



ROBERT J. PELLATT
COMMISSION SECRETARY

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VIA FACSIMILE

May 16, 1997

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

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd.
Rate Design Applications for PNG, PNG (N.E.) and Fort St. John

Further to PNG's letters of April 23, 1997 and May 1, 1997 that asked the Commission to clarify the filing dates for future PNG rate design applications, the Commission has reviewed the matter and directs as follows.

1. As stated in its letter of April 23, 1997, PNG intends to file an updated cost allocation/rate design study for the PNG-West division by September 1, 1997. The corresponding rate design recommendations are to be effective January 1, 1998. The Commission confirms that this plan is consistent with the Commission's direction in the July 11, 1996 Reconsideration Decision.
2. The Commission agrees with the suggestion in PNG's letter of May 1, 1997 that indicates the rate design applications for PNG (N.E.) and Fort St. John Inc. should be reviewed jointly. Therefore, the Commission directs that the rate design applications for PNG (N.E.) and Fort St. John Inc. should be filed by September 1, 1998, (instead of January 1998, as directed in the July 12, 1996 Centra Gas Fort St. John Phase II Rate Design Decision, page 21), with an effective date of January 1, 1999.

3. The Commission expects PNG to file a natural gas cost allocation methodology for PNG-West, Dawson Creek and Fort St. John by September 1, 1997 as ordered in Letter No. L-19-97. The Commission recognizes that this plan will have an impact on the rate design studies and is concerned that the appropriate costs be represented.

I trust that this has clarified the timing for the rate design studies so that the initial rate design review can begin with the PNG-West application in September.

Yours truly,



Robert J. Pellatt

RB/cms

cc: Mr. Marcel Reghelini
Manager, Regulatory Affairs and Rates
Centra Gas British Columbia Inc.
Registered Intervenors – CGFSJ97
PNG96RR/RD
PNG97RR