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March 31, 2009

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)
2008 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 for the 2008 calendar year containing the required information as noted above.

BC Hydro will be posting this letter and the attached report on its website at http://www.bchydro.com/planning_regulatory/regulatory.html.

For further information, please contact Fred James at 604-623-4317.

Yours sincerely,

Joanna Sofield
Chief Regulatory Officer

Enclosure (1)

c BCTC
Attention Janet Fraser
Director, Regulatory Affairs



BC Hydro 2008 Network Economy Annual Report

(January 1, 2008 – December 31, 2008)

Total Domestic Volumes allocated under the Transfer Pricing Agreement for the calendar year of 2008 was 4,264,910 MWh.

In the period ending December 31 2008, 6,571,029 MW were imported using Network Economy Service that passed the Economic Test, as set out in paragraph 2 of Attachment Q to BCUC Order No. G-127-06.

Time Period	Transfer Pricing Agreement Volumes	Net Amount Imported Using Network Economy Service
January – December 2008	4,264,910 MWh	6,571,029 MW