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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-88-07

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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 (N.E.) Ltd.
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)
for Approval of the Issuance of Debt Securities**

BEFORE: L.F. Kelsey, Commissioner August 9, 2007
L.A. Zaozirny, Commissioner

O R D E R

WHEREAS:

- A. On July 26, 2007, Pacific Northern Gas (N.E.) Ltd. ("PNG(N.E.)") applied for Commission approval (the "Application") under Section 50 of the Utilities Commission Act (the "Act"):
 - i) to enter into a ten-year term loan agreement with its parent company, Pacific Northern Gas Ltd. ("PNG") to borrow \$11 million, the primary purpose being to refinance three existing inter-company loans between PNG(N.E.) and PNG;
 - ii) to enter into a new five-year term loan agreement with PNG to borrow \$7.5 million, being the amount of new long-term debt proposed in PNG(N.E.)'s 2007 Revenue Requirements application to the Commission; and
- B. The Application provides the Commission with the terms of the proposed two new loans including maturity dates, interest rates, upfront fees and amortization; and
- C. PNG(N.E.) proposed in the Application to transfer the unamortized debt issue expenses and redemption costs for the three existing loans from PNG to the debt issuance expense incurred in respect of the new ten-year term loan; and
- D. The Commission has reviewed the Application and supporting material and finds that approvals of the ten year \$11 million dollar loan and the five-year \$7.5 million loan are in the public interest.

NOW THEREFORE pursuant to Section 50 of the Act, the Commission orders as follows:

- 1. The Commission approves PNG(N.E.) entering into and incurring indebtedness under, the ten-year \$11 million and the five-year \$7.5 million loan agreements with PNG on the terms and conditions set forth in the Application.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

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2

2. The Commission approves PNG(N.E.)'s proposals set forth in the Application with respect to including the unamortized debt issue expenses and the redemption fees of the three existing loans with the new debt issue expenses and the recording of the difference between actual and forecast interest rates in the new long term debt interest deferral account.
3. The Commission will keep confidential the financing terms set forth in the Application due to the commercial sensitivity of the terms.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of August, 2007.

BY ORDER

Original signed by

L.F. Kelsey
Commissioner