



**ORDER NUMBER**  
**G-97-16**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Kyuquot Power Ltd.  
Application for Variance in Debt Financing

**BEFORE:**

D. M. Morton, Commissioner  
H. G. Harowitz, Commissioner  
R. D. Revel, Commissioner

on June 23, 2016

**ORDER**

**WHEREAS:**

- A. On May 24, 2016, Kyuquot Power Ltd. (KPL) applied to the British Columbia Utilities Commission (Commission) to amend its current lending agreement with the Canadian Western Bank (CWB) for a period of one to four years at a fixed interest rate no higher than 5.04 percent per annum over a 10 year amortization period (Application);
- B. In the Application, KPL also requested an increase in the principal balance of the loan to about \$750,000;
- C. KPL is a wholly owned subsidiary of Synex Energy Resources Ltd. (SERL) whose parent is Synex International Inc. (SI), a publically traded company on the Toronto Stock Exchange;
- D. The current lending agreement with CWB was most recently approved by the Commission pursuant to Order G-105-13 with the following terms: three year fixed term, effective July 31, 2013; fixed interest rate of 4.88 percent; principal amount of \$700,000; ten year amortization period. Upon expiry, on July 31, 2016, the interest rate reverts to a floating rate of CWB business prime rate (currently 2.7 percent) plus 2 percent;
- E. The outstanding balance on the existing CWB loan as of March 31, 2016, is \$545,292;
- F. Both the currently approved lending agreement and the requested amended lending agreement require a guarantee from SERL, SI and Sigma Engineering Ltd. (Affiliated Companies);
- G. Pursuant to Order G-05-06, an additional 0.5 percent is paid to the Affiliated Companies to account for the security and guarantees required by CWB;
- H. Pursuant to Order G-158-14, KPL has an approved (deemed) debt to equity ratio of 60 percent debt and 40 percent equity. As of June 30, 2015, KPL's deemed debt is \$845,575; and
- I. The Commission has reviewed the Application along with the supporting materials and finds that approval is warranted.

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

1. Kyuquot Power Ltd.'s (KPL) application to amend its current lending agreement for a fixed term interest rate not to exceed 5.04 percent per annum is approved.
2. KPL's request to increase the amount of lending provided by the Canadian Western Bank to a total of \$750,000 is approved.
3. KPL must advise the British Columbia Utilities Commission of the actual fixed term interest rate following conversion of the outstanding loan.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 23<sup>rd</sup> day of June 2016.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner