



**LETTER L-12-11**

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**VIA EMAIL**

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March 10, 2011

Ms. Diane Roy  
Director, Regulatory Affairs Gas  
FortisBC Energy Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Energy Inc.  
Lower Mainland, Inland, and Columbia Service Areas  
2011 First Quarter Gas Cost Report  
Commodity Cost Reconciliation Account and Midstream Cost Reconciliation Account

On March 3, 2011 FortisBC Energy Inc. filed its 2011 First Quarter Gas Cost Report (the Report) for the Lower Mainland, Inland and Columbia Service Areas. The British Columbia Utilities Commission (Commission) acknowledges receipt of the Report and accepts the recommendation that customer rates remain unchanged for the Lower Mainland, Inland, and Columbia service areas as of April 1, 2011.

The Commission notes that in the Commission letter, dated June 15, 2010, that accompanied Commission Order G-106-10, the Commission directed FortisBC Energy Inc. to work with Commission staff to revalidate the methodology associated with the quarterly review of natural gas commodity costs and rates (the Review) and notes that the report summarizing the Review has not yet been filed with the Commission. For this reason, the points in the Report that were specifically related to the anticipated results of the Review were not considered by the Commission

Yours truly,

Erica M. Hamilton

CM/yl