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**LETTER NO. L-31-09**

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**VIA EMAIL**

cdonohue@png.ca

May 7, 2009

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

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd.  
Price Risk Management Plan dated April 30, 2009

In order to provide PNG with the flexibility to take advantage of current natural gas market prices, the Commission has decided to accept the Price Risk Management Plan ("PRMP") in two parts. At this time, the Commission accepts that PNG should implement the fixed price swaps of the PRMP as identified in the PRMP Hedging Implementation Schedules (Table 12, page 16) and accelerated hedging component if market conditions warrant for 2009/10. However, the remainder of the program will be reviewed by the Commission in the coming weeks.

Yours truly,

*Original signed by:*

Erica M. Hamilton

RB/cms