



**LETTER No. L-57-04**

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**VIA FACSIMILE**

December 6, 2004

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.  
Accounting Treatment for Work Channel Slide Pipeline Break

Further to your November 10, 2004 letter summarizing the Work Channel Slide Pipeline Break and associated repair cost estimates, this letter confirms that PNG will record the temporary repair costs in the Line Break Costs Deferral Account, amortized over ten years and pending Commission approval of the final costs, permanent repair costs will be capitalized in Plant Assets.

The accounting treatment is consistent with past practices.

PNG indicates that the plant losses due to the pipeline break have not yet been determined. PNG is to report on the actual plant losses and its proposed regulatory accounting treatment as part of its 2005 Revenue Requirements Application.

Yours truly,

*Original signed by:*

Robert J. Pellatt

RJP/mmc

cc: Mr. K. Duke, Alcan Primary Metals B.C.  
Mr. R.J. Gathercole, B.C. Public Interest Advocacy Centre