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April 4, 2005

Mr. Robert J. Pellatt
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Pellatt:

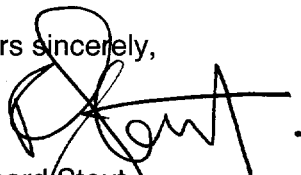
**RE: British Columbia Hydro and Power Authority (“BC Hydro”)
Call for Tenders for Capacity on Vancouver Island
Review of Electricity Purchase Agreement
Project No. 3698354**

Paragraph 2(b) of Commission Order No. E-1-05 requires that BC Hydro notify the Commission if it has been unable to reach an agreement on the terms of a Transmission Services Agreement with Terasen Gas (Vancouver Island) (TGVI) within 45 days of February 17, 2005. This letter is intended to provide that notice.

BC Hydro and TGVI have been engaged in discussions to reach an agreement for gas transportation service to both the Duke Point Power's proposed power plant at Duke Point near Nanaimo and to the Island cogeneration plant at Elk Falls near Campbell River. While progress towards an agreement has been made, more time is required for resolution of outstanding issues.

BC Hydro does not believe that any specific direction is required at this time pursuant to paragraph 2(c) of Order No. E-1-05. Rather, BC Hydro requests that the parties be given until April 22, 2005 to resolve their remaining differences. Should they prove unable to make an agreement by that time, BC Hydro will provide a further report and seek further directions.

Yours sincerely,



Richard Stout
Chief Regulatory Officer

c. Project No. 3698354 Registered Intervenors