



LETTER NO. L-38-01

ROBERT J. PELLATT
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VIA FACSIMILE

November 13, 2001

Log No.111

Mr. C.P. Donohue
Director, Regulatory Affairs & Gas Supply
Pacific Northern Gas Ltd.
1400 - 1185 West Georgia Street
Vancouver, B.C. V6E 4E6

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd.
Incremental Operating and Maintenance Expense
Due to Methanex Start-up
Commission Order No. G-66-01

In response to your November 2, 2001 request, the Commission approves an increase to \$749,000 in the limit on the amount of incremental operating and maintenance expenses associated with Methanex Corporation's July 1, 2001 start-up that can be recorded in the Industrial Customer Deliveries Deferral Account.

The prudence of the incremental expenditures that are recorded in the account and the disposition of the amount, will be dealt with in the context of the 2002 Revenue Requirement Application that PNG intends to file. In the 2002 Revenue Requirement Application, PNG should demonstrate that each incremental expense was not included in the approved revenue requirement for 2001, and provide further justification in support of the expenditure.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/dlf