

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-107-05

TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

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

**and**

**An Application by Stargas Utilities Ltd.  
for Approval to Increase and Replace its Credit Bank Facilities**

**BEFORE:** L.F. Kelsey, Commissioner October 26, 2005  
L.A. Boychuk, Commissioner

**O R D E R**

**WHEREAS:**

- A. On September 27, 2005, Stargas Utilities Ltd. ("Stargas") applied pursuant to Section 50(2) of the Utilities Commission Act ("the Act") for Commission approval to replace its Canadian Imperial Bank of Commerce ("CIBC") debt with TD Canada Trust ("TD") debt and increase its total debt by approximately \$80,000; and
- B. The existing CIBC debt consists of a \$75,000 operating line of credit with an interest rate of prime plus 1.0 percent and two loans. The first loan has a principal of approximately \$258,000, with an interest rate of 8.15 percent and a term of 48 months expiring on October 1, 2009; the second loan has a principal of approximately \$141,000, with an interest rate of prime plus two percent and a term of 46 months expiring on August 1, 2009; and
- C. The proposed TD debt consists of a \$75,000 operating line of credit with an interest rate of prime plus 1.5 percent and two loans. The first loan has a principal of approximately \$258,000, with an interest rate of about 6.68 percent and a term of 48 months; the second loan has a principal of approximately \$213,000, with an interest rate of about 6.68 percent and a term of 120 months; and
- D. The increase in the second loan of approximately \$80,000 will be used to finance the Ridge main extension; and
- E. Okanagan Funding Ltd. has charged Stargas approximately \$4,125 at a rate of \$250 per hour for negotiating the replacement of the CIBC debt with the TD debt; and
- F. The transaction costs related to the debt refinancing are approximately \$5,000. Stargas proposes to defer and amortize the transaction costs and any possible debt retirement penalties over a period of 10 years; and
- G. The Commission has reviewed the Application along with supporting material and finds that approval is warranted.

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**NOW THEREFORE** pursuant to Section 50(2) of the Act, the Commission orders as follows:

1. Stargas' Application to replace its CIBC debt with TD debt and increase its total debt up to a maximum of \$80,000 with an interest rate not exceeding 7.0 percent is approved.
2. The rate recoverable for accounting services provided by Okanagan Funding Ltd. is reduced from \$250 per hour to \$120 per hour.
3. The deferral and amortization of transaction costs and any possible retirement penalties over a period of 10 years is approved.
4. Stargas is to advise the Commission of the actual transaction, negotiating and penalty costs.
5. Stargas is to advise the Commission of the actual amount and interest rates for the TD debt.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 1<sup>st</sup> day of November 2005.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner