



|                                          |         |
|------------------------------------------|---------|
| BRITISH COLUMBIA<br>UTILITIES COMMISSION |         |
| ORDER<br>NUMBER.....                     | G-73-91 |

IN THE MATTER OF the Utilities Commission  
Act, S.B.C. 1980, c.60, as amended

and

IN THE MATTER OF an Application by  
BC Gas Inc.

|         |                      |   |               |
|---------|----------------------|---|---------------|
| BEFORE: | J.G. McIntyre,       | ) |               |
|         | Chairman;            | ) |               |
|         | J.D.V. Newlands,     | ) | July 24, 1991 |
|         | Deputy Chairman, and | ) |               |
|         | W.M. Swanson, Q.C.,  | ) |               |
|         | Commissioner         | ) |               |

**O R D E R**

**WHEREAS:**

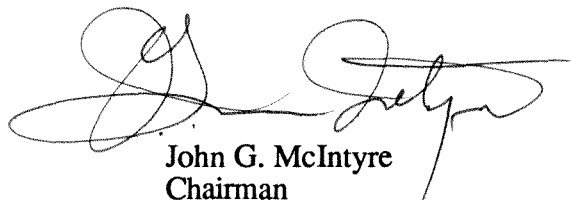
- A. BC Gas Inc. ("BC Gas") applied July 15, 1991 pursuant to Section 57 of the Utilities Commission Act ("the Act") for Commission approval of the issuance of \$75 million Unsecured Notes due September 25, 1992 and \$75 million Unsecured Notes due September 24, 1993, all on the terms and conditions as set forth on Schedules A and B attached hereto, respectively; and
- B. The Commission has considered the Application and is satisfied that approval is necessary and in the public interest.

**NOW THEREFORE:**

Pursuant to Section 57 of the Utilities Commission Act, the Commission hereby orders that the issuance by BC Gas of \$75 million Unsecured Notes due September 25, 1992 and \$75 million Unsecured Notes due September 24, 1993, all on the terms and conditions as set forth on Schedules A and B attached hereto, respectively, is hereby approved.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 2<sup>nd</sup> day of July, 1991.

BY ORDER

  
John G. McIntyre  
Chairman

Attachments

/yk  
BCUC/Orders/BCG-Notes

SCHEDULE A

TERM SHEET A

BC Gas 14 Month Notes

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issue:</b>                | Private placement of Unsecured Note obligations of BC Gas Inc.                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Issuer:</b>               | BC Gas Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Amount:</b>               | \$75 million                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Issue Date:</b>           | July 25, 1991                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Maturity Date:</b>        | September 25, 1992                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Redemption Amount:</b>    | \$100                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Price to Investor:</b>    | \$100                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Interest Coupon:</b>      | 9.58% semi-annual interest coupon payable March 25 and September 25; 1 short coupon at \$1.627 per \$100 Note payable September 25, 1991.                                                                                                                                                                                                                                                                                                                  |
| <b>Yield:</b>                | 9.61% semi-annual                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Spread:</b>               | 60 basis points over Canada Bond 10.75% September, 1992                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Commission:</b>           | 0.15%                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Proceeds to BC Gas:</b>   | \$99.85                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>All-in Cost of Funds:</b> | 9.75%                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Negative Pledge:</b>      | The Company will covenant not to mortgage, pledge, charge, grant a security interest in or otherwise encumber any of its assets, unless the Notes are equally secured thereby, provided that this covenant will not apply to the issue of First Mortgage Bonds, Purchase Money Mortgages, security given to banks (other than Funded Obligations), and certain permitted encumbrances, all as contained in the Trust Indenture (as hereinafter described). |

**Cross-Default:**

The holder of the Notes may accelerate the payment thereof if any event of default shall have occurred under the Trust Indenture and the Trustee shall have taken steps to accelerate the payment of the debentures issued thereunder.

"Trust Indenture" means the trust indenture dated as of November 1, 1977 between BC Gas Inc. (formerly Inland Natural Gas Co. Ltd.) and National Trust Company (formerly National Trust Company, Limited) (the "Trustee") as amended and supplemented from time to time. The terms as used herein will have the same meaning as used in the Trust Indenture.

**Rank:**

The Notes will be unsecured debt obligations of the Company and will rank pari passu with the unsecured debentures of the Company.

**Minimum Purchase Amount:**

\$150,000 and increments of \$1000 thereafter.

**Long Term Credit Rating:**

DBRS A  
CBRS B++

**Commercial Paper Rating:**

DBRS R-1 (low)  
CBRS A-1 (low)

The issue of the Notes will be subject to a hold period under applicable securities legislation and the purchasers will be required to execute the forms required under applicable securities legislation.

SCHEDULE B

TERM SHEET B

BC Gas 26 Month Notes

|                       |                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue:                | Private placement of Unsecured Note obligations of BC Gas Inc.                                                                                                                                                                                                                                                                                                           |
| Issuer:               | BC Gas Inc.                                                                                                                                                                                                                                                                                                                                                              |
| Amount:               | \$75 million                                                                                                                                                                                                                                                                                                                                                             |
| Issue Date:           | July 25, 1991                                                                                                                                                                                                                                                                                                                                                            |
| Maturity Date:        | September 24, 1993                                                                                                                                                                                                                                                                                                                                                       |
| Redemption Amount:    | \$100                                                                                                                                                                                                                                                                                                                                                                    |
| Price:                | \$100                                                                                                                                                                                                                                                                                                                                                                    |
| Interest Coupon:      | 10.35% semi-annual interest coupon payable March 24 and September 24 to maturity; 1 short coupon at \$1.730 per \$100 Note payable September 24, 1991.                                                                                                                                                                                                                   |
| Yield:                | 10.37% semi-annual                                                                                                                                                                                                                                                                                                                                                       |
| Spread:               | 108 basis points over Canada Bond (9%) June 1993                                                                                                                                                                                                                                                                                                                         |
| Commission:           | 0.30%                                                                                                                                                                                                                                                                                                                                                                    |
| Proceeds to BC Gas:   | \$99.70                                                                                                                                                                                                                                                                                                                                                                  |
| All-in Cost of Funds: | 10.52%                                                                                                                                                                                                                                                                                                                                                                   |
| Redemption:           | The Notes will be redeemable, at the Company's option, in whole at any time or in part from time to time on not less than 30 days' prior notice, upon payment of a redemption price equal to, the greater of the Canada Yield Price (as defined below) and the principal amount thereof, in all cases with accrued and unpaid interest to the date fixed for redemption. |

"Canada Yield Price" will mean a price equal to the price of the Notes calculated on the business day preceding the date of the resolution of the directors of the Company authorizing the redemption of the Notes to provide a yield to maturity equal to the Government of Canada Yield. "Government of Canada Yield" on any date will mean the yield to maturity on such date compounded semi-annually which a non-callable Government of Canada bond would carry if issued, in Canadian Dollars in Canada, at 100% of its principal amount on such date with a term to maturity approximately equal to the remaining term to maturity of the Notes. The Government of Canada Yield will be the yield agreed upon by RBC Dominion Securities Inc. and Burns Fry Limited or their successor firms, or in the absence thereof such Canadian investment dealers selected by the Company, or, failing agreement, the average of the yields provided by such dealers.

**Negative Pledge:**

The Company will covenant not to mortgage, pledge, charge, grant a security interest in or otherwise encumber any of its assets, unless the Notes are equally secured thereby, provided that this covenant will not apply to the issue of First Mortgage Bonds, Purchase Money Mortgages, security given to banks (other than Funded Obligations), and certain permitted

encumbrances, all as contained in the Trust Indenture (as hereinafter described).

**Cross-Default:**

The holder of the Notes may accelerate the payment thereof if any event of default shall have occurred under the Trust Indenture and the Trustee shall have taken steps to accelerate the payment of the debentures issued thereunder.

"Trust Indenture" means the trust indenture dated as of November 1, 1977 between BC Gas Inc. (formerly Inland Natural Gas Co. Ltd.) and National Trust Company (formerly National Trust Company, Limited) (the "Trustee") as amended and supplemented from time to time. The terms as used herein will have the same meaning as used in the Trust Indenture.

**Rank:**

The Notes will be unsecured debt obligations of the Company and will rank pari passu with the unsecured debentures of the Company.

**Minimum Purchase Amount:**

\$150,000 and increments of \$1,000 thereafter.

**Long Term Credit Rating:**

DBRS A  
CBRS B++

The issue of the Notes will be subject to a hold period under applicable securities legislation and the purchasers will be required to execute the forms required under applicable securities legislation.