

SUPPLEMENTARY Information—Five-Year Review (continued)

Operating Statistics

	2004	2003	2002	2001	2000
MW					
Installed capacity^{a)}					
Hydroelectric	31,622	31,347	30,392	30,386	30,389
Thermal ^{b)}	2,268	2,267	2,267	2,266	2,266
Wind	2	2	2	2	-
Total installed capacity	33,892	33,616	32,661	32,654	32,655
GWh					
Total requirements^{c)}	193,025	194,792	192,916	186,645	197,895
MW					
Peak power requirements^{d)}	34,956	36,268	34,989	30,080	30,412
km					
Lines (overhead and underground)					
Transmission	32,487	32,434	32,314	32,273	32,283
Distribution ^{e)}	107,423	106,568	105,871	105,352	104,872
	139,910	139,002	138,185	137,625	137,155

- a) In addition to the installed capacity of its own generating stations, Hydro-Québec has access to most of the output from Churchill Falls, which has a rated capacity of 5,428 MW, and to all of the output from the 141 turbines at four wind farms with a total installed capacity of 111 MW.
- b) Includes Gentilly-2 nuclear generating station (rated 675 MW).
- c) Total requirements include kilowatthours delivered within Québec and to neighboring systems.
- d) Total power requirements at the annual domestic demand peak for the winter beginning in December, including interruptible power. The 2004-2005 winter peak for Québec occurred at 6 p.m. on December 20, 2004.
- e) These figures include off-grid systems but exclude private systems, lines under construction and 44-kV lines (transmission).

Other Information

	2004	2003	2002	2001	2000
%					
Rate increases					
Average increase	4.1	-	-	-	-
Inflation rate	1.9	2.8	2.2	2.5	2.7
Number of employees^{a)}					
Permanent at December 31	18,835	18,317	18,025	17,679	17,277
Temporary (year's average)	3,567	3,596	3,632	3,545	3,399
Women (%)	29.4	28.9	28.5	28.3	28.6

a) Excludes employees of subsidiaries and joint ventures.

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Note 23 Commitments and Contingencies

Electricity purchased

On May 12, 1969, the Corporation signed a contract with Churchill Falls (Labrador) Corporation Limited (CF(L)Co) whereby the Corporation undertook to purchase substantially all the output from Churchill Falls generating station, which has a rated capacity of 5,428 MW. Expiring in 2016, this contract will be automatically renewed for a further 25 years under agreed-upon terms and conditions. On June 18, 1999, the Corporation and CF(L)Co also entered into a contract to guarantee the availability of 682 MW of additional power until 2041 for the November 1 to March 31 winter period.

As at December 31, 2004, the Corporation was committed under 95 contracts to purchase electricity from other power producers, for an installed capacity of about 3,600 MW. It expects to purchase approximately 12.5 TWh of energy annually over the initial term of these contracts, which extend through 2033. The majority of these contracts include renewal clauses.

Guarantees

In the normal course of business, Hydro-Québec grants guarantees to third parties for indemnification purposes, mainly for energy purchase transactions. It also grants guarantees as part of its international operations and in the field of electrotechnology.

Under the agreement with CF(L)Co, the Corporation could be required to provide additional funding if CF(L)Co were unable to pay its expenses and service its debt. The agreement fails to specify the maximum amount that the Corporation could be required to pay.

At December 31, 2004, the potential maximum amount the Corporation could have to pay under letters of credit or guarantees totaled \$441 million. Of this amount, \$376 million relates to the purchase of energy, and a liability in the amount of \$17 million has been recorded accordingly. Some guarantees expire between 2005 and 2019, while others do not have maturity dates.

In 2004, Hydro-Québec provided guarantees to the purchaser who acquired the interest in Noverco Inc. concerning all its representations in the sales agreement for a two-year period ending on June 30, 2006. It further guarantees additional tax liabilities until the expiry of a 60-day period after the date on which the tax authorities will no longer be authorized to assess tax.

Capital expenditures

The Corporation expects to invest approximately \$3,700 million in fixed assets in 2005.

Agreements entered into with Aboriginal communities and regional county municipalities

Hydro-Québec has entered into various agreements related to capital projects with Aboriginal communities and regional county municipalities. The commitments under these agreements are recorded under fixed assets if they meet the definition of a liability.

Litigation

In the normal course of business, Hydro-Québec is party to claims and legal proceedings. Management is of the opinion that adequate provisions have been made for any disbursements that could result from these legal actions; it does not foresee any adverse effect of such contingent liabilities on Hydro-Québec's consolidated operating results or financial position.