



Janet P. Kennedy
Vice President, Regulatory Affairs & Gas Supply

Pacific Northern Gas Ltd.
2550 - 1066 West Hastings Street
Vancouver, BC V6E 3X2
Tel: (604) 691-5680
Fax: (604) 697-6210
Email: jkennedy@png.ca

Sent via eFile and E-Mail

November 1, 2018

B.C. Utilities Commission
Suite 410 - 900 Howe Street
Vancouver, BC V6Z 2N3

File No.: 4.2.7 (2018)

Attention: Patrick Wruck
Commission Secretary and Manager, Regulatory Services

Dear Mr. Wruck:

**Re: Pacific Northern Gas Ltd. (PNG)
Application for Approval of Letter Agreement between
Pacific Northern Gas Ltd. and Triton LNG Limited Partnership
Multilateral Process Update and Request for Withdrawal of Application**

Upon the request of Pacific Northern Gas Ltd. (PNG), on September 24, 2018 the Commission issued Order G-175-18 allowing for the suspension of the regulatory timetable established under Order G-163-18 for PNG's application for approval of the Letter Agreement with Triton LNG Limited Partnership (Triton) (the Application). Commission Order G-175-18 also directed that PNG report to the Commission on the status of its multilateral discussions with interested parties and to provide a proposal for further process by November 1, 2018. The discussion that follows provides the information requested by the Commission.

Multilateral Process Update

During the latter half of September and the first week of October 2018, PNG met with all the known interested parties who had expressed interest in capacity on PNG's pipeline system. In these meetings, PNG presented details of its planned Multilateral Process (MLP) to explore the interest in capacity in both its existing pipeline and in a potential expansion pipeline. The MLP consists of the following steps and preliminary timelines:

- 1) Non-binding Expressions of Interest for capacity on PNG's pipeline system provided by the end of October 2018;
- 2) Binding Letter Agreements to reserve capacity on PNG's pipeline system and support for initial feasibility studies to be provided by the end of 2018;
- 3) Transportation Reservation Agreements to continue reserving capacity on PNG's existing pipeline and potential expansion pipeline as well as additional support for development and permitting activities to be executed in the second quarter of 2019; and

4) Firm Transportation Service Agreements to be executed by the fourth quarter of 2019.

On October 9, 2018, PNG also issued a public notice on the Daily Oil Bulletin seeking other interested parties to participate in the MLP and indicated that non-binding expressions of interest were to be submitted by October 26, 2018.

PNG is pleased to report that following the meetings and public notice period it has received a number of expressions of interest for transportation on PNG's system from known interested parties as well as from previously unknown parties. PNG has executed non-disclosure agreements with all of the parties that have come forth and over the next few months PNG will be working with these parties to execute Binding Letter Agreements.

Request for Withdrawal of Application

Given the initial progress of the MLP, PNG respectfully seeks to withdraw the Application in favour of moving forward with the next steps of the MLP as noted above. PNG has discussed the intent to withdraw the Application with Triton as well as the representatives of both Western and BCOAPO et al., the registered interveners in this proceeding, and no objections have been noted.

PNG views the withdrawal of the Application to be in the best interest of all stakeholders, including existing and potential new customers, and is confident that through this process PNG will maximize the utilization of its assets to the benefit of PNG and its customers.

At the appropriate time, PNG will file the necessary applications with the Commission for approval of capital requirements, tolls and agreements.

Please direct any questions regarding this matter to my attention.

Yours truly,



J.P. Kennedy

cc: Triton – Dan Woznow (AltaGas Ltd.)
Triton – Koji Matsukawa (Idemitsu Canada Corporation)
Western – Davis Thames
Western – Keith Bergner (Lawson Lundell)
BCOAPO – Leigha Worth