



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-81-09**

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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 (N.E.) Ltd.
for Approval of Credit Facility Amendments
and related Guarantee and Security

BEFORE: L.F. Kelsey, Commissioner June 26, 2009

ORDER

WHEREAS:

- A. On June 23, 2009, Pacific Northern Gas Ltd. ("PNG") and Pacific Northern Gas (N.E.) Ltd. ("PNG (N.E.)") applied (the "Application") to the British Columbia Utilities Commission (the "Commission") under sections 50 and 52 of the *Utilities Commission Act* (the "Act") to approve certain amendments to the existing credit agreement between PNG and PNG (N.E.) as borrowers and Bank of Montreal ("BMO") as lender (the "Credit Agreement"), under which BMO has provided an operating line to PNG and PNG (N.E.), and to approve the incurrence of indebtedness under the amended Credit Agreement from time to time. The proposed amendments would extend the term of the Credit Agreement by an 18 month term effective from the closing date which will be on or before July 9, 2009 and increase the credit available under the operating line to \$25 million from \$20 million; and
- B. The Application also provides the Commission with the details of other proposed amendments to the operating line with BMO as required by section 2 of Commission Order G-10-05; and
- C. The security interest granted or to be granted by PNG (N.E.) to secure its obligations under the amended Credit Agreement includes a security interest in PNG (N.E.)'s accounts receivable and inventory. In addition, PNG(N.E.) will guarantee to BMO the obligations of PNG under the amended Credit Agreement; and
- D. 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 the Commission orders as follows:

1. The Application by PNG (N.E.) to (i) amend the existing Credit Agreement between PNG and PNG (N.E.) as borrowers and BMO as lender to increase the operating line to \$25,000,000 and extend the term by 18 months, (ii) incur indebtedness under the amended Credit Agreement from time to time, (iii) provide security to BMO for the obligations of PNG (N.E.) under the amended Credit Agreement as described in Recital C, and (iv) provide a guarantee to BMO of the obligations of PNG under the amended Credit Agreement, are hereby approved pursuant to sections 50 and 52 of the Act.
2. PNG (N.E.) is directed to inform the Commission immediately of any significant departure in the terms and conditions set forth in the BMO term sheet for the amended Credit Agreement and extended treasury/commodity hedging facility.
3. Any further extension or extensions of the term of the Credit Agreement and/or the treasury/commodity hedging facility are hereby approved provided that no such extension shall individually exceed 18 months and provided there are no amendments to any pre-existing terms and conditions.
4. The Commission will keep confidential the financing terms set forth in the Application due to the commercial sensitivity of the terms.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th day of June 2009.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner