



**ORDER NUMBER**  
**G-184-17**

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

and

Pacific Northern Gas Ltd.  
Application for Approval of the Issuance of Debt Securities  
and Granting of Security for Certain Financial Obligations

**BEFORE:**

D. M. Morton, Commissioner  
W. M. Everett, Commissioner  
M. Kresivo, Commissioner  
B. A. Magnan, Commissioner  
R. I. Mason, Commissioner  
R. D. Revel, Commissioner

on December 14, 2017

**ORDER**

**WHEREAS:**

- A. On November 27, 2017, Pacific Northern Gas Ltd. (PNG) applied for British Columbia Utilities Commission (Commission) approval (Application) under sections 50 and 52 of the *Utilities Commission Act* (UCA):
- i. to issue a \$55,000,000 fully drawn, non-amortizing ten year term secured debenture issued under PNG's Deed of Trust and Mortgage to its parent company AltaGas Ltd. (AltaGas 10-Year Debenture);
  - ii. to enter into a committed five year term revolving credit facility with the Bank of Montreal (BMO) in the amount of \$25,000,000 (BMO 5-Year Facility) secured by a debenture issued under PNG's Deed of Trust and Mortgage (BMO 5-Year Debenture);
  - iii. to enter into a committed five year term revolving credit facility with its parent company AltaGas Ltd. in the amount of \$30,000,000 (AltaGas 5-Year Facility) secured by a debenture issued under PNG's Deed of Trust and Mortgage (AltaGas 5-Year Debenture); and
  - iv. jointly with Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] to amend the existing credit agreement between PNG and PNG(N.E.) as borrowers and BMO as lender (Credit Agreement), as approved by Order G-159-16, under which BMO has provided an operating line and treasury/commodity hedge line to PNG and PNG(N.E.), to extend the term of the operating line by an additional 18 months and amend the financial terms of the existing credit facilities under the Credit Agreement, as detailed in the Application, and to incur indebtedness under the existing credit facilities under the amended and extended Credit

Agreement from time to time, and to restate the guarantee by PNG of the obligations of PNG(N.E.) under the existing credit facilities pursuant to the Credit Agreement;

- B. PNG proposes to lend funds to PNG(N.E.) under the new facilities as described in the Application, to be approved under a separate Commission order;
- C. PNG proposes to use the full proceeds from the AltaGas 10-Year Debenture, net of the amount lent to PNG(N.E.) under its new 10-Year Note, as described in the Application, along with a partial draw on the BMO 5-Year Debenture, to retire its 2013 AltaGas Facility in the amount of \$70,000,000 which was approved by Order G-82-13, maturing on June 7, 2018;
- D. PNG submits that the undrawn amounts on the BMO 5-Year Facility and AltaGas 5-Year Facility, net of the amount lent to PNG(N.E.) under its new 5-Year Revolving Facility, will be used for PNG's future debt requirements including repayment of long-term debt which matures in 2018;
- E. As part of the Application, PNG filed term sheets relating to the AltaGas 10-Year Debenture, BMO 5-Year Facility, AltaGas 5-Year Facility, and the Credit Agreement;
- F. PNG proposes to transfer the unamortized balance of its debt issue expenses under the 2013 AltaGas Facility to a short-term interest deferral account for amortization through June 7, 2018;
- G. PNG requests that that the information contained in the Application and associated documents be kept confidential by the Commission due to the commercial sensitivity of the financing terms and commitment from lenders; and
- H. The Commission reviewed the Application and supporting material and considers that the requested approvals of the AltaGas 10-Year Debenture, AltaGas 5-Year Facility, BMO 5-Year Facility and the Credit Agreement are warranted.

**NOW THEREFORE** pursuant to sections 50 and 52 of the UCA, the Commission orders as follows:

1. PNG's Application is approved for the issuance of \$55,000,000 AltaGas 10-Year Debenture to its parent company, AltaGas Ltd., substantially on the terms and conditions set forth in the term sheet filed with the Application.
2. PNG is approved to enter into the \$30,000,000 AltaGas 5-Year Facility with AltaGas Ltd. substantially on the terms and conditions set forth in the Application, and incurring indebtedness thereunder from time to time, and securing the AltaGas 5-Year Facility by the issuance of the AltaGas 5-Year Debenture.
3. PNG is approved to enter into the \$25,000,000 BMO 5-Year Facility with the BMO substantially on the terms and conditions set forth in the term sheet filed with the Application, and incurring indebtedness thereunder from time to time, and securing the BMO 5-Year Facility by the issuance of the BMO 5-Year Debenture.
4. PNG's Application is approved to (a) extend the term of the existing operating line provided by BMO under the Credit Agreement by 18 months substantially on the amended terms and conditions set forth in the term sheet filed with the Application, and (b) incur indebtedness under the existing credit facilities under the extended and amended Credit Agreement from time to time, and (c) restate its existing guarantee of the obligations of PNG(N.E.) under the existing credit facilities pursuant to the Credit Agreement.

5. PNG must immediately inform the Commission of any significant departure in the terms and conditions set forth in the Application for the AltaGas 10-Year Debenture, the AltaGas 5-Year Facility, the BMO 5-Year Facility or the amended Credit Agreement.
6. The unamortized debt issue costs of the existing 2013 AltaGas Facility are to be recorded in a short-term interest deferral account for amortization through June 7, 2018.
7. The financing terms set forth in the Application will be kept confidential as requested by PNG due to their commercially sensitive nature.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 14<sup>th</sup> day of December 2017.

BY ORDER

*Original signed by:*

D. M. Morton  
Commissioner