



LETTER NO. L-49-04

ROBERT J. PELLATT
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September 24, 2004

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.
Pacific Northern Gas (N.E.) Ltd.
Fort St. John/Dawson Creek/Tumbler Ridge
Third Quarter 2004 Report
on Gas Supply Costs and Gas Cost Variance Accounts

Further to your September 17, 2004 letter recommending that the current Gas Supply Charges and Gas Cost Variance Account ("GCVA") natural gas rate riders for PNG-West and PNG (N.E.) for Fort St. John/Dawson Creek and Tumbler Ridge systems continue at their present levels effective October 1, 2004, the Commission accepts your recommendation.

The Commission recognizes the continued volatility of current gas prices and the forward price strip. The GCVA riders and gas commodity prices will continue to be monitored and reviewed in PNG's Fourth Quarter 2004 Report.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Pellatt", written over a horizontal line.

Robert J. Pellatt

RB/dlf