



**FOR IMMEDIATE RELEASE – MAY 25, 2010**

**PACIFIC NORTHERN GAS ANNOUNCES COMMISSION APPROVAL OF NEGOTIATED SETTLEMENT OF CAPITAL STRUCTURE AND EQUITY RISK PREMIUM APPLICATION**

**VANCOUVER, BRITISH COLUMBIA** - Pacific Northern Gas Ltd. announced today that the B.C. Utilities Commission (“Commission”) has approved the negotiated settlement agreement respecting the Company’s capital structure and equity risk premium application.

Under the settlement agreement the Western system common equity capitalization ratio increased from 40 to 45 percent effective January 1, 2009 and from 36 to 40 percent as of January 1, 2010 for the Company’s wholly owned subsidiary Pacific Northern Gas (N.E.) Ltd. On a consolidated basis, this provides the Company with the opportunity to increase overall earnings in 2010 by approximately \$0.6 million or \$0.17 per share of which over \$0.2 million will be recorded in the current quarter in respect of first quarter 2010 operations. Further, an additional \$0.5 million of net income will be included in the current quarter to reflect the 2009 effective date for the Western system common equity capitalization ratio adjustment.

**About Pacific Northern Gas**

Headquartered in Vancouver, British Columbia, Pacific Northern Gas Ltd. (TSX: PNG/PNG.PR.A) owns and operates natural gas transmission and distribution systems. The Company’s western transmission line extends from the Spectra Energy gas transmission system north of Prince George to tidewater at Kitimat and Prince Rupert, and provides service to 12 communities and a number of industrial facilities. In the northeast, Pacific Northern’s subsidiary Pacific Northern Gas (N.E.) Ltd. provides gas distribution service in the Dawson Creek, Fort St. John and Tumbler Ridge areas. Further information is available on the Company’s website at: [www.png.ca](http://www.png.ca).

-30-

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