

**FINANCIAL DATA  
RELATIVE TO THE  
CORPORATE UNITS OF HYDRO-QUÉBEC**



1 In accordance with the D-2003-93 decision of the Régie and at the request of the  
2 Distributor, Hydro-Quebec Corporate Units submits the following collective  
3 financial data related to services invoiced at total cost as well as various  
4 information relative to the basis of invoicing and cost inductors.

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### **1. CHARACTERISTICS OF THE CORPORATE UNITS AND ORGANIZATIONAL CONTEXT**

6 It is important to specify that the corporate units are not at first glance supplier  
7 units in the same respect as the Centre for Shared Services or the Research  
8 Institute of Hydro-Quebec. A significant share of the activities carried out by  
9 these units relates to general administration, planning, scheduling as well as the  
10 production of the financial and managerial information to the senior management  
11 of Hydro-Quebec. However, the costs related to these corporate activities are  
12 distributed to the business units as corporate expenses and are the subject of a  
13 presentation found in HQD-5, Document 7.

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15 Among the main organizational changes concerning products and services that  
16 are directly invoiced to the Distributor, let us note that in 2001, the transfer of  
17 Regulatory and Tariffs Affairs to the activities of the Distributor and in 2003, the  
18 transfer to the Centre for Shared Services of the activities related to accounting  
19 transaction services and of certain activities relating to the centre of  
20 competences – management software.

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22 Consequently, historical data for 2001 and 2002 as well as the base year 2003  
23 were changed to make them comparable with the situation for the projected year  
24 2004. Also, let us specify that these organizational changes were announced in  
25 phase 1 and since then, no other changes or transfers were agreed upon or have  
26 been considered.

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**2. EVOLUTION OF SERVICES INVOICED TO THE DISTRIBUTOR**

1 The tables below present the invoiced costs to the Distributor by Hydro-Quebec's  
 2 Corporate Units and only contains the services that are still under their  
 3 responsibility in 2004, with the exception of the 2001 data, which includes the  
 4 services invoiced directed by Regulatory Affairs and Tariffs, which was then  
 5 under the responsibility of the Corporate Affairs and General Secretariat unit.

6 **Table 1**  
 7 **2001-2002 Share of Revenues Originating From the Distributor**

Domains	Internal invoicing of the corporate Units (in M \$)					
	Financial period ending on December 31 2001			Financial period ending on December 31 2002		
	Distributor	Hydro- Québec	Ratio Distributor/ Hydro- Québec	Distributor	Hydro- Québec	Ratio Distributor/ Hydro- Québec
Financial services	13.5	34.6	39.0%	13.8	35.2	39.2%
Human resources	13.4	41.8	32.1%	13.7	41.7	32.9%
Security	5.2	16.5	31.5%	4.8	21.3	22.5%
Litigations	2.7	8.6	31.4%	3.8	9.2	41.3%
Corporate and Regulatory Affairs	11.3	16.6	68.1%	0.9	4.8	18.8%
<b>Total - Before return</b>	46.1	118.1	39.0%	37.0	112.2	33.0%

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**Table 2**  
**2003-2004 Share of Revenues Originating From the Distributor**

Domains	Internal invoicing of the corporate Units (in M \$)					
	Financial period ending on December 31 2003			Financial period ending on December 31 2004		
	Distributor	Hydro-Québec	Ratio Distributor/ Hydro-Québec	Distributor	Hydro-Québec	Ratio Distributor/ Hydro-Québec
Financial services	12.2	34.2	35.7%	12.2	34.2	35.7%
Human resources	13.3	42.1	31.6%	16.3	42.1	38.7%
Security	4.5	18.5	24.3%	4.5	18.5	24.3%
Litigations	4.3	11.2	38.4%	4.3	11.2	38.4%
Corporate and Regulatory Affairs	0.4	3.1	12.9%	0.4	3.1	12.9%
<b>Total - Before return</b>	<b>34.7</b>	<b>109.1</b>	<b>31.8%</b>	<b>37.7</b>	<b>109.1</b>	<b>34.6%</b>

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The principal basis for invoicing and volumes related to these products and services are presented in tables 3 to 6 below:

**Table 3**  
**Principal Volumes Invoiced in 2001**

Domains	Financial period ending on December 31 2001			
	Invoicing Base	Volumes invoiced		Ratio Distributor/ Hydro-Québec
		Distributor	Hydro-Québec	
Financial services	Inclusive (\$) (use of service)	13 500 000	34 600 000	39.0%
Human resources	Labour	7 709	20 594	37.4%
Security	Hours	69 932	221 900	31.5%
Litigations	Hours	14 636	37 036	39.5%

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**Table 4**  
**Principal Volumes Invoiced in 2002**

<i>Financial period ending on December 31 2002</i>				
Domains	Invoicing Base	Volumes invoiced		Ratio Distributor/ Hydro-Québec
		Distributor	Hydro-Québec	
Financial services	Inclusive(\$) <i>(use of service)</i>	13 800 000	35 200 000	39.2%
Human resources	Labour	7 641	20 398	37.5%
Security	Hours	60 721	269 450	22.5%
Litigations	Hours	19 743	41 714	47.3%

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**Table 5**  
**Principal Volumes Invoiced in 2003**

<i>Financial period ending on December 31 2003</i>				
Domains	Invoicing Base	Volumes invoiced		Ratio Distributor/ Hydro-Québec
		Distributor	Hydro-Québec	
Financial services	Inclusive(\$) <i>(use of service)</i>	12 200 000	34 200 000	35.7%
Human resources	Labour	7 779	20 818	37.4%
Security	Hours	60 112	247 128	24.3%
Litigations	Hours	20 272	42 152	48.1%

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**Table 6**  
**Principal Volumes Invoiced in 2004**

<i>Financial period ending on December 31 2004</i>				
Domains	Invoicing Base	Volumes invoiced		Ratio Distributor/ Hydro-Québec
		Distributor	Hydro-Québec	
Financial services	Inclusive(\$) <i>(use of service)</i>	12 200 000	34 200 000	35.7%
Human resources	Labour	7 779	20 818	37.4%
Security	Hours	60 112	247 128	24.3%
Litigations	Hours	20 272	42 152	48.1%

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After reviewing these tables, it can be seen that with the exclusion of the services related to Corporate and Regulatory Affairs for 2001, the consumption of these products during the period is relatively stable. Save for the charges relating to the Corporate and Regulatory Affairs, the corporate charges display an annual growth rate of 2.3%, which is comparable to the inflation rate.

**3. COMPONENTS OF THE TOTAL COST OF SERVICES OF THE CORPORATE UNITS**

10 The charges taken into account in the calculation of the total costs for the  
11 products and services invoiced by the corporate units are presented in Table 7  
12 below. The data for the years before 2004 are real or forecasted adjusted data.  
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**Table 7**  
**Total Cost of Services for Hydro Quebec Corporate Units**

Composition of costs	Charges (in M\$)			
	Financial period ending on December 31			
	Historical Years		Base Years	Forecasted Years
	2001	2002	2003	2004
<b>Operating costs</b>	<b>112.1</b>	<b>106.6</b>	<b>105.3</b>	<b>105.3</b>
Salary expenses	40.4	38.7	38.6	38.6
<i>Salary base</i>	31.7	30.6	31.1	31.1
<i>Overtime</i>	0.8	0.8	0.6	0.6
<i>Bonuses and miscellaneous revenues</i>	3.9	3.1	2.6	2.6
<i>Social Benefits</i>	4.0	4.2	4.3	4.3
Other charges	71.7	67.9	66.7	66.7
<i>External services</i>	11.6	10.7	11.5	11.5
<i>Professionals services</i>	5.7	5.5	6.1	6.1
<i>Purchases</i>	4.8	3.9	3.6	3.6
<i>Internal suppliers</i>	39.8	37.7	38.0	38.0
<i>Others</i>	9.8	10.1	7.5	7.5
<b>Amortization</b>	<b>4.0</b>	<b>2.5</b>	<b>1.8</b>	<b>1.8</b>
<b>Taxes</b>				
<b>Revised financial expenses</b>	<b>1.3</b>	<b>0.7</b>	<b>1.2</b>	<b>1.4</b>
<b>Total charges – Corporate units</b>	<b>117.4</b>	<b>109.8</b>	<b>108.3</b>	<b>108.5</b>
<b>Composition of charges (in %)</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Salary expenses	34.41%	35.25%	35.64%	35.58%
Other charges	61.07%	61.84%	61.59%	61.47%
Amortization	3.41%	2.28%	1.66%	1.66%
Taxes	0.00%	0.00%	0.00%	0.00%
Revised financial expenses	1.11%	0.64%	1.11%	1.29%

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4 The segregation by the nature of the charges is principally affected by the  
5 existing links and exchanges between the organizational structures prevailing  
6 during the base year and contributing to the realization of these activities. Thus in  
7 2001, the costs related to the activities of Regulatory Affairs and Tariffs  
8 Directorate were considered as a direct service cost of the corporate units and  
9 invoiced in the shared services charges of the Distributor, whereas since 2002,  
10 these costs were considered in the direct charges of the Distributor.

1 Without this transfer of activities, the charges of the corporate units taken into  
 2 account in the cost of the services invoiced remains stable during the period  
 3 covered.

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**4. PRINCIPAL BASIS FOR INVOICING AND VOLUMES INVOICED BY THE CORPORATE UNITS**

5 The following table groups the basis of invoicing and volumes associated with the  
 6 principal products or services of internal invoicing rendered by the corporate units  
 7 as presented in the preceding sections. This information is generic and reflects  
 8 the essence of the basis of invoicing and other technical parameters related to a  
 9 specific product or a service appearing in the customer-supplier agreements  
 10 submitted in HQD-5, Document 5.5.

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**Table 8**

**Principal Basis for Invoicing and Volumes**

Domains	Invoicing Base	Volumes invoiced			
		<i>Financial period ending December 31</i>			
		Historical Year		Base Year	Forecasted Year
		2001	2002	2003	2004
Financial services	Inclusive(\$) <i>(use of service)</i>	34 600 000	35 200 000	34 200 000	34 200 000
Human resources	Labour	20 594	20 398	20 818	20 818
Security	Hours	221 900	269 450	247 128	247 128
Litigations	Hours	37 036	41 714	42 152	42 152

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1 **5. CORPORATE UNITS LABOUR FORCE AND AVERAGE SALARIES**

	Historical Year		Base Year	Forecasted Year
	2001	2002	2003	2004
<b>Average annual Workforce</b>	<b>1 079</b>	<b>1 074</b>	<b>1 029</b>	<b>1 029</b>
Office	267	265	239	239
Permanent	221	221	200	200
Temporary	46	44	39	39
Trades	82	92	99	99
Permanent	57	55	75	75
Temporary	25	37	24	24
Technicians	3	3	3	3
Permanent	3	3	3	3
Temporary				
Engineers	5	2	1	1
Permanent	5	2	1	1
Temporary				
Specialists	336	341	313	313
Permanent	312	322	298	298
Temporary	24	19	15	15
Professionals	324	312	306	306
Permanent	299	291	290	290
Temporary	25	21	16	16
Executives/Management	62	59	68	68
Permanent	62	59	68	68
<b>Average Salary (in \$)</b>				
Office				
Permanent	47 164.4	48 863.9	50 987.0	52 462.0
Temporary	41 866.3	43 634.8	45 888.0	47 571.0
Trades				
Permanent	57 771.0	62 161.0	64 880.0	66 785.0
Temporary	48 602.0	50 270.0	52 524.0	54 114.0
Technicians				
Permanent	64 362.0	66 848.0	69 837.0	71 975.0
Temporary	49 150.0	51 035.0	53 418.0	55 132.0
Engineers				
Permanent	79 593.0	82 979.0	87 780.0	90 857.0
Temporary	68 477.0	71 475.0	75 172.0	77 349.0
Specialists				
Permanent	73 059.0	75 425.0	79 281.0	82 234.0
Temporary	59 568.0	58 891.0	61 299.0	62 954.0
Professionals				
Permanent	76 467.0	80 041.0	84 067.0	87 133.0
Temporary	60 486.0	60 569.0	63 091.0	64 823.0
Executives/Management				
Permanent	89 318.3	92 574.2	96 737.0	101 260.0

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- 1 The average salaries consist of base salary and social benefits.
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- 3 The labour force presented previously corresponds to the total labour of the
- 4 corporate units, and comprises those performing activities that are not subject to
- 5 internal invoicing.