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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-108-04

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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 Approval of New Credit Facilities with the Bank of Montreal**

BEFORE: L.F. Kelsey, Commissioner December 9, 2004
K.L. Hall, Commissioner

O R D E R

WHEREAS:

- A. On November 23, 2004, Pacific Northern Gas Ltd. ("PNG") applied for Commission approval under Sections 50 and 52 of the Utilities Commission Act ("the Act") for PNG to grant security to BMO Bank of Montreal ("BMO") for a new Credit Facility of \$35,000,000 that PNG is obtaining from the BMO in place of the current demand operating line with the National Bank of Canada ("NBC") (the "Application"); and
- B. This new Credit Facility from BMO includes the pledging of accounts receivable and inventory and the pledging of a debenture pursuant to PNG's Trust Indenture; and
- C. The BMO Credit Facility replaces PNG's \$25,000,000 Credit Facility from the NBC that bore interest at that bank's prime rate and/or bankers acceptances plus applicable margins; and
- D. On November 23, 2004, PNG provided the Commission a copy of the Term Sheet dated November 1, 2004 between BMO and PNG. The proposed Credit Facility with BMO was passed by PNG's Board of Directors at a meeting on November 4, 2004; and
- E. The effective interest rate will be the BMO prime rate and/or Bankers Acceptances plus applicable margins; and
- F. 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 \$35,000,000 with BMO is approved, pursuant to Sections 50 and 52 of the Act.

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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.
3. For 2004, PNG will record all net benefits or costs from the new credit facility in the existing interest expense deferral account.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of December 2004.

BY ORDER

Original signed by:

K.L. Hall
Commissioner