



LETTER NO. L-43-08

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VIA EMAIL

cdonohue@png.ca

September 11, 2008

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.
Carbon Tax/BC Corporate Income Tax Rate Deferral Accounts

This will acknowledge receipt of your August 19, 2008 letter regarding the establishment of deferral accounts to record the Carbon Tax/BC Corporate Income Tax pursuant to Commission Letter L-37-08.

The Commission has reviewed your request and accepts PNG's proposal to record the estimated income tax credits and carbon tax costs from its June 27, 2008 letter rather than recording actual amounts on a monthly basis given the difficulty PNG would encounter in accounting for the carbon tax it incurs on fuel consumed in transportation equipment and the impact of the 1 percent reduction in provincial income taxes.

Yours truly,

Original signed by

Erica M. Hamilton

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