BRITISH COLUMBIA
UTILITIES COMMISSION

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ORDER
NUMBER G-66-10A

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Terasen Gas (Vancouver Island) Inc.
for Approval to Extend the Maturity Date of the Existing Term Credit Agreement between
Terasen Gas (Vancouver Island) Inc., Royal Bank of Canada and Other Lenders

BEFORE: L.F. Kelsey, Commissioner
D.A. Cote, Commissioner April 8, 2010

O R D E R

WHEREAS:

A. On December 15, 2005, the British Columbia Utilities Commission (the Commission) issued Order G-136-05, which approved, among other things, a credit agreement between Terasen Gas (Vancouver Island) Inc. (TGVI), Royal Bank of Canada and other Lenders, and Royal Bank of Canada to act as administrative agent for the lenders, providing for an unsecured revolving five-year term credit facility in the principal amount of up to $350 million (the Term Credit Agreement) due to expire January 13, 2011; and

B. TGVI is both rated and regulated on a stand-alone basis as confirmed by letter dated November 29, 2005 from Dominion Bond Rating Service (DBRS); and

C. On March 29, 2010, TGVI applied to the Commission pursuant to sections 50(2) and 50(3) of the *Utilities Commission Act* (the Act) for approval to extend the maturity date of the existing Term Credit Agreement from January 13, 2011 to April 30, 2012 and to reduce the principal amount of up to $350 million to up to $300 million (the Application); and

D. In the Application TGVI submits that it expects to be able to obtain the extension on substantially similar terms as the original agreement approved in Order G-136-05 except for the increased pricing of the facility as outlined in the proposed pricing grid in Appendix A to the Application, and an upfront amendment fee of up to 0.20 percent of the $300 million principal amount; and

E. TGVI submits that following the financial crisis in 2008/2009, there has been an increase in the pricing for credit facilities as compared to the existing pricing; and

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F. TGVI requested that Appendix A to the Application and future information responses provided to the Commission be held in confidence due to the commercial sensitivity of that information; and

G. The Commission issued a confidential information request on April 1, 2010. TGVI filed the confidential information responses on April 7, 2010; and

H. The Commission has reviewed the Application and supporting material and finds that approval of the Application is warranted and in the public interest.

NOW THEREFORE pursuant to sections 50(2) and 50(3) of the *Utilities Commission Act*, the Commission orders as follows:

1. The Commission approves the incurrence of indebtedness by TGVI under the Term Credit Agreement in the principal amount of up to $300 million based on the pricing of not more than 25 bps above the pricing grid provided in Appendix A to the Application with an upfront amendment fee of up to 20 bps of the $300 million principal amount and the extension of the maturity date from January 13, 2011 to April 30, 2012.

2. TGVI shall file with the Commission within one week of issue, the pricing grid for the extension.

3. TGVI shall continue to file with the Commission a report for each year detailing the actual annual activity and year-end balances for the Term Credit Agreement.

4. The Commission confirms that Appendix A to the Application and the information responses filed by TGVI shall be held in confidence due to the commercial sensitivity nature of the material.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of April 2010.

BY ORDER

Original signed by:

L. F. Kelsey
Commissioner