the interest cost of a majority of the floating rate debt. The Order required Centra Gas to apply to the Commission prior to placement of an interest rate swap, for approval of a range of interest rates or a maximum interest rate resulting from the interest rate swap; and
- C. On April 10, 1996 Centra Gas, pursuant to Section 57 of the Utilities Commission Act ("the Act") applied to the Commission to fix the cost of \$190 million of its floating rate debt at a weighted average all-in cost rate of the proposed swaps not exceeding 8.75 percent, ("the Application"); and
- D. The Commission has reviewed the Application and supporting material and finds that approval is necessary and in the public interest.

NOW THEREFORE the Commission orders as follows:

- 1. The Commission approves for Centra Gas, pursuant to Section 57 of the Act, the April 10, 1996 Application to fix \$190 million of its floating rate debt at a weighted average all-in cost not to exceed 8.75 percent.
- 2. Centra Gas is to provide the Commission with a copy of the competing bids from each financial institution showing the calculation of the all-in cost of each interest rate swap, including substantiation of the bid selected.
- 3. Centra Gas is to file with the Commission the final terms of the interest rate swaps approved by this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of April, 1996.

BY ORDER

Original signed by:

Lorna R. Barr
Deputy Chairperson