



LETTER No. L-31-03

ROBERT J. PELLATT
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June 27, 2003

Mr. C.P. Donohue
Director, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.
950 - 1185 West Georgia Street
Vancouver, B.C. V6E 4E6

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd.
Pacific Northern Gas (N.E.) Ltd.
Second Quarter 2003 Report on Gas Supply Costs and Gas Cost Variance Accounts

Further to your June 19, 2003 letter recommending that the current Gas Supply Charges and Gas Cost Variance Account riders for PNG-West, Granisle and PNG (N.E.) for Fort St. John/Dawson Creek and Tumbler Ridge systems continue at their present levels effective July 1, 2003, the Commission accepts your recommendation.

The Commission recognizes the continued volatility of current gas prices and the forward price strip into 2004. The GCVA riders and gas commodity prices will continue to be monitored and reviewed in PNG's Third Quarter 2003 Report.

Yours truly,

Original signed by:

Robert J. Pellatt

RJP/chm