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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Pacific Northern Gas Ltd.
for a New Credit Facility with the Royal Bank of Canada

BEFORE: P. Ostergaard, Chair)
L.R. Barr, Deputy Chair)
B.L. Clemenhagen, Commissioner) December 14, 2000
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On November 1, 2000, Pacific Northern Gas Ltd. (“PNG”) requested Commission approval under Sections 50 and 52 of the Utilities Commission Act (“the Act”) for a \$30,000,000 Credit Facility that includes the pledging of accounts receivable and inventory and hypothecation of a debenture pursuant to PNG’s Trust Indenture; and
- B. This new Credit Facility replaces PNG’s \$35,000,000 unsecured Bank Demand Operating Line of Credit that bore interest at the Royal Bank of Canada (“RBC”) prime rate and/or bankers acceptances plus applicable margins; and
- C. On December 5, 2000, PNG provided the Commission with copies of the financing in draft form; and
- D. The RBC requires PNG to make “regular reductions in the facility amount” and that those reductions will “form the basis for ongoing support by the RBC”; and
- E. The effective interest rate will be the RBC prime rate and/or bankers acceptances plus applicable margins, which currently results in a rate of 7.85 percent; and
- F. The RBC requires, from time to time, the following documents:
 - a) Pro forma financial statements,
 - b) Monthly cash flow schedules,
 - c) Planned capital expenditures,
 - d) Planned reductions in the amount borrowed,
 - e) Disposition of PNG shares by Westcoast Energy Inc.; and

G. The Commission finds that approval of the Application is in the public interest.

NOW THEREFORE the Commission orders as follows:

1. PNG's Application for a new credit facility of \$30 million with the RBC is approved, pursuant to Sections 50 and 52 of the Act.
2. PNG is directed to inform the Commission immediately of any significant departure in the terms and conditions of the indebtedness as presented in the documents supporting this Application, including those draft documents provided to Commission Staff on December 5, 2000.
3. PNG is directed to file with the Commission a copy of the documents described in "F" above when such documents are provided by PNG to the RBC.

DATED at the City of Vancouver, in the Province of British Columbia, this 22nd day of December 2000.

BY ORDER

Original signed by:

Peter Ostergaard
Chair