



LETTER No. L-39-03

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VIA FACSIMILE

August 6, 2003

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

Dear Mr. Donohue:

Re: Pacific Northern Gas Ltd. ("PNG")
Annual Gas Contracting and Price Management Plan for 2003/4
PNG-West, Fort St.John/Dawson Creek, Tumbler Ridge and Granisle

The Commission accepts PNG's Annual Contracting Plan ("ACP") and Price Management Plan ("PMP") for the 2003/04 period subject to the considerations in Appendix A. Appendix A directs PNG to file a number of reports and these should be completed by October 1, 2003.

All individual gas supply contracts and amendments should continue to be filed pursuant to Section 71 of the Utilities Commission Act and PNG will continue to report all hedging transactions and results in a timely fashion. The ACP and PMP for 2003/04 will be held as confidential.

Yours truly,

Original signed by:

Robert J. Pellatt

RB/cms
Attachment