



LETTER No. L-33-01

ROBERT J. PELLATT
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

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

Log No. 6941

VIA FACSIMILE

October 4, 2001

Mr. C.P. Donohue
Director, Regulatory Affairs & Gas Supply
Pacific Northern Gas (N.E.) Ltd.
950 - 1185 West Georgia Street
Vancouver, B.C. V6E 4E6

Dear Mr. Donohue:

Re: 2001 Dawson Creek Industrial Customer Deliveries Deferral Account

The Commission hereby approves PNG (N.E.)'s application for a 2001 Dawson Creek Industrial Customer Deliveries Deferral Account as amended in its letter of September 19, 2001.

In general the Commission is reluctant to approve a deferral account for deliveries made prior to the utility's application for such an account. PNG recognized that sales to the principal Dawson Creek industrial customer are volatile, but did not request a deferral account in its 2001 Revenue Requirements Application. The Commission, in its decision on that Application, did not direct the utility to set up a deferral account but instead gave PNG the option to apply for one on a forward basis. However, the Commission recognizes that the wording of the Decision may have been ambiguous and that the accidental deletion of two lines from the hard copies of the Decision further reduced the clarity of a key section.

The Commission believes that PNG may have had reasonable grounds for its interpretation of the Commission's intentions regarding the deferral account and is therefore willing to approve the application of September 19, 2001. In the future, the Commission expects PNG to identify customer classes with volatile sales patterns and to include the appropriate deferral accounts in its revenue requirement applications.

Yours truly,

Original signed by:

Robert J. Pellatt

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