



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-104-09**

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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 Ltd.  
for Approval to Issue Security  
and for Natural Gas Supply Contract Documents

**BEFORE:** L.F. Kelsey, Commissioner September 10, 2009  
P.E. Vivian, Commissioner

### **ORDER**

#### **WHEREAS:**

- A. On July 29, 2009 Pacific Northern Gas Ltd. ("PNG") applied to the British Columbia Utilities Commission (the "Commission") under sections 50 and 52 of the *Utilities Commission Act* (the "Act") to approve of PNG granting security jointly to The Toronto-Dominion Bank ("TD Bank") and TD Commodity Trading & Energy Trading Inc. ("TD Commodity") to secure PNG's obligations under both a risk management hedging facility ("Hedging Facility") with the TD Bank and a physical gas purchase facility ("Gas Purchase Facility") with TD Commodity (the "Application"); and
- B. PNG is also applying under section 71 of the Act for Commission approval of the Gas Purchase Facility agreements subject to PNG filing fully executed copies thereof following issuance of the security described under Recital A; and
- C. The Gas Purchase Facility is documented via the following agreements:
  - i) "ISDA 2002 Master Agreement" as modified by "Schedule to the 2002 Master Agreement" (together the "ISDA Agreement");
  - ii) "ISDA NORTH AMERICAN GAS ANNEX to the Schedule to the ISDA Master Agreement" with attachment showing modifications thereto (together the "ISDA Gas Annex");
  - iii) "ISDA Credit Support Annex to the Schedule to the Master Agreement" with attachment showing modifications thereto (together the "ISDA Credit Support Annex"); and
- D. PNG's combined obligations under the Hedging Facility and Gas Purchase Facility are proposed to be set at \$15,000,000 exposure limit of TD Bank and TD Commodity combined. These obligations are proposed to be secured by the pledging of a debenture in the principal amount of \$20,000,000 pursuant to PNG's Trust

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Indenture, such debenture to mature 18 months from the date of issuance unless renewed by TD Bank and TD Commodity, at their approval, following a request by PNG for successive periods each of no more than 18 months; and

- E. The Commission has reviewed the Application and supporting material and finds that the requested approvals are in the public interest.

**NOW THEREFORE** the Commission orders as follows:

1. The Application by PNG to provide security to support obligations under the Hedging Facility as described in Recital A and under the Gas Purchase Facility as described under Recitals A and C and to secure such obligations by the issue and pledge of a joint debenture to TD Bank and TD Commodity is hereby approved pursuant to sections 50 and 52 of the Act.
2. The above approval replaces Directive No. 3 in Commission Order G-82-07 for the issuance of a \$20,000,000 Hedge Line Debenture to secure a \$15,000,000 hedge line between PNG and one of three financial institutions.
3. PNG is directed to file fully executed copies of the ISDA Agreement, ISDA Gas Annex and ISDA Credit Support Annex (together the "Gas Purchase Facility") within two weeks following the issuance by PNG of the security approved under section 1 and the Commission hereby approves the Gas Purchase Facility documents pursuant to section 71 of the Act provided no material changes are made in the fully executed copies compared to the draft copies included with the Application.
4. PNG is directed to inform the Commission immediately of any significant departure from the terms and conditions set forth in the TD Bank Hedging Facility or the TD Commodity Gas Purchase Facility.
5. The Commission will keep confidential the financing and gas supply 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 10<sup>th</sup> day of September 2009.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner