



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

and

An Application by Pacific Northern Gas Ltd.
for Approval to Issue Secured Debentures

BEFORE: P. Ostergaard, Chair)
B.L. Clemenhagen, Commissioner)
R.D. Deane, Commissioner) November 15, 2001
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On November 8, 2001 Pacific Northern Gas Ltd. ("PNG") applied to the Commission pursuant to Sections 50 and 52 of the Utilities Commission Act ("the Act"), for approval to issue \$12 million secured debentures; and
- B. The proceeds will be used to refinance the Series 2002 Debentures prior to their July 15, 2002 maturity date; and
- C. The interest rate on the debt is a floating rate and is currently well below the rate on the Debenture being refinanced; and
- D. The Series 2002 Debentures are redeemable at any time on at least 30 days notice, on payment of principal, accrued interest, and a redemption premium; and
- E. PNG has also applied for approval of a deferral account to record the redemption premium and other associated expenses, net of any interest saving, and a deferral account to record the variance between the floating rate and that assumed in future rate applications; and
- F. The Commission has reviewed the Application and supporting material and finds that approval of the secured debenture issue and the two deferral accounts is necessary and in the public interest.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for PNG, pursuant to Sections 50 and 52 of the Act, the issuance of the \$12 million of secured debentures, as described in the RoyNat Inc. Offer of Finance accompanying the Application.
2. The Commission approves the creation of the applied-for deferral accounts.
3. The disposition of the deferral accounts will be determined in future proceedings and will be subject to a prudency review of the expenditures.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of November 2001.

BY ORDER

Original signed by:

Peter Ostergaard
Chair