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September 30, 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 - Second Quarter (Q2) 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 BCUC 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 Q2 Quarterly Report related to the second quarter of calendar 2008.

As required by subsection 9(e) of the Settlement Agreement I attest that the information contained in the Q2 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 September 30, 2008 at http://www.bchydro.com/planning_regulatory/regulatory.html.

For further information please contact the undersigned.

Yours sincerely,



Joanna Sofield
Chief Regulatory Officer

Enclosure (1)



c BCTC
Attention: Janet Fraser
Director, Regulatory Affairs

Powerex
Attention: Mike MacDougall
Director, Trade Policy

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 Price ¹ 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 25GWh/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	597,541
Burrard Thermal Generating Station volumes (MWh)	14,701	1,092	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) ⁴	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 Does not include the Gulf Islands.