



LETTER L-21-13

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

Log No. 43286

ERICA HAMILTON
COMMISSION SECRETARY
Commission.Secretary@bcuc.com
web site: <http://www.bcuc.com>

VIA EMAIL

gas.regulatory.affairs@fortisbc.com

April 5, 2013

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

Dear Ms. Roy:

Re: FortisBC Energy (Vancouver Island) Inc.
Mt. Hayes Storage and Delivery Agreement – Level of Supplemental LNG Service
to FortisBC Energy Inc. for April 1, 2014 to March 31, 2015

On March 22, 2013, FortisBC Energy (Vancouver Island) Inc. filed a request seeking approval of the level of the Supplemental LNG Service (Put) that FEVI intends to provide to FortisBC Energy Inc. from April 1, 2014 to March 31, 2015, under the terms of the Storage and Delivery Agreement between FEVI and FEI.

FEVI submits that maintaining the Put level at 35 TJ/d of daily withdrawal capability and 350 TJ of total capacity (equivalent to 65 percent of FEVI's primary Mt. Hayes LNG Storage capacity) for a one-year term commencing April 1, 2014 and ending March 31, 2015, would optimize the cost effectiveness of FEVI's portfolio while ensuring consistency with the objectives of its Annual Contracting Plan and other considerations.

The Put Scenario Cost Analysis in the March 22, 2013 filing indicates that the 65 percent Put level is somewhat less optimal than a 75 percent level, and the incremental dollar cost of the lower Put level has increased from the amount in FEVI's March 14, 2012 filing. Also, the Storage and Delivery Agreement provides FEVI with some flexibility in the relative amounts of vapourization capacity and storage capacity that it puts to FEI. The Commission requests that FEVI include a more comprehensive and thorough cost analysis of these issues in addition to considering other factors of an operational nature that apply to the situation when requesting approval of a future Put level.

The Commission accepts the request and will, at this time, hold confidential the information in the filing as it contains market sensitive information.

Yours truly,

Erica Hamilton

BW/cms