

Joanna Sofield

Chief Regulatory Officer

Phone: (604) 623-4046

Fax: (604) 623-4407

regulatory.group@bchydro.com

March 31, 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 – Fourth Quarter (Q4)**

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 (October 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 Q4 Quarterly Report related to the fourth quarter of calendar 2007.

BC Hydro notes that on November 17, 2007, a change in the Burrard Heat Rate was reported. This is the first change in the Burrard Heat Rate since the notification requirements under section 3(c) of Tariff Supplement BCTC-1 have been approved by the BCUC.

As required by subsection 9(e) of the Settlement Agreement I attest that the information contained in the Q4 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 March 31, 2008 at www.bchydro.com/info/epi/epi5071.html.



For further information please contact the undersigned.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Sofield', written in a cursive style.

Joanna Sofield
Chief Regulatory Officer

Enclosure (1)

c. BCTC
Attention: Marcel Reghelini

BC Hydro Network Economy Quarterly Report – Q4

(October 1, 2007 – December 31, 2007)

Pursuant to BCUC Order No. G-127-06 and Sections 3 and 4 of Tariff Supplement
BCTC-1 Network Economy Service:

Initial Threshold Purchase Price¹ at October 1, 2007	Burrard Heat Rate at October 1, 2007
US\$53/MWh	10.3 MMBTu/MWh

Date of notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
October 25, 2007	Change to Threshold Purchase Price: 56 US\$/MWh	November 17, 2007 changed to 10.7 ² MMBTu/MWh	Historic performance tests were reviewed, resulting in the modification of the Burrard dispatch Heat Rate. ³
November 30, 2007	Change to Threshold Purchase Price: 60 US\$/MWh		
December 24, 2007	Change to Threshold Purchase Price: 57 US\$/MWh		

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 The operational efficiency BGS heat rate is 10.7 MMBTu/MWh as of November 17, 2007. BGS heat rate at optimal is 10.0 MMBTu/MWh. Quoted Heat Rate of 10.7 is derived from multiplying the 10.0 Heat Rate by 1.07 to cover 7 per cent fuel tax. An additional US\$1.25 is added to the cost of BGS to factor incremental operating costs.

³ Prior to the review, electricity generated at the generating units was being used to determine the quoted heat rate (gross heat rate). The updated heat rate uses energy exiting the plant to determine the heat rate (net heat rate). The difference in the two numbers is the result of parasitic load on the generating units.

	October 2007 (MWh)	November 2007 (MWh)	December 2007 (MWh)
Net Domestic volumes (MWh) ⁴	36,835	103,735	83,845
Burrard Thermal Generating Station volumes (MWh)	4	1,687	4,397
Monthly System Peak for the integrated domestic system during Q2 (MW)	7,674	9,310	9,427
Monthly Estimated Peak for the Lower Mainland (MW)	3,872	4,702	4,785
Monthly Estimated Peak for Vancouver Island (MW) ⁵	1,704	1,985	2,045

⁴ As attributed pursuant to the Transfer Pricing Agreement

⁵ Does not include the Gulf Islands