



**LETTER L-59-11**

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**VIA EMAIL**

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July 28, 2011

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

Dear Ms. Roy:

Re: FortisBC Energy Inc.  
Company Use Gas  
Hedging and Treatment of Volume Variances for 2012 - 2013

On April 15, 2011, FortisBC Energy Inc. (FEI) filed an application for British Columbia Utilities Commission (Commission) approval to hedge the unit price for FEI's anticipated volumes of Company Use Gas for the period January 1, 2012 to December 31, 2013, and to continue the current practice of managing any volume variances in Company Use Gas within the Midstream Cost Reconciliation Account (MCRA).

On July 21, 2011, pursuant to discussions with Commission staff, FEI filed a letter to request revisions to its April 15<sup>th</sup> application. FEI withdraws the request to hedge the unit cost of Company Use Gas. FEI continues to seek approval to provide for cost certainty with respect to Company Use Gas funded through O&M by fixing the cost based on the current forecast included in the FortisBC Energy Utilities 2012 and 2013 Revenue Requirements and Natural Gas Rates Application (RRA) dated May 4, 2011. In its revised request, FEI seeks approval to manage Company Use Gas volume and price variances from forecast through the MCRA.

The Commission accepts the FEI request to account for volume and price variances between the RRA forecast of \$2.04 M and \$2.20 M and the actual Company Use Gas requirements within the MCRA for 2012 and 2013 respectively.

Yours truly,

Alanna Gillis

JTS/cms