

**Joanna Sofield**

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September 28, 2007

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**

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BC Hydro is writing to the BCUC in compliance with BCUC Order No. G-127-06 in connection with the British Columbia Transmission Corporation's (BCTC) Application for Network Economy and Open Access Transmission Tariff. 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 subsection 3(b) of BCTC's Tariff Supplement BCTC-1 Network Economy Service, and that an officer of BC Hydro provide a written attestation to the veracity of the information provided. 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 2007.

BC Hydro notes that this is the first Network Economy Quarterly report as required by the Settlement Agreement and does not cover a full three month quarter, but rather is for the period from May 15, 2007 to June 30, 2007 (as May 15 was the date on which the terms of the Settlement Agreement were implemented). Therefore, BC Hydro has not included a written attestation regarding the information contained in the report, nor does the Q2 Quarterly Report include information for the month of April 2007. However, for consistency purposes with future quarterly reports, BC Hydro has included information for the entire month of May.



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

c. BCTC  
Attention: Marcel Reghelini

Powerex  
Attention: Lisa Wagner

Enclosure

# BC Hydro Network Economy Quarterly Report – Q2

(April 1, 2007 – June 30, 2007)

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

<b>Initial Threshold Purchase Price<sup>1</sup> at May 15, 2007</b>	<b>Burrard Heat Rate<sup>2</sup> at May 15, 2007</b>
US\$42/MWh	10.3MMBTu/MWh

<b>Time Period</b>	<b>Threshold Purchase Price Change</b>	<b>Burrard Heat Rate Change</b>	<b>Reason for Burrard Heat Rate Change</b>
May 15, 2007 – June 30, 2007	No Change	No Change	N/A

Note 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.

Note 2 The operational efficiency BGS heat rate is 9.6 MMBTu/MWh. Quoted Heat Rate of 10.3 is derived from multiplying the 9.6 Heat Rate by 1.07 to cover 7% fuel tax. An additional US\$1.25 is added to the cost of BGS to factor incremental operating costs. The System Operating Order for BGS is documented at 10.0MMBTu/MWh. When multiplied by the 7% fuel tax the quoted heat rate would then be 10.7 MMBTu/MWh. The discrepancy between the operational heat rate and the official heat rate is under investigation. During the relevant time period of this report, the number utilized was 10.3.

	May 2007	June 2007
Net Domestic volumes <sup>3</sup>	107,752 MWh	44,869 MWh
Burrard Thermal Generating Station volumes	0 MWh	928 MWh
Monthly System Peak for the integrated domestic system during Q2.	6,982 MW	6,738 MW
Monthly Estimated Peak for the Lower Mainland	3,350 MW	3,506 MW
Monthly Estimated Peak for Vancouver Island <sup>4</sup>	1,520 MW	1,318 MW

Note 3 As attributed pursuant to the Transfer Pricing Agreement

Note 4 Does not include the Gulf Islands