



**ORDER NUMBER
G-336-24**

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

and

Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd.
Amendments to Existing Financial Obligations and Issuance of Additional Equity

BEFORE:

A. K. Fung, K.C., Commissioner

on December 13, 2024

ORDER

WHEREAS:

- A. On December 5, 2024, Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. [PNG(NE)] (collectively, PNG) filed an application with the British Columbia Utilities Commission (BCUC), pursuant to sections 50, 52 and 59 to 61 of the *Utilities Commission Act* (UCA), seeking approval to rebalance its debt structure and to issue additional equity in PNG(NE) to comply with the deemed equity components for PNG(NE) established by the BCUC in Stage 2 of the Generic Cost of Capital (GCOC) proceeding (Application);
- B. By Order G-321-24 and the accompanying decision dated November 29, 2024, the BCUC concluded Stage 2 of the GCOC proceeding. The BCUC set, among other matters, the deemed equity components for PNG divisions at 52.0 percent, 52.0 percent and 46.0 percent for PNG-West, PNG(NE) Tumbler Ridge and PNE(NE) Fort St. John / Dawson Creek, respectively;
- C. By Order G-69-23, the BCUC approved PNG(NE) to enter into an agreement with Pacific Northern Gas Ltd., PNG(NE)'s parent company, in the principal amount of \$25.5 million (Term Debenture Facility) for the allocation of 17 percent of each of the following three term debentures (PNG Term Debentures) that Pacific Northern Gas Ltd. entered into with TriSummit Utilities Ltd., Pacific Northern Gas Ltd.'s parent company:
 - i. A committed seven-year fixed rate unsecured debenture in the amount of \$50 million;
 - ii. A committed ten-year fixed rate unsecured debenture in the amount of \$50 million; and
 - iii. A committed thirty-year fixed rate unsecured debenture in the amount of \$50 million.
- D. In the Application, PNG requests approval to reduce the principal amount of the Term Debenture Facility to \$19.125 million, reflecting a reduction in the allocation of the PNG Term Debentures from 17 percent to 12.75 percent, to rebalance its debt structure. Additionally, PNG(NE) requests approval to issue incremental common equity of up to \$2.5 million to Pacific Northern Gas Ltd.;

- E. On December 10, 2024, the BCUC issued staff questions on the Application (BCUC Staff Questions) to PNG;
- F. On December 12, 2024, PNG filed responses to the BCUC Staff Questions. As part of that filing, PNG requested confirmation from the BCUC as to whether the approved equity under confidential Order G-175-21 and Order G-68-23 should be treated as a cumulative amount or whether Directive 3 of Order G-68-23 establishing a limit of \$37 million supersedes any remaining capacity that existed pursuant to Directive 2 of confidential Order G-175-21. PNG also confirmed that it had no objections to the posting of the Application along with the related materials on the BCUC's website upon the issuance of this order;
- G. The BCUC finds that the approved equity under confidential Order G-175-21 and Order G-68-23 should be treated as a cumulative amount, and that a variance of Directive 3 of Order G-68-23 is appropriate to reflect same; and
- H. The BCUC has reviewed the Application and PNG's responses to the BCUC Staff Questions and makes the following determinations.

NOW THEREFORE pursuant to sections 50 and 99 of the UCA, the BCUC orders as follows:

1. Pacific Northern Gas Ltd. and PNG(NE) are approved to reduce the principal amount of the Term Debenture Facility to \$19.125 million, reflecting a modification of the allocation percentage to PNE(NE) of the PNG Term Debentures from 17 percent to 12.75 percent, on or before December 31, 2024.
2. PNG(NE) is approved to issue additional common shares to Pacific Northern Gas Ltd. in an amount up to \$2.5 million on or before December 31, 2024.
3. Directive 3 of Order G-68-23 is varied to read as follows:

Pacific Northern Gas Ltd. is approved to issue, on a semi-annual basis, additional common shares to TSU, not exceeding \$37 million, from time to time, effective from the date of this order, until the conclusion of the term of the TSU Revolving Term Facility on July 28, 2025. These additional common shares are incremental to the additional common shares to TSU, not exceeding \$75 million, approved by Directive 2 of confidential Order G-175-21.
4. PNG is directed to immediately inform the BCUC of any other significant departure from the terms and conditions of the Term Debenture Facility.

DATED at the City of Vancouver, in the Province of British Columbia, this 13th day of December 2024.

BY ORDER

Electronically signed by Anna Fung K.C.

A.K. Fung, K.C.
Commissioner