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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-113-10**

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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 the Issuance of a Guarantee and Granting of Security for the Guarantee**

**BEFORE:** L.F. Kelsey, Commissioner  
D.A. Cote, Commissioner  
June 30, 2010

**ORDER**

**WHEREAS:**

- A. On April 7, 2010 Pacific Northern Gas Ltd. (PNG) issued a press release announcing it had launched its renewable power business with the acquisition of the McNair Creek Hydro project; and
- B. On June 25, 2010, PNG applied for British Columbia Utilities Commission (Commission) approval (the Application) under section 50(5) of the *Utilities Commission Act* (the Act) to issue a limited recourse guarantee (Limited Recourse Guarantee) of the indebtedness of the McNair Creek Hydro Limited Partnership (Partnership) and for approval under section 52(1)(a) to grant security for the Limited Recourse Guarantee by pledging to the Partnership lender (the Lender) PNG's units in the Partnership and PNG's shares in MC Hydro Holding Corp., the general partner (together the Pledged Units and Shares); and
- C. The Lender's recourse under the Limited Recourse Guarantee is limited to the Pledged Units and Shares; and
- D. The Pledged Units and Shares do not include any of PNG's utility property and therefore the Lender has no recourse against any of PNG's utility assets; and
- E. The Commission has reviewed the Application and supporting material and finds that the requested approvals are in the public interest.

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**NOW THEREFORE** pursuant to sections 50(5) and 52(1)(a) of the Act, the Commission orders as follows:

1. Approval for PNG to enter into the Limited Recourse Guarantee and to enter into a Partnership Interest Pledge Agreement and a Share Pledge Agreement with the Lender to secure the Limited Recourse Guarantee with the Pledged Units and Shares.
2. PNG is to ensure the Lender's recourse to PNG property is limited to the Pledged Units and Shares, hence no recourse against utility assets.
3. Any change in PNG's cost of capital resulting from its Non-Regulated Business investments will not result in a change in PNG's utility rates.
4. The Limited Recourse Guarantee, the Partnership Interest Pledge Agreement and the Share Pledge Agreement to be in substantially the same form as the draft documents included with the Application.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of June 2010.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner