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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-59-12**

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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 Ltd.
for Approval of Credit Agreement Amendments

BEFORE: L.F. Kelsey, Commissioner
D.M. Morton, Commissioner May 17, 2012
N.E. MacMurchy, Commissioner

ORDER

WHEREAS:

- A. On May 3, 2012, Pacific Northern Gas Ltd. (PNG) and Pacific Northern Gas (N.E.) Ltd. [(PNG(N.E.))] applied to the British Columbia Utilities Commission (Commission) under section 50 of the *Utilities Commission Act* (Act) for approval of certain amendments to the existing credit agreement between PNG and PNG(N.E.) as borrowers and the Bank of Montreal (BMO) as lender (Credit Agreement), under which BMO has provided an operating line and treasury/commodity hedge line to PNG and PNG(N.E.), and to approve the incurrence of indebtedness under the amended Credit Agreement from time to time (Application);
- B. The proposed amendments would (i) extend the term of the Credit Agreement by 18 months, effective from the closing date which will be on or before May 28, 2012, (ii) reduce the credit spreads under the operating line and (iii) change from completing financial calculations in accordance with Canadian Generally Accepted Accounting Principles to being in accordance with United States Generally Accepted Accounting Principles (US GAAP);
- C. The Application also provides the Commission with the details of other proposed amendments to the Credit Agreement as required by section 2 of Commission Order G-174-10;
- 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 pursuant to section 50 of the Act the Commission orders as follows:

1. The Application by PNG to (i) amend the existing Credit Agreement with BMO to extend the term by 18 months, (ii) incur indebtedness under the amended Credit Agreement from time to time, (iii) amend the financial terms of the operating line as outlined in the Application, (iv) amend the definition of Generally Accepted Accounting Principles in the Credit Agreement to US GAAP, and (v) implement other amendments to the Credit Agreement as more particularly described in the BMO term sheet for the amended Credit Agreement attached to the Application, is approved.
2. PNG is directed to inform the Commission immediately of any significant departure from the terms and conditions set forth in the BMO term sheet for the amended Credit Agreement.
3. 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 24th day of May 2012.

BY ORDER

Original signed by:

D.M. Morton
Commissioner