



**LETTER L-53-12**

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**VIA EMAIL**

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September 13, 2012

Ms. Janet Kennedy  
Vice-President, Regulatory Affairs & Gas Supply  
Pacific Northern Gas Ltd.  
Suite 950 - 1185 West Georgia Street  
Vancouver, BC V6E 4E6

Dear Ms. Kennedy:

Re: Pacific Northern Gas(N.E.) Ltd.  
Third Quarter 2012 Report on Gas Supply Costs  
For the Fort St. John/Dawson Creek and Tumbler Ridge Divisions

On September 6, 2012, Pacific Northern Gas(N.E.) Ltd. filed, with the British Columbia Utilities Commission (Commission), its 2012 Third Quarter Report on gas supply costs and Gas Cost Variance Account (GCVA) balances for Fort St. John/Dawson Creek (FSJ/DC) and Tumbler Ridge divisions (the Report). The forecast natural gas price is based on using the average of five consecutive days forward price forecasts ending August 17, 2012.

The Report forecasts for FSJ/DC division that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 0.989, which is within the established 0.95 to 1.05 dead band range.

The Report forecasts for the Tumbler Ridge division that the ratio of gas commodity cost recoveries at current rates to forecast gas commodity costs over the following 12 months would be 1.040, which is within the established 0.95 to 1.05 dead band range.

In the Report, PNG(N.E.) requested to maintain the current gas commodity charges for FSJ/DC and Tumbler Ridge divisions. The Commission accepts that no changes are required.

PNG(N.E.) also requested to make no changes to rate riders associated with existing deferral accounts, nor to any 'company use' gas costs or riders. The Commission accepts that no change is required.

Yours truly,

Erica Hamilton

CM/dg