

Joanna Sofield

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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)
Network Economy Quarterly Report - Fourth Quarter (Q4) 2008**

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.

Attachment 1 is the Q4 Quarterly Report related to the fourth quarter of calendar 2008.

Additionally, section 10 of the Settlement Agreement requires that BC Hydro prepare an annual report for each calendar year, which BC Hydro files separately from the quarterly report. In the preparation of the 2008 Network Economy Annual Report, BC Hydro determined that the net domestic volumes reported in the Q2 and Q3 Quarterly Reports, previously filed on September 30, 2008 and December 16, 2008, respectively, were incorrectly captured for May 2008 to September 2008. May and June 2008 numbers were inadvertently taken from draft reports, while the domestic volumes reported for July, August, and September 2008 were inadvertently taken from the wrong reporting line.

Attachment 2 is the Q2 and Q3 Quarterly Reports, revised with the correct volumes, related to the second and third quarters of calendar 2008.

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 reports on its website at http://www.bchydro.com/planning_regulatory/regulatory.html.

For further information, please contact the undersigned.

Yours sincerely,



Joanna Sofield
Chief Regulatory Officer

Enclosures (2)

c. BCTC
Attention: Janet Fraser
Director, Regulatory Affairs

Powerex
Attention: Mike MacDougall
Director, Trade Policy

BC Hydro Network Economy Quarterly Report – Q4

(October 1, 2008 – December 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 October 1, 2008	Burrard Heat Rate at October 1, 2008
US \$ 60/MWh	10.7 MMBTU/MWh

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
October 8, 2008	Change to Threshold Purchase Price: US \$54/MWh	No Change	N/A
December 9, 2008	Change to Threshold Purchase Price: US \$50/MWh	No Change	N/A

	October 2008	November 2008	December 2008
Net Domestic volumes (MWh) ²	279,845	495,346	139,370
Burrard Thermal Generating Station volumes (MWh)	2,073	721	56,486
Monthly System Peak for the integrated domestic system during Q4 (MW)	7,553	8,590	10,011
Monthly Estimated Peak for the Lower Mainland (MW)	4,149	4,721	4,880
Monthly Estimated Peak for Vancouver Island (MW) ³	1,694	1,787	2,320

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 As attributed pursuant to the Transfer Pricing Agreement.

³ Does not include the Gulf Islands.

REVISED

BC Hydro Network Economy Quarterly Report – Q2 (April 1, 2008 – June 30, 2008)

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 April 1, 2008	Burrard Heat Rate at April 1, 2008
US \$99/MWh (up to 25 GWh/day)	10.7 MMBTu/MWh
US\$79/MWh (greater than 25 GWh/day)	

Date of notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
April 2, 2008	Change to Threshold Purchase Price ² : US \$99/MWh (up to 30 GWh/day) US \$77/MWh (greater than 30 GWh/day)	No Change	N/A
April 7, 2008	Change to Threshold Purchase Price ² : US \$120/MWh (up to 25 GWh/day) US \$77/MWh (greater than 25 GWh/day)		
April 23, 2008	Change to Threshold Purchase Price ² : US \$120/MWh (up to 10 GWh/day) US \$72/MWh (greater than 10 GWh/day)		
May 2, 2008	Change to Threshold Purchase Price ² : US \$120/MWh (up to 5 GWh/day) US \$75/MWh (greater than 5 GWh/day)		

May 6, 2008	Change to Threshold Purchase Price: US \$75/MWh		
Date of notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
May 9, 2008	Change to Threshold Purchase Price: US \$62/MWh		
May 30, 2008	Change to Threshold Purchase Price: US \$69/MWh		
June 11, 2008	Change to Threshold Purchase Price: US \$60/MWh		

	April 2008	May 2008	June 2008
Net Domestic volumes (MWh) ³	745,488	216,904 ⁴ 452,119	597,544 ⁴ 547,881
Burrard Thermal Generating Station volumes (MWh)	14,701	1,092 ⁴ 1,093	0
Monthly System Peak for the integrated domestic system during Q2 (MW)	7,998	7,111	6,946
Monthly Estimated Peak for the Lower Mainland (MW)	3,700	3,591	3,798
Monthly Estimated Peak for Vancouver Island (MW) ⁵	1,877	1,558	1,440

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 from late March to early May, 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 Purchase Price was specified for imports up to a GWh/day import limit (required to meet current load), and a separate Threshold Purchase Price was set for any additional energy after the import limit had been reached.

3 As attributed pursuant to the Transfer Pricing Agreement.

4 Incorrect volumes had previously been reported as the numbers had been inadvertently taken from draft reports.

5 Does not include the Gulf Islands.

REVISED

BC Hydro Network Economy Quarterly Report – Q3 (July 1, 2008 – September 30, 2008)

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 July 1, 2008	Burrard Heat Rate at July 1, 2008
US\$60/MWh	10.7 MMBTu/MWh

Date of notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
July 17, 2008	Change to Threshold Purchase Price: US\$65/MWh	No Change	N/A
August 5, 2008	Change to Threshold Purchase Price: US\$64/MWh		
August 6, 2008	Change to Threshold Purchase Price: US\$60/MWh		

	July 2008	August 2008	September 2008
Net Domestic volumes (MWh) ²	5,508 ³ (181,351)	284,578 ³ 79,541	422,241 ³ 223,854
Burrard Thermal Generating Station volumes (MWh)	0	0	0
Monthly System Peak for the integrated domestic system during Q3 (MW)	6,773	7,130	6,903
Monthly Estimated Peak for the Lower Mainland (MW)	3,651	3,716	3,531
Monthly Estimated Peak for Vancouver Island (MW) ⁴	1,257	1,393	1,433

- 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 As attributed pursuant to the Transfer Pricing Agreement.
- ³ Incorrect volumes had previously been reported as the numbers had been inadvertently taken from the wrong reporting line.
- ⁴ Does not include the Gulf Islands.