



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

cc: Cindy Horvath
Steve M.
Jenny B.
Jan B.
Connie Z.

S. Kerns
J. Willschlager

POWER BUSINESS LINE

24 April 2003

In reply refer to: PGPL-5

Mr. Paul T.B. Adams
Manager, Resource Management
BC Hydro and Power Authority
6911 Southpoint Drive, Tower 15
Burnaby, BC V3N 4X8

Dear Mr. Adams:

This letter agreement (Agreement) between the BC Hydro and Power Authority (BCH) and the Bonneville Power Administration (BPA), jointly "the Parties", which, for BPA accounting purposes, is assigned BPA Contract Number 03PB-25751, will confirm discussions and arrangements made between our respective staffs regarding expected water storage and release transactions under the BCH-BPA Contract Number DE-MS79-90BP92754 (Non-Treaty Storage Agreement, or "NTS") for the period 1 May 2003 through 31 August 2003. Changes to this Agreement may be made only with the consent of both Parties. All terms used in this Agreement, which are not defined herein, have the same meaning as in the NTSA.

The 10 February 2003 Columbia River Treaty Operating Committee agreement titled "Columbia River Treaty Operating Committee Agreement for the Operation of Canadian Treaty Storage for the Period 1 January 2003 through 31 July 2003" and any subsequent modifications to that agreement shall have precedence over this Agreement. Neither BPA nor BCH shall invoice the other any monetary storage fee, charge, toll or assessment for the operation covered under this letter Agreement. All times are Pacific Time.

1. STORAGE

- a. The storage period of this Agreement shall be from 2400 hours on 30 April 2003 through 2400 hours on 6 July 2003.
- b. BCH and BPA will each have the option to store under NTSA into Active Storage Space at a rate of 141.6 m³/s (5 kcfs) for the period 2400 hours 30 April 2003 through 2400 hours 6 July 2003, unless otherwise agreed. If either party does not use its full rate of 141.6 m³/s (5 kcfs) for storage, by mutual agreement, the other party may utilize all, or a portion of the unused storage flexibility.

2. RETURN

- a. Unless otherwise agreed, BPA may request the release of, and BCH shall release all of the water stored by BPA under Section 1.b. ("BPA Storage") between 2400 hours 6 July 2003 and 2400 hours 31 August 2003 ("July and August 2003"). Subject to Section 3, BCH shall release BPA Storage requested by BPA at a rate of up to 283.2 m³/s (10 kcfs) during July 2003, and at a rate of up to 141.6 m³/s (5 kcfs) during August 2003.
- b. Unless otherwise agreed, not less than one-half (1/2) of the water stored by BCH under Section 1.b. ("BCH Storage") shall be released by BCH in July and/or August 2003. BCH may release water stored under this Agreement at a rate of up to 283.2 m³/s (10 kcfs) during July 2003 and at a rate of up

to 141.6 m³/s (5 kcfs) during August 2003.

3. CONDITIONS

- a. Neither party shall counter-store against the other party's required releases made pursuant to Section 2.
- b. BPA and BCH release rights in Section 2. shall be limited to the greater of the volume of water stored under Section 1, or the volume of water needed to match releases of the other party.
- c. To the extent that Mica's capability for NTSA releases in July 2003 is less than 566.3 m³/s (20 kcfs) and in August 2003 is less than 283.2 m³/s (10 kcfs), release rights will be limited by Mica's release capability. Each party will have the option to share equally in available NTSA release capability.
- d. BPA and BCH release rights in Section 2 shall be limited equally so as not to cause actual or forecast discharges to exceed 2832 m³/s (100 kcfs) at Arrow or 4672 m³/s (165 kcfs) at the water level gauge, Columbia River at Birchbank.

If the above terms and conditions are acceptable to BCH, please indicate your approval by signing two originals of this Agreement and returning them to BPA. The remaining original is for your files.

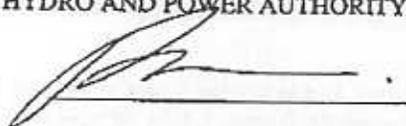
Sincerely,



Gregory K. Delwiche
Vice President, Generation Supply

ACCEPTED:

BC HYDRO AND POWER AUTHORITY

By: 

Title MANAGER, RESOURCE MANAGEMENT, GENERATION

Date 28 APRIL 2003