



LETTER NO. L-32-02

ROBERT J. PELLATT
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VIA FACSIMILE

September 3, 2002

Mr. Karl E. Gustafson
Lang Michener
Barristers & Solicitors
1500 – 1055 West Georgia Street
PO Box 11117
Vancouver, B.C. V6E 4N7

Dear Mr. Gustafson:

Re: Pacific Northern Gas Ltd. ("PNG")

Application for Reconsideration and Variance of the Decision of the BCUC dated July 31, 2002

On August 30, 2002, Eurocan Pulp and Paper Company ("Eurocan") filed an Application for Reconsideration and Variance of the PNG Decision of the BCUC dated July 31, 2002 under Section 99 of the Utilities Commission Act (the "Act"). On August 22, 2002 PNG and Pacific Northern Gas (N.E.) Ltd. ("PNG (N.E.)") applied for Reconsideration and Variance of the PNG and PNG (N.E.) Decisions dated July 31, 2002 under Section 99 of the Act. By Letter No. L-31-02, the Commission established a timetable for submissions by PNG/PNG (N.E.) and intervenors into the PNG/PNG (N.E.) reconsideration application.

Section 99 of the Act states:

"The commission may reconsider, vary or rescind a decision, order, rule or regulation made by it, and may rehear an application before deciding it."

Under Section 99 of the Act, the authority of the Commission to allow a reconsideration is discretionary. To determine if there is a reasonable basis to allow a reconsideration, the Commission assesses an application for reconsideration to determine if the applicant has demonstrated the existence, on a prima facie basis, of one or more of the following:

1. An error in fact or law;
2. A fundamental change in circumstance or facts since the decision;
3. A basic principle that had not been raised in the original proceedings; or
4. A new principle that has arisen as a result of the decision.

The Commission exercises its discretion to reconsider in other situations where it considers there to be just cause. The Commission's discretion to reconsider and vary a decision or order is applied with a view to ensuring that there is consistency and predictability in the Commission's decision-making.

For a reconsideration hearing to proceed, the reconsideration applicant is required, through reference to the Decision and through submissions and argument in support of the reconsideration, to meet the following criteria:

1. The claim of error appears to be substantiated on a prima facie basis; and
2. The error has significant material implications.

Eurocan's Application submits that the PNG Decision dated July 31, 2002 contains both errors of fact and law. The Commission considers that the timetable for responses from Letter No. L-31-02 should provide sufficient time for further submissions on Eurocan's Application. Accordingly, the Commission invites Eurocan to provide additional information in support of its request for reconsideration and variance by Wednesday, September 11, 2002.

Intervenors are invited to provide comments to the Commission, Eurocan, PNG and other intervenors by Monday, September 23, 2002 that address the following items:

- Should there be a reconsideration by the Commission?
- If there is to be a reconsideration, should the Commission hear new evidence and should new parties be given the opportunity to present evidence?
- If there is to be a reconsideration, should it focus on the items from the application for reconsideration, a subset of these items or additional items?

The comments should address whether the threshold for reconsideration has been met, for each issue as raised by Eurocan, rather than the substance of the issue. If the Commission agrees to reconsider its Decision, the parties will be allowed to address the substance of the issues that the Commission approves for reconsideration.

Eurocan is to respond to PNG and intervenor comments by Monday, September 30, 2002.

Yours truly,

Original signed by:

Robert J. Pellatt

PWN/cms

cc: Mr. C.P. Donohue
Director, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.

Registered Intervenors
PNG 2002 Revenue Requirements Application