

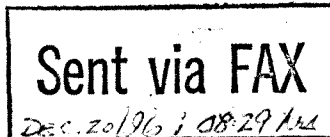


ROBERT J. PELLATT
COMMISSION SECRETARY

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

VIA FACSIMILE

December 19, 1996



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.
Commission Review of System Extension Test Proposal

The Commission has reviewed PNG's System Extension Test submission and has concluded that PNG's proposed test is appropriate and in most respects is consistent with the Commission's September 5, 1996 Guidelines. Although PNG's proposed method of handling customer contributions diverges from the method recommended in the Guidelines, the Commission has reviewed the reasons offered by PNG in support of its proposal and believes the proposed method to be appropriate in this instance.

Therefore, in order for the proposed test to be implemented, the Commission recommends that PNG submit tariff pages summarizing the proposed test to the Commission for approval.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Pellatt".

Robert J. Pellatt

RJP/cms