



LETTER L-76-11

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VIA EMAIL

cdonohue@png.ca

September 16, 2011

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

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd.
Natural Gas Commodity Charges effective October 1, 2011
for the PNG-West and Granisle Service Areas

On September 6, 2011, Pacific Northern Gas Ltd. (PNG, PNG-West) filed with the British Columbia Utilities Commission (Commission) its 2011 Third Quarter Report (the Report) on gas supply costs and Gas Cost Variance Account (GCVA) balances for PNG-West and Granisle service areas. The Report is based on forecasted natural gas prices using the average of 5 consecutive day's forward price forecasts ending August 22, 2011 and forecast propane prices obtained from PNG's propane supplier on September 1, 2011.

The Report forecasts for PNG-West the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months, to be 0.979 which is within the established 0.95 to 1.05 dead band range guideline. The Report requests approval to maintain current gas commodity rates and the current GCVA commodity credit rate rider effective October 1, 2011.

The Report forecasts for Granisle the ratio of propane commodity cost recoveries at current rates to forecast propane commodity costs over the following 12 months, to be 0.984 which is within the established 0.95 to 1.05 dead band range guideline. The Report requests approval to maintain the current propane commodity rate and the current GCVA commodity credit rate rider effective October 1, 2011.

The Report also requests there be no changes to rate riders associated with existing deferral accounts nor to any 'company use' gas costs or riders.

The request to maintain rates at the current level is consistent with the Commission's quarterly gas cost review Guidelines and is accepted by the Commission.

Yours truly,

Alanna Gillis

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