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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-65-03

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

**and**

**An Application by Terasen Gas (Vancouver Island) Inc.  
for Approval to Fix the Cost of Floating Rate Debt**

**BEFORE:** L.A. Boychuk, Commissioner )  
L.F. Kelsey, Commissioner ) October 16, 2003

**O R D E R**

**WHEREAS:**

- A. The Commission, by Order No. G-28-96, approved a risk management strategy for Terasen Gas (Vancouver Island) Inc. ("TGVI") to use interest rate swaps to fix the interest cost of a majority of its floating rate debt. The Order required TGVI 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
- B. On September 25, 2003, TGVI applied to the Commission pursuant to Section 50 of the Utilities Commission Act ("the Act") for approval to fix the cost of \$65 million of its floating rate debt for a 5-year term commencing on or before October 15, 2003 for an all-in rate not to exceed 6.8 percent; and
- C. On October 6, 2003, TGVI responded to a staff information request and revised its application to fix the \$65 million of floating rate debt for a 5-year term commencing on or before November 3, 2003 at an all-in rate not to exceed 5.20 percent; and
- D. On October 16, 2003, TGVI amended its application stating that increased bond yields require a higher Swap rate; and
- E. The Commission has reviewed the TGVI application, as revised and amended, and finds that the fixing of the cost of floating rate debt is consistent with its risk management strategy and should be approved.

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**NOW THEREFORE** the Commission orders as follows:

1. The Commission approves for TGVI its October 6, 2003 application, as amended on October 16, 2003, to fix the cost of \$65 million of floating rate debt for a 5-year term commencing on or before November 3, 2003 at an all-in rate not to exceed 5.50 percent, pursuant to Section 50 of the Act.
2. TGVI is to provide the Commission with 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      16<sup>th</sup>      day of October 2003.

BY ORDER

*Original signed by:*

Lori Ann Boychuk  
Commissioner