

Joanna Sofield

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June 27, 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)
Network Economy Quarterly Report –First Quarter (Q1)**

BC Hydro is writing 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 (Oct. 19, 2006): Section 9 of the Settlement Agreement, attached to Order No. G-127-06 as Appendix 1, requires that BC Hydro prepare reports for each quarter of the calendar year containing the information as set out in section 9 of the Settlement Agreement and in section 3 of BCTC's Tariff Supplement BCTC-1 Network Economy Service. The quarterly reports are to be posted on BC Hydro's website and filed with the BCUC and BCTC by the end of the following quarter.

Attached is the Q1 Quarterly Report related to the first quarter of calendar 2008.

As required by subsection 9(e) of the Settlement Agreement I attest that the information contained in the Q1 Quarterly Report is accurate and changes to the Threshold Purchase Price were provided to BCTC no later than they were provided to Powerex Corporation.

BC Hydro will be posting this letter and the attached report on its website on June 30, 2008 at www.bchydro.com/info/epi/epi5071.html.

For further information please contact the undersigned.

Yours sincerely,



Joanna Sofield
Chief Regulatory Officer

Enclosure (1)



BC Hydro Network Economy Quarterly Report – Q1

(January 1, 2008 – March 31, 2008)

Pursuant to Order G-127-06 and Sections 3 and 4 of Tariff Supplement BCTC-1 Network Economy Service:

Initial Threshold Purchase Price¹ at January 1, 2008	Burrard Heat Rate at January 1, 2008
US \$ 57 / MWh	10.7 MMBTu / MWh

Date of notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
January 17, 2008	Change to Threshold Purchase Price: US \$73 /MWh	No Change	N/A
February 14, 2008	Change to Threshold Purchase Price: US \$68 /MWh		
February 22, 2008	Change to Threshold Purchase Price: US \$72 /MWh		
March 4, 2008	Change to Threshold Purchase Price: US \$77 /MWh		
March 6, 2008	Change to Threshold Purchase Price: US \$79 /MWh		
March 28, 2008	Change to Threshold Purchase Price ² : US \$ 99 / MWh (up to 25 GWh/day) US \$79 / MWh (greater than 25GWh/day)		

¹ Pricing is quoted in US\$. For the purpose of allocation of energy and cost of energy, price is converted to CAN\$ based on the Bank of Canada daily noon exchange rate.

² Due to system conditions in late March, BC Hydro was required to import electricity to meet domestic load. In order to maintain transmission priority for imports that were required to meet load, BC Hydro adopted a two tiered pricing structure. A threshold of US \$ 99 / MWh was specified for import up to 25 GWh / day (required to meet current load), and a Threshold Purchase Price of US \$ 79 / MWh for any additional energy after the 25 GWh / day level had been reached.

	January 2008	February 2008	March 2008
Net Domestic volumes (MWh) ³	222,773	352,876	907,168
Burrard Thermal Generating Station volumes (MWh)	160,290	31,296	18,590
Monthly System Peak for the integrated domestic system during Q1 (MW)	9,548	9,243	8,456
Monthly Estimated Peak for the Lower Mainland (MW)	4,675	4,678	4,201
Monthly Estimated Peak for Vancouver Island (MW) ⁴	2,139	2,022	1,863

³ As attributed pursuant to the Transfer Pricing Agreement

⁴ Does not include the Gulf Islands