



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-40-09**

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VANCOUVER, B.C. V6Z 2N3 CANADA  
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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Pacific Northern Gas (N.E.) Ltd.  
(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)  
For Approval of its 2009 Revenue Requirements  
for the PNG (N.E.) Service Area

**BEFORE:** L.A. O'Hara, Commissioner April 23, 2009  
D.A. Cote, Commissioner

**O R D E R**

**WHEREAS:**

- A. On November 27, 2008, Pacific Northern Gas (N.E.) Ltd. ["PNG (N.E.)"] filed for approval of its 2009 Revenue Requirements Application ("the Application") for its Fort St. John/Dawson Creek ("FSJ/DC") and Tumbler Ridge ("TR") Divisions. PNG (N.E.) proposed to amend its rates on an interim and final basis, effective January 1, 2009, pursuant to sections 89 and 58 of the Utilities Commission Act ("the Act"); and
- B. PNG (N.E.)'s FSJ/DC Division projected a revenue deficiency of \$167,000 for Test Year 2009. The revenue deficiency resulted from increases in the 2009 cost of service offset partially by higher forecast gas deliveries with corresponding higher revenues; and
- C. For the PNG (N.E.) FSJ/DC Division Test Year 2009, depreciation expense was higher by \$90,000 and a depreciation credit adjustment deferral account of \$294,000 was fully amortized in 2008 contributing to amortization expense increasing by \$167,000 in 2009 compared to 2008; and
- D. For the PNG (N.E.) FSJ/DC Division, the Application sought approval of an overhead capitalization rate of 17.81 percent, subject to modification upon filing of the final 2009 revenue requirements application regulatory schedules; and
- E. For the PNG (N.E.) FSJ/DC Division, the Application sought approval of the deferral accounts and amortization expenses for 2009 as set forth in under Tab 2, pages 8 and 9 with specific approval of a deferral account to record PNG (N.E.)'s costs incurred in 2008 and forecast to be incurred in 2009 and beyond to convert to International Financial Reporting Standards ("IFRS") in 2011 with amortization to commence subsequent to 2009 based on a future application by PNG (N.E.); and
- F. PNG (N.E.)'s FSJ/DC Division sought approval to continue the unaccounted for gas volume deferral account to record the difference between forecast and actual unaccounted for gas ("UAF") volumes in Test Year 2009 based on using a 1 percent of deliveries UAF loss factor for 2009 and requiring PNG (N.E.) to apply for British Columbia Utilities Commission ("Commission") approval to record actual 2009 UAF losses above 1.5 percent in the deferral account; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER**            G-40-09

2

- G. The PNG (N.E.) TR Division projected a revenue deficiency of \$67,000 for Test Year 2009. This revenue deficiency was primarily the result of increases in the 2009 cost of service partially offset by higher forecast gas deliveries with corresponding higher revenues; and
- H. For the PNG (N.E.) TR Division Test Year 2009, depreciation expense was higher by \$12,000 and a depreciation credit adjustment deferral account of \$80,000 was fully amortized in 2008 contributing to amortization expense increasing by \$48,000 in 2009 compared to 2008; and
- I. For the PNG (N.E.) TR Division, the Application sought approval of an overhead capitalization rate of 3.92 percent, subject to modification upon filing of the final 2009 revenue requirements application regulatory schedules; and
- J. For the PNG (N.E.) TR Division, the Application proposed to record its incremental costs of adopting IFRS and to set up an IFRS deferral account as a rate base account. PNG (N.E.) is delaying commencement of amortization until 2010. The 2010 revenue requirements application will include a proposed amortization period for these costs. Also, the Application sought approval to amortize the Industrial Customer Deliveries Deferral Account balance and the 2007 cost of service deferral account credit over two years commencing with 2009; and
- K. For the PNG (N.E.) TR Division, the Application sought approval to continue the Industrial Customer Deliveries Deferral Account in 2009; and
- L. For the PNG (N.E.) TR Division, the Application sought approval to continue the unaccounted for gas volume deferral account to record the difference between forecast and actual UAF volumes in Test Year 2009 based on using a 0 percent of deliveries UAF loss factor for 2009 and requiring PNG (N.E.) to apply for Commission approval to record actual 2009 UAF losses above 1.0 percent in the deferral account; and
- M. The Application did not include any proposed changes to PNG (N.E.)'s capital structure or rate of return; and
- N. PNG (N.E.) considered a Negotiated Settlement Process ("NSP") would be the most efficient process for the review of the Application; and
- O. By Order G-183-08, the Commission approved interim rates at the level sought under the Application effective January 1, 2009 and established a Regulatory Timetable for the registration of Intervenors and for the preliminary review of the Application, and to allow Intervenors to make written submissions on a formal review process; and
- P. The Commission confirmed by letter dated January 28, 2009 that the Application would be reviewed through an NSP and by letter dated March 13, 2009 confirmed that the negotiations would commence on March 23, 2009; and
- Q. On March 13, 2009 PNG (N.E.) filed an update to its Application that reduced the FSJ/DC Division revenue deficiency to a revenue sufficiency of approximately \$161,000 due to reduced expenses which were partly offset by lower projected margin which reflected updated forecast customer gas requirements. PNG (N.E.)'s updated Application also reduced the TR Division revenue deficiency to approximately \$3,000 due to reduced expenses and higher projected margin recovery to reflect updated forecast customer gas requirements; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-40-09

3

- R. The NSP discussions were held in Vancouver on March 23 and 24, 2009. A Negotiated Settlement Agreement was reached among the participants and circulated to all Registered Intervenor and the Commission on April 15, 2009. No comments were received from the Intervenor who had not participated in the NSP discussions; and
- S. The Commission has reviewed the Negotiated Settlement Agreement for PNG (N.E.)'s 2009 Revenue Requirements and considers that approval is warranted.

**NOW THEREFORE** pursuant to sections 89 and 58 of the Act, the Commission orders as follows:

1. The Negotiated Settlement Agreement for PNG (N.E.)'s 2009 Revenue Requirements Application as issued on April 15, 2009 and attached as Appendix A to this Order is approved.
2. PNG (N.E.) is to file an amended Summary of Rates and Bill Comparison schedules based on the Negotiated Settlement Agreement.
3. PNG is to refund to customers the difference between permanent 2009 rates and the interim rates, with interest, in accordance with Commission Order G-183-08.
4. The Commission will accept, subject to timely filing by PNG (N.E.), amended Gas Tariff Rate Schedules in accordance with the terms of this Order. PNG (N.E.) is to provide notice of the permanent rates to customers via a bill message, to be reviewed in advance by Commission Staff to confirm compliance with this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 23<sup>rd</sup> day of April 2009.

BY ORDER

*Original signed by:*

L.A. O'Hara  
Commissioner

Attachment

WILLIAM J. GRANT  
TRANSITION ADVISOR,  
REGULATORY AFFAIRS & PLANNING  
bill.grant@bcuc.com  
web site: <http://www.bcuc.com>



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VIA E-MAIL

April 15, 2009

Dear Registered Intervenors:

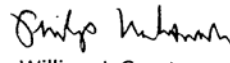
Re: Pacific Northern Gas (N.E.) Ltd. ("PNG(N.E.)")  
Negotiated Settlement  
2009 Revenue Requirements Application

Enclosed with this letter is the proposed Negotiated Settlement Agreement for PNG(N.E.)'s 2009 Revenue Requirements Application.

This settlement package is now public and is being submitted to the Commission and all Intervenors. Also enclosed are Letters of Support received to date from the participants in the negotiated settlement process.

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 Wednesday, April 22, 2009. 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

PWN/cms  
Attachments

cc: Mr. C.P. Donahue  
Director, Regulatory Affairs & Gas Supply  
Pacific Northern Gas Ltd.  
[cdonahue@png.ca](mailto:cdonahue@png.ca)

~~CONFIDENTIAL~~

**PACIFIC NORTHERN GAS (N.E.) LTD.**  
**(Fort St. John/Dawson Creek and Tumbler Ridge Divisions)**

**2009 Revenue Requirements Applications**

**NEGOTIATED SETTLEMENT AGREEMENT**

**Dated March 24, 2009**

**Introduction**

Staff of the B.C. Utilities Commission, representatives of PNG and a representative of the B.C. Public Interest Advocacy Centre met on March 23 and 24, 2009 for the purpose of negotiating a settlement of PNG(N.E.)'s 2009 revenue requirements applications applicable to its Fort St. John/Dawson Creek and Tumbler Ridge Divisions. The following sets out the agreement reached on March 24, 2009 among the parties that participated in the negotiated settlement process. For reference purposes herein, the original 2009 revenue requirements application dated November 27, 2008, as updated on March 13, 2009, will be referred to as the "Updated Application". The term "NSP 2009" will be used to denote the agreed to settlement terms. This NSP 2009 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 "References".

For ease of reference, appended to this settlement agreement are Tables comparing the agreed to NSP 2009 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 2009 regulatory schedules in the same form as the regulatory schedules set forth in the Updated Application immediately upon approval of this NSP 2009 settlement agreement by the Commission.

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**1. Shared Service Cost Recovery from PNG(N.E.)**

Resolution:

The parties acknowledged that increasing costs in the PNG-West Division is having a corresponding impact on the level of shared services cost payments by PNG(N.E.) to PNG, its parent Company. The parties however continue to recognize the value to PNG(N.E.) of the economies of scale with a larger parent Company providing a number of different services that would be more costly to PNG(N.E.) if these services were obtained by PNG(N.E.) on a standalone basis. PNG emphasized that it continues to seek opportunities to spread its overhead costs over other business ventures which would lessen the burden on PNG(N.E.). The pools of costs subject to allocation and the allocators were carefully reviewed again this year by Commission Staff. The parties agreed that a portion of the PNG-West NSP 2009 lump sum settlement allowance reduction would be passed through to PNG(N.E.). The rationale is that it could be assumed that much of the global PNG-West settlement allowance related to components of the administrative cost pool subject to the time study allocator. Consequently, PNG's effective shared service cost recoveries from PNG(N.E.) in 2009 will be reduced by just over \$25,000 (i.e. time study allocator of 20.84 percent times PNG-West NSP 2009 lump sum settlement allowance of \$120,000). In addition, shared service costs will be reduced to the extent pooled costs are lower as a result of the PNG-West NSP 2009 settlement agreement. The PNG(N.E.) 2009 cost of service will be reduced accordingly.

Issue:

The level of shared services charges to be paid by PNG(N.E.) to PNG, its parent Company to recover the cost of various services provided by PNG to PNG(N.E.).

References:

- Exhibit B-1, FSJ/DC, p. 9
- Exhibit B-2, BCUC FSJ/DC IRs 1.4.1-.3, TR IR 1.6.1
- Exhibit B-3, BCOAPO IRs 1.5.2-.4
- Commission Order G-168-07, Settlement Item 2

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**2. Reduction to Estimated Pension and Non-Pension Post Retirement Benefit Costs for 2009**

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Resolution:

PNG inadvertently did not reflect in the Updated Application a revised estimate of overall 2009 pension and non-pension post retirement benefit costs that was provided to PNG by its actuary in January 2009. The original estimated cost figures were received in September 2008. The revised estimates are lower than the original estimates. PNG has reflected these reductions in the NSP 2009 cost of service.

Issue Description:

This reduction was not at issue as PNG volunteered the need for the adjustment.

References:

There are no specific Exhibits related to this item.

**3. Automotive Fuel Expense**

Resolution:

PNG agrees to reduce the budgeted 2009 gasoline price from \$1.426/litre to \$1.10/litre.

Issue Description:

Vehicle fuel costs in the 2009 budget are based on higher fuel prices experienced in 2008. Currently, expectations are for gas prices in 2009 to be lower than originally budgeted.

References:

- Exhibit B-1, FSJ/DC, p. 6
- Exhibit B-2, BCUC IR 1.5.1 Explains that PNG bases the budgeted fuel cost on the forward price of gasoline.
- Exhibit B-3, BCOAPO IR 1.2.3
- StatsCan, <http://www40.statcan.gc.ca/l01/cst01/econ152m-eng.htm>, Feb. 20, 2009

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**4. Capital Additions**

Resolution:

The applied for 2009 capital additions budget is accepted by the parties with one modification. Additions in the Fort St. John/Dawson Creek division for transportation equipment under Account 484 will be reduced to reflect the agreement not to replace Mobile Unit 335 in 2009.

Issue Description:

PNG has proposed capital additions of \$2.849 million for FSJ/DC and \$0.268 million for TR in the Updated Application.

References:

- Exhibit B-1, FSJ/DC, pp. 15-16; TR, p. 14

**5. Transfer to Capital Rate:**

Resolution:

The parties accept the use of the forecast transfer to capital rate as may be adjusted upon the filing of the final NSP 2009 regulatory schedules. PNG will identify the transfer to capital rate when filing the NSP 2009 regulatory schedules.

Issue Description:

PNG(N.E.)'s 2009 capitalized overhead as percentages of gross O,M,A and G is calculated to be 17.81% for FSJ/DC and 3.92% for TR.

References:

- Exhibit B-1, FSJ/DC, p. 25; TR, p. 21
- Order G-168-07, Settlement Item 6



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## 6. Demand Side Management

### Resolution:

It was acknowledged by the parties that PNG(N.E.)'s relatively small customer base made it difficult to be at the forefront of implementing DSM programs in its service area. However, PNG(N.E.) will continue to actively participate in provincial government and industry working groups that are focusing on what DSM programs to implement throughout the province. PNG(N.E.) has been attending a number of workshops and other forums to ensure PNG(N.E.) is well aware of the ambit of DSM programs potentially usable by PNG(N.E.). In this way, PNG(N.E.) is hopeful it will identify DSM programs that can be successfully implemented by a relatively small utility at reasonable cost.

PNG(N.E.) will focus its efforts on targeting DSM programs that can help its lower income customers to reduce their energy use and costs. This is in recognition of the unique circumstances faced by customers that may not be able to afford to purchase higher efficiency natural gas appliances but at the same time may have the greatest need to reduce their energy use to achieve corresponding cost savings.

### Issue Description:

The lack of Demand Side Management (DSM) programs by PNG(N.E.).

### References:

- Exhibit B-1, pp. 24-25
- Exhibit B-2, BCUC IR 1.25.1

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**7. IFRS Deferral Account**

Resolution:

The parties agreed that a new deferral account should be implemented to record the costs incurred by PNG(N.E.) to implement International Financial Reporting Standards (“IFRS”) and agreed it should be set up as a rate base deferral account.

Issue:

PNG(N.E.) stated the expected cost of implementing IFRS is difficult to forecast and requested approval of a deferral account to record its costs for future disposition. PNG(N.E.) submitted that a rate base deferral account should be used given the carrying cost is virtually the same as a non-rate base deferral account attracting AFUDC. In addition, it is much more efficient for PNG(N.E.) to administer a rate base deferral account.

References:

- Exhibit B-1, FSJ/DC, p. 12; TR, p. 11
- Exhibit B-2, BCUC IRs 1.7.1-.2
- Exhibit B-3, BCOAPO IRs 1.6.1-.5

**8. Industrial Customer Deliveries Deferral Accounts (“ICDDA”)**

Resolution:

The continuation of the pre-existing ICDDA deferral accounts for FSJ/DC and TR is accepted by the parties.

Issue:

PNG(N.E.) proposed to continue the ICDDA deferral accounts for FSJ/DC and TR.

References:

- Exhibit B-1, FSJ/DC, p. 20; TR, p. 22

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

Resolution:

The parties agree to the continuation of the UAF volume deferral accounts for FSJ/DC and TR based on the parameters set forth in Exhibit B-1, FSJ/DC, p. 26 and TR, p. 22.

Issue Description:

UAF volumes fluctuate from year to year. Historical UAF figures support the continuation of the deferral accounts.

References:

- Order G-168-07, NSP 2008, Item 1
- Exhibit B-1, FSJ/DC p.26; TR p.22
- Exhibit B-2, BCUC IR 1.27.1-.4

**10. PNG(N.E.)’s Emergency Calls Statistics**

Resolution:

PNG(N.E.) will include in each annual revenue requirements application a summary of the number of emergency calls it made during the current year to the date of the application. The summary shall specify the average response time, the number of calls with a response time greater than 40 minutes and any other information PNG(N.E.) considers would be useful to parties reviewing these statistics.

Issue Description:

Commission Staff wish to monitor PNG(N.E.)’s emergency call response statistics on an annual basis. Over the last five years 162 of 2,453 emergency calls had a response time greater than 40 minutes. PNG(N.E.) outlined reasonable actions it has taken to respond to emergency calls efficiently and effectively reflecting PNG(N.E.)’s focus on the importance of public safety.

References:

- Exhibit B-2, BCUC IRs 1.26.1 and 1.26.2

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**11. Maintenance Plan and Asset Condition Report**

Resolution:

PNG advised that a third party working for PNG's insurer prepared a draft 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 a copy of the draft 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:

PNG(N.E.) has stated that it does not create a summary report on the current conditions of its assets.

References:

- Order G-168-07, NSP 2008, Item 3
- Exhibit B-2, BCUC IR 1.2.5, p. 5

**12. Operating Costs under BCUC Accounts 670, 685 and 688**

Resolution:

PNG(N.E.) will budget and record operating expenses under BCUC Accounts 670, 685 and 688 consistent with the practices followed by its parent Company with the objective of limiting the volatility of the costs recorded in each Account from year to year.

Issue Description:

A concern was expressed with regard to the FSJ/DC Division operating costs under Accounts 670, 685 and 688. Specifically, Account 670 costs increased from actual 2004 costs of \$115,000 to Test Year 2009 costs of \$441,000 and Account 685 costs decreased from actual costs of \$429,000 in 2004 to Test Year 2009 costs of \$190,000. The total costs under all three Accounts have increased at a reasonable rate from actual costs of \$1,014,000 in 2004 to \$1,161,000 for Test Year 2009.

References:

- Exhibit B-2, BCUC IRs 1.1, 1.1.1, 1.2, 1.3, 1.4 and 1.4.1
- Exhibit B-6, BCUC IRs 2.28.2, 2.29.1, 2.29.1.1 and 29.2

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

**Updated Mar. 13'09 to NSP Mar. 24'09**  
**COST OF SERVICE COMPARISON**  
**(\$000)**

<b>EXPENSES</b>	<b>NSP 2009 Mar. 24'09</b>	<b>Updated 2009 App. Mar. 13'09</b>	<b>Difference</b>
<b>Operating</b>			
Labour	1,490	1,490	0
Other	2,303	2,320	(17)
Sub-total	<u>3,793</u>	<u>3,810</u>	<u>(17)</u>
<b>Maintenance</b>			
Labour	71	71	0
Other	152	152	0
Sub-total	<u>223</u>	<u>223</u>	<u>0</u>
<b>Administrative and General</b>			
Labour	0	0	0
Total Company Benefits	441	463	(21)
Other	1,096	1,121	(25)
Sub-total	<u>1,538</u>	<u>1,584</u>	<u>(46)</u>
<b>Total (O, M, A &amp; G) Excluding Co. Use</b>	<b>5,553</b>	<b>5,617</b>	<b>(63)</b>
Transfers to Capital Operating	(207)	(208)	2
Transfers to Capital Admin. & Gen.	(208)	(216)	7
<b>Property Taxes</b>	977	977	0
<b>Depreciation</b>	1,430	1,430	0
<b>Amortization</b>	(43)	(43)	0
<b>Other Income</b>	(187)	(187)	0
<b>NSP Settlement Allowance for Shared Services</b>	(23)	0	(23)
<b>Total Expenses Excluding Co. Use</b>	<b><u>7,292</u></b>	<b><u>7,369</u></b>	<b><u>(77)</u></b>
<b>Income Taxes</b>	283	277	6
<b>Return on Common Equity</b>	1,161	1,161	(0)
<b>Short Term Debt</b>	82	82	(0)
<b>Long Term Debt</b>	790	790	0
<b>Preferred Shares</b>	0	0	0
<b>Total Cost of Service Excluding Co. Use</b>	<b><u>9,607</u></b>	<b><u>9,679</u></b>	<b><u>(72)</u></b>
<b>Company Use Gas</b>	542	540	
<b>Total Cost of Service Including Co. Use</b>	<b><u>10,149</u></b>	<b><u>10,219</u></b>	
<b>2008 to 2009 Cost of Service Increase (Decrease)</b>	<b>(131)</b>	<b>(59)</b>	<b>(72)</b>
<b>2008 to 2009 Margin Decrease (Increase)</b>	<b>(99)</b>	<b>(102)</b>	<b>2</b>
<b>2009 Revenue Deficiency (Sufficiency)</b>	<b><u>(231)</u></b>	<b><u>(161)</u></b>	<b><u>(70)</u></b>

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

Updated Mar. 13'09 to NSP Mar. 24'09  
COST OF SERVICE COMPARISON  
(\$000)

EXPENSES	NSP 2009 Mar. 24'09	Updated 2009 App. Mar. 13'09	Difference
<b>Operating</b>			
Labour	233	233	0
Other	319	319	(1)
Sub-total	<u>552</u>	<u>552</u>	<u>(1)</u>
<b>Maintenance</b>			
Labour	25	25	0
Other	69	69	0
Sub-total	<u>94</u>	<u>94</u>	<u>0</u>
<b>Administrative and General</b>			
Labour	0	0	0
Total Company Benefits	44	49	(6)
Other	82	84	(2)
Sub-total	<u>126</u>	<u>134</u>	<u>(8)</u>
<b>Total (O, M, A &amp; G) Excluding Co. Use</b>	<b>771</b>	<b>780</b>	<b>(9)</b>
Transfers to Capital Operating	(4)	(4)	0
Transfers to Capital Admin. & Gen.	(4)	(4)	0
<b>Property Taxes</b>	<b>79</b>	<b>79</b>	<b>0</b>
<b>Depreciation</b>	<b>116</b>	<b>116</b>	<b>0</b>
<b>Amortization</b>	<b>(37)</b>	<b>(37)</b>	<b>0</b>
<b>Other Income</b>	<b>(12)</b>	<b>(9)</b>	<b>(3)</b>
<b>NSP Settlement Allowance for Shared Services</b>	<b>(2)</b>	<b>0</b>	<b>(2)</b>
<b>Total Expenses Excluding Co. Use</b>	<b><u>908</u></b>	<b><u>921</u></b>	<b><u>(13)</u></b>
<b>Income Taxes</b>	<b>11</b>	<b>11</b>	<b>0</b>
<b>Return on Common Equity</b>	<b>51</b>	<b>51</b>	<b>(0)</b>
<b>Short Term Debt</b>	<b>7</b>	<b>7</b>	<b>(0)</b>
<b>Long Term Debt</b>	<b>55</b>	<b>55</b>	<b>0</b>
<b>Total Cost of Service Excluding Co. Use</b>	<b><u>1032</u></b>	<b><u>1045</u></b>	<b><u>(13)</u></b>
<b>Company Use Gas</b>	<b>100</b>	<b>100</b>	
<b>Total Cost of Service Including Co. Use</b>	<b><u>1132</u></b>	<b><u>1145</u></b>	
<b>2008 to 2009 Cost of Service Increase (Decrease)</b>	<b>99</b>	<b>112</b>	<b>(13)</b>
<b>2008 to 2009 Margin Decrease (Increase)</b>	<b>(108)</b>	<b>(109)</b>	<b>0</b>
<b>2009 Revenue Deficiency (Sufficiency)</b>	<b><u>(9)</u></b>	<b><u>3</u></b>	<b><u>(13)</u></b>



Craig P. Donohue  
Director, Regulatory Affairs & Gas Supply

Pacific Northern Gas Ltd.  
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Tel: (604) 697-6210  
Email: cdonohue@png.ca

Via E-Mail

April 15, 2009

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

File No.: 4.2.7(2009)

Attention: Philip Nakoneshny  
Director Rates and Finance

Dear Sir:

**Re: Negotiated Settlement Agreement dated March 24, 2009 for  
PNG(N.E.)'s Fort St. John/Dawson Creek and Tumbler Ridge Divisions  
2009 Revenue Requirements Applications – Project No. 3698541**

Pacific Northern Gas (N.E.) Ltd. hereby confirms its acceptance of the PNG(N.E.) NSP 2009 Settlement Agreement dated March 24, 2009 that was e-mailed by the Commission Secretary to BCPIAC and PNG on April 8, 2009.

Please direct any questions regarding this letter to my attention.

Yours truly,

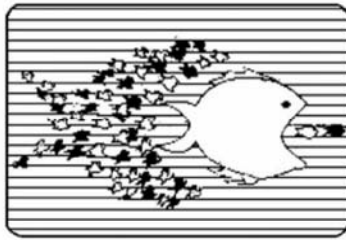
A handwritten signature in black ink, appearing to read 'C.P. Donohue', written in a cursive style.

C.P. Donohue

cc. BCPIAC – Jim Quail

The  
British Columbia  
Public Interest  
Advocacy Centre

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Valerie Conrad	687-3017
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Sarah Khan	687-4134
Eugene Kung	687-3006
James L. Quail	687-3034
Ros Salvador	488-1315
Leigha Worth	687-3044

Barristers & Solicitors

April 15, 2009

Our File: 7415

VIA EMAIL

Philip Nakoneshny, Director  
BC Utilities Commission  
6<sup>th</sup> Floor 900 Howe Street  
Box 250  
Vancouver, BC V6Z 2N3

Dear Mesdames/Sirs:

**Re: Pacific Northern Gas (N.E.) Ltd. – Fort St. John/Dawson Creek and Tumbler Ridge Divisions**

This is to confirm that our clients have instructed us to consent to the Negotiated Settlement Agreement dated March 24, 2009 being made an Order of the Commission.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jim Quail', written over a light blue circular stamp.

Jim Quail  
Barrister & Solicitor

cc: PNG Inc, attention Craig Donohue