



ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE

January 10, 1997

Mr. C.P. Donohue
Manager of Regulatory Affairs
Pacific Northern Gas Ltd.
1400 - 1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd.
Financial Information System Upgrade

Further to your December 17, 1996 letter advising the Commission of the changes that PNG will be making to its Financial Information System, we wish to comment as follows:

In the Commission's May 29, 1996 Revenue Requirements Decision for PNG the Commission addressed the matter of Customer Information System ("CIS") on pages 6 and 7. We wish to note that on page 7 (highlighted in "bold") the Commission directed as follows:

"...The Commission is extremely concerned about the risk factors and the apparently involuntary involvement of PNG in a large system which may significantly increase the risk of successful implementation for a small utility with more limited requirements. The Commission directs PNG, as proposed by counsel for the Applicant (T: 582), that prior to PNG's commitment to implementation of any CIS project, PNG must apply for Commission approval and justify the need for the system and the appropriateness of the related costs. All aspects of the CIS project, including other options and financial risks to customers will be reviewed for prudence..."

The Commission expects all aspects of the Decision to be followed, including that related to the CIS project.

It would appear that PNG has not followed the Commission's direction and applied for approval of the CIS project.

Yours truly,

A handwritten signature in black ink, appearing to read "RJPellatt", written over a horizontal line.

Robert J. Pellatt

RJP/yk
cc: Registered Intervenors, (with attachment PNG letter)
PNG/Cor/CIS Project