



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-168-07

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

**and**

**Application by Pacific Northern Gas (N.E.) Ltd.  
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)  
for Approval of 2008 Revenue Requirements and Rates**

**BEFORE:** L.A. O'Hara, Commissioner December 19, 2007

**O R D E R**

**WHEREAS:**

- A. On October 10, 2007, Pacific Northern Gas (N.E.) Ltd. ("PNG (N.E.)") Fort St. John/Dawson Creek ("FSJ/DC") and Tumbler Ridge ("TR") Divisions filed for approval of its 2008 Revenue Requirements Application ("the Application") to amend its rates on a permanent basis, effective January 1, 2008, pursuant to Section 58 of the Utilities Commission Act ("the Act"); and
- B. PNG (N.E.) FSJ/DC Division projects a revenue deficiency of approximately \$750,000 for the 2008 test year primarily due to higher cost of service in 2008. PNG (N.E.) estimates the average delivery charge rate increases for residential customers in the Fort St. John and Dawson Creek service areas are 7.5 percent and 8.1 percent, respectively. The average delivery charge rate increases for small commercial customers for the two service areas are 6.9 percent and 9.2 percent, respectively; and
- C. PNG (N.E.) TR Division projects a revenue sufficiency of approximately \$23,000 for the 2008 test year primarily due to lower cost of service in 2008. The Application proposes to decrease the gas delivery charge in rates for all customers of the PNG (N.E.) TR Division. PNG (N.E.) estimates the average delivery charge rate decreases for residential customers and small commercial customers are 2.1 percent and 2.0 percent, respectively, in the Tumbler Ridge service area; and
- D. By Order No. G-128-07 dated October 17, 2007 the Commission established a Preliminary Regulatory Timetable and allowed for Intervenor's written submission on the review process; and
- E. The Commission by Order No. G-134-07 dated November 6, 2007 confirmed the Preliminary Regulatory Timetable as permanent and established a Negotiated Settlement Process for the Application; and
- F. By Letter No. L-93-07 dated November 22, 2007 the Commission established the return on common equity ("ROE") for a low-risk benchmark utility for the year 2008; and

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- G. On November 23, 2007 PNG (N.E.) provided an update to its Application that revised the FSJ/DC Division revenue deficiency to \$802,000 and the TR Division revenue sufficiency to \$44,000. The update included the approved 2008 ROE for each Division; and
- H. The Negotiated Settlement discussions were held in Vancouver on November 27 and 28, 2007. A Negotiated Settlement Agreement was reached among the participants and circulated to all Registered Intervenors and the Commission on December 7, 2007. No comments were received from the Intervenors who had not participated in the Negotiated Settlement discussions; and
- I. The Commission has reviewed the Negotiated Settlement Agreement for PNG (N.E.)'s 2008 Revenue Requirements and considers that approval is warranted.

**NOW THEREFORE** pursuant to Section 58 of the Act the Commission orders as follows:

1. The Negotiated Settlement Agreement for PNG (N.E.)'s 2008 Revenue Requirements as issued on December 7, 2007 and attached as Appendix A to this Order is approved.
2. PNG (N.E) is to file amended Summary of Rates and Bill Comparison schedules for the FSJ/DC Division and TR Division based on the Negotiated Settlement Agreement.
3. The Commission will accept, subject to timely filing, amended permanent Gas Tariff Rate Schedules in accordance with this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 19<sup>th</sup> day of December 2007.

BY ORDER

*Original signed by:*

L.A. O'Hara  
Commissioner

Attachment



WILLIAM J. GRANT  
TRANSITION ADVISOR,  
REGULATORY AFFAIRS & PLANNING  
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Log No. 22382

VIA E-MAIL

December 7, 2007

Dear Participants and Registered Intervenors:

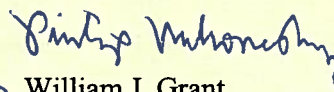
Re: Pacific Northern Gas (N.E.) Ltd. ("PNG (N.E.)")  
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)  
Negotiated Settlement  
2008 Revenue Requirements Application

Enclosed is the Negotiated Settlement Agreement (the "Agreement") for PNG (N.E.)'s 2008 Revenue Requirements Application.

Letters of Comment from the Participants in the negotiated settlement process are enclosed with this settlement package which is now public and is being submitted to the Commission and all Intervenors.

Prior to consideration by the Commission, Intervenors who did not participate in the settlement negotiations are requested to provide to the Commission their comments on the settlement package by December 14, 2007. Thereafter, the Commission will consider the settlement package. A public hearing may not be required unless there is significant opposition to the proposed settlement.

Yours truly,

  
William J. Grant

Attachments

cc: Mr. Craig Donohue  
Director, Regulatory Affairs and Gas Supply  
Pacific Northern Gas Ltd.  
[cdonohue@png.ca](mailto:cdonohue@png.ca)

**Pacific Northern Gas (N.E.) Ltd.**

**(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)**

**2008 Revenue Requirements Applications**

**NEGOTIATED SETTLEMENT AGREEMENT**

November 28, 2007

**Introduction**

Representatives of Pacific Northern Gas (N.E.) Ltd ("PNG(N.E.)"), Commission Staff and registered intervenors met on November 28, 2007 for the purpose of negotiating a settlement of PNG(N.E.)'s 2008 revenue requirements applications applicable to its Fort St. John/Dawson Creek and Tumbler Ridge divisions. The following sets out the agreement reached on November 28, 2007 among the parties that participated in the negotiated settlement process. For reference purposes herein, the original 2008 revenue requirements application dated October 10, 2007, as updated on November 23, 2007, will be referred to as the "Updated Application". The term "NSP 2008" will be used to denote the agreed to settlement terms. This NSP 2008 settlement agreement sets out the agreement reached on each of the items noted below under the heading "Resolution" in each section. Background information on each item is provided under the heading "Issue Description" to put the agreed upon terms in proper context. References to the filed Exhibits pertaining to each item are given under the heading "Reference". In addition, this NSP 2008 settlement agreement is set out in two sections, one for PNG(N.E.)'s Fort St. John/Dawson Creek division and one for PNG(N.E.)'s Tumbler Ridge division.

For ease of reference, appended to this settlement agreement are Tables comparing the agreed to NSP 2008 cost of service to the Updated Application cost of service for both the Fort St. John/Dawson Creek and Tumbler Ridge divisions. PNG(N.E.) will file a complete set of NSP 2008 regulatory schedules in the same form as the regulatory schedules set forth in the Updated Application immediately upon approval of this NSP 2008 settlement agreement by the Commission.

**Fort St. John/Dawson Creek Division****1. Unaccounted for Gas ("UAF") Volume Deferral Account****Resolution**

The parties agree to the set up of a revised UAF volume deferral account that allows PNG(N.E.) to record all gas gains and the variance between zero percent and a loss of up to 1.5 percent in the UAF volume deferral account without seeking further Commission approval of the deferral. PNG(N.E.) will be required to file an application with the Commission to obtain approval to record UAF losses above 1.5 percent in the UAF volume deferral account. The UAF volume forecast will be set at 1.0 percent for 2008 for the purposes of setting the Company use gas cost recovery rate. The 1.5 percent and 1.0 percent figures are based on a review of actual UAF figures over the 2002 to 2006 five year period.

**Issue Description**

Commission Staff took the view that PNG(N.E.) should be at risk for UAF losses subject to a risk free range. The intention of setting a range was to ensure PNG(N.E.) would have an appropriate incentive to minimize UAF losses. The issue was therefore what parameters should apply to the UAF volume deferral account having regard to historical experience.

**Reference**

Exhibit B-2, BCUC IR No. 1, Question 8.0, Pages 15 and 17

**2. Shared Services Costs Allocation by PNG-West to PNG(N.E.)****Resolution**

The shared service costs allocation by the PNG-West division to PNG(N.E.) as determined in accordance with the cost allocation methodology set forth under the PNG-West 2008 revenue requirements application is accepted by the parties. In particular, the addition of the Terrace based Coordinator Marketing and Lands and Coordinator Records Administration to the Terrace cost pools is accepted by the parties.

Issue Description

Commission Staff noted their concerns regarding the rate at which shared service costs have escalated over the last five years and the Commission's need to have a more thorough understanding of the services provided by PNG to PNG(N.E.). Consequently, PNG and Commission Staff have undertaken to work together to develop the information on shared services to be included in the next PNG-West revenue requirements application.

Given the fact shared service cost recovery by PNG from PNG(N.E.) is a significant credit to the PNG-West annual cost of service and at the same time a significant component of PNG(N.E.)'s annual cost of service, the parties considered it was important to include in this NSP 2008 settlement agreement supplemental information on shared services that was provided by PNG(N.E.) during the settlement discussions. This information is provided immediately below.

Supplemental Information on Shared Services

PNG submits it has clearly established that the Coordinator Marketing and Lands and the Coordinator Records Administrator provides services to PNG(N.E.). Therefore, PNG-West should recover appropriate compensation from PNG(N.E.) for those services. In this regard, PNG notes the following with respect to each position:

Coordinator Marketing and Lands

At Tab Application, page 33 of the PNG-West 2008 revenue requirements application PNG set out the services that the Coordinator Marketing and Lands provides to PNG(N.E.). For ease of reference those services are reproduced below as follows:

- Sales and marketing services including the distribution of all print material, advertising and large customer gas requirements surveys.
- Lands and rights of way services include administering and maintaining all existing and new lands files. Prepares and registers all new rights of way, licenses of occupation, surface leases and easement documents. Controls and administers the preparation, signing and filing of all pipeline crossing agreements.
- Pipeline public awareness services include providing information to all stakeholders on pipeline damage prevention.

The main area of responsibility for this position is lands administration. As noted above he prepares and registers all new rights of way, licenses of occupation, surface leases and easement documents. In addition, he controls and administers the preparation, signing and filing of all pipeline crossing agreements. He has a great deal of experience and expertise in these matters. The PNG(N.E.) pipeline rights of way affect 400 to 500 private landowners compared to approximately 90 private landowners in the PNG-West system.

The person in this position estimates that 40 percent of his time is spent on PNG(N.E.) matters compared to the 44.66 percent customer count allocator used to allocate a portion of his costs to PNG(N.E.). PNG submits that the customer count allocator is a fair and equitable way of calculating an appropriate charge for these services. PNG's response to BCUC IR No. 1, Question 7.4.1 under the PNG-West application identifies that the charge to PNG(N.E.) for the services provided by Coordinator Marketing and Lands is \$46,058 per year for labour and benefits. This figure does not include any charges for rent, telephone and other office overhead charges. The management of lands is an essential service for a gas distribution company and clearly PNG(N.E.) would need to engage another employee to obtain these services on a stand alone basis if not for the availability of PNG's Terrace employee.

#### Coordinator Records Administration

The Coordinator Records Administration provides to both the PNG-West and PNG(N.E.) divisions the services described at Tab Application, Page 35 of the PNG-West revenue requirements application. For ease of reference those services are described below as follows:

- Administers Trident safety program, maintains safety statistics and records and EH&S Committee records.
- Reviews property tax and assessment notices and coordinates property tax payments.
- Maintains vacation entitlement and seniority records.
- Administers employee service award program based on years of service and the Performance Compensation Sharing employee incentive program generally referred to as the PERCs program.
- Coordinates scheduling of training and keeps records of employee training.
- Oversees fleet acquisitions/disposals, insurance renewals and licensing, PHH administration and maintains fleet records.

Many of the services described above are related to employees. The property tax and assessment notice review and coordination of property tax payments is not. Again PNG submits that if some one is providing services to another company, then the other company needs to pay for those services. PNG thoroughly reviewed the scope of services provided by this position to determine what the appropriate charge should be. Using employee count as the allocator results in a modest charge of \$22,330 per year for these services. PNG submits that it must be compensated for the provision of these services and that it has established a reasonable charge through the employee count allocator (i.e. 24.27 percent compared to the employee's estimated time of 21 percent).

BCOAPO stated that the information provided at Tab Application from page 21 to 39 inclusive (i.e. 19 pages) of the PNG-West revenue requirements application did not respond to the following directions of the Commission in Decision 2007:

“In the Commission Panel’s view, a review is required of the components of the overall shared service cost pool, including what should be included and how the costs are determined.”  
(pages 17/18, Appendix A to Order No. G-55-07)

“Consequently, the Commission Panel directs PNG, in the next revenue requirements application, to provide a detailed justification for corporate expense items recorded in Account 728 and administrative cost items recorded in Account 721 and explain why they should be included in the cost pool. In addition, PNG is required to submit a detailed analysis of the Terrace management cost pool by position, indicating the list of services and associated benefits these positions provide to PNG(N.E.) to be qualified as a shared services cost item and how much these services would cost if they were outsourced.”  
(page 18, Appendix A to Order No. G-55-07)

In response to the above, PNG addressed in the PNG-West 2008 revenue requirements application the Commission’s specific directions to justify the corporate expense items in Account 728, the Account 721 cost items and the Terrace cost pool, and in addition, all other components of the shared service costs. The shared service charges by PNG have been reviewed and approved by the Commission for several years. PNG has established year in and year out that the applied for 2008 shared service costs are reasonable having regard to the level and quality of service being provided by PNG’s employees. PNG(N.E.) simply could not obtain these required services on a stand alone basis at less cost than what PNG is charging.

BCOAPO commented that the time study allocator percentage of 20.84 percent is based on a 2003 study completed by the head office employees and that intuitively PNG must be spending much more time on PNG-West matters to deal with the loss of industrial customers and declining gas loads. The time study was completed during 2003 when PNG was focusing on a number of matters including renegotiating a long term firm transportation service agreement with West Fraser Mills – Kitimat. PNG does not agree that another time study is required at this time. Moreover, PNG’s intuition is that it is more likely than not that more time is now expended on PNG(N.E.) matters than in 2003 given the high level of customer activity in the PNG(N.E.) system.



BCOAPO also questioned whether the Customer Care Centre estimates of time spent on PNG(N.E.) matters of over 50 percent was reasonable given the lower number of customers in the northeast. The Customer Care Centre went into operation in late 2000 and six of the ten current customer service representatives have been there since the beginning. Hence, they have the experience to make informed estimates of the relative amount of time spent dealing with PNG-West customer matters compared to PNG(N.E.) customer matters. The main reason for the additional work load is the number of new customers being added having regard to the level of new home construction in the northeast. In addition, the customer service representatives have noted that the PNG(N.E.) customers require more attention because of the number of complaints regarding gas supply costs. This apparently stems from being located in a gas producing area.

BCOAPO noted that the Manager of Technical Services has estimated that 12 percent of his time is spent on PNG(N.E.) matters while the customer count allocator of 44.66 percent is used to allocate his costs. Obviously there is no perfect way of assessing the exact amount of time spent by each employee. The Terrace draftsman, the Manager of Customer Care and the customer service representatives are estimated to spend more time on PNG(N.E.) matters than the applicable cost allocators.

PNG considers that the overall allocation of shared service costs to PNG(N.E.) is fair and reasonable when looking at the allocation as a whole.

#### Reference

- Exhibit B-1, PNG-West 2008 RR App, Tab Application, Pages 21 to 39
- Exhibit B-2, BCUC IR No. 1, Question 4.1, Page 6

### **3. Maintenance Plan and Asset Condition Report**

#### **Resolution**

PNG advised that a third party working for PNG's insurer prepared a report on PNG's pipeline operating practices that could meet the Commission Staff's needs with respect to the above. PNG(N.E.) will send that report to the Commission Staff. If after reviewing this report Commission Staff require additional information, then Commission Staff will work with PNG(N.E.) to establish more definitive and concise parameters regarding the required information.

#### **Issue Description**

Under Decision 2007 the Commission requested PNG(N.E.) for a "more comprehensive and deliverable maintenance plan in its next revenue requirements application". The issue was whether PNG(N.E.) has provided sufficient information in response to this direction.

#### **Reference**

Exhibit B-2, BCUC IR No. 1, Questions 2.1 and 2.2, Pages 3 and 4

### **4. Demand Side Management**

#### **Resolution**

PNG(N.E.) will continue to participate in DSM coordination activities and provide a report to the Commission no later than its next revenue requirements application on its efforts in this regard as they pertain to the Fort St. John/Dawson Creek division.

#### **Issue Description**

The Commission is required under the Utilities Commission Act to monitor the DSM activities of the utilities it regulates.

#### **Reference**

Exhibit B-1, Tab Application, FSJ/DC, Page 24

**5. B.C. Energy Plan**

Resolution

PNG(N.E.) will continue to consider the B.C. Energy Plan in its 2008 projects and applications in respect of the Fort St. John/Dawson Creek division.

Issue Description

The B.C. Energy Plan contains many references to what may apply to utilities in the future, primarily in the area of DSM. Consequently, it is important for utilities to keep apprised of the goals and objectives of the Energy Plan.

Reference

Exhibit B-4, L. Bertsch/Horizon IR No. 1, Question 1.0, Page 1

**6. Transfer to Capital Rate**

Reference

The parties accept the use of the forecast transfer to capital rate as may be adjusted upon the filing of the final NSP 2008 regulatory schedules. PNG(N.E.) will identify the transfer to capital rate when filing the NSP 2008 regulatory schedules.

Issue Description

The Commission approved the use of a forecast transfer to capital rate under Decision 2007 and PNG(N.E.) applied to use a forecast transfer to capital rate in 2008.

Reference

Exhibit B-1, Tab Application, FSJ/DC, Page 10

**Tumbler Ridge Division**

**1. Unaccounted for Gas (“UAF”) Volume Deferral Account**

**Resolution**

The parties agree to the set up of a revised UAF volume deferral account that allows PNG(N.E.) to record all gas gains and the variance between zero percent and a loss of up to 1.0 percent in the UAF volume deferral account without seeking further Commission approval of the deferral. PNG(N.E.) will be required to file an application with the Commission to obtain approval to record UAF losses above 1.0 percent in the UAF volume deferral account. The UAF volume forecast will be set at 0.3 percent for 2008 for the purposes of setting the Company use gas cost recovery rate. The 1.0 percent and 0.3 percent figures are based on a review of actual UAF figures over the 2002 to 2006 five year period.

**Issue Description**

Commission Staff took the view that PNG(N.E.) should be at risk for UAF losses subject to a risk free range. The intention of setting a range was to ensure PNG(N.E.) would have an appropriate incentive to minimize UAF losses. The issue was therefore what parameters should apply to the UAF volume deferral account having regard to historical experience.

**Reference**

Exhibit B-1, BCUC IR No. 1, Questions 6.0 and 7.0, Pages 40 to 41.

**2. Shared Service Costs Allocation by PNG-West to PNG(N.E.)**

The comments in the Fort St. John/Dawson Creek division section of this NSP 2008 settlement agreement also apply to PNG(N.E.)’s Tumbler Ridge division.

**3. Demand Side Management**

**Resolution**

PNG(N.E.) will continue to participate in DSM coordination activities and provide a report to the Commission no later than its next revenue requirements application on its efforts in this regard as they pertain to the Tumbler Ridge division.

Issue Description

The Commission is required under the Utilities Commission Act to monitor the DSM activities of the utilities it regulates.

Reference

Exhibit B-1, Tab Application, Tumbler Ridge, Pages 18 to 19

**4. B.C. Energy Plan**

Resolution

PNG(N.E.) will continue to consider the B.C. Energy Plan in its 2008 projects and applications in respect of the Tumbler Ridge division.

Issue Description

The B.C. Energy Plan contains many references to what may apply to utilities in the future, primarily in the area of DSM. Consequently, it is important for utilities to keep apprised of the goals and objectives of the Energy Plan.

Reference

Exhibit B-4, L. Bertsch/Horizon IR No. 1, Question 1.0, Page 1

**5. Transfer to Capital Rate**

Resolution

The parties accept the use of a forecast transfer to capital rate as may be adjusted upon the filing of the final NSP 2008 regulatory schedules. PNG(N.E.) will identify the transfer to capital rate when filing the NSP 2008 regulatory schedules.

Issue Description

The Commission approved the use of a forecast transfer to capital rate under Decision 2007 and PNG(N.E.) applied to use a forecast transfer to capital rate in 2008.

Reference

Exhibit B-1, Tab Application, Tumbler Ridge, Page 8

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Pacific Northern Gas (N.E.) Ltd.  
(Fort St. John / Dawson Creek Division)

Updated Nov. 23'07 to NSP Nov. 28'07  
COST OF SERVICE COMPARISON  
(\$000)

EXPENSES	NSP 2008 Nov. 28'07	Updated 2008 App. Nov. 23'07	Difference
<b>Operating</b>			
Labour	1,378	1,378	0
Other	2,173	2,175	(2)
Sub-total	3,550	3,552	(2)
<b>Maintenance</b>			
Labour	108	108	0
Other	182	182	0
Sub-total	290	290	0
<b>Administrative and General</b>			
Labour	0	0	0
Total Company Benefits	474	474	0
Other	996	995	1
Sub-total	1,470	1,469	1
<b>Total (O, M, A &amp; G) Excluding Co. Use</b>	<b>5,310</b>	<b>5,311</b>	<b>(1)</b>
Transfers to Capital Operating	(200)	(201)	0
Transfers to Capital Admin. & Gen.	(205)	(205)	0
<b>Property Taxes</b>	<b>958</b>	<b>958</b>	<b>0</b>
<b>Depreciation</b>	<b>1,349</b>	<b>1,349</b>	<b>0</b>
<b>Amortization</b>	<b>(216)</b>	<b>(216)</b>	<b>(0)</b>
<b>Other Income</b>	<b>(171)</b>	<b>(171)</b>	<b>0</b>
<b>Total Expenses Excluding Co. Use</b>	<b>6,825</b>	<b>6,826</b>	<b>(1)</b>
<b>Income Taxes</b>	<b>276</b>	<b>276</b>	<b>(0)</b>
<b>Return on Common Equity</b>	<b>1,088</b>	<b>1,088</b>	<b>0</b>
<b>Short Term Debt</b>	<b>56</b>	<b>56</b>	<b>0</b>
<b>Long Term Debt</b>	<b>1,493</b>	<b>1,493</b>	<b>0</b>
<b>Total Cost of Service Excluding Co. Use</b>	<b>9,739</b>	<b>9,739</b>	<b>(1)</b>
<b>Company Use Gas</b>	<b>510</b>	<b>399</b>	
<b>Total Cost of Service Including Co. Use</b>	<b>10,248</b>	<b>10,138</b>	
<b>2007 to 2008 Cost of Service Increase</b>	<b>820</b>	<b>821</b>	<b>(1)</b>
<b>2007 to 2008 Margin Increase</b>	<b>(18)</b>	<b>(19)</b>	<b>0</b>
<b>2008 Revenue Deficiency</b>	<b>802</b>	<b>802</b>	<b>(0)</b>

~~CONFIDENTIAL~~

Pacific Northern Gas (N.E.) Ltd.  
(Tumbler Ridge Division)

Updated Nov. 23'07 to NSP Nov. 28'07  
COST OF SERVICE COMPARISON  
(\$000)

EXPENSES	NSP 2008 Nov. 28'07	Updated 2008 App. Nov. 23'07	Difference
<b>Operating</b>			
Labour	226	226	0
Other	333	333	(0)
Sub-total	558	559	(0)
<b>Maintenance</b>			
Labour	24	24	0
Other	39	39	0
Sub-total	63	63	0
<b>Administrative and General</b>			
Labour	0	0	0
Total Company Benefits	49	49	0
Other	76	76	0
Sub-total	125	125	0
<b>Total (O, M, A &amp; G) Excluding Co. Use</b>	<b>747</b>	<b>747</b>	<b>(0)</b>
Transfers to Capital Operating	(6)	(6)	0
Transfers to Capital Admin. & Gen.	(6)	(6)	0
<b>Property Taxes</b>	<b>79</b>	<b>79</b>	<b>0</b>
<b>Depreciation</b>	<b>107</b>	<b>107</b>	<b>0</b>
<b>Amortization</b>	<b>(87)</b>	<b>(87)</b>	<b>(0)</b>
<b>Other Income</b>	<b>(12)</b>	<b>(12)</b>	<b>0</b>
<b>Cost of Service Deferral</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenses Excluding Co. Use</b>	<b>822</b>	<b>822</b>	<b>(0)</b>
<b>Income Taxes</b>	<b>(9)</b>	<b>(9)</b>	<b>(0)</b>
<b>Return on Common Equity</b>	<b>49</b>	<b>49</b>	<b>0</b>
<b>Short Term Debt</b>	<b>7</b>	<b>7</b>	<b>0</b>
<b>Long Term Debt</b>	<b>64</b>	<b>64</b>	<b>0</b>
<b>Total Cost of Service Excluding Co. Use</b>	<b>933</b>	<b>933</b>	<b>0</b>
<b>Company Use Gas</b>	<b>94</b>	<b>78</b>	
<b>Total Cost of Service Including Co. Use</b>	<b>1027</b>	<b>1011</b>	
<b>2007 to 2008 Cost of Service Decrease</b>	<b>(35)</b>	<b>(35)</b>	<b>0</b>
<b>2007 to 2008 Margin Increase</b>	<b>(9)</b>	<b>(9)</b>	<b>(0)</b>
<b>2008 Revenue Sufficiency</b>	<b>(44)</b>	<b>(44)</b>	<b>(0)</b>

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VIA EMAIL

REPLY TO: VANCOUVER OFFICE

December 5, 2007

Mr. William J. Grant  
Transition Advisor  
Regulatory Affairs & Planning  
British Columbia Utilities Commission  
Sixth Floor, 900 Howe Street, Box 250  
Vancouver, BC V6Z 2N3

Dear Mr. Grant:

**Re: Pacific Northern Gas (N.E.) Ltd. – 2008 Revenue Requirements Application**  
**Our File No. 00033-0378**

We are writing further to your letter of December 4, 2007, regarding the Negotiated Settlement Agreement for PNG (N.E.)'s 2008 Revenue Requirements Application. We are confirming that the Peace River Regional District accepts the Negotiated Settlement Agreement attached to your letter.

We thank you for the opportunity to participate in the Negotiated Settlement Process. If you have any questions, please contact the writer at your earliest convenience.

Yours very truly,

LIDSTONE, YOUNG, ANDERSON



Carolyn M. M<sup>ac</sup>Eachern  
maceachern@lya.bc.ca

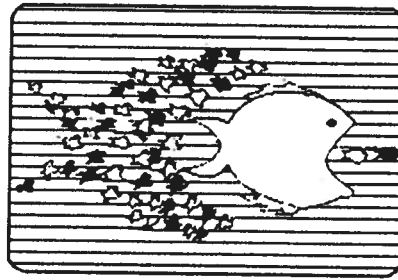
CMM/ss

cc: Philip Nakoneshny  
Wayne Hiebert, Peace River Regional District  
Craig Donohue, Director, Regulatory Affairs and Gas Supply, Pacific Northern Gas  
Dick Gathercole, BCOAPO



**The  
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Sarah Khan	687-4134
Patricia MacDonald	687-3017
James L. Quail	687-3034
Ros Salvador	488-1315
Leigha Worth	687-3044

Barristers & Solicitors

Eugene Kung  
Articled Student

December 7, 2007

**Via E-Mail**

Erica Hamilton  
Commission Secretary  
BC UTILITIES COMMISSION  
Box 250, Sixth Floor, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Mesdames/Sirs:

**Re: Pacific Northern Gas (NE) Ltd 2008 Revenue Requirements Application**

This is to confirm that BCOAPO is fully satisfied with the Negotiated Settlement Process settlement document in this matter and consent to it becoming a consent Order of the Commission.

Yours truly,  
**BC PUBLIC INTEREST ADVOCACY CENTRE**

Jim Quail, Barrister & Solicitor  
Executive Director

C: Parties of record, BC PNG (NE) 2008 Revenue Requirements Application



Pacific Northern Gas Ltd.  
Suite 950  
1185 West Georgia Street  
Vancouver, British Columbia  
V6E 4E6  
Tel: (604) 691-5673  
Fax: (604) 697-6210  
Email: cdonohue@png.ca

Craig P. Donohue  
Director, Regulatory Affairs & Gas Supply

Via Courier

December 5, 2007

B.C. Utilities Commission  
6th Floor - 900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

File No.: 4.2.7(2008)

Attention: William J. Grant  
Transition Advisor  
Regulatory Affairs & Planning

Dear Sir:

**Re: Pacific Northern Gas (N.E.) Ltd. ("PNG(N.E.)")  
Negotiated Settlement Agreement for  
Fort St. John/Dawson Creek and Tumbler Ridge Divisions  
2008 Revenue Requirements Applications**

PNG(N.E.) hereby confirms its acceptance of the PNG(N.E.) Fort St. John/Dawson Creek and Tumbler Ridge Divisions' NSP 2008 settlement agreement forwarded by you to PNG(N.E.) under cover of letter dated December 4, 2007 with the following typographical corrections:

1. Introduction, first paragraph, eighth line - Insert quotation mark at end of "2008".
2. Page 4, first paragraph, line 6 - Insert the word "the" after the word "by" to read "by the Coordinator Marketing and Lands".

Please direct any questions respecting this letter to my attention.

Yours truly,

C.P. Donohue

cc. Philip Nakoneshny and NSP Participants by e-mail

BCUC Log # 23107  
**RECEIVED**

DEC 05 2007

Routing \_\_\_\_\_