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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-105-13**

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

and

**An Application by Kyuquot Power Ltd.
for Variance in Debt Financing**

BEFORE: L.F. Kelsey, Commissioner
D.M. Morton, Commissioner July 11, 2013
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. On June 19, 2013, Kyuquot Power Ltd. (KPL) applied for approval to allow KPL to enter a fixed term interest rate for a period of one to three years except that such rate may not exceed 5.00 percent per annum; and an increase to the amount of lending provided by the Canadian Western Bank (CWB) to a total of about \$700,000 (KPL Application);
- B. Pursuant to Order G-111-12, KPL has an approved debt to equity ratio of 60/40 with a risk premium of 75 basis points above the low-risk benchmark utility. The current amount of loan at \$380,000 is below KPL's notional debt of around \$1 million;
- C. Order G-111-12 also approved, among other things, the continuation of the amended loan agreement between KPL and CWB. The agreement was amended to a reduction of the loan to \$462,948 and a floating interest rate of CWB Prime plus 2 percent but not less than 5.00 percent, with guarantee requirements from KPL's affiliated companies;
- D. CWB has provided KPL with annual fixed interest rates for one to five year terms payable by KPL, for which in all cases except the 5-year, the fixed interest rate is less than the current rate of 5.00 percent;
- E. The British Columbia Utilities Commission (Commission) has reviewed the KPL Application along with the supporting materials and finds that approval is warranted.

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NOW THEREFORE pursuant to section 50 of the *Utilities Commission Act*, the Commission orders as follows:

1. The Application from Kyuquot Power Ltd. (KPL) to convert to a fixed term interest rate for a period of one to three years as determined by KPL to be most advantageous with a rate not to exceed 5.00 percent per annum, is approved.
2. KPL must advise the Commission of the actual fixed-term interest rate following the conversion of the outstanding loan.
3. The KPL Application for an increase to the amount of lending provided by the Canadian Western Bank to a total of \$700,000 is approved.

DATED at the City of Vancouver, In the Province of British Columbia, this 11th day of July, 2013.

BY ORDER

Original Signed by:

D.M. Morton
Commissioner