



LETTER NO. L-49-07

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VIA E-MAIL

cdonohue@png.ca

June 21, 2007

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.
2007 Second Quarter Gas Cost Report

On June 13, 2007, Pacific Northern Gas ("PNG") and Pacific Northern Gas (NE) Ltd. ["PNG(NE)"] filed their 2007 Second Quarter Gas Cost Report for the PNG-West, Granisle Propane, Fort St. John and Dawson Creek, and Tumbler Ridge service areas. The Commission acknowledges receipt of the Report and accepts the recommendation that the following customer rates remain unchanged effective July 1, 2007 for all of the service areas:

- Gas Supply Charges (gas commodity rates) for core market sales customers;
- Gas Cost Variance Account ("GCVA") rate riders; and
- Company Use GCVA rate riders.

In the Report, PNG states that although Commission Order No. G-55-07 approved a Company Use Gas Cost Rate of \$0.136/GJ, PNG intends to file shortly for approval for a rate of \$0.128/GJ to continue in effect. Also in the Report, PNG(NE) refers to Commission Order No. G-56-07, which approved Company Use Gas Cost Rates for Fort St. John and Dawson Creek, and for Tumbler Ridge. The Commission will consider the Company Use Gas Cost Rates when it reviews the 2007 Revenue Requirements Regulatory Schedules filed by PNG and PNG(NE).

Yours truly,

Original signed by

Robert J. Pellatt

RB/cms