



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)
P.G. Bradley, Commissioner)
R.D. Deane, Commissioner) December 5, 2002
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. On November 28, 2002, 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 \$15 million in Secured Debentures; and
- B. Ten million dollars of the proceeds will be used to more closely match PNG's actual capitalization to the Commission-approved ratio of debt to equity and \$5 million will be used for normal working capital purposes; and
- C. The interest rate on the debt is a floating rate based on the RoyNat Inc. Floating Base Rate; and
- D. PNG has also applied for a deferral account to record the extent to which the floating interest rate on the secured debentures varies from that assumed for rate-making purposes in future revenue requirements applications; and
- E. The Commission has reviewed the Application and supporting material and finds that approval of the \$15 million secured debenture issue 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 \$15 million in secured debentures as described in the November 27, 2002 RoyNat Inc. Offer of Finance accompanying the Application.
- 2. The Commission approves for PNG the creation of a deferral account to record the extent to which the floating interest rate on the secured debentures varies from that assumed for rate-making purposes in future revenue requirements applications.

DATED at the City of Vancouver, in the Province of British Columbia, this *fifth* day of December, 2002.

BY ORDER

Original signed by:

Peter Ostergaard
Chair