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20 January 2004

Mr. Robert J. Pellatt
Commission Secretary
British Columbia Utilities Commission
PO Box 250
600 – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Pellatt:

**RE: British Columbia Hydro and Power Authority (“BC Hydro”)
Call for Tenders for Capacity and Associated Energy on Vancouver Island
Issue Report of the Independent Reviewer Dated 14 January 2004**

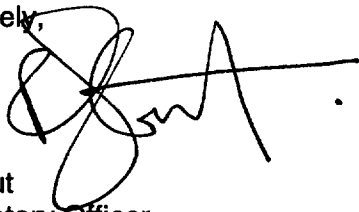
This letter is to advise the British Columbia Utilities Commission (the “Commission”) of the steps taken by BC Hydro in relation to the Report of the Independent Reviewer referenced above. BC Hydro staff responsible for the Call for Tenders (“CFT”) process have considered the 29 December 2003 letter referred to by the Independent Reviewer, and have assessed both that letter and the concerns of the Independent Reviewer in the context of the applicable provisions of the CFT. A similar assessment has been made with respect to the other communications received to date from Bidders and Non-Bidders.

BC Hydro concludes that these communications do not clearly violate the express provisions of the CFT. Accordingly, BC Hydro will be taking no steps in relation to the foregoing under section 18.24 of the CFT.

BC Hydro agrees with the Independent Reviewer that the communications protocols established in the CFT are important. Following the suggestion of the Independent Reviewer, BC Hydro will issue a letter to all Bidders reminding them of the protocols to ensure that the CFT process continues to be objective, transparent, and fair.

BC Hydro appreciates the Independent Reviewer’s vigilance in matters such as this and supports its commitment to upholding the integrity of the process by addressing matters it feels warrant further investigation.

Yours sincerely,



Richard Stout
Chief Regulatory Officer