



**ORDER NUMBER**

**G-185-17**

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas (N.E.) Ltd.

(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)

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 (N.E.) Ltd. [PNG(N.E.)] applied for British Columbia Utilities Commission (Commission) approval (Application) under section 50 of the *Utilities Commission Act* (UCA);
- i. to issue a \$33,000,000 fully drawn, non-amortizing ten year term note to its parent company, Pacific Northern Gas Ltd. (PNG) on the terms and conditions set forth in the Application (10-Year Note);
  - ii. to enter into a five-year term revolving credit facility with PNG in the principal amount of \$24,750,000 (PNG Revolving Credit Facility) on the terms and conditions set forth in the Application; and
  - iii. jointly with PNG to amend the existing credit agreement between PNG and PNG(N.E.) as borrowers and the Bank of Montreal (BMO) as lender (Credit Agreement), as approved by Order G-160-16A, 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 pursuant to the amended and extended Credit Agreement from time to time, and to restate the guarantee by PNG(N.E.) of the obligations of PNG under the existing credit facilities pursuant to the Credit Agreement;
- B. PNG(N.E.) proposes to use the full proceeds from the 10-Year Note, along with a partial draw on its PNG Revolving Credit Facility, to retire its Five Year Term Loan Facility that was approved by Order G-83-13 and which otherwise matures on June 7, 2018;

- C. The undrawn amounts on its PNG Revolving Credit Facility will be used for PNG(N.E.)'s future debt requirements including repayment of long-term debt which matures in 2018;
- D. A copy of the term sheet from the BMO for the Credit Agreement was filed with the Commission as part of the Application;
- E. PNG(N.E.) proposed in the Application to transfer the unamortized balance of its debt issue expenses under its Five Year Term Loan Facility to short-term interest deferral accounts for amortization through June 7, 2018;
- F. PNG(N.E.) 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
- G. The Commission has reviewed the Application and supporting material and considers that the requested approvals of the 10-Year Note, the PNG Revolving Credit Facility, and the Credit Agreement are warranted.

**NOW THEREFORE** pursuant to section 50 of the UCA, the Commission orders as follows:

1. PNG(N.E.)'s Application is approved for the issuance of the 10-Year Note to PNG substantially on the terms and conditions set forth in the Application.
2. PNG(N.E.) is approve to enter into the \$24,750,000 PNG Revolving Credit Facility substantially on the terms and conditions set forth in the Application, and incurring indebtedness thereunder from time to time.
3. PNG(N.E.)'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, (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 under the existing credit facilities pursuant to the Credit Agreement.
4. PNG(N.E.) is directed to inform the Commission immediately of any significant departure in the terms and conditions set forth in the Application for the 10-Year Note or the \$24,750,000 PNG Revolving Credit Facility, or in the term sheet for the amended Credit Agreement.
5. The unamortized debt issue costs of the existing Five Year Term Loan Facility are to be recorded in a short-term interest deferral account for amortization through June 7, 2018.
6. The financing terms set forth in the Application will be kept confidential as requested by PNG(N.E.) 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