

Joanna Sofield
Chief Regulatory Officer
Phone: (604) 623-4046
Fax: (604) 623-4407
bchydroregulatorygroup@bchydro.com

December 16, 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 - Third Quarter (Q3) 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.

Attached is the Q3 Quarterly Report related to the third quarter of calendar 2008.

As required by subsection 9(e) of the Settlement Agreement I attest that the information contained in the Q3 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 December 16, 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 – 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	284,578	422,241
Burrard Thermal Generating Station volumes (MWh)	0	0	0
Monthly System Peak for the integrated domestic system during Q2 (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) ³	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 Does not include the Gulf Islands.