

October 1, 2010

Via Email
Original via mail

Ms. Erica M. Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

Re: *FortisBC Inc.'s Preliminary 2011 Revenue Requirements Application for Approval Pursuant to Sections 60 and 61 of the Utilities Commission Act*

Please find enclosed for filing 12 copies of the materials entitled "Preliminary 2011 Revenue Requirements" (the "Application").

The Company will hold its 2010 Annual Review on November 16, 2010 commencing at 9:00 am, at the Holiday Inn Express, 2429 Highway 97 North, Kelowna, BC. The Annual Review is required to review the Company's operations and performance for the year.

Following the Annual Review a Workshop will be held to review the Preliminary 2011 Revenue Requirements materials. The forecast financial information contained in this Application is based on actual results as of July 31, 2010, except for Capital Expenditures which is based on the 2011 Capital Expenditure Plan ("2011 CEP") currently before the Commission in a separate process. On or before November 1, 2010, FortisBC will file updates to the 2010 and 2011 forecast incorporating actual results to September 30, 2010. A Negotiated Settlement Process will take place on November 17, 2010 at 9:00 am ("2011 NSP") to set rates for the upcoming year. This process will take place at the same venue as the 2010 Annual Review.

FortisBC is seeking a general rate increase effective January 1, 2011 of 5.9 percent to cover increased revenue requirements, as stated in the Preliminary 2011 Revenue Requirements materials. The rate increase is driven primarily by the costs of financing the Company's capital expenditures as per its 2011 CEP, and by increased Power Purchase expenses as described in Tab 6 of this Application.

The determination of final 2011 Revenue Requirements will be the aggregate result of a Settlement Agreement arising out of the 2011 NSP and the setting of FortisBC's allowed Return on Equity ("ROE") pursuant to the BCUC Automatic Adjustment Mechanism.

At the date of this Application, although interim rates have been granted for BC Hydro, no final decision has been rendered by the Commission on the BC Hydro F2011 Revenue Requirements Application ("BCH Application"). With respect to FortisBC's 2010 rates, the Company requests that the Commission approve its existing, interim rates effective September 1, 2010 so that rates may be firm. The Company further requests approval to implement any changes to 2010 or 2011 Power Purchase Expense arising from a final decision in the BCH Application by way of a flow-through adjustment at the time of a Commission decision on that Application. This flow-through treatment of BC Hydro rate increases would be consistent with prior years.

Accordingly, the Company requests, pursuant to Sections 60 and 61 of the Utilities Commission Act, and subject to the results of the November 1, 2010 update to the 2011 Revenue Requirements Application and an agreement between the Parties to the 2011 NSP, that the following be approved as firm:

1. A general rate increase of 5.9 percent applicable to the Company's existing tariff effective January 1, 2011; and
2. With respect to 2010 rates, confirm FortisBC's existing, interim rates effective September 1, 2010 and to implement any changes to 2010 or 2011 Power Purchase Expense arising from a decision in the BCH Application by way of a flow-through adjustment at the time of a Commission decision on that Application

If you have any questions related to this Application please contact the undersigned.

Sincerely,



Dennis Swanson
Director, Regulatory Affairs

cc: Participants in the 2010 NSP