



ROBERT J. PELLATT
COMMISSION SECRETARY

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September 23, 1994

Mr. Craig P. Donohue
Manager of Regulatory Affairs
Pacific Northern Gas Ltd.
Suite 1400
1185 West Georgia Street
Vancouver, B.C.
V6E 4E6

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd.
1995 Revenue Requirements

In the Commission staff's review of your Annual Report to the Commission for the Division of Tumbler Ridge, it is noted that the Division in 1993 earned a substantially higher return on common equity than approved. The Commission also notices that the revenue requirements of the Divisions of Tumbler Ridge and Dawson Creek have not been formally reviewed for several years. With the understanding that your Company will file a revenue requirements application for 1995, the Commission wishes to simultaneously review these two Divisions which were recently acquired by your Company.

PNG is therefore requested to file with the Commission a joint 1995 rate application of all three Divisions before December 1, 1994 in a format similar to that of Exhibit 4 in the BC Gas Inc. 1992 rate case. All these Divisions should show separate rate bases, tariff schedules and cost of service, but share the same capital structure and return on common equity. However, PNG may propose any changes to the above with supporting evidence.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Pellatt", written over a horizontal line.

Robert J. Pellatt

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