SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3
CANADA

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Pacific Northern Gas Ltd.
for Approval of a Skeena Cellulose Gas Deliveries Deferral Account

BEFORE: P. Ostergaard, Chair   )
                     L.R. Barr, Deputy Chair   )   August 28, 1998

O R D E R

WHEREAS:

A. On July 22, 1998, Pacific Northern Gas Ltd. ("PNG") applied to the Commission for approval of a deferral account ("the Deferral Account Application") to record the net loss of margin if gas deliveries to Skeena Cellulose Inc. ("Skeena"), over the period June 19 to December 31, 1998, are less than the 1,814,960 GJ used for rate-making purposes as confirmed in the Commission's June 18, 1998 Decision on PNG's 1998 Revenue Requirements Application; and

B. On July 23, 1998, the Commission requested comments on the Deferral Account Application from Participants in PNG's Revenue Requirements Application. Comments were received from the British Columbia Public Interest Advocacy Centre and Methanex Corporation, to which PNG responded on August 19, 1998; and

C. The Commission has reviewed the Deferral Account Application and submissions and finds that approval is required.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves for PNG the establishment of a deferral account to record the net loss of margin if gas deliveries to Skeena, over the period June 19 to December 31, 1998, are less than the 1,814,960 GJ used for rate-making purposes.

2. Disposition of the deferral account will be determined by the Commission at a future date. Any credit in the deferral account at December 31, 1998, will be allocated to the credit of ratepayers.

DATED at the City of Vancouver, in the Province of British Columbia, this   9th day of September, 1998.

BY ORDER

Original signed by:

Peter Ostergaard
Chair

Order/ PNG-SkeenaCellulose-DefrlAcct