

Joanna Sofield

Chief Regulatory Officer
Phone: (604) 623-4046
Fax: (604) 623-4407
regulatory.group@bchydro.com

April 4, 2008

Ms. Erica M. Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
2007 Network Economy Annual Report**

BC Hydro writes to the BCUC in compliance with BCUC Order No. G-127-06 in connection with the British Columbia Transmission Corporation (BCTC) Application for Network Economy and Open Access Transmission Tariff (October 19, 2006). Section 10 of the Settlement Agreement, attached to Order No. G-127-06 as Appendix 1, requires that BC Hydro prepare an annual report for each calendar year which will provide the annual domestic volumes allocated under the Transfer Pricing Agreement and the net amount imported using the Network Economy Service that has passed the Economic Test set out in paragraph 2 of Attachment Q.

Attached is the Annual Report related to the 2007 calendar year containing the required information.

BC Hydro will be posting this letter and the attached report on its website at <http://www.bchydro.com/info/epi/epi5071.html>.

Yours sincerely,



Joanna Sofield
Chief Regulatory Officer

c. BCTC
Attention: Marcel Reghelini

BC Hydro Network Economy Annual Report

(May 15, 2007 – December 1, 2007)

Total Domestic Volumes allocated under the Transfer Pricing Agreement for the calendar year of 2007 was (261,260) MWh, indicating net exports for the period.

In the period ending December 31 2007, 1,077,888 MW were imported using Network Economy Service that passed the Economic Test, as set out in paragraph 2 of Attachment Q to Order G-127-06.

The Network Economy reporting requirements began on May 22, 2007, thus data provided for the 2007 calendar year was from May 22, 2007 – December 31, 2007.

Time Period	Transfer Pricing Agreement Volumes	Net Amount imported Using Network Economy Service
May – December 2007	(261,260) MWh	1,077,888 MW